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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)

2023 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The directors (the “**Directors**”) of Bison Finance Group Limited (the “**Company**”) submit herewith the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2023, together with the comparative figures for the six months ended 30 June 2022 and as at 31 December 2022 respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June		
		2023	2022	
Note		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	
	Revenue	5	20,897	18,411
	Other income and other losses, net	6	(4,382)	(5,905)
	Cost of services provided		(10,937)	(10,532)
	Staff expenditure		(12,089)	(12,607)
	Depreciation and amortisation	7	(489)	(8,203)
	(Provision for)/reversal of impairment losses			
	on financial assets, net	7	(2,278)	4,145
	Gain on disposals of subsidiaries	7	50	–
	Other operating expenses, net	8	(4,795)	(6,267)
	Finance costs	9	(4,724)	(4,577)
	Loss before tax	7	(18,747)	(25,535)
	Income tax (expense)/credit	10	(8)	261
	Loss and total comprehensive loss for the period		(18,755)	(25,274)
	Loss per share attributable to owners of the company			
	Basic and diluted	12	HK(1.32) cents	HK(1.78) cents
	Attributable to:			
	Owners of the company		(18,753)	(25,274)
	Non-controlling interests		(2)	–
			(18,755)	(25,274)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
	Note		
Non-current assets			
Property and equipment and right-of-use assets	13	732	1,055
Goodwill		–	–
Intangible assets		–	–
Prepayments, deposits and other receivables		<u>3,411</u>	<u>3,109</u>
 Total non-current assets		 <u>4,143</u>	 <u>4,164</u>
Current assets			
Accounts receivable	15	14,708	20,150
Loans receivable	16	14,985	21,906
Loan to a related company	17	2,630	2,735
Prepayments, deposits and other receivables		4,280	3,524
Financial assets at fair value through profit or loss	14	25,126	30,366
Pledged deposits		800	800
Cash and cash equivalents		<u>118,047</u>	<u>124,139</u>
 Total current assets		 <u>180,576</u>	 <u>203,620</u>
Current liabilities			
Accounts payable	18	4,488	4,404
Other payables and accruals		13,295	13,602
Contract liabilities		266	70
Lease liabilities		8,669	8,613
Promissory note		90,000	90,000
Tax payable		<u>–</u>	<u>8</u>
 Total current liabilities		 <u>116,718</u>	 <u>116,697</u>
 Net current assets		 <u>63,858</u>	 <u>86,923</u>
 Total assets less current liabilities		 <u>68,001</u>	 <u>91,087</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at 30 June 2023

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Non-current liability		
Lease liabilities	<u>7,479</u>	<u>11,810</u>
Total non-current liability	<u>7,479</u>	<u>11,810</u>
NET ASSETS	<u>60,522</u>	<u>79,277</u>
EQUITY		
Share capital	142,184	142,184
Reserves	<u>(81,660)</u>	<u>(62,907)</u>
Equity attributable to owners of the Company	60,524	79,277
Non-controlling interests	<u>(2)</u>	<u>–</u>
TOTAL EQUITY	<u>60,522</u>	<u>79,277</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 period, the Group was principally engaged in the provision of financial services.

In the opinion of the Directors, the immediate 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 (“**Fruitful Worldwide**”) as chargee (the “**Share Charge**”). Based on the information provided by Bliss Chance, the Receivers were appointed by Fruitful Worldwide 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 interim results set out in this announcement do not constitute the Group’s interim financial report for the six months ended 30 June 2023 but are extracted from that interim financial report.

This interim condensed consolidated financial information for the six months ended 30 June 2023 is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

2. BASIS OF PREPARATION (continued)

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's interim condensed consolidated financial information.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	<i>Insurance Contracts</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

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 services, securities services, external asset management services and fund management services.

5. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue from contracts with customers	20,189	17,703
Revenue from other sources		
– Interest income on loans receivable	708	708
	<u>20,897</u>	<u>18,411</u>

5. REVENUE (continued)

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Types of services		
Fund management service income	6,430	5,251
External asset management advisory commission income	12,677	12,070
Financial advisory and consultancy fee income	1,060	304
Others	22	78
Total revenue from contracts with customers	<u>20,189</u>	<u>17,703</u>

(ii) *Timing of revenue recognition*

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Services transferred at a point in time	13,759	12,452
Services transferred over time	6,430	5,251
Total revenue from contracts with customers	<u>20,189</u>	<u>17,703</u>

6. OTHER INCOME AND OTHER LOSSES, NET

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	203	171
Dividend income from investments in financial assets at fair value through profit or loss	158	184
Rental income from a related company	–	153
Sundry revenue	12	190
	<hr/>	<hr/>
Other income	373	698
	<hr/> <hr/>	<hr/> <hr/>
Exchange gains/(losses), net	485	(1,989)
Net unrealised losses on financial assets at fair value through profit or loss	(5,240)	(4,614)
	<hr/>	<hr/>
Other losses, net	(4,755)	(6,603)
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Other income and other losses, net	(4,382)	(5,905)
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7. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Amortisation of intangible assets	–	1,579
Depreciation		
– Property and equipment	489	1,629
– Right-of-use assets	–	4,995
	<u>489</u>	<u>8,203</u>
Provision for/(reversal of) impairment losses on financial assets, net		
– Accounts receivable	(782)	(2,446)
– Loans receivable	2,694	(1,983)
– Loan to a related company	366	122
– Prepayments, deposits and other receivables	–	162
	<u>2,278</u>	<u>(4,145)</u>
Gain on disposals of subsidiaries	(50)	–
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
– Wages and salaries	8,861	9,225
– Pension scheme contributions (defined contribution scheme)	250	277

8. OTHER OPERATING EXPENSES, NET

An analysis of other operating expenses, net is as follows:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Building management fees and air-conditioning charges	938	1,094
Entertainment	535	363
Consultancy fees	–	1,018
Gain on lease modification	–	(1,856)
Government rent and rates	223	219
Information and technology expenses	233	469
Lease charges for short-term leases	165	411
Legal and professional fees	1,117	2,696
Transport and travelling expenses	566	114
Miscellaneous expenses	1,018	1,739
	<u>4,795</u>	<u>6,267</u>

9. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on lease liabilities	261	97
Interest on promissory note	4,463	4,463
Other interest expenses	–	17
	<u>4,724</u>	<u>4,577</u>

10. INCOME TAX EXPENSE/(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.

Hong Kong profits tax provided for the six months ended 30 June 2023 represented under-provision in respect of prior years. Under the two-tier profits tax rates regime, the first HK\$2,000,000 of the estimated assessable profits is calculated at 8.25% and the estimated assessable profits above HK\$2,000,000 is calculated at 16.5%. The applicable rate of the Group for the six months ended 30 June 2023 is 8.25%.

10. INCOME TAX EXPENSE/(CREDIT) (continued)

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
– under-provision in respect of prior years	8	–
Deferred	–	(261)
	<hr/>	<hr/>
Total tax expense/(credit) for the period	8	(261)
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11. DIVIDENDS

No interim dividend is payable for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil). Final dividends, if any, will be proposed at year end.

No final dividend in respect of the financial year ended 31 December 2022 was approved and paid during the six months ended 30 June 2023.

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted loss per share amounts is based on the loss for the period attributable to owners of the Company of HK\$18,753,000 (six months ended 30 June 2022: HK\$25,274,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue of 1,421,838,398 (30 June 2022: 1,421,838,398) during the six months ended 30 June 2023, as used in the basic and diluted loss per share calculation.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2023 and 2022 in respect of dilution as the impact of share options had an anti-dilutive effect in the basic loss per share amounts presented.

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

During the six months ended 30 June 2023, the Group acquired property and equipment and right-of-use assets with a cost of HK\$166,000 (30 June 2022: Nil) and Nil (30 June 2022: HK\$23,896,000) respectively.

