

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



BISON FINANCE GROUP LIMITED

貝森金融集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 888)

2020 ANNUAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The directors of Bison Finance Group Limited (the “**Company**”) (the “**Directors**”) submit herewith the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2020, together with the relevant comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000 (Restated)
REVENUE	4	298,230	513,646
Other income and gains/(losses), net	5	(82,704)	77,671
Royalty, licence and management fees		(169,882)	(191,779)
Cost of production		(63,995)	(73,723)
Cost of services		(27,905)	(31,222)
Staff expenditure		(80,713)	(134,282)
Depreciation and amortisation		(30,816)	(32,925)
Provision for impairment losses, net		(126,656)	(16,496)
Loss on deregistration of a subsidiary		—	(2,527)
Gain on disposal of subsidiaries		7,879	—
Other operating expenses		(49,994)	(60,932)
Finance costs	7	(18,837)	(15,377)
(LOSS)/PROFIT BEFORE TAX	6	(345,393)	32,054
Income tax credit/(expense)	8	1,420	(11,288)
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(343,973)	20,766
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic			
— For (loss)/profit for the year	10	HK(30.17) cents	HK1.81 cents
Diluted			
— For (loss)/profit for the year	10	HK(30.17) cents	HK1.81 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
(LOSS)/PROFIT FOR THE YEAR		(343,973)	20,766
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		—	(21)
Reclassification adjustment for a foreign operation disposed of during the year	16	<u>289</u>	<u>2,527</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u>289</u>	<u>2,506</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(343,684)</u>	<u>23,272</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment and right-of-use assets	11	22,783	61,330
Goodwill	12	78,554	178,444
Intangible assets		49,644	58,919
Prepayments, deposits and other receivables		13,881	5,135
Financial assets at fair value through profit or loss		95,043	167,452
Loans receivable	14	—	42,869
Deferred tax assets		—	1,265
Total non-current assets		259,905	515,414
CURRENT ASSETS			
Accounts receivable	13	77,586	144,497
Loans receivable	14	86,716	130,810
Amount due from a fellow subsidiary		—	7
Amount due from a related company		206	—
Prepayments, deposits and other receivables		5,153	18,452
Financial assets at fair value through profit or loss		6,333	9,779
Tax recoverable		—	1,670
Cash held on behalf of clients		1,007	900
Pledged deposits		32,175	98,698
Cash and cash equivalents		151,939	80,722
		361,115	485,535
Assets of a disposal group classified as held for sale		—	95,218
Total current assets		361,115	580,753
CURRENT LIABILITIES			
Accounts payable	15	7,340	8,112
Other payables and accruals		41,023	38,618
Contract liabilities		7,136	38,691
Lease liabilities		14,405	18,613
Promissory notes		143,553	185,000
Bond payable		—	7,000
Tax payable		5,097	3,933
		218,554	299,967

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2020

	2020 HK\$'000	2019 HK\$'000 (Restated)
Liabilities of a disposal group classified as held for sale	<u>—</u>	<u>3,790</u>
Total current liabilities	<u>218,554</u>	<u>303,757</u>
NET CURRENT ASSETS	<u>142,561</u>	<u>276,996</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>402,466</u>	<u>792,410</u>
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	—	39,608
Lease liabilities	7,773	15,904
Deferred tax liabilities	<u>7,459</u>	<u>15,043</u>
Total non-current liabilities	<u>15,232</u>	<u>70,555</u>
NET ASSETS	<u>387,234</u>	<u>721,855</u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	118,487	118,487
Reserves	<u>268,747</u>	<u>603,368</u>
Total equity	<u>387,234</u>	<u>721,855</u>

NOTES

1. BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 December 2020 but are extracted from those financial statements.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for the financial assets at fair value through profit or loss which have been measured at fair values. Disposal group held for sale was stated at the lower of its carrying amount and fair value less costs to sell. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The adoption of the above revised standards has no financial effect on these financial statements.

