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BISON FINANCE GROUP LIMITED

貝森金融集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 888)

2021 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The directors (the “**Directors**”) of Bison Finance Group Limited (the “**Company**”) submit herewith the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2021, together with the comparative figures for the six months ended 30 June 2020 and at 31 December 2020 respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
	Notes		
REVENUE	4	110,756	162,670
Other income and (losses)/gains, net	5	(1,876)	68,951
Royalty, licence and management fees		(37,338)	(98,255)
Cost of production		(15,350)	(26,160)
Cost of services		(18,137)	(12,110)
Staff expenditure		(44,248)	(51,482)
Depreciation and amortisation		(11,409)	(18,969)
Repairs and maintenance		(141)	(677)
Reversal/(provision) for impairment losses, net		227	(91,003)
(Loss)/gain on disposal of subsidiaries		(372)	7,879
Other operating expenses, net		(29,896)	(27,593)
Finance costs	7	(5,842)	(10,118)
LOSS BEFORE TAX	6	(53,626)	(96,867)
Income tax credit	8	762	461
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(52,864)	(96,406)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	10		
Basic		HK(4.53) cents	HK(8.19) cents
Diluted		HK\$(4.53) cents	HK(8.19) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	<u>(52,864)</u>	<u>(96,406)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations, net of tax	(685)	–
Reclassification adjustment for a foreign operation disposed of during the period	<u>–</u>	<u>289</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	<u>(685)</u>	<u>289</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>(53,549)</u>	<u>(96,117)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

		30 June 2021	31 December 2020
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment and right-of-use assets	11	15,991	22,783
Goodwill	12	78,554	78,554
Intangible assets		45,027	49,644
Loan receivable	15	20,268	–
Prepayments, deposits and other receivables		3,845	13,881
Financial assets at fair value through profit or loss	13	68,312	95,043
Total non-current assets		231,997	259,905
CURRENT ASSETS			
Accounts receivable	14	64,970	77,586
Loans receivable	15	49,443	86,716
Amount due from a related company		359	206
Prepayments, deposits and other receivables		23,818	5,153
Financial assets at fair value through profit or loss	13	4,055	6,333
Cash held on behalf of clients		21,740	1,007
Pledged deposits		13,312	32,175
Cash and cash equivalents		183,191	151,939
Total current assets		360,888	361,115
CURRENT LIABILITIES			
Accounts payable	16	28,696	7,340
Other payables and accruals		30,532	41,023
Interest-bearing other borrowing		1,710	–
Contract liabilities		8,068	7,136
Lease liabilities		13,476	14,405
Promissory notes		90,000	143,553
Tax payable		5,097	5,097
Total current liabilities		177,579	218,554

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)

30 June 2021

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
	Note		
NET CURRENT ASSETS		183,309	142,561
TOTAL ASSETS LESS CURRENT LIABILITIES		415,306	402,466
NON-CURRENT LIABILITIES			
Lease liabilities		1,022	7,773
Deferred tax liabilities		6,697	7,459
Total non-current liabilities		7,719	15,232
NET ASSETS		407,587	387,234
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	142,184	118,487
Reserves		265,403	268,747
Total Equity		407,587	387,234

NOTES

1. BASIS OF PREPARATION

The interim results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 June 2021 but are extracted from that interim financial report.

This interim condensed consolidated financial information for the six months ended 30 June 2021 is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidation financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>

The adoption of the above revised standards has had no significant financial effect on the Group's unaudited interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group manages its businesses by business line (products and services) and has reportable operating segments as follows:

- (a) Financial services – licensed businesses including provision of investment advisory services, advisory services on corporate finance, securities brokerage services, securities margin financing services, external asset management services, securities underwriting and placing services, fund management services and loan financing services; and
- (b) Media – provision of media sales, design and management services and production of advertisements for transit vehicle exteriors and interiors and the provision of integrated marketing services covering these advertising platforms in Hong Kong.

EBITDA/LBITDA is a non-HKFRS measure used by management for monitoring business performance. The Group's EBITDA/LBITDA is defined as the Group's profit/loss before finance costs, income tax, depreciation and amortisation. Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before interest, taxes, depreciation and amortisation (adjusted EBITDA/LBITDA). The adjusted profit/loss is measured consistently with the Group's profit/loss before tax except that certain income and gains/losses, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets and liabilities include all current and non-current assets and liabilities, respectively, which are directly managed by the segments, excluding unallocated head office and corporate assets and liabilities as these assets and liabilities are managed on a group basis.

There are no sales between the reportable segments.

3. OPERATING SEGMENT INFORMATION (continued)

Information regarding the Group's reportable segments for the six months periods ended 30 June 2021 and 2020 is set out below.