During the six months ended 30 June 2022, a lease subject to lease modification was early terminated resulting in the derecognition of lease liability of HK\$1,856,000. A gain on lease modification of HK\$1,856,000 was credited to the interim condensed consolidated statement of profit or loss during that period.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		30 June 2023	31 December 2022
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Listed equity investment, at fair value	(a)	1,033	901
Unlisted equity investment, at fair value		–	–
Private equity fund, at fair value	(b)	24,093	29,465
		<hr/>	<hr/>
Current portion		25,126	30,366
		<hr/> <hr/>	<hr/> <hr/>

(a) Listed equity investment, at fair value

During the six months ended 30 June 2023, a net unrealised fair value gain on listed equity investment in Hong Kong of HK\$132,000 (30 June 2022: loss of HK\$716,000) was recognised in the interim condensed consolidated statement of profit or loss.

(b) 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 30 June 2023, the Group’s capital contribution amounted to HK\$72,000,000 (31 December 2022: HK\$72,000,000), representing 71% (31 December 2022: 71%) of the aggregated capital contributed by all partners in the Investment Fund. The remaining capital contributions to the Investment Fund were contributed as to 19% (31 December 2022: 19%) at HK\$20,000,000 (31 December 2022: HK\$20,000,000) by Fullbest Star Limited (“**Fullbest**”); and as to 10% (31 December 2022: 10%) at HK\$11,000,000 (31 December 2022: 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 30 June 2023, there was no unpaid capital commitment on investment in the Investment Fund (31 December 2022: Nil).

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

(b) Private equity fund, at fair value (continued)

As at 30 June 2023, the underlying investments of the Investment Fund included equity securities of a Hong Kong listed entity which is independent of the Group; an unsecured redeemable bond which was stated at fair value 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 Peixin (“**Mr. XU**”), an executive Director of the Company; and equity securities of and an unlisted unsecured redeemable bond which was stated at fair value 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 fair values of the two unsecured redeemable bonds and the AMC equity securities amounted to HK\$12,183,000 (31 December 2022: HK\$16,922,000) and HK\$8,014,000 (31 December 2022: HK\$8,325,000) as at 30 June 2023 respectively.

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 six months ended 30 June 2023, net unrealised loss on the private equity fund of HK\$5,372,000 (six months ended 30 June 2022: HK\$1,899,000) was recognised in the interim condensed consolidated statement of profit or loss.

The total accrued coupon interest for the EV Bond and the AMC Bond had been settled in 2022 while the principal amounts of these bonds had not been redeemed upon their respective maturity dates and up to the date of this announcement. At the same time, AMC’s equity securities are under trading suspension in the Stock Exchange since 1 April 2022 and the trading is not resumed up to the date of this announcement.

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.

15. ACCOUNTS RECEIVABLE

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

	30 June 2023 HK\$’000 (Unaudited)	31 December 2022 HK\$’000 (Audited)
Within 1 month	13,869	19,723
1 to 2 months	358	49
2 to 3 months	97	34
3 to 12 months	336	249
Over 1 year	48	95
	14,708	20,150

15. ACCOUNTS RECEIVABLE (continued)

The Group normally grants credit to existing customers, where payment in advance is normally required for new customers. The credit period is generally 90 days from the date of billings. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivable and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

16. LOANS RECEIVABLE

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Loans receivable – unsecured	38,920	43,147
Impairment allowance	(23,935)	(21,241)
	<hr/>	<hr/>
Current	14,985	21,906
	<hr/> <hr/>	<hr/> <hr/>

The loans were made to two (31 December 2022: three) independent third parties with effective interest rates at 3% (31 December 2022: ranging from 3% to 12%) per annum and are repayable on demand (31 December 2022: within one year).

During the six months ended 30 June 2023, a net provision for impairment losses of HK\$2,694,000 was recognised (six months ended 30 June 2022: HK\$1,983,000) in the interim condensed consolidated statement of profit or loss due to the net-off effect of repayment of certain loans receivable of HK\$4,683,000, and the corresponding increase in allowance of expected credit loss 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 small to medium-sized company had been taken into consideration in arriving at the measurement of expected credit loss.