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, securities brokerage services, securities margin financing services, external asset management services, securities underwriting and placing services, fund management services and loan financing services, and provision of insurance brokerage services in the People's Republic of China (the "PRC"); and
- (b) Media — provision of media sales, design and management services and production of advertisements for transit vehicle exteriors and interiors, shelters, outdoor signages advertising businesses 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 (other than interest on lease liabilities), 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 (other than interest on lease liabilities), taxes, depreciation and amortisation (adjusted EBITDA/LBITDA). The adjusted profit/loss is measured consistently with the Group's profit before tax except that certain income and gains/losses, 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.

Certain comparative figures have been reclassified to conform with the current period's presentation.

Information regarding the Group's reportable segments for the years ended 31 December 2020 and 2019 is set out below.

Segment revenue, results, assets and liabilities:

	Financial services		Media		Total	
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)		(Restated)
Segment revenue (Note 4)						
Revenue from contracts with customers	68,599	119,355	219,253	384,194	287,852	503,549
<i>Revenue from other sources</i>						
Interest income on loans receivable	10,378	10,097	—	—	10,378	10,097
Sales to external customers	78,977	129,452	219,253	384,194	298,230	513,646
Segment results (adjusted LBITDA/EBITDA)	42,672	54,480	(101,472)	25,719	(58,800)	80,199
<i>Reconciliation:</i>						
Finance costs (other than interest on lease liabilities)					(18,064)	(14,435)
Depreciation and amortisation					(30,816)	(32,925)
Unallocated other income and gains/ (losses), net					(84,120)	77,348
Unallocated head office and corporate expenses					(153,593)	(78,133)
(Loss)/profit before taxation					(345,393)	32,054
Other segment information						
Capital expenditure*	173	8,783	3,139	2,586	3,312	11,369
Depreciation and amortisation	(10,264)	(10,933)	(7,270)	(13,088)	(17,534)	(24,021)
Depreciation and amortisation — unallocated					(13,282)	(8,904)
Provision for impairment losses, net						
— allocated	(99,624)	(15,936)	(27,032)	(484)	(126,656)	(16,420)
— unallocated	—	—	—	—	—	(76)
Segment assets	279,158	612,094	99,679	281,592	378,837	893,686
<i>Reconciliation:</i>						
Corporate and other unallocated assets					242,183	202,481
Total assets					621,020	1,096,167
Segment liabilities	18,088	72,082	45,190	78,880	63,278	150,962
<i>Reconciliation:</i>						
Corporate and other unallocated liabilities					170,508	223,350
Total liabilities					233,786	374,312

* Capital expenditure consists of additions to property, plant and equipment.

For the year ended 31 December 2020, revenue from external customers derived from customers in Hong Kong amounting to approximately HK\$296,038,000 (2019: approximately HK\$490,876,000) and Mainland China amounting to approximately HK\$2,192,000 (2019: approximately HK\$22,770,000). All non-current assets of the Group are located in Hong Kong.

Information about major customers

Since there was no customer to which the Group's sales amounted to 10% or more of the Group's revenue during the year, no major customer information is presented.

4. REVENUE

An analysis of revenue is as follows:

	2020 HK\$'000	2019 HK\$'000 (Restated)
Revenue from contracts with customers	287,852	503,549
<i>Revenue from other sources</i>		
Interest income on loans receivable	10,378	10,097
	<u>298,230</u>	<u>513,646</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

	2020 HK\$'000	2019 HK\$'000 (Restated)
Types of services		
Income from media sales, design and management services, production of advertisements	219,253	384,194
Fund management service income and performance fee income ("Fund management service income")	32,540	54,290
External asset management advisory commission income	35,152	39,641
Insurance brokerage service income	112	20,583
Others	795	4,841
	<u>287,852</u>	<u>503,549</u>
Total revenue from contracts with customers	<u>287,852</u>	<u>503,549</u>

(ii) *Timing of revenue recognition*

Segments	Financial services		Media		Total	
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)				(Restated)
Services transferred at a point in time	36,034	64,959	96,499	214,346	132,533	279,305
Services transferred over time	32,565	54,396	122,754	169,848	155,319	224,244
Total revenue from contracts with customers	68,599	119,355	219,253	384,194	287,852	503,549

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2020	2019
	HK\$'000	HK\$'000
Fund management business	2,641	2,657
Media sales and production of advertisement	34,790	49,627
	37,431	52,284

