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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)

2022 ANNUAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Bison Finance Group Limited (the “**Company**”) submit herewith the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022, together with the relevant comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Continuing operations			
Revenue	5	40,957	75,573
Other income and other losses, net	6	(40,790)	48
Cost of services provided		(21,317)	(31,353)
Staff expenditure		(23,463)	(46,474)
Depreciation and amortisation	7	(15,384)	(22,818)
Provision for impairment losses on financial assets, net	7	(615)	(41,790)
Provision for impairment losses on non-current assets	7	(43,905)	(92,388)
Gain/(loss) on disposal of subsidiaries	7	780	(505)
Other operating expenses, net	8	(13,504)	(22,493)
Finance costs	9	(9,491)	(10,448)
		<u> </u>	<u> </u>
Loss before tax from continuing operations	7	(126,732)	(192,648)
Income tax credit	10	3,640	3,799
		<u> </u>	<u> </u>
Loss for the year from continuing operations		(123,092)	(188,849)
Discontinued Operation			
Loss for the year from Discontinued Operation		–	(69,911)
		<u> </u>	<u> </u>
Loss for the year attributable to owners of the Company		(123,092)	(258,760)
		<u> </u>	<u> </u>
Loss per share attributable to owners of the Company			
Basic			
– For loss for the year from continuing operations	12	HK8.66 cents	HK14.58 cents
– For loss from Discontinued Operation		–	HK5.40 cents
		<u> </u>	<u> </u>
Diluted			
– For loss for the year from continuing operations	12	HK8.66 cents	HK14.58 cents
– For loss from Discontinued Operation		–	HK5.40 cents
		<u> </u>	<u> </u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	<u>(123,092)</u>	<u>(258,760)</u>
Other comprehensive loss		
Reclassification of exchange differences of a disposed foreign operation	<u>—</u>	<u>(7)</u>
Other comprehensive loss for the year, net of tax	<u>—</u>	<u>(7)</u>
Total comprehensive loss for the year attributable to owners of the Company	<u>(123,092)</u>	<u>(258,767)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property and equipment and right-of-use assets	13	1,055	9,199
Intangible assets	14	–	26,576
Prepayments, deposits and other receivables		3,109	–
Financial assets at fair value through profit or loss	15	–	2,000
Loans receivable	17	–	10,783
		<hr/>	<hr/>
Total non-current assets		4,164	48,558
Current assets			
Accounts receivable	16	20,150	44,408
Loans receivable	17	21,906	13,703
Loan to a related company	18	2,735	5,665
Amount due from a related company		–	513
Prepayments, deposits and other receivables		3,524	7,393
Financial assets at fair value through profit or loss	15	30,366	73,023
Cash held on behalf of clients		–	79
Pledged deposits		800	1,175
Cash and cash equivalents		124,139	147,437
		<hr/>	<hr/>
Total current assets		203,620	293,396
Current liabilities			
Accounts payable	19	4,404	6,797
Other payables and accruals		13,602	31,162
Contract liabilities		70	205
Lease liabilities		8,613	7,773
Promissory note		90,000	90,000
Tax payable		8	–
		<hr/>	<hr/>
Total current liabilities		116,697	135,937

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net current assets		<u>86,923</u>	<u>157,459</u>
Total assets less current liabilities		<u>91,087</u>	<u>206,017</u>
Non-current liabilities			
Lease liabilities		11,810	–
Deferred tax liabilities		<u>–</u>	<u>3,648</u>
		<u>11,810</u>	<u>3,648</u>
Net assets		<u><u>79,277</u></u>	<u><u>202,369</u></u>
Equity			
Equity attributable to equity shareholders of the Company			
Share capital		142,184	142,184
Reserves		<u>(62,907)</u>	<u>60,185</u>
Total equity		<u><u>79,277</u></u>	<u><u>202,369</u></u>

NOTES

1. CORPORATE INFORMATION

Bison Finance Group Limited (the “**Company**”) is a limited company, incorporated in Bermuda and has its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is 6th Floor, 18 King Wah Road, North Point, Hong Kong. During the year, the Group was principally engaged in the provision of financial services.

On 26 October 2021, the Company’s wholly-owned subsidiary, Bus Power Limited (“**Bus Power**”) entered into a termination agreement to early terminate the agreement for provision of bus body advertising agency services to Citybus Limited, New World First Bus Services Limited (the “**Bus Companies**”) (as amended and supplemented) for a term of three years expiring on 30 June 2023 (the “**Advertising Agreement**”) and the ancillary documents relating to the Advertising Agreement (as amended and supplemented) (the “**Ancillary Documents**”) with effect from 1 November 2021. Therefore, the media business had been classified as discontinued operation (“**Discontinued Operation**”).

In the opinion of the Directors, the holding company and the ultimate holding company of the Company are Bliss Chance Global Limited (“**Bliss Chance**”) and Bison Capital Financial Holdings Limited (“**Bison Capital**”), respectively. Bliss Chance and Bison Capital are incorporated in the British Virgin Islands.

On 8 October 2021, the Company was notified by Bliss Chance that it received a letter regarding the appointment of two joint and several receivers (the “**Receivers**”) over 680,508,005 shares of the Company (the “**Charged Shares**”), which were charged under a share charge executed by Bliss Chance as the chargor and Fruitful Worldwide Limited as chargee (the “**Share Charge**”). Based on the information provided by Bliss Chance, the Receivers were appointed by Fruitful Worldwide Limited due to non payment of quarterly fixed dividend by Bliss Chance in accordance with the terms of an investment agreement dated 17 May 2017 which constitutes an event of default pursuant to the Share Charge, causing the security under the Share Charge become immediately enforceable.

