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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)

DISCLOSEABLE TRANSACTION

DISPOSAL OF 100% OF THE EQUITY INTERESTS IN A SUBSIDIARY

THE DISPOSAL

The Board wishes to announce that on 18 February 2020 (after trading hours), the Company entered into the Agreement with the Vendor, the Purchaser and the Target Company pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 100% of the equity interests in the Target Company for the Consideration of RMB80.50 million (subject to adjustment).

It is expected that the net proceeds from the Disposal (after deducting all relevant tax, fees and expenses) will amount to approximately RMB74.83 million (equivalent to approximately HK\$83.21 million). The Company intends to apply approximately HK\$50.00 million of the net proceeds for payment of the debts of the Group; and the remaining approximately HK\$33.21 million will be used as general working capital of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion is subject to fulfilment, and/or waiver (as the case may be), of certain conditions precedent stated in the Agreement, and the Disposal may or may not proceed. Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

THE DISPOSAL

On 18 February 2020 (after trading hours), the Company entered into the Agreement with the Vendor, the Purchaser and the Target Company pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 100% of the equity interests in the Target Company for the Consideration of RMB80.50 million (subject to adjustment).

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date: 18 February 2020 (after trading hours)

Parties: (a) the Vendor;
(b) the Purchaser;
(c) the Target Company; and
(d) the Company.

Consideration

The total consideration (the “**Consideration**”) for the Disposal is RMB80.50 million (the “**Pre-Adjustment Consideration**”, subject to adjustment as detailed in the sub-paragraph headed “Adjustment to the Consideration” below), which shall be payable in cash by the Purchaser in the following manner:

- (a) First payment: the amount equals to 30% of the Consideration shall be payable to the Vendor after the signing of the Agreement and within two Business Days upon the receipt by the Purchaser the confirmation of the Vendor confirming that, between the date of the Agreement and the date of the confirmation, (i) all representations and warranties given by the Vendor remain true, accurate, complete and not misleading at all times; (ii) the Vendor having performed and complied with all covenants, agreements, obligations and conditions contained in the Agreement that are required to be performed or complied with by the Vendor on or before the date of first payment of the Consideration; and (iii) no event having occurred which may result in any material adverse effect on the Vendor and the Target Company; and
- (b) Second payment: the amount equals to 70% of the Consideration shall be paid into an escrow account (the “**Escrow Account**”) within two months after the signing of the Agreement and shall be released to the Vendor upon Completion pursuant to the terms of the Agreement.

The Consideration for the Disposal was arrived after arm's length negotiations between the parties, taking into account: (i) the unaudited consolidated net asset value of the Target Company as at 31 December 2019 in the amount of approximately RMB54.29 million; (ii) the carrying value of the goodwill attributable to the Target Company as at 31 December 2019 in the amount of approximately RMB33.98 million; and (iii) the Vendor's undertaking to the Purchaser that the unaudited consolidated net asset value of the Target Company (the "**Final NAV**") being not less than RMB50.00 million (the "**Guaranteed NAV**") as at the date of Completion.

Adjustment to the Consideration

The Consideration payable is subject to the following adjustments pursuant to the terms of the Agreement:

- (a) As at the date of Completion:

Consideration = RMB30.5 million + [Guaranteed NAV + (Final NAV – Guaranteed NAV)]

For the avoidance of doubt, (i) where the Final NAV is more than the Guaranteed NAV, the difference between the Final NAV and the Guaranteed NAV shall be payable by the Purchaser to the Vendor on Completion; and (ii) where the Final NAV is less than the Guaranteed NAV, the difference between the Final NAV and the Guaranteed NAV shall be refundable by the Vendor to the Purchaser on the Completion.

- (b) Within six months after the date of Completion, the Purchaser is entitled to appoint an independent auditor (the "**Independent Auditor**") to certify the consolidated net asset value of the Target Company as at the date of Completion (the "**Audited NAV**"), which adjustment to the Consideration shall be made based on the difference between the Audit NAV and the Final NAV (unless the difference between the Audited NAV and the Final NAV is less than or equal to 0.2% of the Final NAV).

For the avoidance of doubt, (i) where the Audited NAV is more than the Final NAV, the difference between the Audited NAV and the Final NAV shall be payable by the Purchaser to the Vendor within five Business Days after the date of the issuance of the Independent Auditor's report; and (ii) where the Audited NAV is less than the Final NAV, the difference between the Audited NAV and the Final NAV shall be refundable by the Vendor to the Purchaser within five Business Days after the date of the issuance of the Independent Auditor's report.