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

(a) Other income

	2020	2019
	HK\$'000	HK\$'000
		(Restated)
Interest income from bank	1,111	1,773
Other interest income	94	87
Rental income from a related company	206	—
Government grant	50	—
Sundry revenue	489	837
	1,950	2,697

(b) Other gains/(loss), net

	2020	2019
	HK\$'000	HK\$'000
Exchange gains, net	1,187	683
Net realised and unrealised (losses)/gains on financial assets at fair value through profit or loss	(85,855)	74,298
Gain/(loss) on disposal of property, plant and equipment	14	(7)
Total other gains/(loss), net	(84,654)	74,974
Other income and gains/(losses), net	(82,704)	77,671

6. (LOSS)/PROFIT BEFORE TAX

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

	2020 HK\$'000	2019 HK\$'000 (Restated)
Depreciation charge		
— property, plant and equipment	6,468	9,526
— right-of-use assets	15,108	14,072
Amortisation of intangible assets	9,240	9,327
	<u>30,816</u>	<u>32,925</u>
Provision for impairment losses, net	<u>126,656</u>	<u>16,496</u>
	2020 HK\$'000	2019 HK\$'000
Lease payments not included in the measurement of lease liabilities	406	2,535
Write-off of items of property, plant and equipment	—	1,254
Gain on disposal of subsidiaries	(7,879)	—
Loss on deregistration of a subsidiary	—	2,527
Foreign exchange differences, net	(1,187)	(683)
Auditor's remuneration	3,811	3,690
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	69,269	101,596
Equity-settled share-based payments	7,828	10,795
Pension scheme contributions (defined contribution scheme)	2,205	4,635
Less: Government grant	(6,821)	—
	<u>72,481</u>	<u>117,026</u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 HK\$'000	2019 HK\$'000
Interest on lease liabilities	773	942
Interest on promissory notes	16,863	12,547
Other interest expense	1,201	1,888
	<u>18,837</u>	<u>15,377</u>

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates. The PRC corporate income tax ("CIT") is applicable to subsidiaries located in Mainland China. All of these subsidiaries were subject to the applicable CIT rate of 25% (2019: 25%) during the year ended 31 December 2020.

	2020 HK\$'000	2019 HK\$'000
Current — Hong Kong		
Charge for the year	—	3,311
Over-provision in prior years	(198)	(769)
Current — the PRC		
Charge for the year	6,042	1,273
Over-provision in prior years	(945)	—
Deferred	<u>(6,319)</u>	<u>7,473</u>
Total tax (credit)/charge for the year	<u>(1,420)</u>	<u>11,288</u>

9. DIVIDENDS

No proposed final dividend is payable for the year ended 31 December 2020 (2019: Nil).

No final dividend in respect of the financial year ended 31 December 2019 was approved and paid during the year (2019: Nil).

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic (loss)/earnings per share amounts is based on the loss for the year attributable to owners of the Company of approximately HK\$343,973,000 (2019: profit of approximately HK\$20,766,000) and the weighted average of ordinary shares of 1,140,093,026 (2019: 1,149,635,650) in issue during the year.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 December 2020 and 2019 in respect of dilution as the impact of the share options had an anti-dilution effect in the basic earnings per share amounts presented.

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

During the year ended 31 December 2020, a lease arrangement of the Group was subject to lease modification resulting in reduction of the Group's lease liabilities of approximately HK\$825,000 (2019: approximately HK\$138,000) and a corresponding adjustment of the same amount to the right-of-use assets.

During the year ended 31 December 2020, the Group acquired assets with a cost of approximately HK\$9,201,000 (2019: approximately HK\$43,954,000).

During the year ended 31 December 2020, an impairment loss on property, plant and equipment of approximately HK\$13,549,000 (2019: Nil) and right-of-use assets of approximately HK\$11,785,000 (2019: Nil) was recognised to write down the carrying amounts of certain items of property, plant and equipment and right-of-use assets to their recoverable amount of approximately zero. 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 license period of the bus-body license agreement.