On 29 December 2021, the Receivers have entered into a memorandum of understanding with an interested party in relation to the possible sale of the Charged Shares which was subsequently terminated in June 2022.

After making appropriate enquiries with the Receivers, the Receivers indicated that (i) they are unable to actively look for potential purchaser for the controlling stake (i.e. 30% of the issued share capital of the Company) (the “**Controlling Stake**”); and (ii) they are not in discussion with a potential purchaser over the Controlling Stake and the Company understands that an offer on the Charged Shares is unlikely to be imminent.

Up to the date of this announcement, no further action was taken by the Receivers and there is no change to the Group’s holding companies.

2. BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2022 but are extracted from those consolidated financial statements.

These consolidated financial information 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. These financial information are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's consolidated financial information:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendment to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs 2018-2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i>

The adoption of the above revised standards has had no significant financial effect on the Group's consolidated financial information for the years presented.

4. OPERATING SEGMENT INFORMATION

No operating segment information is presented as the Group only operates in one single operating segment, i.e., the financial services which comprise licensed businesses including provision of investment advisory services to fund management, corporate finance advisory service, securities services, external asset management services and fund management services.

In the prior year, the Group also involved in media business which comprise the provision of media sales, design and management services and production of advertisements for transit vehicle exteriors and interiors, advertising businesses and provision of integrated marketing services (the "Media segment"). During the year ended 31 December 2021, the Group had terminated the Media segment which was included as Discontinued Operation for the year ended 31 December 2021.

5. REVENUE

An analysis of revenue from continuing operations is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers	39,529	70,828
<i>Revenue from other sources</i>		
– Interest income on loans receivable	1,428	4,745
	<u>40,957</u>	<u>75,573</u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Types of services		
Fund management service income	13,615	25,596
External asset management advisory commission income	24,651	40,026
Financial advisory and consultancy fee income	1,163	2,370
Others	100	2,836
	<u>39,529</u>	<u>70,828</u>

(ii) *Timing of revenue recognition*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Services transferred at a point in time	25,914	45,230
Services transferred over time	13,615	25,598
	<u>39,529</u>	<u>70,828</u>

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Fund management service business	–	2,242
Securities services business	57	146
	<u>57</u>	<u>2,388</u>

6. OTHER INCOME AND OTHER LOSSES, NET

	2022 HK\$'000	2021 <i>HK\$'000</i>
Bank interest income	337	338
Dividend income from investments in financial assets at fair value through profit or loss	184	208
Rental income from a related company	203	307
Sundry revenue	190	405
	<hr/>	<hr/>
Other income	914	1,258
	<hr/>	<hr/>
Exchange losses, net	(2,047)	(2,151)
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss (<i>note 15</i>)		
– Listed and unlisted equity investments	(2,848)	(1,290)
– Investment in a private equity fund	(36,809)	2,231
	<hr/>	<hr/>
	(39,657)	941
	<hr/>	<hr/>
Other losses, net	(41,704)	(1,210)
	<hr/>	<hr/>
Other income and other losses, net	<u>(40,790)</u>	<u>48</u>

7. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Amortisation of intangible assets	3,158	9,234
Depreciation		
– Property and equipment	2,705	2,905
– Right-of-use assets	9,521	10,679
	<u>15,384</u>	<u>22,818</u>
Provision for/(reversal of) impairment losses on financial assets, net		
– Prepayments, deposits and other receivables	1,204	(143)
– Accounts receivable	(2,243)	18,899
– Loans receivable (<i>note 17</i>)	(1,801)	22,653
– Loan to a related company (<i>note 18</i>)	3,455	381
	<u>615</u>	<u>41,790</u>
Provision for impairment losses on non-current assets		
– Goodwill	–	78,554
– Intangible assets (<i>note 14</i>)	23,418	13,834
– Property and equipment and right-of-use assets (<i>note 13</i>)	20,487	–
	<u>43,905</u>	<u>92,388</u>
(Gain)/loss on disposal of subsidiaries	(780)	505
Foreign exchange differences, net	2,047	2,151
Lease payments not included in the measurement of lease liabilities	582	964
Auditor's remuneration	2,400	5,564
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
– Wages and salaries	16,867	26,605
– Equity-settled share-based payments	–	9,069
– Pension scheme contributions (defined contribution scheme)	645	1,211
	<u>17,512</u>	<u>36,885</u>

8. OTHER OPERATING EXPENSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration		
– Audit services	2,000	5,000
– Non-audit services	400	564
Building management fees and air-conditioning charges	1,908	1,923
Entertainment	574	469
Gain of lease modification	(1,856)	(150)
Government rent and rates	438	427
Information and technology expenses	792	1,146
Lease charges for short-term leases	582	964
Legal and professional fees	5,380	9,567
Transportation and travelling	209	484
Miscellaneous	3,077	2,099
	<u>13,504</u>	<u>22,493</u>

9. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on lease liabilities	414	305
Interest on a promissory note	9,000	9,834
Other interest expenses	77	309
	<u>9,491</u>	<u>10,448</u>

10. INCOME TAX CREDIT

Pursuant to the rules and regulations of Bermuda, the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in Bermuda, the Cayman Islands and the British Virgin Islands.