Conditions Precedent

Completion shall be subject to and conditional upon the fulfillment of (or waiver thereof, as the case maybe), inter alia, the following conditions precedent:

- (a) all representation and warranties being and remain true, correct, accurate, complete in all aspects and not misleading in any aspect at all times between the date of the Agreement and the Completion;
- (b) each of the Vendor and the Purchaser having performed and complied with all covenants, agreements, obligations and conditions contained in the Agreement that are required to be performed or complied with by the respective parties on or before the Completion;
- (c) no events having occurred which may result in any material adverse effect on the Vendor and the Target Company between the date of the Agreement and the Completion;
- (d) no laws, rules or government order having been formulated, promulgated, implemented, or adopted that would render the Agreement and the transactions contemplated thereunder illegal or otherwise restrict or prohibit such transactions, or any litigation or claims (either existing or pending) by the relevant government authorities against the Vendor, the Purchaser or the Target Company that would render the transactions contemplated under the Agreement illegal or otherwise result in any material adverse effect on such transactions;
- (e) the Purchaser having deposited the second payment of the Consideration to the Escrow Account subject to the terms and conditions of the Agreement;
- (f) the parties having completed, obtained and fulfilled all necessary approvals, notices and clearances of any relevant regulatory authorities or other relevant third parties as required in respect of the Agreement and the transactions contemplated thereunder, if applicable.

The Vendor and the Purchaser shall use its reasonable endeavours to procure that all conditions precedent above are satisfied before 30 August 2020 (the “**Long Stop Date**”). If the conditions precedent of the Agreement are not fulfilled before the Long Stop Date (or such later date as agreed by the parties to the Agreement in writing), the Agreement shall lapse and become null and void and the parties to the Agreement shall be released from all obligations thereunder forthwith, save for liabilities for any antecedent breaches thereof and the continued application of certain provisions of the Agreement liabilities in relation to, among others, confidentiality, expenses, and governing law and jurisdiction.

Completion Date

Completion of the Agreement shall take place on the third Business Day after the day on which the last conditions precedent to the Agreement is fulfilled or waived (as the case maybe).

Information of the Vendor and the Target Company

The Vendor is a company incorporated under the laws of the PRC with limited liability and is an investment holding company. As at the date of this announcement, the entire equity interests of the Vendor are held as to 99% by Mr. Jiang Xiaolin (“**Mr. Jiang**”) and as to 1% by Mr. Shi Pengfei (“**Mr. Shi**”, together with Mr. Jiang as the “**Registered Shareholders**”).

The Target Company is a company incorporated under the laws of the PRC with limited liability and is principally engaged in the insurance business relating to sports. As at the date of this announcement, the entire equity interests of the Target Company are wholly-owned by the Vendor.

Set out below is a summary of the key financial data of the Target Company based on the audited financial statement of the Target Company for the year ended 31 December 2018 and the unaudited management accounts of the Target Company for the year ended 31 December 2019, respectively:

	For the year ended	
	31 December 2018	31 December 2019
	(audited)	(unaudited)
	RMB'000	RMB'000
Net profit before taxation	5,352	4,421
Net profit after taxation	4,746	3,304
Carrying amount of the Target Company ^(Note)	84,811	88,265

Note: The carrying amount of the Target Company represents the aggregate amount of the consolidated net asset value and the carry value of the goodwill attributable to the Target Company.

As disclosed in the annual report of the Company for the year ended 31 December 2018, due to the restrictions regarding the insurance business in the PRC on foreign ownership under the prevailing laws, regulations and practice in the PRC, a subsidiary of the Company incorporated in the PRC entered into a series of structure contracts (collectively, the “**Structured Contracts**”) with the Registered Shareholders on 14 December 2017, allowing the Group to gain control over the financial and business operations of the Target Company in the PRC. As such, the Group is entitled to the economic interests and benefits of the operations under the Structured Contracts.

Information of the Purchaser

The Purchaser is a company incorporated under the laws of the PRC with limited liability and is principally engaged in, inter alia, the network technology development business and corporate consulting business in the PRC. Based on the information provided by the Purchaser, as at the date of this announcement, the entire equity interests of the Purchaser are held by Shanghai Piaoshifu Corportate Consulting Co., Ltd* (上海票師付網絡科技有限公司)(“**Shanghai Piaoshifu**”); the entire equity interests of Shanghai Piaoshifu are owned by Mr. Wang Haifeng (王海鋒) (“**Mr. Wang**”), a limited partnership (which is established under the laws of the PRC and controlled and managed by Mr. Wang, being the managing partner) and 5 individuals.

