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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 ANNUAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023, together with the relevant comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	5	35,566	40,957
Other income and other losses, net	6	(7,518)	(40,790)
Cost of services provided		(23,304)	(21,317)
Staff expenditure		(22,860)	(23,463)
Depreciation and amortisation	7	(993)	(15,384)
Reversal of/(provision for) impairment losses on financial assets, net	7	20,609	(615)
Provision for impairment losses on non-current assets	7	–	(43,905)
Gain on disposal of subsidiaries	7	50	780
Other operating expenses, net	8	(12,708)	(13,504)
Finance costs	9	(9,473)	(9,491)
Loss before tax	7	(20,631)	(126,732)
Income tax (expense)/credit	10	(7)	3,640
Loss and total comprehensive loss for the year		(20,638)	(123,092)
Attributable to:			
Owners of the Company		(20,636)	(123,092)
Non-controlling interests		(2)	–
		(20,638)	(123,092)
Loss per share attributable to owners of the Company			
Basic and diluted	12	HK1.45 cents	HK8.66 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Non-current assets			
Property and equipment and right-of-use assets	<i>13</i>	2,163	1,055
Intangible assets	<i>14</i>	–	–
Prepayments, deposits and other receivables		8,401	3,109
		<hr/>	<hr/>
Total non-current assets		10,564	4,164
		<hr/>	<hr/>
Current assets			
Accounts receivable	<i>16</i>	16,013	20,150
Loans receivable	<i>17</i>	15,427	21,906
Loan to a related company	<i>18</i>	734	2,735
Prepayments, deposits and other receivables		6,815	3,524
Financial assets at fair value through profit or loss	<i>15</i>	23,850	30,366
Pledged deposits		800	800
Cash and cash equivalents		112,436	124,139
		<hr/>	<hr/>
Total current assets		176,075	203,620
		<hr/>	<hr/>
Current liabilities			
Accounts payable	<i>19</i>	4,765	4,404
Other payables and accruals		20,035	13,602
Contract liabilities		–	70
Lease liabilities		9,320	8,613
Promissory note		90,000	90,000
Tax payable		–	8
		<hr/>	<hr/>
Total current liabilities		124,120	116,697
		<hr/>	<hr/>

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net current assets		<u>51,955</u>	<u>86,923</u>
Total assets less current liabilities		<u>62,519</u>	<u>91,087</u>
Non-current liabilities			
Lease liabilities		<u>3,880</u>	<u>11,810</u>
Total non-current liabilities		<u>3,880</u>	<u>11,810</u>
NET ASSETS		<u><u>58,639</u></u>	<u><u>79,277</u></u>
EQUITY			
Equity attributable to equity shareholders of the Company			
Share capital		142,184	142,184
Reserves		<u>(83,543)</u>	<u>(62,907)</u>
Equity attributable to owners of the Company		58,641	79,277
Non-controlling interests		<u>(2)</u>	<u>–</u>
TOTAL EQUITY		<u><u>58,639</u></u>	<u><u>79,277</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, China Taiping Finance Centre, 18 King Wah Road, North Point, Hong Kong. During the year, 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 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 were 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 any potential purchaser over the Controlling Stake and the Company understood 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 2023 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**”) 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 consolidated financial information are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company, 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 new and revised HKFRSs for the first time for the current year's consolidated financial information:

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</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 nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

Impact of the abolition of the Mandatory Provident Fund (“MPF”)-long service payment (“LSP”) offsetting mechanism

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP or severance payment (“SP”) against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset SP and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong.

The abovementioned change in accounting policy does not have material impact on the Group's results and financial position.

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.