No provision for Hong Kong profits tax and the PRC corporate income tax had been made as the Group did not generate any assessable profits arising in Hong Kong and in the PRC for the years ended 31 December 2022 and 2021.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Groups operates.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – HK		
– Under-provision in prior years	8	–
Current tax – the PRC		
– Under-provision in prior years	–	7
Deferred tax	(3,648)	(3,806)
	<hr/>	<hr/>
Total tax credit for the year from continuing operations	(3,640)	(3,799)
Total tax credit for the year from Discontinued Operation	–	(5)
	<hr/>	<hr/>
	(3,640)	(3,804)
	<hr/> <hr/>	<hr/> <hr/>

11. DIVIDENDS

No final dividend is proposed for the year ended 31 December 2022 (2021: Nil).

No final dividend in respect of the financial year ended 31 December 2021 was approved and paid during the year (2021: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on the loss attributable to owners of the Company of approximately HK\$123,092,000 (2021: HK\$258,760,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue of 1,421,838,398 (2021: 1,295,455,558) during the year, as used in the basic and diluted loss per share calculation, after deducting the shares held for the Company's share award scheme (the "Share Award Scheme").

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2022 and 2021 in respect of dilution as the impact of the share options had an anti-dilution effect in the basic earnings per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company, used in the basic earnings per share calculation:		
– From continuing operations	(123,092)	(188,849)
– From Discontinued Operation	–	(69,911)
	<hr/>	<hr/>
Loss attributable to owners of the Company	(123,092)	(258,760)
	<hr/> <hr/>	<hr/> <hr/>

13. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the year ended 31 December 2021, the Group's management early terminated the Advertising Agreement and the Ancillary Documents of Bus Power, the Media segment was discontinued and reversal of impairment loss was recognised upon disposal of the relevant property, plant and equipment during the year ended 31 December 2021.

During the year ended 31 December 2022, the Group's management considered that the investment advisory services and fund management services business has continued to be adversely affected by the unfavourable market situation and estimated the corresponding recoverable amounts of their property and equipment and right-of-use assets. Based on these estimates, an impairment loss of HK\$20,487,000 (2021: nil) was recognised to write down the carrying amount of these items of property and equipment and right-of-use assets to their recoverable amounts. For details of impairment assessment, please refer to note 14.

14 INTANGIBLE ASSETS

	Licence <i>HK\$'000</i>	Fund contracts <i>HK\$'000</i>	Customer relationship <i>HK\$'000</i>	Website and mobile apps <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 December 2022					
Cost at 1 January 2022, net of accumulated amortisation and impairment	4,472	–	22,104	–	26,576
Amortisation provided during the year	–	–	(3,158)	–	(3,158)
Impairment during the year	(4,472)	–	(18,946)	–	(23,418)
At 31 December 2022	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2022					
Cost	4,472	28,699	34,941	–	68,112
Accumulated amortisation and impairment	(4,472)	(28,699)	(34,941)	–	(68,112)
Net carrying amount	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

	Licence HK\$'000	Fund contracts HK\$'000	Customer relationship HK\$'000	Website and mobile apps HK\$'000	Total HK\$'000
31 December 2021					
Cost at 1 January 2021, net of accumulated amortisation and impairment	4,472	17,219	27,953	–	49,644
Amortisation provided during the year	–	(5,740)	(3,494)	–	(9,234)
Impairment during the year	–	(11,479)	(2,355)	–	(13,834)
At 31 December 2021	<u>4,472</u>	<u>–</u>	<u>22,104</u>	<u>–</u>	<u>26,576</u>
At 31 December 2021					
Cost	4,472	28,699	34,941	468	68,580
Accumulated amortisation and impairment	–	(28,699)	(12,837)	(468)	(42,004)
Net carrying amount	<u>4,472</u>	<u>–</u>	<u>22,104</u>	<u>–</u>	<u>26,576</u>

Note: In assessing the useful life of the licence, due consideration is given to the existing longevity of licence, the life cycle of the industry in which the Group operates and the renewal barriers of the licence in the future. In light of these considerations, no factor could be identified that would result in the licence having a finite useful life. Accordingly, the licence has been assessed as having an indefinite useful life as there is no foreseeable limit to the period over which the licence is expected to generate economic benefits for the Group.

The Group's intangible assets were allocated to the investment advisory services and fund management services business cash-generating unit ("CGU") for impairment assessment. In addition to intangible assets above, property and equipment and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related intangible assets are also included in this CGU for the purpose of impairment assessment. Based on management's estimates, an impairment of approximately HK\$43,905,000 (2021: approximately HK\$13,834,000) including impairment losses for intangible assets and property and equipment and right-of-use assets were recognised to write down their carrying amounts of intangible assets, property and equipment and right-of-use assets to their recoverable amounts of approximately HK\$1,055,000 (2021: approximately HK\$35,775,000) based on value-in-use calculation. The calculation used cash flow projection based on historical data and financial budget approved by the Board covering five (2021: eight) years. Cash flows beyond five (2021: eight) years were extrapolated using an estimated weighted average growth rate. The growth rates used do not exceed the long-term average growth rates for the businesses in which the CGU of the investment advisory services and fund management services business operates.

For the investment advisory services and fund management services business CGU, the key assumptions used in the value-in-use calculation were as follows:

	2022	2021
% of revenue growth	-4% to 9%	Nil to 5%
Long term growth rate	2.8%	2.5%
Pre-tax discount rate	14.61%	15%

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Listed equity investment, at fair value	<i>(a)</i>	901	1,749
Unlisted equity investment, at fair value	<i>(b)</i>	–	2,000
Private equity fund, at fair value	<i>(c)</i>	29,465	71,274
		30,366	75,023
Portion classified as non-current assets		–	(2,000)
Current portion		30,366	73,023

(a) Listed equity investment, at fair value

During the year ended 31 December 2022, a net unrealised fair value loss on listed equity investment in Hong Kong of approximately HK\$848,000 (2021: HK\$1,290,000) was recognised in the consolidated statement of profit or loss.