Segment revenue, results, assets and liabilities:

	Financial services		Media		Total	
	30 June	30 June	30 June	30 June	30 June	30 June
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue (note 4)						
Sales to external customers	<u>45,828</u>	<u>37,745</u>	<u>64,928</u>	<u>124,925</u>	<u>110,756</u>	<u>162,670</u>
Segment results (adjusted EBITDA/(LBITDA))	21,888	(47,525)	(18,364)	(57,993)	3,524	(105,518)
<i>Reconciliation:</i>						
Finance costs (other than interest on lease liabilities)					(5,597)	(9,653)
Depreciation and amortisation					(11,409)	(18,969)
Unallocated other income and gains, net					(2,637)	68,840
Unallocated head office and corporate expenses					<u>(37,507)</u>	<u>(31,567)</u>
Loss before tax					<u>(53,626)</u>	<u>(96,867)</u>
Other segment information						
Depreciation and amortisation	(5,201)	(4,995)	–	(7,072)	(5,201)	(12,067)
Depreciation and amortisation – unallocated					(6,208)	(6,902)
Provision for impairment losses on:						
– property, plant and equipment and right-of-use assets	–	–	–	(20,991)	–	(20,991)
– goodwill	<u>–</u>	<u>(70,086)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(70,086)</u>
Segment assets	264,996	279,158	74,946	99,679	339,942	378,837
<i>Reconciliation:</i>						
Corporate and other unallocated assets					<u>252,943</u>	<u>242,183</u>
Total assets					<u>592,885</u>	<u>621,020</u>
Segment liabilities	37,430	18,088	38,817	45,190	76,247	63,278
<i>Reconciliation:</i>						
Corporate and other unallocated liabilities					<u>109,051</u>	<u>170,508</u>
Total liabilities					<u>185,298</u>	<u>233,786</u>

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	110,756	162,670

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Types of services		
Income from media sales, design and management services, production of advertisements	64,928	124,925
Fund management service income	15,904	15,160
External asset management advisory commission income	23,629	15,590
Insurance brokerage and advisory income	–	112
Financial advisory and consultancy fee income	1,319	–
Interest income from provision of loan financing	2,350	6,388
Others	2,626	495
Total revenue from contracts with customers	110,756	162,670

Timing of revenue recognition

For the six months ended 30 June 2021

Segments	Financial services HK\$'000 (Unaudited)	Media HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Services transferred at a point in time	27,573	33,791	61,364
Services transferred over time	18,255	31,137	49,392
Total revenue from contracts with customers	45,828	64,928	110,756

4. REVENUE (continued)

Timing of revenue recognition (continued)

For the six months ended 30 June 2020

Segments	Financial services HK\$'000 (Unaudited)	Media HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Services transferred at a point in time	16,179	57,425	73,604
Services transferred over time	21,566	67,500	89,066
Total revenue from contracts with customers	<u>37,745</u>	<u>124,925</u>	<u>162,670</u>

5. OTHER INCOME AND (LOSSES)/GAINS, NET

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other income		
Interest income from bank	169	887
Other interest income	–	94
Dividend income from the investments in financial assets at fair value through profit or loss	208	–
Rental income from a related company	153	52
Insurance claims	1,074	–
Sundry revenue	201	457
	<u>1,805</u>	<u>1,490</u>
Other (losses)/gains, net		
Exchange (losses)/gain, net	(676)	22
Net unrealised (losses)/gains on financial assets at fair value through profit or loss	(3,009)	67,439
Gain on disposal of items of property, plant and equipment	4	–
	<u>(3,681)</u>	<u>67,461</u>
	<u>(1,876)</u>	<u>68,951</u>

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Amortisation of intangible assets	4,617	4,623
Depreciation		
– property, plant and equipment	1,452	5,001
– right-of-use assets	5,340	9,345
	6,792	14,346
(Reversal)/provision for impairment losses, net		
– property, plant and equipment and right-of-use assets	–	20,991
– intangible assets	–	35
– goodwill	–	70,086
– non-current prepayment	–	712
– loans receivable	215	(623)
– accounts receivable	(272)	(198)
– other receivables	(170)	–
	(227)	91,003
Lease payments not included in the measurement of lease liabilities	487	163
Loss/(gain) on disposals of subsidiaries	372	(7,879)
Legal and professional fee	9,754	8,813
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	28,045	36,397
Equity-settled share-based payments	9,069	11,963
Pension scheme contributions (defined contribution scheme)	961	1,366
Less: Government grants*	–	(2,032)
	38,075	47,694

* There are no unfulfilled conditions or contingencies relating to these grants.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	245	465
Interest on promissory notes	5,297	8,569
Other interest expense	300	1,084
	<u>5,842</u>	<u>10,118</u>

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2020: nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Elsewhere	–	5,097
Deferred	(762)	(5,558)
	<u>(762)</u>	<u>(5,558)</u>
Total tax credit for the period	<u>(762)</u>	<u>(461)</u>

9. DIVIDENDS

No interim dividend is payable for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil). Final dividends, if any, will be proposed at year end.

No final dividend in respect of the financial year ended 31 December 2020 was approved and paid during the interim period (2020: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted earnings per share is based on the loss attributable to owners of the Company of approximately HK\$52,864,000 (six months ended 30 June 2020: approximately HK\$96,406,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue of 1,166,977,975 (30 June 2020: 1,177,011,991) during the period, as used in the basic and diluted earnings per share calculation, after deducting the shares held for the Company's share award scheme.