17. LOAN TO A RELATED COMPANY

As at 30 June 2023, loan to a related company in the amount of HK\$2,630,000 (31 December 2022: HK\$2,735,000) (which is not a connected person under the Listing Rules) is interest bearing at 15% (31 December 2022: 15%) per annum and was already past due. During the six months ended 30 June 2023, a provision for expected credit loss of HK\$366,000 (six months ended 30 June 2022: HK\$122,000) (note 7) was recognised in the interim condensed consolidated statement of profit or loss. Management of the Company is negotiating with the related company for the repayment plan and expects that the outstanding amount would be recovered by the end of 2023.

18. ACCOUNTS PAYABLE

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 1 month	<u>4,488</u>	<u>4,404</u>

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

19. COMMITMENTS

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Contracted, but not provided for:		
Investment in subsidiaries	<u>64,574</u>	<u>41,234</u>

INTERIM DIVIDEND

The Directors do not propose to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

FINANCIAL REVIEW

For the six months ended 30 June 2023, the Group is 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**”).

Revenue

For the six months ended 30 June 2023, the Group reported revenue of approximately HK\$20.9 million (six months ended 30 June 2022: approximately HK\$18.4 million), representing an increase of approximately 13.5% as compared to the corresponding period in 2022.

Loss for the period attributable to owners of the Company

The Group’s loss for the period attributable to owners of the Company was approximately HK\$18.8 million for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$25.3 million). The decrease in loss for the current period was mainly attributable to (i) the decrease in depreciation and amortisation by approximately HK\$7.7 million to approximately HK\$0.5 million (six months ended 30 June 2022: approximately HK\$8.2 million) and (ii) the increase in revenue by approximately HK\$2.5 million to approximately HK\$20.9 million (six months ended 30 June 2023: approximately HK\$18.4 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2023. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as and when appropriate.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2023, the Group’s cash and cash equivalents amounted to approximately HK\$118.0 million (31 December 2022: approximately HK\$124.1 million), which are denominated in Hong Kong dollars, United States (“US”) dollars, Euros, Singapore dollars and Renminbi.

As at 30 June 2023, the Group's indebtedness comprised promissory notes and lease liabilities of approximately HK\$106.1 million (31 December 2022: approximately HK\$110.4 million). The Group's indebtedness are denominated in Hong Kong dollar. All the indebtedness carried interests with fixed rates ranging from 2.8% to 10.0% per annum. All of the indebtedness shall be repayable in 1 to 2 years (31 December 2022: 1 to 3 years). The gearing ratio, representing the ratio of total indebtedness to the total share capital and reserves of the Group, was 175.4% as at 30 June 2023 (31 December 2022: 139.3%). As at 30 June 2023, the Group had net current assets of approximately HK\$63.9 million (31 December 2022: approximately HK\$86.9 million) and total assets of approximately HK\$184.7 million (31 December 2022: approximately HK\$207.8 million).

Charge on Assets

At 30 June 2023, bank deposits of the Company of approximately HK\$0.8 million (31 December 2022: approximately HK\$0.8 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, Euros, Singapore dollar and Renminbi. During the six months ended 30 June 2023, the Company recognised an exchange gain, net of approximately HK\$0.5 million (six months ended 30 June 2022: exchange loss, net of approximately HK\$2.0 million). During the period, there was no material fluctuation in the exchange rates between Hong Kong dollars and US dollars. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its financial position and foreign currency exposure during the six months ended 30 June 2023.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2023 and 31 December 2022.

BUSINESS REVIEW AND PROSPECTS

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

(1) Financial Services Business

The Group continued to engage in the Financial Services Business with the licences to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

As at 30 June 2023, the Financial Services Business of the Group mainly consists of (i) external asset management (“EAM”) services, (ii) fund management services, (iii) securities services, (iv) investment advisory services to fund management, and (v) corporate finance advisory services. During the six months ended 30 June 2023, the Financial Services Business recorded revenue of approximately HK\$20.9 million (six months ended 30 June 2022: approximately HK\$18.4 million).