(b) Unlisted equity investment, at fair value

During the year ended 31 December 2021, the Group subscribed 10% shareholding interest in a private company incorporated in Hong Kong at a total consideration of HK\$2,000,000. The Directors considered the Group has neither significant influence nor joint control over the investment and therefore it is classified as a financial asset at fair value through profit or loss in accordance with the requirements under HKFRS 9 Financial Instruments. Fair value loss of HK\$2,000,000 (2021: Nil) was recognised in the consolidated statement of profit or loss.

(c) Private equity fund, at fair value

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 31 December 2022, the Group’s capital contribution amounted to HK\$72,000,000 (31 December 2021: HK\$77,000,000), representing 71% (31 December 2021: 71%) of the aggregated capital contributed by all partners in the Investment Fund. The Group’s capital contribution was reduced by HK\$5,000,000 from HK\$77,000,000 as at 31 December 2021 to HK\$72,000,000 as at 31 December 2022 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 of the Investment Fund at its discretion. The remaining capital contributions to the Investment Fund were contributed as to 19% (2021: 19%) at HK\$19,000,000 (2021: HK\$21,000,000) by Fullbest Star Limited (“**Fullbest**”); and as to 10% (2021: 10%) at HK\$11,000,000 (2021: HK\$11,000,000) by a private equity fund managed by the Company’s subsidiary.

The Investment Fund is a close-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 is subject to the Exempted Limited Partnership Law (Revised) of the Cayman Islands. Subject to certain kickout conditions, the General Partner may determine 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, and shall act at all times in good faith. In the opinion of the Directors, the Group has neither significant influence nor joint control over the Investment Fund and therefore it is classified as financial asset at fair value through profit or loss in accordance with the requirements under HKFRS 9 Financial Instruments. Details of the transaction were disclosed in the Company's announcement dated 22 February 2019.

As at 31 December 2022, there was no unpaid capital commitment on investment in the Investment Fund (2021: Nil).

As at 31 December 2022, the underlying investments of the Investment Fund included equity securities of a Hong Kong listed entity which is independent of the Group; an unlisted unsecured redeemable bond which was stated at the carrying value at its principal amount of HK\$22 million at fixed coupon of 15% with a maturity date of 18 January 2022 issued by Emerge Ventures Limited (the "**EV Bond**"), a private entity in Hong Kong which is wholly-owned by a business associate of a close family member of Mr. XU; and equity securities of and an unsecured redeemable bond which was stated at the carrying value at its principal amount of HK\$43 million at fixed coupon of 8% with original and extended maturity date of 11 December 2021 and 15 February 2022 respectively, issued by A Metaverse Company ("**AMC**") (the "**AMC Bond**") in which Mr. XU holds a less than 30% indirect beneficial interest. The Group's share of the carrying values of the EV and AMC Bonds amounted to HK\$16,922,000 (2021: HK\$46,150,000) and the AMC equity securities amounted to HK\$8,325,000 (2021: HK\$15,474,000) as at 31 December 2022.

The Group's interest in the Investment Fund is accounted for as financial assets at fair value through profit and loss based on the share of the net asset value of the Investment Fund because its contractual cash flows are not solely payments of principal and interest. During the year ended 31 December 2022, net unrealised loss of approximately HK\$36,809,000 (2021: net unrealised gain of HK\$2,231,000) was recognised in the consolidated statement of profit or loss.

During the year ended 31 December 2022, the total accrued coupon interest as at year end for both the EV Bond and the AMC Bond had been settled while the bonds had not been redeemed upon their respective original or extended maturity dates and up to the date of this financial information. At the same time, AMC's equity securities are under trading suspension in the Hong Kong Stock Exchange since 1 April 2022 and the trading is not resumed up to the date of this financial information.

On 22 February 2022, the Investment Fund has reached the end of the investment term. The General Partner has initiated the liquidation process of the Investment Fund by realising the underlying investments by sales of the listed equity securities and redemption of bonds. The proceeds from the liquidation of the Investment Fund (after deducting the handling charges) are expected to be recovered by the Group before the end of 2023.

16. ACCOUNTS RECEIVABLE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accounts receivable	30,175	64,230
Impairment allowance	<u>(10,025)</u>	<u>(19,822)</u>
	<u>20,150</u>	<u>44,408</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	19,723	36,467
1 to 2 months	49	3,693
2 to 3 months	34	2,510
3 to 12 months	249	1,530
Over 1 year	<u>95</u>	<u>208</u>
	<u>20,150</u>	<u>44,408</u>

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

17. LOANS RECEIVABLE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loans receivable – unsecured	43,147	47,528
Impairment allowance	<u>(21,241)</u>	<u>(23,042)</u>
	<u>21,906</u>	<u>24,486</u>
Represented:		
– Current portion	21,906	13,703
– Non-current portion	<u>–</u>	<u>10,783</u>
	<u>21,906</u>	<u>24,486</u>

The loans were made to three (2021: three) independent third parties with effective interest rates ranging from 3% to 12% (2021: 3% to 12%) per annum and are repayable within one year (2021: one to two years).