5. REVENUE

An analysis of revenue is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers	34,392	39,529
<i>Revenue from other sources</i>		
– Interest income on loans receivable	1,174	1,428
Total	<u>35,566</u>	<u>40,957</u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Types of services		
Fund management service income	5,428	13,615
External asset management advisory commission income	27,032	24,651
Financial advisory and consultancy fee income	1,889	1,163
Others	43	100
Total	<u>34,392</u>	<u>39,529</u>

(ii) *Timing of revenue recognition*

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Services transferred at a point in time	28,964	25,914
Services transferred over time	5,428	13,615
Total	<u>34,392</u>	<u>39,529</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:

	2023 HK\$'000	2022 <i>HK\$'000</i>
Financial advisory business	10	–
Securities service business	–	57
	<hr/>	<hr/>
Total	10	57
	<hr/> <hr/>	<hr/> <hr/>

6. OTHER INCOME AND OTHER LOSSES, NET

	2023 HK\$'000	2022 <i>HK\$'000</i>
Bank interest income	397	337
Dividend income from the investments in financial assets at fair value through profit or loss	158	184
Rental income from a related company	–	203
Sundry revenue	79	190
	<hr/>	<hr/>
Total other income	634	914
	<hr/>	<hr/>
Exchange losses, net	(2,769)	(2,047)
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	232	(2,848)
– Investment in a private equity fund	(5,615)	(36,809)
	<hr/>	<hr/>
Subtotal	(5,383)	(39,657)
	<hr/>	<hr/>
Total other losses	(8,152)	(41,704)
	<hr/>	<hr/>
Total other income and other losses	(7,518)	(40,790)
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7. LOSS BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Amortisation of intangible assets (<i>note 14</i>)	–	3,158
Depreciation (<i>note 13</i>)		
– Property and equipment	793	2,705
– Right-of-use assets	200	9,521
	<u>993</u>	<u>15,384</u>
(Reversal of)/provision for impairment losses on financial assets, net		
– Accounts receivable (<i>note 16</i>)	(2,883)	(2,243)
– Loans receivable (<i>note 17</i>)	(14,258)	(1,801)
– Loan to a related company (<i>note 18</i>)	(2,905)	3,455
– Prepayments, deposits and other receivables	(563)	1,204
	<u>(20,609)</u>	<u>615</u>
Total		
Provision for impairment losses on non-current assets		
– Intangible assets (<i>note 14</i>)	–	23,418
– Property and equipment and right-of-use assets (<i>note 13</i>)	–	20,487
	<u>–</u>	<u>43,905</u>
Total		
Exchange losses, net	2,769	2,047
Gain on disposal of subsidiaries	(50)	(780)
Lease payments not included in the measurement of lease liabilities	226	582
Auditor's remuneration	2,160	2,400
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
– Wages and salaries	16,547	16,867
– Pension scheme contributions (defined contribution scheme)	462	645
	<u>17,009</u>	<u>17,512</u>
Total		

8. OTHER OPERATING EXPENSES, NET

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration		
– Audit services	1,800	2,000
– Non-audit services	360	400
Building management fees and air-conditioning charges	1,922	1,908
Entertainment	909	574
Consultancy fees	511	374
Gain of lease modification	–	(1,856)
Government rent and rates	448	438
Information and technology expenses	656	792
Lease charges for short-term leases	226	582
Legal and professional fees	2,854	5,006
Transportation and travelling expenses	931	209
Miscellaneous	2,091	3,077
	<hr/>	<hr/>
Total	12,708	13,504

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on lease liabilities	473	414
Interest on a promissory note	9,000	9,000
Other interest expenses	–	77
	<hr/>	<hr/>
Total	9,473	9,491

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 has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

No provision for the PRC corporate income tax have been made as the Group did not generate any assessable profits arising in the PRC for the years ended 31 December 2023 and 2022.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax – HK		
– Under-provision in prior years	7	8
Deferred tax	–	(3,648)
	<hr/>	<hr/>
Total tax charge/(credit) for the year	<u>7</u>	<u>(3,640)</u>

11. DIVIDENDS

No final dividend is proposed for the year ended 31 December 2023 (2022: Nil).

No final dividend in respect of the financial year ended 31 December 2022 was approved and paid during the year (2022: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share amount is based on the loss for the year attributable to owners of the Company of HK\$20,636,000 (2022: HK\$123,092,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue of 1,421,838,398 (2022: 1,421,838,398) during the year, 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 years ended 31 December 2023 and 2022 in respect of dilution as the impact of the share options had an anti-dilution effect in the basic loss per share amounts presented.

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

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 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 the year ended 31 December 2022. Neither provision for nor reversal of impairment was provided for the year ended 31 December 2023. For details of impairment assessment, please refer to note 14.