(i) EAM services

The Group provides EAM services to clients which are mostly high net worth individuals whose asset sizes under EAM arrangement amounted to approximately HK\$4.1 billion as at 30 June 2023 (31 December 2022: approximately HK\$3.8 billion). Revenue generated from EAM services during the six months ended 30 June 2023 amounted to approximately HK\$12.7 million (six months ended 30 June 2022: approximately HK\$12.1 million).

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 six months ended 30 June 2023 amounted to approximately HK\$6.4 million (six months ended 30 June 2022: approximately HK\$5.3 million).

(iii) Securities services

The Group provides a full range of securities brokerage services, including securities margin financing, underwriting, placing services, as well as securities dealing which was commenced after Target Capital Management Limited (“TCM”) was admitted as a CCASS participant of the Stock Exchange in 2019. 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 provision of corporate finance advisory services through Bison Corporate Finance Limited since December 2020. Revenue generated from corporate finance advisory services during the six months ended 30 June 2023 amounted to approximately HK\$1.1 million (six months ended 30 June 2022: approximately HK\$0.3 million).

Although the Group's Financial Services Business continued to face challenges due to the local and global economies not fully recovered, the management of the Group is optimistic that this business segment would continue to bring in revenue to the Group 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

The Group has been continuously exploring opportunities for investments to diversify income stream and maximise the returns for the Shareholders. On 22 February 2019, the Group entered into the subscription agreements with BeiTai Investment Limited (the "**General Partner**") (an independent third party to the Company and its connected persons), being the general partner of BeiTai Investment LP (the "**Investment Fund**") to subscribe for limited partner interests in the Investment Fund. The objective of the Investment Fund is to invest in debt securities or equity securities of both private and listed companies in Hong Kong or elsewhere or by investing in such other financial instruments as its General Partner may determine. Such investment is a passive investment and the Group, as a limited partner, is entitled to receive distributions of the Investment Fund in accordance with the Group's capital commitment therein, but has no right to participate in the day-to-day operations of the Investment Fund, nor does it have control over the management of the Investment Fund. The investment strategy in the Investment Fund 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 30 June 2023, the Group has made investment of HK\$72.0 million (31 December 2022: HK\$72.0 million) in the Investment Fund as a limited partner, which represented approximately 71% (31 December 2022: approximately 71%) of the total capital contribution of the Investment Fund. As at 30 June 2023 and 31 December 2022, the underlying investments of the Investment Fund represented equity securities listed in Hong Kong, a bond issued by a corporation listed in Hong Kong and a bond issued by a private entity. 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 interim condensed consolidated statement of financial position. As at 30 June 2023, the fair value of Investment Fund was approximately HK\$24.1 million (31 December 2022: approximately HK\$29.5 million), which represented approximately 13.0% (31 December 2022: approximately 14.2%) of the total assets of the Group as at 30 June 2023. During the six months ended 30 June 2023, as a result of a decrease in fair value of the Investment Fund, the Group recorded a net unrealised loss on financial assets at fair value through profit or loss of approximately HK\$5.4 million (six months ended 30 June 2022: approximately HK\$1.9 million) from the Investment Fund. No dividend was received from the Investment Fund for the six months ended 30 June 2023 and 2022.

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.

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.

MATERIAL ACQUISITIONS OR DISPOSALS

During the six months ended 30 June 2023, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group had 33 full-time employees (31 December 2022: 31). The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. For the six months ended 30 June 2023, the Group incurred staff costs of approximately HK\$12.1 million (six months ended 30 June 2022: approximately HK\$12.6 million). The remuneration of the Directors was determined with reference to the background, qualifications, experience of each Director, level of responsibilities undertaken with the Company and prevailing market conditions. 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.