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2021, a lease subject to lease modification was early terminated resulting in the derecognition of lease liability of HK\$150,000. A gain on lease modification of HK\$150,000 was credited to the statement of consolidated profit or loss during the period.

During the six months ended 30 June 2021, no provision for impairment loss (six months ended 30 June 2020: provision for impairment loss of approximately HK\$20,991,000) was recognised for certain property, plant and equipment and right-of-use assets of the Media segment. The recoverable amounts of the items of property, plant and equipment and right-of-use assets are determined based on a value in use calculation using cash flow projections based on financial budgets covering a period of the remaining lease terms plus the anticipated renewal period approved by senior management.

12. GOODWILL

HK\$'000

Cost and carrying amount:

At 1 January 2020	178,444
Impairment loss	(99,890)
At 31 December 2020, 1 January 2021 and 30 June 2021	78,554

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Listed equity investment, at fair value	4,055	6,333
Private equity fund, at fair value ^(note)	68,312	95,043
	72,367	101,376

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note:

On 22 February 2019, Premier Future Limited (“**Premier Future**”), a wholly-owned subsidiary of the Company, and BeiTai Investment Limited (the “**General Partner**”), an independent third party of the Company and its connected person (as defined under the Listing Rules) (“**independent third party(ies)**”), entered into a subscription agreement, pursuant to which Premier Future has agreed to subscribe for limited partner interests in BeiTai Investment LP (the “**Investment Fund**”). As at 30 June 2021, the Group’s capital contribution amounted to HK\$77,000,000 (31 December 2020: HK\$103,000,000), representing 71% (31 December 2020: 71%) of the aggregated capital contributed by all partners in the Investment Fund. The Group’s capital contribution was reduced by HK\$26,000,000 from HK\$103,000,000 as at 31 December 2020 to HK\$77,000,000 as at 30 June 2021 due to the withdrawal of capital contribution in accordance with the terms and conditions of the amended and restated limited partnership agreement for BeiTai Investment LP dated 20 March 2020 as determined by the General Partner at its discretion. The remaining capital contributions to the Investment Fund were contributed as limited partner interests (a) as to HK\$21,000,000 (31 December 2020: HK\$31,000,000) by Fullbest Star Limited, a company wholly-owned by a close family member of a director of the Company’s subsidiary, which represents approximately 19% (31 December 2020: 21%) of the total capital contributions; and (b) as to HK\$11,000,000 (31 December 2020: HK\$11,000,000) by a private equity fund managed by the Company’s subsidiary, which represents approximately 10% (31 December 2020: 8%) of the total capital contributions. The Investment Fund is not consolidated in the consolidated financial statements of the Group.

The Investment Fund is a closed-end private equity fund structured as a limited partnership in the Cayman Islands with an investment objective to achieve long-term capital appreciation through investments in convertible bonds and other investments. Under the partnership agreement, none of the limited partners may take any part in the conduct of the business of the Investment Fund or be involved in the making of any investment decision of the Investment Fund, and subject to the Exempted Limited Partnership Law (Revised) of the Cayman Islands, the General Partner has control over the Investment Fund to control and manage its business and shall act at all times in good faith. The Board of Directors considered the Group has neither significant influence nor joint control over the Investment Fund and therefore it is classified as financial assets at fair value through profit or loss in accordance with the requirements under HKFRS 9, *Financial Instruments*. Details of the transaction have been disclosed in the Company’s announcement dated 22 February 2019.

As at 30 June 2021, there was no unpaid capital commitment on investment in the Investment Fund (31 December 2020: Nil).

During the six months ended 30 June 2021, net unrealised loss on the private equity fund of approximately HK\$731,000 (six months ended 30 June 2020: net unrealised gain of approximately HK\$68,419,000) was recognised in the consolidated statement of profit or loss from the underlying investments of the Investment Fund which represented equity securities listed in Hong Kong and bonds issued by a corporation listed in Hong Kong and a private entity incorporated in Hong Kong (six months ended 30 June 2020: equity securities listed in Hong Kong and the United States and a bond issued by a corporation listed in Hong Kong).

14. ACCOUNTS RECEIVABLE

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 month	53,381	67,653
1 to 2 months	1,382	2,934
2 to 3 months	485	1,404
3 to 12 months	6,262	2,825
Over 1 year	3,460	2,770
	<u>64,970</u>	<u>77,586</u>

The Group's trading terms with its customers are mainly on credit period of generally 90 days.

15. LOANS RECEIVABLE

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Secured	–	13,543
Unsecured	70,315	73,562
Impairment allowance	(604)	(389)
	<u>69,711</u>	<u>86,716</u>
Less: Non-current	<u>(20,268)</u>	<u>–</u>
Current	<u>49,443</u>	<u>86,716</u>

The loans were made to independent third parties with effective interest rates ranging from 3% to 12% (31 December 2020: 5% to 12%) per annum.