14 INTANGIBLE ASSETS

	Licence HK\$'000	Fund contracts HK\$'000	Customer relationship HK\$'000	Total HK\$'000
31 December 2023				
Cost at 1 January 2023 and 31 December 2023, net of accumulated amortisation and impairment	-	-	-	-
At 31 December 2023				
Cost	4,472	28,699	34,941	68,112
Accumulated amortisation and impairment	(4,472)	(28,699)	(34,941)	(68,112)
Net carrying amount	-	-	-	-
	Licence HK\$'000	Fund contracts HK\$'000	Customer relationship HK\$'000	Total HK\$'000
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	-	-	-	-
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	-	-	-	-

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 the 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 were also included in this CGU for the purpose of impairment assessment. Based on management's estimates, an impairment of HK\$23,418,000 and HK\$20,487,000 including impairment losses for intangible assets and property and equipment and right-of-use assets were recognised to write down the carrying amounts of intangible assets and property and equipment and right-of-use assets to their recoverable amounts of HK\$1,055,000 based on value-in-use calculation for the year ended 2022. The calculation used cash flow projection based on historical data and financial budget approved by the Board covering five years. Cash flows beyond the five years were extrapolated using an estimated weighted average growth rate. The growth rates used did 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, the key assumptions used in the value-in-use calculation in 2022 were as follows:

	2022
% of revenue growth	-4% to 9%
Long term growth rate	2.8%
Pre-tax discount rate	<u>14.61%</u>

For the year ended 31 December 2023, the Group has been experiencing operating losses on the investment advisory services and fund management services business CGU. The management considered there was no indicator to reverse the impairment provided to the related intangible assets and property and equipment and right-of-use assets in this CGU.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Listed equity investment, at fair value	<i>(a)</i>	–	901
Unlisted equity investment, at fair value	<i>(b)</i>	–	–
Private equity fund, at fair value	<i>(c)</i>	<u>23,850</u>	<u>29,465</u>
Total		<u>23,850</u>	<u>30,366</u>

(a) Listed equity investment, at fair value

During the year ended 31 December 2023, the Group sold all shares of the listed equity investment. The proceeds from disposal of the shares amounted to HK\$1,133,000. A net realised fair value gain of HK\$232,000 (2022: a net unrealised fair value loss of HK\$848,000) on listed equity investment in Hong Kong was recognised in the consolidated statement of profit or loss and other comprehensive income.

(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 was recognised in the consolidated statement of profit or loss and other comprehensive income in 2022.

During the year ended 31 December 2023, the Group disposed of its subsidiary Bison Digital Holding Limited which holds 10% shareholding interest of the private company. As at 31 December 2023, the Group has no shareholding interest in the private company.

(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 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% (2022: 19%) at HK\$19,000,000 (2022: HK\$19,000,000) by Fullbest Star Limited (“**Fullbest**”); and as to 10% (2022: 10%) at HK\$11,000,000 (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 31 December 2023, there was no unpaid capital commitment on investment in the Investment Fund (2022: Nil).

As at 31 December 2023, the underlying investments of the Investment Fund included 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; and listed 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 EV Bond and AMC Bond amounted to HK\$5,979,000 (2022: HK\$5,297,000) and HK\$11,443,000 (2022: HK\$11,625,000) respectively. The quoted price of the Group’s interest in the AMC equity securities amounted to HK\$2,715,000 (2022: HK\$8,325,000) as at 31 December 2023.

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 2023, net unrealised loss of HK\$5,615,000 (2022: HK\$36,809,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

The total accrued coupon interest as at year end for both 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 had been under trading suspension in the Stock Exchange since 1 April 2022 and the trading has been resumed since 6 November 2023.

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 2024.