During the year, a net reversal of impairment losses of approximately HK\$1,801,000 (2021: net provision for impairment losses of approximately HK\$22,653,000) (note 7) was recognised in the consolidated statement of profit or loss due to the net-off effect of repayment of certain loans receivable of HK\$5,300,000, and the corresponding increase in impairment losses of the remaining unsettled overdue loan balances.

Management makes periodic and collective assessment as well as individual assessment on the recoverability of loans receivable based on historical settlement records, past experience, and also quantitative and qualitative forward-looking information that is reasonable and supportive. Collateral for certain loans receivable included non-listed securities of a small to medium-sized company have been taken into consideration in arriving at the measurement of expected credit loss.

18. LOAN TO A RELATED COMPANY

As at 31 December 2022, loan to a related company in the gross amount of approximately HK\$6,571,000 (2021: HK\$6,046,000), before impairment of approximately HK\$3,836,000 (2021: HK\$381,000) (which is not a connected person under the Listing Rules) is interest-bearing at 15% (2021: 10%) per annum and was already past due. During the year, a provision for impairment losses of approximately HK\$3,455,000 (2021: HK\$381,000) (note 7) was recognised in the consolidated statement of profit or loss.

19. ACCOUNTS PAYABLE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	4,404	5,313
1 to 2 months	–	–
2 to 3 months	–	503
Over 3 months	–	981
	<u>4,404</u>	<u>6,797</u>

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

20. COMMITMENTS

The Group had the following capital commitment at the end of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contracted, but not provided for:		
Investment in a subsidiary	<u>41,234</u>	<u>41,234</u>

BUSINESS RESULTS

The Group was principally engaged in 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**”) for the year ended 31 December 2022.

For the year ended 31 December 2022, the Group reported revenue of approximately HK\$41.0 million, representing a decrease of approximately 45.8% from the revenue of approximately HK\$75.6 million of the previous year.

During the year ended 31 December 2022, unfavourable factors including increased market volatility, macroeconomic downturn, military conflicts, increased of interest rate, high global inflation rate and geopolitical tensions leading to events such as drop in global stock indexes and declines in stocks valuation have limited the Group’s ability to engage new clients and carry out business development activities. These events had also reduced the risk appetite of the investors, lowered velocity of trades and transactions, decreased the size of asset under management (“AUM”) of the external asset management (“EAM”) services business and reduced the business opportunities of corporate financial advisory services. As a result, the revenue and profitability of the Financial Services Business had been adversely impacted in general.

Despite the aforementioned market situation, for the year ended 31 December 2022, the Group reported a loss attributable to owners of the Company of approximately HK\$123.1 million (2021: approximately HK\$258.8 million), representing a decrease of approximately 52.4% as compared to previous year. Such decrease in loss was mainly attributable to:

(i) **Cease of operating loss of the Media segment**

During the year ended 31 December 2021, the Group recorded operating loss of approximately HK\$69.9 million resulting from its provision of media sales, design services and production of advertisements for transit vehicle exteriors (“**BUS-BODY Advertising business**”) and interiors (“**BUS-INTERIOR Advertising business**”). Following the cessation of the BUS-BODY Advertising business and the BUS-INTERIOR Advertising business pursuant to the termination of Advertising Agreement and the Ancillary Documents with effect from 1 November 2021, the Group no longer incurred such operating loss for the year ended 31 December 2022.

(ii) **Reduction in provision for impairment losses on non-current assets**

The provision for impairment losses on non-current assets for the year ended 31 December 2022 amounted to approximately HK\$43.9 million (2021: approximately HK\$92.4 million), representing a decrease of approximately 52.5% as compared to the previous year. Such reduction was mainly because no impairment loss on goodwill was recognised for the year ended 31 December 2022 (2021: approximately HK\$78.6 million) as goodwill was fully impaired during the year ended 31 December 2021. Such reduction is offset by the increase in provision for impairment losses on intangible assets and property and equipment and right-of-use assets for the year ended 31 December 2022.

(iii) Reduction in provision for impairment losses on financial assets, net

The provision for impairment losses on financial assets, net for the year ended 31 December 2022 amounted to approximately HK\$0.6 million (2021: approximately HK\$41.8 million), representing a decrease of approximately 98.5% as compared to the previous year. Such reduction was mainly due to the significant decrease in overall balances of financial assets that were subject to the impairment assessment by valuation under expected credit loss model, resulting in the decrease in provision for impairment losses on those assets, including accounts receivable and loans receivable, recognised in the consolidated statement of profit or loss for the year ended 31 December 2022.

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 SFO since December 2018 and throughout the reporting period. 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 Future Commission (the “SFC”). Since then, the Group commenced the provision of corporate finance advisory services.

During the year ended 31 December 2022, the Financial Services Business contributed revenue of approximately HK\$41.0 million (2021: approximately HK\$75.6 million) which represents 100% of the total revenue of the Group for the year ended 31 December 2022. Such revenue represented a decrease of approximately 45.8% as compared to that of the previous year, which was mainly attributable to decrease in revenue from EAM services, fund management services and corporate finance advisory services as discussed in sections below.

(i) EAM services

The Group provides EAM services to clients who are mostly high net worth individuals, whose asset sizes under EAM arrangement decreased to approximately HK\$3.8 billion as at 31 December 2022 (2021: approximately HK\$4.9 billion). Revenue generated from EAM services for the year ended 31 December 2022 amounted to approximately HK\$24.7 million (2021: approximately HK\$40.0 million) representing a decrease of approximately 38.4% from the revenue for the year ended 31 December 2021. Such decrease was mainly attributable to unfavourable market condition resulted in reduction in velocity of trades and transactions and decrease in the size of AUM of clients of EAM services which eventually reduced the fee income through provision of EAM services by the Group.