During the six months ended 30 June 2021, a net provision of allowance for expected credit losses of approximately HK\$215,000 was recognised (six months ended 30 June 2020: net reversal of allowance for expected credit losses of approximately HK\$623,000) in the consolidated statement of profit or loss.

16. ACCOUNTS PAYABLE

An ageing analysis of accounts payable at the end of the reporting period, based on invoice date, is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 month	28,304	7,265
1 to 2 months	289	–
2 to 3 months	–	–
Over 3 months	103	75
	<u>28,696</u>	<u>7,340</u>

The accounts payable are non-interest-bearing and are normally settled within one year.

17. SHARE CAPITAL

On 25 June 2021, the Company issued 236,973,066 new shares with a par value of HK\$0.1 per share, at a subscription price of HK\$0.26 per share to SunChat Trading Limited, being an independent third party, in accordance with the terms and conditions of the subscription agreement dated 18 June 2021 (the “Subscription”), under the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 16 June 2020. The net proceeds (after deducting all applicable costs and expenses in connection with the Subscription) from the Subscription amounted to approximately HK\$61,613,000.

18. DISPOSAL OF A SUBSIDIARY

Details of the net assets of the subsidiary, NanTai Investment Limited, disposed of during the current period and the financial impacts are summarised as follows:

	HK\$'000 (Unaudited)
Net assets disposed of	1,072
Loss on disposal of the subsidiary	<u>(372)</u>
	<u>700</u>
Satisfied by:	
Cash	<u>700</u>

19. COMMITMENTS

The Group had the following commitments at the end of the reporting period.

(a) Capital commitments

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Contracted, but not provided for:		
Investment in a subsidiary	<u>41,234</u>	<u>41,234</u>

(b) Other commitments

As at 30 June 2021, for exclusive licences to solicit advertising business in respect of the interior and exterior panels of buses operated by Citybus Limited and New World First Bus Services Limited, the Group has committed to pay licence fees at a predetermined percentage of the net advertising rental received, subject to a guaranteed minimum amount.

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 year	106,547	85,911
In the second to fifth years, inclusive	<u>142,971</u>	<u>200,945</u>
	<u>249,518</u>	<u>286,856</u>

The above licences typically ran for an initial period of 30 months as at 30 June 2021 and 31 December 2020.

20. EVENTS AFTER REPORTING PERIOD

Subsequent to the period end, in August 2021, a claim was made by a licensor in connection with a licence agreement for bus shelters under a guarantee amounting to HK\$12,134,000. A provision of HK\$12,134,000 was made by the Group as at 30 June 2021 regarding the claim.

In addition, on 9 August 2021, the maturity date of promissory note in the principal amount of HK\$90,000,000 issued to Fullbest Star Limited was extended from 8 August 2021 to 30 April 2022 of which the interest rate and other terms and conditions remain unchanged upon extension.

INTERIM DIVIDEND

The Directors do not propose to declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

FINANCIAL REVIEW

For the six months ended 30 June 2021, the Group is principally engaged in (a) the provision of financial services with the licenses to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (“**SFO**”) (collectively the “**Financial Services Business**”) and (b) the provision of media sales, design services and production of advertisements for transit vehicle exteriors (“**BUS-BODY Advertising**”) and interiors (“**BUS-INTERIOR Advertising**”), and the provision of integrated marketing services covering these advertising platforms in Hong Kong (collectively the “**Media Business**”).

Revenue

For the six months ended 30 June 2021, the Group reported revenue of approximately HK\$110.8 million (six months ended 30 June 2020: approximately HK\$162.7 million), representing a decrease of approximately 31.9% as compared to the corresponding period in 2020, of which approximately HK\$45.8 million was generated from the Financial Services Business (six months ended 30 June 2020: approximately HK\$37.7 million) and approximately HK\$64.9 million was generated from the Media Business (six months ended 30 June 2020: approximately HK\$124.9 million).

The overall decrease in revenue for the six months ended 30 June 2021 was mainly due to the operating scale of the Group’s Media Business segment being reduced resulting from (i) the change in advertising platforms for BUS-BODY Advertising and BUS-INTERIOR Advertising businesses since mid-2020 leading to a decrease in revenue from these businesses, (ii) the discontinuation of business segments providing media sales, design services and production of advertisements for shelters (“**BUS-SHELTER Advertising**”) and outdoor signage (“**BILLBOARDS Advertising**”) advertising business in the second half of 2020, and (iii) adverse impact of the COVID-19 pandemic which continued to affect the overall advertising market and limit the recovery of the Media Business.