12. GOODWILL

	HK\$'000
At 1 January 2019:	
Cost	217,176
Accumulated impairment	—
Net carrying amount	<u>217,176</u>
Cost at 1 January 2019, net of accumulated impairment	217,176
Impairment during the year	(9,195)
Reclassified to a disposal group classified as held for sale	<u>(29,537)</u>
At 31 December 2019	<u>178,444</u>
At 31 December 2019:	
Cost	178,444
Accumulated impairment	—
Net carrying amount	<u>178,444</u>
Cost at 1 January 2020, net of accumulated impairment	178,444
Impairment during the year	<u>(99,890)</u>
At 31 December 2020	<u>78,554</u>
At 31 December 2020:	
Cost	178,444
Accumulated impairment	<u>(99,890)</u>
Net carrying amount	<u>78,554</u>

13. ACCOUNTS RECEIVABLE

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

	2020 HK\$'000	2019 HK\$'000
Within 1 month	67,653	128,699
1 to 2 months	2,934	6,340
2 to 3 months	1,404	3,611
3 to 12 months	2,825	4,702
Over 1 year	2,770	1,145
	<u>77,586</u>	<u>144,497</u>

The Group's trading terms with its customers are mainly on credit period of generally 30 to 90 days from the date of billings.

14. LOANS RECEIVABLE

	2020 HK\$'000	2019 HK\$'000 (Restated)
Secured	13,543	59,774
Unsecured	73,562	119,207
Impairment allowance	<u>(389)</u>	<u>(5,302)</u>
	<u>86,716</u>	<u>173,679</u>
Non-current	—	42,869
Current	<u>86,716</u>	<u>130,810</u>
	<u>86,716</u>	<u>173,679</u>

The loans were made to four (2019: five) independent third parties with effective interest rates ranging from 5% to 12% (2019: 5% to 12%) per annum.

During the year, reversal for expected credit losses of approximately HK\$2,019,000 was recognised (2019: provision of HK\$5,302,000) (note 6) in the consolidated statement of profit or loss.

15. ACCOUNTS PAYABLE

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

	2020 HK\$'000	2019 HK\$'000
Within 1 month	7,265	7,544
1 to 2 months	—	—
2 to 3 months	—	344
Over 3 months	75	224
	<u>7,340</u>	<u>8,112</u>

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

16. DISPOSAL/DEREGISTRATION OF SUBSIDIARIES

- (a) Details of net assets of the subsidiaries disposed of during the current period and the financial impacts are summarised as follows:

	HK\$'000
Net assets disposed of	85,861
Exchange fluctuation reserve	<u>289</u>
	86,150
Gain on disposal of subsidiaries (<i>note 6</i>)	<u>7,879</u>
	<u>94,029</u>
Satisfied by:	
Cash	<u>94,029</u>

- (b) Upon the deregistration of a subsidiary, 霍爾果斯環際信息諮詢有限公司, which had been inactive and did not have any material assets and liabilities at the time of deregistration, the corresponding exchange reserve in relation to this subsidiary of HK\$2,527,000 was released and recognised in profit or loss in the prior period.

17. CONTINGENT LIABILITIES

During the year ended 31 December 2020, a licence agreement of the Media Business segment was early terminated. A work deposit of HK\$1,000,000 and a bank guarantee of HK\$31,000,000 were previously made in favor of the licensor pursuant to this licence agreement which entitled the licensor to forfeit or claim any outstanding payable by the licensee. The work deposit of HK\$1,000,000 was forfeited by the licensor as of 31 December 2020 and subsequent to the end of the reporting period, in March 2021, the licensor had further claimed for outstanding payable of approximately HK\$18,866,000 under the bank guarantee. Although no further claims have been received by the Group as of 31 December 2020 and up to the date of these financial statements concerning the termination, in the opinion of the directors, disclosure is made for the contingent liabilities, as the licensor has reserved the rights to recover their losses from the Group and the amount of the obligation cannot be measured with sufficient reliability.

18. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	2020 HK\$'000	2019 HK\$'000 (Restated)
Contracted, but not provided for:		
Property, plant and equipment	—	13,693
Investment in a subsidiary	<u>41,234</u>	<u>41,234</u>
	<u>41,234</u>	<u>54,927</u>

(b) Other commitments

Under certain exclusive licences to (i) conduct media sales agency and management business on selected bus shelters, (ii) solicit advertising business in respect of the interior and exterior panels of buses operated by The Kowloon Motor Bus Company (1933) Limited, Long Win Bus Company Limited and (iii) solicit advertising business on other advertising spaces owned by independent third parties, the Group has committed to pay licence fees at a pre-determined percentage of the net advertising rental received, subject to a guaranteed minimum amount, as at 31 December 2019.

As at 31 December 2020, for exclusive licence 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 pre-determined percentage of the net advertising rental received, subject to a guaranteed minimum amount.

	2020	2019
	HK\$'000	HK\$'000
Within 1 year	85,911	123,872
In the second to fifth years, inclusive	200,945	87,800
	<u>286,856</u>	<u>211,672</u>

The above licences typically run for an initial period of 6 to 78 months as at 31 December 2019 and 30 months as at 31 December 2020. In prior year, certain of the licences contained an option to renew the licences when all terms were renegotiated.

19. COMPARATIVE FIGURES

Certain comparative figures, including mainly revenue, interest income, loans receivable, deposits and other receivables, have been reclassified to conform with the current period's presentation. In the opinion of the Board of Directors, the revised presentation better reflects the financial performance and position of the Group.

BUSINESS RESULTS

The Group is principally engaged in (a) the provision of financial services (the “**Financial Services Business**”) and (b) the provision of media sales and advertising services covering various advertising platforms in Hong Kong (the “**Media Business**”) during the reporting period.

For the year ended 31 December 2020, the Group reported a revenue of approximately HK\$298.2 million (2019: approximately HK\$513.6 million (restated)). Revenue generated from the Financial Services Business was approximately HK\$79.0 million in 2020, representing a decrease of approximately 39.0% when compared to approximately HK\$129.5 million (restated) in 2019. Revenue generated from the Media Business decreased by 42.9% to approximately HK\$219.3 million in 2020 from approximately HK\$384.2 million in 2019. The overall decrease in revenue for the year ended 31 December 2020 was mainly due to the adverse impact on the Group’s business operation caused by the COVID-19 pandemic and volatile global financial market.

For the year ended 31 December 2020, the Group reported a loss attributable to owners of the Company of approximately HK\$344.0 million (2019: profit attributable to owners of the Company of approximately HK\$20.8 million). Such downturn of the performance for the year ended 31 December 2020 was mainly due to (i) the decrease in revenue of approximately HK\$215.4 million, the effect of which was partially net off by decrease in royalty, licence and management fees of approximately HK\$21.9 million and decrease in staff expenditure of approximately HK\$53.6 million respectively, (ii) the increase in provision for impairment losses, net of approximately HK\$110.2 million mainly resulting from the provision for impairment loss on goodwill in respect of the Financial Services Business of approximately HK\$99.9 million (2019: approximately HK\$9.2 million) and the provision for impairment losses on assets of Media Business (including property, plant and equipment and right-of-use assets, prepayments, deposits and other receivables and intangible assets) of approximately HK\$26.8 million (2019: approximately HK\$0.3 million) recognised during the year ended 31 December 2020, and (iii) net unrealised losses on financial assets at fair value through profit or loss of approximately HK\$85.9 million recognised during the year ended 31 December 2020, whereas net realised and unrealised gain on financial assets at fair value through profit or loss of approximately HK\$74.3 million were recognised during the year ended 31 December 2019.

BUSINESS OVERVIEW

(1) Financial Services Business

The Group has been engaging 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 Securities Futures Ordinance (“SFO”) since December 2018 and throughout the reporting period. During the year ended 31 December 2020, the Financial Services Business contributed approximately HK\$79.0 million (2019: approximately HK\$129.5 million (restated)) of revenue which represents a decrease of approximately 39.0% as compared to that of the previous year. The Financial Services Business has been unfavourably affected by various factors including the down-turning macroeconomic trends (which correlated with the COVID-19 pandemic), trade wars and global political conflicts that decreased the frequency of transactions by the investors, reduced the risk appetite of the investors leading to withdrawal of investments and downsizing of assets under management (“AUM”). The decrease in transactions and/or service fees charged amid such unfavourable market situation resulted in the decrease in revenue of the Financial Services Business.