16. ACCOUNTS RECEIVABLE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Accounts receivable	23,155	30,175
Impairment allowance	<u>(7,142)</u>	<u>(10,025)</u>
Net carrying amount	<u><u>16,013</u></u>	<u><u>20,150</u></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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	14,607	19,723
1 to 2 months	24	49
2 to 3 months	–	34
3 to 12 months	748	249
Over 1 year	<u>634</u>	<u>95</u>
Total	<u><u>16,013</u></u>	<u><u>20,150</u></u>

17. LOANS RECEIVABLE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loans receivable – unsecured	22,410	43,147
Impairment allowance	<u>(6,983)</u>	<u>(21,241)</u>
Current	<u><u>15,427</u></u>	<u><u>21,906</u></u>

The loans were made to two (2022: three) independent third parties with effective interest rate of 3% (2022: 3% to 12%) per annum and are repayable within one year (2022: within one year).

During the year ended 31 December 2023, a net reversal of impairment losses of HK\$14,258,000 (2022: HK\$1,801,000) (note 7) was recognised in the consolidated statement of profit or loss and other comprehensive income due to the net-off effect of repayment of certain loans receivable of HK\$21,582,000, 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.

18. LOAN TO A RELATED COMPANY

As at 31 December 2023, loan to a related company in the gross amount of HK\$1,665,000 (2022: HK\$6,571,000), before impairment of HK\$931,000 (2022: HK\$3,836,000) (which is not a connected person under the Listing Rules) is interest bearing at 15% (2022: 15%) per annum and was already past due. During the year ended 31 December 2023, a reversal of impairment losses of HK\$2,905,000 (2022: provision for impairment losses of HK\$3,455,000) (note 7) was recognised in the consolidated statement of profit or loss and other comprehensive income.

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	<u>4,765</u>	<u>4,404</u>

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

20. CAPITAL COMMITMENTS

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contracted, but not provided for:		
Investment in subsidiaries	<u>64,574</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 2023.

For the year ended 31 December 2023, the Group reported revenue of approximately HK\$35.6 million, representing a decrease of approximately 13.2% from the revenue of approximately HK\$41.0 million of the previous year.

For the year ended 31 December 2023, the Group reported a loss attributable to owners of the Company of approximately HK\$20.6 million (2022: approximately HK\$123.1 million), representing a decrease in loss of approximately 83.2% as compared to previous year. Such decrease in loss was mainly attributable to:

(i) Reduction in provision for impairment losses on non-current assets and depreciation and amortisation

The provision for impairment losses on non-current assets for the year ended 31 December 2023 amounted to HK\$nil (2022: approximately HK\$43.9 million), whereas the depreciation and amortisation for the year ended 31 December 2023 amounted to approximately HK\$1.0 million (2022: approximately HK\$15.4 million). Such reduction was mainly due to no impairment losses on intangible assets and property and equipment and right-of-use assets being recognised for the year ended 31 December 2023 (2022: approximately HK\$43.9 million) as (a) intangible assets of the Company were fully impaired and (b) property and equipment and right-of-use assets of the Company were close to fully impaired during the year ended 31 December 2022.

(ii) Reduction in net realised and unrealised losses on financial assets at fair value through profit or loss

The net realised and unrealised losses on financial assets at fair value through profit or loss for the year ended 31 December 2023 amounted to approximately HK\$5.4 million (2022: approximately HK\$39.7 million). Such reduction was mainly due to the net unrealised loss on investment in a private equity fund having decreased to approximately HK\$5.6 million for the year ended 31 December 2023 (2022: approximately: HK\$36.8 million).

(iii) Reversal of provision for impairment losses on financial assets, net

The reversal of provision for impairment losses on financial assets, net for the year ended 31 December 2023 amounted to approximately HK\$20.6 million, whereas provision for impairment losses on financial assets, net for the year ended 31 December 2022 amounted to approximately HK\$0.6 million. Such reversal was mainly due to a decrease in loans receivable and loan to a related company as a result of the repayment from these borrowers during the year ended 31 December 2023 and hence (a) a reversal of provision for impairment losses on loans receivable of approximately HK\$14.3 million (2022: approximately HK\$1.8 million) was recognised for the year ended 31 December 2023, and (b)

a reversal of provision for impairment loss on loan to a related company of approximately HK\$2.9 million (2022: provision for impairment loss of approximately HK\$3.5 million) was recognised for the year ended 31 December 2023.