Despite the market volatility brought by geopolitical tensions, 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. Revenue generated from fund management services during the year ended 31 December 2022 amounted to approximately HK\$13.6 million (2021: approximately HK\$25.6 million), representing a decrease of approximately 46.8% as compared to the previous year. Such decrease was mainly attributable to certain of the funds that are managed by the Group under the fund management services business faced tightened liquidity during the COVID-19 pandemic. The liquidity issues eventually affect their ability to repay our management fees temporarily, and thus the recognition of management fees income is delayed until their liquidity problem is resolved.

(iii) *Securities services*

The Group, through Target Capital Management Limited (“TCM”), a wholly-owned subsidiary of the Company, provides a full range of securities brokerage services, including securities margin financing, underwriting, placing services, as well as securities dealing which was commenced after TCM was admitted as a CCASS participant of the Stock Exchange in 2019. The securities margin financing services of TCM are mainly provided to its institutional and retail clients for the security trading in their securities accounts maintained in TCM, which form part of the securities brokerage services provided by TCM. 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.

(v) *Corporate finance advisory services*

The Group started to engage in the provision of corporate finance advisory services through Bison Corporate Finance Limited, a wholly-owned subsidiary of the Company, since December 2020. Revenue generated from corporate finance advisory services during the year ended 31 December 2022 amounted to approximately HK\$1.2 million (2021: approximately HK\$2.4 million), representing a decrease of approximately 50.9% as compared to previous year. Such decrease was mainly attributable to unfavourable condition in capital market in Hong Kong which reduced the business opportunities of corporate financial advisory services.

Although the Group's Financial Services Business continued to face challenges due to the local and global economies not fully recovered, 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 in the foreseeable future in view of the increasing global trade activities and mobility due to the ease of social distancing and travel restrictions relating to the COVID-19 pandemic. 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) Other Investments

On 22 February 2019, the Group entered into the subscription agreements with the General Partner 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 is 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 2022, the Group has made investment of HK\$72.0 million (2021: HK\$77.0 million) in the Investment Fund as a limited partner, which represents approximately 71.0% (2021: approximately 71.0%) of the total capital contribution of the Investment Fund. The Group's capital contribution was reduced by HK\$5.0 million from HK\$77.0 million as at 31 December 2021 to HK\$72.0 million as at 31 December 2022 due to the withdrawal of capital contribution, in accordance with the terms and conditions of the amended and restated limited partnership agreement for Investment Fund dated 20 March 2020, as determined by the General Partner at its discretion (the "**Withdrawal of Capital Contribution**"). As at 31 December 2022, the underlying investments of the Investment Fund represent equity securities listed in Hong Kong, a bond issued by a company listed in Hong Kong and a bond issued by a private limited company. 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 2022, together with the Withdrawal of Capital Contribution and the overall decline in fair value of the underlying assets of the Investment Fund during the year ended 31 December 2022, the fair value of Investment Fund amounted to approximately HK\$29.5 million (2021: approximately HK\$71.3 million), which represents approximately 14.2% (2021: approximately 20.8%) of the total assets of the Group as at 31 December 2022.

During the year ended 31 December 2022, as a result of an overall decrease in fair value of the underlying assets of the Investment Fund, the Group recorded an unrealised loss on financial assets at fair value through profit or loss of approximately HK\$36.8 million (2021: unrealised gain on financial assets at fair value through profit or loss of approximately HK\$2.2 million). No dividend was received from the Investment Fund for the years ended 31 December 2022 and 2021.

PROSPECTS

It is expected that the overall business environment in which the Group operates will remain challenging, especially amid the geopolitical tensions and high interest rate and global inflationary pressure. The Group will continue to cautiously monitor the development to ensure timely response to changes regarding the market condition in particular in light of the increased market activities and global traffics with the relaxed precautionary measures and travel restriction in respect to the COVID-19. The Group will strategically adjust the allocation of the resources within the Financial Services Business 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 2022, the Group’s cash and cash equivalents amounted to approximately HK\$124.1 million (2021: approximately HK\$147.4 million), denominated in Hong Kong dollars, United States (“US”) dollars, Euro, Singapore dollars and Renminbi.

As at 31 December 2022, the Group’s indebtedness comprised promissory notes and lease liabilities of approximately HK\$110.4 million (2021: approximately HK\$97.8 million). The Group’s indebtedness was 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 within 1 to 3 years (2021: 1 year). The gearing ratio, representing the ratio of total indebtedness to the total share capital and reserves of the Group, was approximately 139.3% as at 31 December 2022 (2021: approximately 48.3%). As at 31 December 2022 and 2021, the Group did not have any stand-by banking facilities.

As at 31 December 2022, the Group had net current assets of approximately HK\$86.9 million (2021: approximately HK\$157.5 million) and total assets of approximately HK\$207.8 million (2021: approximately HK\$342.0 million).

Capital structure

During the year ended 31 December 2022, there was no change in the capital structure of the Company.

Charge on assets

As at 31 December 2022, bank deposits of the Company of approximately HK\$0.8 million (2021: approximately HK\$1.2 million) were pledged mainly 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, Euro, Singapore dollars and Renminbi. During the year ended 31 December 2022, the Company recognised exchange losses of approximately HK\$2.0 million (2021: approximately HK\$2.2 million). During the year ended 31 December 2022, 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 2022.