The Group expected that the growth of AUM and revenue will be limited in coming years due to the adverse impact and the uncertainties brought about by the COVID-19 pandemic together with the economic and political factors. The management took a conservative approach to adjust the financial budgets and its key assumptions and assessed that part of the carrying amount of the goodwill in relation to the Financial Services Business may not be recoverable through the future cash flow to be generated from operations or from their disposal. As such, an impairment loss on goodwill in respect of the Financial Services Business of approximately HK\$99.9 million was recognised in 2020 (2019: nil) due to adjustment to financial budgets.

(i) EAM services

The Group acts as an external asset manager to provide investment solutions to clients who are mostly high net worth individuals. The AUM of external asset management (“EAM”) clients dropped to approximately HK\$4.8 billion at 31 December 2020 (2019: approximately HK\$6.1 billion). Revenue generated from EAM services during the year of 2020 amounted to approximately HK\$35.2 million (2019: approximately HK\$39.6 million) representing a decrease of approximately 11.3% from the revenue for the year ended 31 December 2019. Despite the market volatility brought by geopolitical tensions as well as the outbreak of COVID-19 pandemic, the Group will continue to leverage on (i) the stable relationship between the Group and the financial institutions which are able to provide investment products which suit the needs of the EAM clients; and (ii) the 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 AUM of fund management services remained stable as at 31 December 2020 and amounted to approximately HK\$8.5 billion (2019: approximately HK\$8.6 billion). Revenue generated from fund management services during the year ended 31 December 2020 amounted to approximately HK\$32.5 million (2019: approximately HK\$54.3 million). Such decrease was due to the decline in performance of certain funds and hence the performance fee income decreased.

(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. The Group will continue to develop and enhance the income stream from this segment. The business remains minimal at this stage so as to minimise the operating cost during the uncertain economic condition.

(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.

During the year of 2020, the disposal of China Sports Insurance Broker Co., Ltd.* (中體保險經紀有限公司) (“CSIB”) was completed with a gain on disposal of approximately HK\$2.2 million, whilst an impairment loss on goodwill of approximately HK\$9.2 million was recognised in 2019 with reference to the price quote obtained from the potential buyers at the end of the reporting period. The Group considers the disposal of CSIB as a good opportunity to streamline the Group’s business segments for better utilisation of the Company’s financial resources in its Financial Services Business and strengthening of the cash position of the Group.

* For identification purposes only

Meanwhile, on 16 December 2020, Bison Corporate Finance Limited, being 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 (“SFC”). 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.

In the long term, the Group’s Financial Services Business will continue to diversify the existing Financial Services Business and 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

The Group continued to engage in the provision of media sales, design services and production of advertisements for transit vehicle exteriors (“**BUS-BODY Advertising**”) and interiors (“**BUS-INTERIOR Advertising**”), shelters (“**BUS-SHELTER Advertising**”), outdoor signage (“**BILLBOARDS Advertising**”) advertising business and the provision of integrated marketing services covering these advertising platforms in Hong Kong. For the year ended 31 December 2020, the Media Business recorded revenue of approximately HK\$219.3 million (2019: approximately HK\$384.2 million) which represent a decrease of approximately 42.9%.

Facing the unfavourable advertising business environment mainly due to the outbreak of COVID-19 pandemic and unstable political and social condition, the occupancy rate of various advertising platforms provided by the Group has been adversely affected and thus resulting in a decline in advertising revenue of the Media Business throughout the year of 2020.

Having considered the adverse impact and the uncertainties brought about by the COVID-19 pandemic affecting the Media Business, the management adjusted the financial budgets and assessed that the carrying amounts of certain assets in relation to the Media Business may not be recoverable through the future cash flow to be generated from operations or from their disposal upon expiry of the advertising licences. As such, an impairment loss on assets in respect of the Media Business of approximately HK\$27.0 million (2019: approximately HK\$0.5 million), of which impairment loss on assets (including property, plant and equipment and right-of-use assets, prepayments, deposits and other receivables and intangible assets) of approximately HK\$26.8 million was recognised in 2020 (2019: approximately HK\$0.3 million).