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 2023, the Group reported revenue of approximately HK\$35.6 million (2022: approximately HK\$41.0 million), representing a decrease of approximately 13.2% as compared to that of the previous year, which was mainly attributable to the overall decrease in revenue after consolidating the revenue attributable from external asset management (“EAM”) services, fund management services and corporate finance advisory services discussed in the sections below.

(i) EAM services

The Group provides EAM services to clients, most of whom are high net worth individuals, with aggregate asset sizes under EAM business amounted to approximately HK\$4.1 billion as at 31 December 2023 (2022: approximately HK\$3.8 billion). Revenue generated from EAM services for the year ended 31 December 2023 amounted to approximately HK\$27.0 million (2022: approximately HK\$24.7 million) representing an increase of approximately 9.7% from the revenue for the year ended 31 December 2023.

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 2023 amounted to approximately HK\$5.4 million (2022: approximately HK\$13.6 million), representing a decrease of approximately 60.1% as compared to the previous year. Such decrease was mainly attributable to the decrease in management fees income received and recognised by the Group from the funds that are managed by the Group under the fund management services business due to tightened liquidity and therefore temporarily eventually affecting their ability to repay the Group's management fees.

(iii) Corporate finance advisory services

Revenue generated from corporate finance advisory services during the year ended 31 December 2023 amounted to approximately HK\$1.9 million (2022: approximately HK\$1.2 million), representing an increase of approximately 62.4% as compared to previous year. Such increase was mainly attributable to the increase in investing and financing transactions planned or done by clients following the end of COVID-19 pandemic which resulted in an increase in demand of corporate finance advisory services during the year of 2023.

(iv) 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 since TCM's admission as a CCASS participant of the Stock Exchange of Hong Kong Limited (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 such uncertain economic condition.

(v) 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.

Although the Group's Financial Services Business continued to face challenges and uncertainties due to the uncertainties in the geopolitical tensions, high interest rate and unfavorable market prospect, the management of the Group is optimistic that the Group will be benefited from the recovery of economy in Hong Kong in the foreseeable future. The Group will continue to develop and enhance the income stream from its Financial Services Business.

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 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 31 December 2023, the Group has made investment of HK\$72.0 million (2022: HK\$72.0 million) in the Investment Fund as a limited partner, which represent approximately 71.0% (2022: approximately 71.0%) of the total capital contribution of the Investment Fund. As at 31 December 2023, 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 2023, due to the overall decline in fair value of the underlying assets of the Investment Fund during the year ended 31 December 2023, the fair value of Investment Fund amounted to approximately HK\$23.9 million (2022: approximately HK\$29.5 million), which represents approximately 12.8% (2022: approximately 14.2%) of the total assets of the Group as at 31 December 2023. During the year ended 31 December 2023, 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\$5.6 million (2022: approximately HK\$36.8 million). No dividend was received from the Investment Fund for the years ended 31 December 2023 and 2022.

Subsequent to the financial year ended 31 December 2023, the Investment Fund managed to realise the listed equity shares of A Metaverse Company (a company listed on the Stock Exchange with stock code: 1616) (“**AMC**”) held by it. The Company understands that the General Partner of the Investment Fund is liaising with the relevant bond issuers (including AMC) on the redemption schedule for the remaining bonds held by the Investment Fund, which is expected to be completed by the end of 2024.

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 inflation pressure. The Group will continue to cautiously monitor the development to ensure timely response to changes regarding the market condition. 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 2023, the Group’s cash and cash equivalents amounted to approximately HK\$112.4 million (2022: approximately HK\$124.1 million), denominated in Hong Kong dollars, United States (“US”) dollars, Euro, Singapore dollars and Renminbi.

As at 31 December 2023, the Group’s indebtedness comprised promissory notes and lease liabilities of approximately HK\$103.2 million (2022: approximately HK\$110.4 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 2 years (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 176.0% as at 31 December 2023 (2022: 139.3%). The increase in the gearing ratio was mainly due to the decrease in reserves of the Company by approximately 32.8% mainly resulting from the loss attributable to owners of the Company of approximately HK\$20.6 million for the year ended 31 December 2023, despite the decrease in indebtedness for the year ended 31 December 2023.

As at 31 December 2023 and 2022, the Group did not have any stand-by banking facilities.