Loss for the period attributable to owners of the Company

The Group’s loss for the period attributable to owners of the Company was approximately HK\$52.9 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$96.4 million). The decrease in loss for the current period was mainly attributable to:

(i) *Reversal/(provision) for impairment losses, net and net unrealised (losses)/gains on financial assets at fair value through profit or loss*

Reversal for impairment loss, net of approximately HK\$0.2 million was recognised for the six months ended 30 June 2021 (six months ended 30 June 2020: provision for impairment loss, net of approximately HK\$91.0 million) was mainly attributable to (a) absence of the one-off provision for impairment loss on goodwill in respect of the Financial Services Business of approximately HK\$70.1 million recognised for the six months ended 30 June 2020, (b) absence of the one-off provision for impairment loss on assets of the Media Business (including property, plant and equipment and right-of-use assets, non-current prepayment and intangible assets) of approximately HK\$21.7 million recognised for the six months ended 30 June 2020. There is a net unrealised losses on financial assets at fair value through profit or loss of approximately HK\$3.0 million recognised for the six months ended 30 June 2021 (six months ended 30 June 2020: net unrealised gain of approximately HK\$67.4 million).

(ii) *Reduction in operating loss of the Media Business segment*

The operating loss of the Media Business segment narrowed as a result of the implementation of measures to reduce the loss for operation of its BUS-SHELTER Advertising and BILLBOARDS Advertising businesses which were loss-making or with low profitability. In particular, the discontinuation of BUS-SHELTER Advertising and BILLBOARDS Advertising businesses since the second half of 2020 enables the Group to reallocate its resources on its existing BUS-BODY Advertising and BUS-INTERIOR Advertising businesses which are more profitable.

Although the revenue from the Media Business decreased by approximately HK\$60.0 million, for the six months ended 30 June 2021, royalty, licence and management fees of the Media Business decreased by approximately HK\$60.9 million to approximately HK\$37.3 million (six months ended 30 June 2020: approximately HK\$98.3 million), and cost of production of the Media Business decreased by approximately HK\$10.8 million to approximately HK\$15.4 million (six months ended 30 June 2020: approximately HK\$26.2 million). Such factors resulted in the decrease in operating loss of the Media Business segment for the six months ended 30 June 2021.

(iii) *Reduction in staff expenditure*

As a result of streamlining of business segments and optimising of scale of the Media Business, for the six months ended 30 June 2021, staff expenditure decreased by approximately HK\$7.2 million to approximately HK\$44.2 million (six months ended 30 June 2020: approximately HK\$51.5 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity and Financial Resources

As at 30 June 2021, the Group's cash and cash equivalents amounted to approximately HK\$183.2 million (31 December 2020: approximately HK\$151.9 million), which are denominated in Hong Kong dollars, United States ("US") dollars, Euro, Singapore dollars and Renminbi. In addition to providing working capital to support its existing business, the Group maintains a healthy cash flow position with adequate facilities to meet potential needs for business expansion and development.

As at 30 June 2021, the Group's indebtedness comprised promissory notes, lease liabilities and interest-bearing other borrowing of approximately HK\$106.2 million (31 December 2020: approximately HK\$165.7 million). The Group's indebtedness are denominated in Hong Kong dollar. All the indebtedness carried interests with fixed rates ranging from 2.8% to 10.0% per annum. All of the indebtedness shall be repayable in 1 to 2 years. The gearing ratio, representing the ratio of total indebtedness to the total share capital and reserves of the Group, was 26.1% as at 30 June 2021 (31 December 2020: 42.8%).

As at 30 June 2021, the Group had net current assets of approximately HK\$183.3 million (31 December 2020: approximately HK\$142.6 million) and total assets of approximately HK\$592.9 million (31 December 2020: approximately HK\$621.0 million).

Charge on Assets

At 30 June 2021, bank deposits of the Company of approximately HK\$13.3 million (31 December 2020: approximately HK\$32.2 million) were pledged mainly to secure certain bank guarantees provided by the subsidiaries of the Company to the independent third parties regarding their due performance and payment under certain licence agreements between certain subsidiaries of the Company and independent third parties and for the corporate credit cards issued to the Group.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's monetary assets and transactions are principally denominated in Hong Kong dollars, US dollars, Euros and Renminbi. During the six months ended 30 June 2021, the Company recognised an exchange losses, net of approximately HK\$676,000 (six months ended 30 June 2020: exchange gain, net of approximately HK\$22,000). During the same period, there was no material fluctuation in the exchange rates between Hong Kong dollars and US dollars. The Group did not engage in any transactions involving derivative financial instruments and did not commit to any financial instruments to hedge its financial position and foreign currency exposure during the six months ended 30 June 2021.

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in the Financial Services Business and the Media Business during the reporting period. The Group will continue to review the operation and performance of the Financial Services Business and the Media Business from time to time to ensure timely adjustment to the strategies in achieving our corporate goals, while continue to cautiously formulate plans to further develop the Financial Services Business in the future.

(1) Financial Services Business

The Group continued to engage in the Financial Services Business with the licences to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

On 16 December 2020, Bison Corporate Finance Limited, a wholly-owned subsidiary of the Company, was granted a licence to carry out Type 6 (advising on corporate finance) regulated activity under the SFO by the Securities and Futures Commission (the “SFC”). Since then, the Group commenced the provision of corporate finance advisory services. This enables the Group to further broaden its Financial Services Business and to create synergies with other existing financial services of the Group by strengthening its ability to provide integrated financial products and services to our customers.