In addition, the Group reassessed its strategies so that it would be in line with the adjustment of the financial budgets. In particular, having experienced continued losses in its existing BUS-SHELTER Advertising business and upon expiry of the advertising licence of its BILLBOARDS Advertising business, the Group since late 2020 implemented measures to reduce loss for operation of its BUS-SHELTER Advertising and BILLBOARDS Advertising businesses to alleviate its financial pressure while the Group continuously adjusts its strategy to face the challenging situation caused by the on-going COVID-19 pandemic and the changes in trend in advertising industry such as change in clients' and audiences' preference on advertising platforms.

The aforementioned measures allow the Group to now focus its resources on other segments of its Media Business, including the BUS-BODY Advertising and BUS-INTERIOR Advertising businesses. Following the expiration of the exclusive licence in relation to BUS-BODY Advertising and BUS-INTERIOR Advertising with The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited on 30 June 2020, the Group successfully obtained an exclusive licence from New World First Bus Services Limited and Citybus Limited pertaining to BUS-BODY Advertising and BUS-INTERIOR Advertising businesses for the term commencing from 1 July 2020.

Whilst it is expected that Hong Kong's economic contraction is likely to continue during first half of 2021 due to the outbreak of COVID-19 pandemic, Hong Kong's retail sector, growth of which would benefit the overall advertising market, is expected to gradually recover starting from second half of 2021 following the launch of vaccination programme for the general public. While the Group anticipates that the customers will remain conservative on advertising spending, especially on out-of-home (OOH) media, in the first half of 2021, we will strive hard to stretch the creativity on BUS-BODY as well as BUS-INTERIOR platforms in order to drive the growth of these business units. The cessation of BUS-SHELTER and BILLBOARDS advertising businesses enable the Group to focus on its existing BUS-BODY and BUS-INTERIOR advertising businesses and to seize opportunities in the future. In view of the challenges amid the COVID-19 pandemic and competitive business environment, the Group will continue to review its strategies to effectively allocate its resources and engage in active negotiations with licensors of certain licensing agreements for better terms that enable our Group's business to remain sustainable during such unfavourable market situation.

(3) Other Investments

On 22 February 2019, the Group entered into the subscription agreements with BeiTai Investment Limited (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 Group’s 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 31 December 2020, the Group has made investment of HK\$103.0 million (2019: HK\$93.0 million) in the Investment Fund as a limited partner, which represent approximately 71.0% (2019: approximately 75.0%) of the total capital commitment of the Investment Fund. As at 31 December 2020, the underlying investments of the Investment Fund represent equity securities listed in Hong Kong and bonds issued by a corporation listed in Hong Kong (2019: equity securities 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 31 December 2020, due to the overall decline in fair value of the underlying assets of the Investment Fund near the end of 2020, the fair value of Investment Fund dropped to approximately HK\$95.0 million (2019: approximately HK\$167.5 million), which represents approximately 15.3% (2019: approximately 15.3%) of the total assets of the Group as at 31 December 2020. During the year ended 31 December 2020, as a result of such 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\$82.4 million (2019: unrealised gain of approximately HK\$74.5 million) from the Investment Fund. No dividend was received from the Investment Fund for the years ended 31 December 2020 and 2019.

PROSPECTS

The impact from the COVID-19 pandemic, weak economic condition and market instability on our Group's businesses are expected to persist for a certain period. It is expected that such business environment will weaken revenue generating activities, affect investors' willingness to launch new asset management portfolios, and eventually affecting the profitability and financial resources of the Group. The business operations of the Group will remain challenging. The Group will cautiously monitor the development to ensure timely response to changes in market condition and development of the COVID-19 pandemic. Yet, despite these unfavourable factors, the Board is of the view that the business performance of the Group will recover gradually in 2021. We 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 of the Company (the "**Shareholders**").

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity and financial resources

At 31 December 2020, the Group's cash and cash equivalents amounted to approximately HK\$151.9 million (2019: approximately HK\$80.7 million), denominated in Hong Kong dollars, US dollars, Euro, Singapore dollars and Renminbi.