To the best of the Director’s knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, each of the Purchaser and its ultimate beneficial owners is an Independent Third Party.

REASONS FOR ENTERING INTO THE AGREEMENT

The Group is principally engaged in the financial services business and the media business in Hong Kong. Media business comprises BUS-BODY advertising, BUS-INTERIOR advertising, BUS-SHELTER advertising, BILLBOARDS advertising, and provision of integrated marketing solutions services in Hong Kong.

Given that the Group has devoted substantial effort in the development of insurance services relating to sports in the PRC in the past 2 years, the directors are in the view that the business development of the Target Company is very limited due to various restrictions and policies in place restricting the commercial development of insurance business in the PRC.

Having considered the increase the risk of continued economic contraction in Hong Kong and the PRC amid the outbreak of novel coronavirus threatening the prospects of global financial market, the Directors are of the view that the Disposal represents a good opportunity for the Company to streamline the Group’s business segments, better utilise the Company’s financial resources in its financial services business, and strengthen the cash position of the Group to prepare for the upcoming economic uncertainty.

The terms of the Agreement were determined after arm’s length negotiations between the parties thereto and the Directors are of the view that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

It is expected that the net proceeds from the Disposal (after deducting all relevant fees and expenses) will amount to approximately RMB74.83 million (equivalent to approximately HK\$83.21 million). The Company intends to apply approximately HK\$50.00 million of the net proceeds for payment of the debts of the Group; and the remaining approximately HK\$33.21 million will be used as general working capital of the Group.

FINANCIAL IMPACT OF THE DISPOSAL

Upon Completion, the Company will cease to be entitled to the economic interest and benefits of the operations and the control over the financial and business operations of the Target Company in the PRC pursuant to the Structured Contracts. As such, the results of the Target Company will then no longer be consolidated into the financial statements of the Group. Based on (i) the consideration of the Disposal of approximately RMB80.50 million and (ii) the aggregate amount of the unaudited consolidated net asset value of approximately RMB54.29 million, the carrying value of the goodwill attributable to the Target Company of approximately RMB33.98 million as at 31 December 2019 and tax liability in the amount of approximately RMB5.37 million arising from the Disposal, it is expected that the Company will record a loss on the Disposal of approximately RMB13.14 million, which will be subject to audit. The actual amount of the loss to be recognised by the Group can only be determined when the consolidated net asset value of the Target Company as at the date of Completion and the transaction costs attributable to the Disposal are ascertained, and therefore maybe different from the aforesaid amount.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion is subject to fulfilment, and/or waiver (as the case may be), of certain conditions precedent stated in the Agreement, and the Disposal may or may not proceed. Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Agreement”	the conditional agreement dated 18 February 2020 entered into between the Vendor, the Purchaser, the Target Company and the Company in relation to sale and purchase of the 100% of the equity interests of the Target Company
“Board”	the board of Directors
“Business Day(s)”	a day, other than a Saturday, Sunday, public holiday on which banks in Hong Kong are open for business
“Company”	Bison Finance Group Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 888)
“Completion”	completion of the Agreement
“Completion Date”	the third Business Day after the day on which the last conditions precedent to the Agreement is fulfilled or waived (as the case maybe)
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the sale and purchase of 100% of the equity interests of the Target Company pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any entity(ies) or person(s) which or who is/are independent of the Company and its connected persons (as defined under the Listing Rules)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Shanghai Dongfu Network Technology Co., Ltd.* (上海東福網絡科技有限公司), a company incorporated under the laws of the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	China Sports Insurance Broker Co., Ltd.* (中體保險經紀有限公司), a company incorporated under the laws of the PRC with limited liability and is wholly owned by the Vendor as at the date of this announcement
“Vendor”	Ankai (Tianjin) Economic Information Consulting Co., Ltd.* (安愷（天津）經濟信息諮詢有限公司), a company incorporated under the laws of the PRC with limited liability, the entire equity interests of which are held by Mr. Jiang and Mr. Shi as at the date of this announcement
“%”	per cent

**For identification purposes*

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

Hong Kong, 18 February 2020

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.