As at 30 June 2021, the Financial Services Business of the Group mainly consists of (i) external asset management (“EAM”) services, (ii) fund management services, (iii) securities services, (iv) investment advisory services to fund management, and (v) corporate finance advisory services.

During the six months ended 30 June 2021, the Financial Services Business recorded revenue of approximately HK\$45.8 million (six months ended 30 June 2020: approximately HK\$37.7 million).

(i) EAM services

The Group provides EAM services to clients which are mostly high net worth individuals whose asset sizes under EAM arrangement increased to approximately HK\$5.1 billion as at 30 June 2021 (31 December 2020: approximately HK\$4.8 billion). Revenue generated from EAM services during the six months ended 30 June 2021 amounted to approximately HK\$23.6 million (six months ended 30 June 2020: approximately HK\$15.6 million).

As the financial businesses conducted in Hong Kong have been resumed gradually in the first half of 2021, investors are more optimistic about the gradual recovery of the economy, boosting their confidence in making various investments and leading to an increase in transaction volume and service charges for EAM services which resulted in an increase of revenue generated from EAM services.

The Group will continue to leverage its strengths in having (i) its stable and vast business network with different financial institutions which could provide diversified investment products to suit clients' needs; and (ii) its management team with extensive asset management experience and strong network with high net worth clients, to broaden the customer base and support continuous development of the EAM business.

(ii) *Fund management services*

The Group acts as the investment managers or general partners of certain offshore private equity funds and manages the assets and investments of the funds on a discretionary basis in pursuit of the investment objectives and strategies of the funds, which include achievement of long term compounded net asset value gain for investors. The committed assets under management (“AUM”) in relation to the fund management services was approximately HK\$8.5 billion as at 30 June 2021 (31 December 2020: approximately HK\$8.5 billion). Revenue generated from fund management services during the six months ended 30 June 2021 remained stable, amounted to approximately HK\$15.9 million (six months ended 30 June 2020: approximately HK\$15.2 million).

(iii) *Securities services*

The Group provides a full range of securities brokerage services, including securities margin financing, underwriting, placing services, as well as securities dealing which was commenced after Target Capital Management Limited (“TCM”) was admitted as a CCASS participant of the Stock Exchange in 2019. This segment created synergies with other segments of the Financial Services Business of the Group by enhancing the comprehensiveness of other existing financial services of the Group.

(iv) *Investment advisory services to fund management*

The Group acts as the investment adviser to fund managers or general partners of several offshore private equity funds and provides portfolio advisory services to them.

(v) *Corporate finance advisory services*

The Group started to engaged in provision of corporate finance advisory services through Bison Corporate Finance Limited since December 2020. Revenue generated from corporate finance advisory services during the six months ended 30 June 2021 amounted to approximately HK\$1.3 million. Although the local and global economies are still not fully recovered bringing challenges to the Group's Financial Services Business, the Group was still developing this business segment and expanding its operating scale under such unfavourable circumstances, and the management of the Group is optimistic that this business segment would be able to play a more important role in bringing in revenue to the whole Financial Services Business segment starting from the second half of 2021. The Group will continue to develop and enhance the income stream from this segment.

Apart from the traditional financial services, the Group is exploring new opportunities from emerging financial markets to further develop its Financial Services Business. The Group's Financial Services Business will continue to utilise the Group's resources and network as well as the extensive investment experience of our senior management, which are considered as major contributing factors to maintain an ongoing business development in the Financial Services Business carried out by the Group.

(2) Media Business

In the first half of 2021, the Group is principally engaged in the provision of BUS-BODY Advertising business, BUS-INTERIOR Advertising business and integrated marketing services covering these advertising platforms in Hong Kong.

The revenue of the Media Business is mainly generated from the operation of the advertising business in Hong Kong. The revenue of the Media Business was decreased significantly by approximately 48.0% from approximately HK\$124.9 million for the six months ended 30 June 2020 to approximately HK\$64.9 million for the six months ended 30 June 2021.

Since 2019, the operation of the advertising platforms of the Media Business has been affected by various incidents, including among others, the social unrest which persisted for over six months. The revenue of the Media Business has since decreased continuously. In addition, the exclusive licence in relation to BUS-BODY Advertising and BUS-INTERIOR Advertising with The Kowloon Motor Bus Company (1933) Limited (“**KMB**”) and Long Win Bus Company Limited expired on 30 June 2020. Despite the expiry of the exclusive licence, the Group has obtained the exclusive licence in relation to BUS-BODY Advertising and BUS-INTERIOR Advertising with New World First Bus Services Limited and Citybus Limited, effective from 1 July 2020. As a results, the scale of the Media Business has been gradually shrinking leading to the further decrease in revenue due to the adverse impact of these incidents.