As at 31 December 2020, the Group's indebtedness comprised promissory notes and lease liabilities of approximately HK\$165.7 million (31 December 2019: promissory notes, bond payable, interest-bearing borrowings and lease liabilities of approximately HK\$266.1 million). The Group's indebtedness are denominated in Hong Kong dollar. As at 31 December 2020, there was no interest-bearing borrowing (2019: approximately HK\$39.1 million). As at 31 December 2020, all the indebtedness carried interests with fixed rates ranging from 2.8% to 10.0% per annum; whilst as at 31 December 2019, all the indebtedness (except for interest-bearing borrowing in the principal amount of approximately HK\$39.1 million which carried variable interest rates) carried fixed interest rates ranging from 3.3% to 9.5% per annum. All of the indebtedness shall be repayable in 1 to 2 years (2019: 1 to 2.5 years). The gearing ratio, representing the ratio of total indebtedness to the total share capital and reserves of the Group, was 42.8% as at 31 December 2020 (31 December 2019: 36.9%).

At 31 December 2020, the Group had stand-by banking facilities totalling HK\$30.0 million (2019: HK\$30.0 million).

At 31 December 2020, the Group had net current assets of approximately HK\$142.6 million (2019: approximately HK\$277.0 million (restated)) and total assets of approximately HK\$621.0 million (2019: approximately HK\$1,096.2 million).

Charge on assets

At 31 December 2020, bank deposits of approximately HK\$32.2 million (2019: approximately HK\$98.7 million) were pledged mainly to secure certain bank guarantees provided by certain 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 the independent third parties.

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, Euro and Renminbi. During the year ended 31 December 2020, the Company recognised an exchange gain of approximately HK\$1.2 million (2019: approximately HK\$0.7 million). During the year ended 31 December 2020, there was no material fluctuation in the exchange rates of Hong Kong dollars and US dollars. The Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its financial position and foreign currency exposure in 2020.

Capital expenditures and capital commitments

Capital expenditures incurred by the Group during 2020 amounted to approximately HK\$3.3 million (2019: approximately HK\$11.4 million (restated)).

Capital commitments contracted for but not provided for in the financial statements of the Group at 31 December 2020 amounted to approximately HK\$41.2 million (2019: approximately HK\$54.9 million (restated)).

Contingent liabilities

Save as disclosed in note 17 to this announcement, the Group did not have any significant contingent liabilities at 31 December 2020 and 2019.

EMPLOYEES AND EMOLUMENT POLICIES

At 31 December 2020, the Group had 113 (2019: 179 full-time employees) full-time employees. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. For the year ended 31 December 2020, the Group incurred staff costs of approximately HK\$80.7 million (2019: approximately HK\$134.3 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 advertising revenue targets. The Group has adopted a provident fund scheme 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 year ended 31 December 2020, a total of 118,020,000 share options of the Company (the “**Share Options**”) (2019: Nil) were granted pursuant to the Share Option Scheme, among which 57,800,000 (2019: Nil) Share Options were lapsed during the year ended 31 December 2020. As at 31 December 2020, there were 60,220,000 (2019: Nil) 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.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

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

During the year ended 31 December 2020, the trustee of the Share Award Scheme purchased a total of 10,000,000 Shares (2019: 38,356,000 Shares) from the market at a total cost of HK\$3,671,210 (2019: HK\$43,980,520) (excluding all related expenses, transaction levy, brokerage, tax, duties and levies) and a total of 11,500,000 Shares (2019: 17,610,000 Shares) have been granted to the selected participants pursuant to the terms of the Share Award Scheme.

As at 31 December 2020, 43,890,000 Shares (31 December 2019: 45,390,000 Shares) were held by the trustee for the purpose 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 year ended 31 December 2020.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company’s Bye-laws and the Law in Bermuda.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions of the Corporate Governance (“CG”) Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2020, save for the deviation from CG Code provision E.1.2 as described below.

The chairman 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 16 June 2020 (“2020 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 2020 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. In response to a specific enquiry by the Company, all Directors confirmed that they have complied with the Securities Code throughout the year 2020.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2020.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by the Company’s auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s auditors on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2020 Annual Report will be dispatched to the 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, 30 March 2021

As at the date of this announcement, the Board 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.