Capital expenditures and capital commitments

Capital expenditures incurred by the Group during the year ended 31 December 2022 amounted to Nil (2021: Nil). Capital commitments contracted for but not provided for in the financial statements of the Group at 31 December 2022 amounted to approximately HK\$41.2 million (2021: approximately HK\$41.2 million).

Contingent liabilities

The Group did not have any significant contingent liabilities at 31 December 2022 and 2021.

Material acquisitions and disposals

During the year ended 31 December 2022, there was no material acquisition or disposal of subsidiaries, associated companies and joint ventures by the Group.

Loans receivable

As at 31 December 2022, the Group had loans receivable of approximately HK\$24.6 million (2021: approximately HK\$30.2 million) in aggregate. The loans receivable constitute:

- (i) loans receivable in the aggregate amount of approximately HK\$21.9 million (2021: approximately HK\$24.5 million) due from three (2021: three) independent third parties (the "**Third Party Loans**") with effective interest rates ranging from 3% to 12% (2021: 3% to 12% (restated)) per annum and repayable within one year (2021: one to two years). All of the loans were unsecured; and
- (ii) loans receivable of approximately HK\$2.7 million (2021: approximately HK\$5.7 million) due from a related company (the "**Loan to a Related Company**") (which is not a connected person under the Listing Rules) at an interest rate of 15% (2021: 10%) per annum and was already past due. Such loan was unsecured.

The balance due from the top borrower, which is an independent third party, accounted for approximately 43.7% (2021: approximately 35.8%) of the total outstanding loans receivable as at 31 December 2022.

The Company has engaged an independent valuer (the "**Loan Valuer**") to conduct a valuation in relation to impairment assessment over the loans receivable as at 31 December 2022 (the "**Loan Valuation**").

The Loan Valuer adopted the expected credit loss model under general approach (the “**ECL Model**”) to measure the expected credit losses (“**ECL**”) of the loans receivable. The ECL Model was adopted in accordance with HKFRS 9. Major inputs of the ECL Model include (i) probability of default of the borrowers based on internal credit rating guidance which in turn affecting the credit specific factor by, *inter alia*, assessing the loss stages and checking forward-looking assumptions involved; (ii) loss given default; (iii) exposure at default; and (iv) discount factor reflecting time value of money.

In applying the ECL Model, the Loan Valuer assumed that the financial statements of each of the borrowers in relation to the loans receivable as at 31 December 2022 were able to reasonably reflect its financial status as at the date of the Loan Valuation.

Based on the Loan Valuation, accumulated provision of approximately HK\$21.2 million and HK\$3.8 million were recognised as at 31 December 2022 in respect of the expected credit losses for the Third Party Loans and Loan to a Related Company respectively (2021: approximately HK\$23.0 million and HK\$0.4 million respectively). For the year ended 31 December 2022, reversal of provision for expected credit losses of approximately HK\$1.8 million (2021: provision for expected credit losses of approximately HK\$22.7 million) for the Third Party Loans and provision for expected credit losses of approximately HK\$3.5 million (2021: approximately HK\$0.4 million) for Loan to a Related Company were recognised in the consolidated statement of profit or loss.

APPOINTMENT OF RECEIVERS AND END OF OFFER PERIOD

On 8 October 2021, the Company was notified by Bliss Chance Global Limited (“**Bliss Chance**”), the controlling shareholder of the Company, that WAN Hiu Yeung and JONG Yat Kit of PricewaterhouseCoopers Limited were appointed as joint and several receivers (the “**Receivers**”) over 680,508,005 shares of the Company (the “**Charged Shares**”). Based on the information provided by Bliss Chance, the Receivers were appointed by Fruitful Worldwide Limited (“**Fruitful Worldwide**”) in accordance with the share charge executed by Bliss Chance as the chargor over the Charged Shares in favour of Fruitful Worldwide as the chargee (the “**Share Charge**”). Following such appointment, the offer period for the purpose of the Takeovers Code (the “**Offer Period**”) commenced on 25 October 2021.

Given that:

- (i) the Company is not aware of any development as to the sale of the Charged Shares, apart from the Receivers’ effort in soliciting potential buyers for the Charged Shares which result in the entering into of a memorandum of understanding between the Receivers and an interested party to commence due diligence process (which did not materialise and had been subsequently terminated) and no definitive agreement in respect of the sale of the Charged Shares being entered into between the Receivers and any interested party;
- (ii) after making appropriate enquires with the Receivers, the Receivers indicated that they were unable to actively look for potential purchaser for the Controlling Stake and they were not in discussion with a potential purchaser over the Controlling Stake and the Company understood that an offer on the Charged Shares was unlikely to be imminent,

the Company, after consultation with the SFC pursuant to “Practice Note 24 (PN24) – Receivers, liquidators and when to commence offer period(s)” issued by the SFC on 18 November 2022, published an announcement to announce the end of the Offer Period on 21 December 2022.

For details, please refer to the Company’s announcements dated 8 October 2021, 25 October 2021, 24 November 2021, 24 December 2021, 30 December 2021, 24 January 2022, 24 February 2022, 24 March 2022, 22 April 2022, 23 May 2022, 23 June 2022, 22 July 2022, 22 August 2022, 22 September 2022, 21 October 2022, 21 November 2022 and 21 December 2022.