As at 31 December 2023, the Group had net current assets of approximately HK\$52.0 million (2022: approximately HK\$86.9 million) and total assets of approximately HK\$186.6 million (2022: approximately HK\$207.8 million).

Capital structure

During the year ended 31 December 2023, there was no change in the capital structure of the Company.

Charge on assets

As at 31 December 2023, bank deposits of the Company of approximately HK\$0.8 million (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, Euro, Singapore dollar and Renminbi. During the year ended 31 December 2023, the Company recognised exchange losses, net of approximately HK\$2.8 million (2022: approximately HK\$2.0 million). During the year ended 31 December 2023, 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 2023.

Capital expenditures and capital commitments

Capital expenditures incurred by the Group during the year ended 31 December 2023 amounted to approximately HK\$0.5 million (2022: Nil). Capital commitments contracted for but not provided for in the consolidated financial statements of the Group at 31 December 2023 amounted to approximately HK\$64.6 million (2022: approximately HK\$41.2 million).

Contingent liabilities

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

Material acquisitions and disposals

During the year ended 31 December 2023, there was no material acquisition or disposal of subsidiaries, associated companies and joint ventures by the Group.

Loans receivable

As at 31 December 2023, the Group had loans receivable of approximately HK\$16.1 million (2022: approximately HK\$24.6 million) in aggregate. The loans receivable constitute:

- (i) loans receivable in the aggregate amount of approximately HK\$15.4 million (2022: approximately HK\$21.9 million) due from two (2022: three) independent third parties (the “**Third Party Loans**”) with effective interest rates of 3% (2022: 3% to 12%) per annum and repayable within one year (2022: one year), all of which were unsecured loans; and
- (ii) loans receivable of approximately HK\$0.7 million (2022: approximately HK\$2.7 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% (2022: 15%) per annum and was already past due. Such loan was unsecured.

The decrease in loan receivables for the Third Party Loans and the Loan to a Related Company was due to the repayment by the borrowers during the year ended 31 December 2023.

The balance due from the top borrower, which is an independent third party, accounted for approximately 71.9% (2022: approximately 43.7%) of the total outstanding loans receivable as at 31 December 2023. The percentage increase in the balance due from the top borrower is due to the repayment by other borrowers of the Third Party Loans and Loan to Related Company, while the Group did not provide any new loans during the year ended 31 December 2023.

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 2023 (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 Hong Kong Financial Reporting Standards 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 2023 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\$7.0 million and HK\$0.9 million were recognised as at 31 December 2023 in respect of the expected credit losses for the Third Party Loans and Loan to a Related Company respectively (2022: approximately HK\$21.2 million and HK\$3.8 million respectively). For the year ended 31 December 2023, reversal of provision for expected credit losses of approximately HK\$14.3 million (2022: approximately HK\$1.8 million) for the Third Party Loans and reversal of provision for expected credit losses of approximately HK\$2.9 million (2022: provision for expected credit losses of approximately HK\$3.5 million) for Loan to a Related Company were recognised in the consolidated statement of profit or loss and other comprehensive income due to repayment by the relevant borrowers.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2023, the Group had 26 full-time employees (2022: 31 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 2023, the Group incurred staff costs of approximately HK\$22.8 million (2022: approximately HK\$23.5 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 undertook 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 2023, no share options of the Company (the “**Share Options**”) (2022: Nil) were granted pursuant to the Share Option Scheme. During the year ended 31 December 2023, 15,000,000 (2022: 3,000,000) Share Options were lapsed. As at 31 December 2023, there were 34,220,000 (2022: 49,220,000) outstanding Share Options granted under the Share Option Scheme.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

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

During the year ended 31 December 2023, 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 saved as disclosed below, the Company has complied with all the applicable code provisions of the Corporate Governance Code (“**CG Code**”) as set out in Part 2 of Appendix C1 to the Listing Rules throughout the year ended 31 December 2023.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Upon the appointment of Mr. SUN Lei (“**Mr. SUN**”) as the chairman of the Company (the “**Chairman**”) with effect from 1 September 2023 (the “**Appointment**”) following Dr. MA Weihua’s resignation as Director and chairman of the Company on the same date, Mr. SUN has been serving as both the Chairman and the chief executive officer of the Company. However, the Board is of the view that the Appointment facilitates the execution of the Group’s business strategies and enhance efficiency of its operation, which the Board considers to be beneficial to the Company and its shareholders as a whole.