At the beginning of the year 2020, the outbreak of COVID-19 pandemic has brought enormous impact on Hong Kong economy. The governments in different countries around the world have implemented various travel restrictions and quarantine measures in attempt to contain the widespread transmission of epidemic, causing the various economic activities being kept at minimum level. The sales performance of the customers from the Media Business, which operate their business in various industries in Hong Kong were severely hit. Amid the sluggish market and high unemployment rate, the customers from the Media Business reduced their advertising expenses having regard to the short-term economic outlook. In addition, they are shifting their advertising expenses from the traditional offline advertising platforms, which are mainly operated by the Group, to online multimedia advertising platforms causing the further reduction in the revenue of the Media Business.

In view of the various adverse impacts on the Media Business, the Group streamlined the advertising platforms of the Media Business so as to optimise the operating cost structure of the Group. In second half of 2020, the Group (i) discontinued the loss-making BUS-SHELTER Advertising business and (ii) did not seek to renew the expired exclusive licence of BILLBOARDS Advertising business with lower profitability in order to concentrate our resources on the current business operation of BUS-BODY Advertising and BUS-INTERIOR Advertising.

Since 2021, the global epidemic has not been eased as previously predicted, whereas the fast spread of COVID-19 virus variants amongst globe maintained the severity of the epidemic. Therefore, the strict preventive measures of COVID-19 remain in place and inbound tourism industry and the related industries remain stagnant in Hong Kong. The customers from the Media Business remained conservative on the expenditure of the advertising campaigns, in particular, on the out-of-home (OOH) media. In the meantime, the COVID-19 pandemic has accelerated the shift to online advertising channels and the change in the preference of customers and audiences on the advertising platforms have brought the challenges and uncertainties to the Media Business which mainly operates the traditional offline advertising platforms in Hong Kong. Amid the influence of the uncertainties and adverse impact, it is expected that revenue generated from the Media Business may not be able to turnaround in the short term.

Under the current unfavourable market conditions, the Group shall continue to adjust the business strategies for the Media Business and adopt a prudent approach to manage the operating cost, to avoid the continuous loss for the Media Business in order to protect the interests of the shareholders of the Company (the “**Shareholders**”) as a whole, and when necessary, seize the business transformation opportunity to realign its resources and focus on the development on the financial business which can generate higher returns to the Shareholders.

(3) **Other Investments**

The Group has been continuously exploring opportunities for investments to diversify income stream and maximise the returns for the Shareholders. On 22 February 2019, the Group entered into the subscription agreements with BeiTai Investment Limited (the “**General Partner**”) (an independent third party to the Company and its connected persons), being the general partner of BeiTai Investment LP (the “**Investment Fund**”) to subscribe for limited partner interests in the Investment Fund. The objective of the Investment Fund is to invest in debt securities or equity securities of both private and listed companies in Hong Kong or elsewhere or by investing in such other financial instruments as its general partner may determine. Such investment is a passive investment and the Group, as a limited partner, is entitled to receive distributions of the Investment Fund in accordance with the Group’s capital commitment therein, but has no right to participate in the day-to-day operations of the Investment Fund, nor does it have control over the management of the Investment Fund. The investment strategy in the Investment Fund would be to capture investment opportunities and increase the efficiency of its financial resources, and to generate a reasonable return for the duration of the Group’s investments in the Investment Fund. For details, please refer to the Company’s announcement dated 22 February 2019.

As at 30 June 2021, the Group has made investment of HK\$77.0 million (31 December 2020: HK\$103.0 million) in the Investment Fund as a limited partner, which represent approximately 71% (31 December 2020: approximately 71%) of the total capital contribution of the Investment Fund. The Group's capital contribution was reduced by HK\$26.0 million from HK\$103.0 million as at 31 December 2020 to HK\$77.0 million as at 30 June 2021 due to the withdrawal of capital contribution, in accordance with the terms and conditions of the amended and restated limited partnership agreement for BeiTai Investment LP dated 20 March 2020, as determined by the General Partner at its discretion (the “**Withdrawal of Capital Contribution**”). As at 30 June 2021, the underlying investments of the Investment Fund represent equity securities listed in Hong Kong, a bond issued by a corporation listed in Hong Kong and a bond issued by a private equity (31 December 2020: equity securities listed in Hong Kong and bonds issued by a corporation listed in Hong Kong). The investment in the Investment Fund is stated at fair value and is recorded as “financial assets at fair value through profit or loss” in the consolidated statement of financial position. As at 30 June 2021, together with the Withdrawal of Capital Contribution during the six months ended 30 June 2021, due to the overall decline in fair value of the underlying assets of the Investment Fund during the six months ended 30 June 2021, the fair value of Investment Fund dropped to approximately HK\$68.3 million (31 December 2020: approximately HK\$95.0 million), which represents approximately 11.5% (31 December 2020: approximately 15.3%) of the total assets of the Group as at 30 June 2021. During the six months ended 30 June 2021, as a result of a decrease in fair value of the Investment Fund, the Group recorded an unrealised loss on financial assets at fair value through profit or loss of approximately HK\$0.7 million (for the six months ended 30 June 2020: unrealised gain of approximately HK\$68.4 million) from the Investment Fund. No dividend was received from the Investment Fund for the six months ended 30 June 2021 and 2020.