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

During the six months ended 30 June 2023 and 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own Code for Securities Transactions by Directors (the “**Securities Code**”) on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of the Listed Issuers set out in Appendix 10 to the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the Securities Code throughout the six months ended 30 June 2023.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2023 of the Company have been reviewed by the audit committee of the Company (the “**Audit Committee**”). The Audit Committee has reviewed with management the accounting principles and policies adopted by the Group and discussed auditing, internal control and financial reporting matters, and also reviewed the unaudited interim financial report for the six months ended 30 June 2023. The review of the unaudited interim financial report for the six months ended 30 June 2023 was conducted with Baker Tilly Hong Kong Limited, being the Company’s external auditors. The interim financial report for the six months ended 30 June 2023 was unaudited, but has been reviewed by Baker Tilly Hong Kong Limited in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Hong Kong Institute of Certified Public Accountants, whose review report will be included in the interim report to be sent to Shareholders.

EXTRACT OF INDEPENDENT AUDITOR’S REVIEW REPORT

The following is an extract of the independent auditor’s report on review of the interim condensed consolidated financial information of the Group for the six months ended 30 June 2023:

Basis of Qualified Conclusion

As detailed in note 13 to the interim condensed consolidated financial information, the Group's financial assets at fair value through profit or loss as set out in the interim condensed consolidated statement of financial position as at 30 June 2023 amounted to HK\$25,126,000, in which HK\$24,093,000 represented the Group's interest in the Fund. The Group's interest in the Fund included an aggregate amount of HK\$20,197,000, representing the Group's share of the carrying values of the Fund's three underlying investments: (1) an unsecured redeemable bonds issued by Emerge Ventures Limited ("**EV**"), a private company, (the "**EV Bond**"); (2) an unsecured redeemable bonds issued by A Metaverse Company ("**AMC**"), a company listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**AMC Bond**"); and (3) the listed shares of AMC (the "**AMC Shares**"). During the six months ended 30 June 2023, net unrealised fair value loss arising from the Fund attributable to the Group amounted to HK\$5,372,000, in which HK\$5,050,000 represented the unrealised fair value loss arising from the EV Bond, the AMC Bond and the AMC Shares.

As also detailed in note 13, the EV Bond and the AMC Bond were matured in January 2022 and February 2022 respectively. Up to the date of this interim condensed consolidated financial information, these Bonds were still not redeemed by the issuers and no audited financial statements 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 for not publishing and/or dispatching the financial information and/or annual reports for financial periods after the six months ended 30 June 2021 as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Subsequent to the audit of the Group's consolidated financial statements for the year ended 31 December 2022, AMC has published its audited financial statements for the year ended 31 December 2021 and its interim financial information for the six months ended 30 June 2022. However, up to the date of this report, AMC has not published its financial information for any financial period after the six months ended 30 June 2022 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 and relevant supporting information of EV and AMC, management conducted fair value assessments of the EV Bond, the AMC Bond and the AMC Shares as at 31 December 2021, 31 December 2022, 30 June 2022 and 30 June 2023. Neither the Fund nor the Group were provided with sufficient and appropriate additional information or other details about the status of the operations and financial position of EV and AMC for the independent external valuer's or management's assessment of the recoverability and/or the carrying values of the Group's interests in (1) the EV Bond as at 31 December 2021, 31 December 2022, 30 June 2022 and 30 June 2023; and (2) the AMC Bond and the AMC Shares as at 31 December 2022 and 30 June 2023.

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 (1) the EV Bond as at 31 December 2021, 31 December 2022, 30 June 2022 and 30 June 2023, and; (2) the AMC Bond and the AMC Shares as at 31 December 2022 and 30 June 2023. 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, 31 December 2022, 30 June 2022 and 30 June 2023, and the corresponding fair value changes for years or periods then ended were necessary. Any adjustments to the carrying values of the Fund as at 31 December 2021, 31 December 2022, 30 June 2022 and 30 June 2023, could have a significant consequential effect on the unrealised fair value loss recognised in profit or loss arising from the Fund as reported by the Group for the six months ended 30 June 2022 and 2023.

Qualified Conclusion

Except for the possible effects mentioned above, based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with HKAS 34.

PUBLICATION OF 2023 INTERIM REPORT

The 2023 interim report will be despatched to Shareholders and published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.bison.com.hk) in due course.

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

Hong Kong, 29 August 2023

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