EMPLOYEES AND EMOLUMENT POLICIES

At 31 December 2022, the Group had 31 full-time employees (2021: 45 full-time employees). The Group offers a comprehensive and competitive remuneration and benefits package to all of its employees. For the year ended 31 December 2022, the Group incurred staff costs of approximately HK\$23.5 million (2021: approximately HK\$76.3 million). The remuneration package of the Directors and senior management who are also executive Directors, was determined with reference to their background, qualifications, experience, level of responsibilities undertaken with the Company and prevailing market conditions, in order to align with the corporate objectives of the Company. 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 year ended 31 December 2022, no share options of the Company (the “**Share Options**”) (2021: Nil) were granted pursuant to the Share Option Scheme. As at 31 December 2022, 3,000,000 (2021: 8,000,000) Share Options were lapsed during the year ended 31 December 2022. As at 31 December 2022, there were 49,220,000 (2021: 52,220,000) outstanding Share Options granted under the Share Option Scheme.

The Company also adopted a share award scheme (the “**Share Award Scheme**”) for complementing the Share Option Scheme on 24 August 2018 and terminated it on 28 October 2022 for reason of reducing administrative cost of the Company. During the term of the Share Award Scheme, 73,000,000 Shares were awarded to employees, directors (including executive and non-executive directors), officers, and 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 2022 (2021: Nil).

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 Board is of the opinion that the Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules throughout the year ended 31 December 2022.

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 ended 31 December 2022.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the "**Audit Committee**") has reviewed the annual results of the Group for the year ended 31 December 2022 and the accounting principles and practices adopted by the Group, and has discussed with management on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that the consolidated annual results of the Group for the year ended 31 December 2022 are in compliance with the relevant accounting standards, laws and regulations.

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 2022 as set out in this announcement have been agreed by the Company's auditor, Baker Tilly Hong Kong Limited ("**Baker Tilly**"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Baker Tilly 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 HKICPA and consequently no assurance has been expressed by Baker Tilly on this announcement.

Auditor Qualified Opinion

A qualified opinion is included in the independent auditor's report for the consolidated financial statements of the Group for the year ended 31 December 2022. An extract of the auditor's report is set out in the section headed "Extract from the independent auditor's report" below.

Extract from the independent auditor's report

In our opinion, except for the effects of the matters described in the "Basis for qualified opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis For Qualified Opinion

As described in the "Other Matter" section, the opinion expressed on the consolidated financial statements of Group as at and for the year ended 31 December 2021 was qualified due to the scope limitations on the carrying values of the Group's interest in a private equity fund (the "Funds") accounted for as financial assets at fair value through profit or loss and the corresponding net unrealised fair value gain.

As detailed in note 21 to the consolidated financial statements, the Group's financial assets at fair value through profit or loss as set out in the consolidated statement of financial position as at 31 December 2022 amounted to approximately HK\$30,366,000, in which approximately HK\$29,465,000 represented the Group's interest in the Fund. The Group's interest in the Fund included an aggregate amount of HK\$16,922,000, representing the Group's share of the carrying values of the Fund's two underlying investments in two unsecured redeemable bonds issued by Emerge Ventures Limited ("EV"), a private company, (the "EV Bond"), and A Metaverse Company ("AMC"), a company listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "AMC Bond") (collectively, the "Bonds"). The Group's interest in the Fund also included an amount of HK\$8,325,000, representing the Group's share of the carrying value of the listed shares of AMC (the "AMC Shares"). During the year ended 31 December 2022, net unrealised fair value loss arising from the Fund attributable to the Group amounted to approximately HK\$36,809,000, in which HK\$36,377,000 represented the unrealised fair value loss arising from the Bonds and the AMC Shares.

As also detailed in note 21, the EV Bond and the AMC Bond were matured in January 2022 and February 2022 respectively. Up to the date of this report, the Bonds were still not redeemed by the issuers and no audited financial information of EV for the years ended 31 December 2021 and 2022, had been provided by EV to the Fund or to the Group.

The trading of AMC's shares has been suspended on the Stock Exchange since 1 April 2022. As at the date of this report, AMC has not published its financial information for any financial period after the six months ended 30 June 2021 and trading of its shares has not been resumed.

Based on the net assets statements of the Fund, the quoted prices of AMC's shares prior to its trading suspension and the limited available financial information of EV and AMC, management conducted fair value assessments on the Bonds with the assistance from an independent valuer as at 31 December 2021 and 2022, and on the AMC Shares as at 31 December 2021 and 2022. Neither the Fund nor the Group were provided with sufficient and appropriate information about the status of the operations and financial position of EV and AMC for management and/or valuer's assessment of the recoverability and/or the carrying values of the Group's interests in the Bonds as at 31 December 2021 and 2022, and the AMC Shares as at 31 December 2022.

Management was unable to provide us with other sources of information or other evidence to support the appropriateness of the key inputs and assumptions adopted by management in their assessments of the determination of the carrying values of the Bonds as at 31 December 2021 and 2022, and of the AMC Shares as at 31 December 2022. As a consequence, we were unable to assess the fair values of those underlying investments of the Fund and there were no other satisfactory procedures that we could perform to determine whether any adjustments to the carrying values of the Fund as at 31 December 2021 and 2022 are necessary. Any adjustments to the carrying values of the Fund as at 31 December 2021 and 2022 could have a significant consequential effect on the unrealised fair value gain/loss recognised in profit or loss arising from the Fund as reported by the Group for the years ended 31 December 2021 and 2022.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor's responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (“**the Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website (www.bison.com.hk) and the website of the Stock Exchange (www.hkexnews.hk). The 2022 annual report of the Company containing all relevant information required under the Listing Rules will be published on the aforementioned websites and dispatched to the Shareholders in due course.

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

Hong Kong, 29 March 2023

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.