It is expected that the overall business environment in which the Group operates will remain challenging, especially amid the on-going COVID-19 pandemic. The Group will continue to cautiously monitor the development to ensure timely response to changes regarding the market condition and the COVID-19 pandemic. Yet, despite these unfavourable factors, the board of the Directors is of the view that the business performance of the Group will recover gradually in the second half of 2021. The Group will strategically streamline and alter allocation of resources among business segments where appropriate and will continue to seize investment opportunities with a view to maximise returns for the Shareholders.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had 82 (31 December 2020: 113) full-time employees. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. For the six months ended 30 June 2021, the Group incurred staff costs of approximately HK\$44.2 million (six months ended 30 June 2020: approximately HK\$51.5 million). In addition, the Group offers a performance bonus scheme to its senior staff based on achievement of business objectives and a sales commission scheme to its sales team based on achievement of revenue targets. The Group has adopted provident fund schemes for its employees in Hong Kong as required under the Mandatory Provident Fund Schemes Ordinance.

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 8 June 2018, under which the Company may grant options to, among others, employees of the Group to subscribe for shares of the Company (the “**Shares**”) for providing them with the opportunity to acquire proprietary interests in the Company as a reward for their contribution and to encourage them to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole. During the six months ended 30 June 2021, there were no share options of the Company (the “**Share Options**”) (six months ended 30 June 2020: 118,020,000) being granted pursuant to the Share Option Scheme, and a total of 4,000,000 (six months ended 30 June 2020: Nil) Share Options had lapsed during the six months ended 30 June 2021. As at 30 June 2021, there were 56,220,000 (31 December 2020: 60,220,000) outstanding Share Options granted under the Share Option Scheme.

The Company also adopted a share award scheme (the “**Share Award Scheme**”) on 24 August 2018 which complements the Share Option Scheme. Pursuant to the Share Award Scheme, the Shares may be awarded to employees, directors (including executive and non-executive directors), officers, agents or consultants of the Group for providing them with incentives to continuously make substantial contributions for the long-term growth of the Group in the future and aligning their interests directly to the Shareholders through ownership of Shares. During the six months ended 30 June 2021, a total of 43,890,000 Shares (six months ended 30 June 2020: 11,500,000 Shares) have been granted to the selected participants pursuant to the Share Award Scheme.

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

During the six months ended 30 June 2021, no Share has been purchased by the trustee of the Share Award Scheme (six months ended 30 June 2020: 6,980,000 Shares from the market at a total cost of HK\$2,750,760 (excluding all related expenses, transaction levy, brokerage, tax, duties and levies) pursuant to the terms of the Share Award Scheme).

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2021.

EVENTS AFTER REPORTING PERIOD

Subsequent to the period end, in August 2021, a claim was made by a licensor in connection with a licence agreement for bus shelters under a guarantee amounting to HK\$12,134,000. A provision of HK\$12,134,000 was made by the Group as at 30 June 2021 regarding the claim.

In addition, on 9 August 2021, the maturity date of promissory note in the principal amount of HK\$90,000,000 issued to Fullbest Star Limited was extended from 8 August 2021 to 30 April 2022 of which the interest rate and other terms and conditions remain unchanged upon extension.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the 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 June 2021 save for deviation of code provision E.1.2 as described below.

The chairman of the Company and the chairmen of the audit committee, the remuneration committee and the nomination committee of the Company were unable to attend the annual general meeting of the Company held on 25 June 2021 (“**2021 AGM**”) as stipulated in CG Code provision E.1.2 due to other business engagements and strict compliance with COVID-19 pandemic prevention and control measures. The Board had arranged Mr. SUN Lei, being executive director and chief executive officer of the Company, to attend and Mr. ZHU Dong, being executive director and chief financial officer of the Company, to attend and chair the 2021 AGM, together with the external independent auditor of the Company with a view to answer and address the enquiries from the attending Shareholders.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own Code for Securities Transactions by Directors (the “**Securities Code**”) on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of the Listed Issuers set out in Appendix 10 to the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the Securities Code throughout the six months ended 30 June 2021.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and policies adopted by the Group and discussed auditing, internal control and financial reporting matters, and also reviewed the unaudited interim financial report for the six months ended 30 June 2021. The review of the unaudited interim financial report was conducted with Ernst & Young (“**EY**”), being the Group’s external auditors. The interim financial report for the six months ended 30 June 2021 was unaudited, but has been reviewed by EY in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA, whose unmodified review report will be included in the interim report to be sent to Shareholders.

PUBLICATION OF 2021 INTERIM REPORT

The 2021 interim report will be despatched to Shareholders and published on the Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (www.bison.com.hk) in due course.

By Order of the Board
Bison Finance Group Limited
ZHU Dong
Executive Director

Hong Kong, 27 August 2021

As at the date of this announcement, the board of Directors of the Company comprises Dr. MA Weihua as the Chairman and non-executive Director; Mr. XU Peixin, Mr. SUN Lei and Mr. ZHU Dong as executive Directors; and Dr. QI Daqing, Mr. CHEN Yigong and Mr. FENG Zhonghua as independent non-executive Directors.