In addition, the Board currently comprises three executive Directors (including Mr. SUN) and three independent non-executive Directors, each of which represents half members of the Board. The Board is therefore structured to ensure the balance of power and authority to provide sufficient checks and balance for good corporate governance and to protect the interests of the Company and its shareholders as a whole.

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 C3 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 2023.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed the annual results of the Group for the year ended 31 December 2023 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 2023 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 and other comprehensive income and the related notes thereto for the year ended 31 December 2023 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 Hong Kong Institute of Certified Public Accountants 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 2023. 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 possible 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 2023 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 detailed in our auditor's report dated 29 March 2023, we expressed a qualified opinion on the consolidated financial statements of Group as at and for the year ended 31 December 2022 due to the scope limitations on the carrying values of the Group's interest in a private equity fund (the "**Fund**") accounted for as financial assets at fair value through profit or loss and the corresponding net unrealised fair value loss.

As at 31 December 2022 and 2023, the Fund's carrying value includes the Group's interest in 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**").

As detailed in note 19, the AMC Bond was matured in February 2022. Up to the date of this report, the bond is still not redeemed by AMC. In addition, the trading of AMC's shares had been suspended on the Stock Exchange since 1 April 2022 and AMC had not published its financial information for any financial period after the six months ended 30 June 2021. Subsequent to the Group's audited consolidated financial statements for the year ended 31 December 2022, AMC has published its audited consolidated financial statements for the years ended 31 December 2021 and 2022, and its interim financial information for the periods ended 30 June 2022 and 2023. And the trading of its shares has been resumed on 6 November 2023.

Based on AMC's recent published financial information, management conducted fair value assessment on the AMC Bond with the assistance of an independent valuer, and determined that the fair value of Group's interest in AMC Bond amounted to approximately HK\$11,443,000 as at 31 December 2023. Together with the quoted price of the Group's interest in AMC Shares of approximately HK\$2,715,000 as at 31 December 2023, an unrealised fair value loss of approximately HK\$5,793,000 on the Group's interests in the AMC Bond and AMC Shares was recognised for the year ended 31 December 2023. We have obtained sufficient appropriate audit evidence relating to the carrying values of the Group's interests in the AMC Bond and AMC Shares as at 31 December 2023.

However, since the scope limitations on the carrying values of the AMC Bond and AMC Shares as at 31 December 2022 and affecting the corresponding unrealised fair value loss recognised in profit or loss for the year ended 31 December 2022, our opinion on the current year's consolidated financial statements is inevitably being modified because of the possible effects on the current year's unrealised fair value loss recognised, and the comparability of the current year's figures and the corresponding figures in respect of the Group's consolidated financial performance and consolidated financial position.

In respect of the EV Bond, as also detailed in note 19, the bond was matured in January 2022. Up to the date of this report, the bond is still not redeemed by the issuer and no audited financial information of EV for all years since 31 December 2021 have been provided by EV to the Fund or to the Group.

Based on the net assets statements of the Fund and limited available financial information and relevant supporting information of EV, management conducted fair value assessments on EV Bond with the assistance from an independent valuer, and determined the fair value of the Group's interest in the EV Bond is approximately HK\$5,979,000 as at 31 December 2023, resulting an unrealised gain of approximately HK\$682,000 recognised for the year ended 31 December 2023. Neither the Fund nor the Group were provided with sufficient and appropriate information about the status of the operations and financial position of EV for management's and valuer's assessments of the recoverability and the carrying value of the Group's interests in the EV Bond as at 31 December 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 the EV Bond as at 31 December 2022 and 2023. As a consequence, we were unable to assess the fair value of the EV Bond and there were no other satisfactory procedures that we could perform to determine whether any adjustments to the Group's interests in the EV Bond as at 31 December 2023 are necessary. Any adjustments to the carrying value of the Group's interests in the EV Bond as at 31 December 2022 and 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 years ended 31 December 2022 and 2023.

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 2023 annual report of the Company containing all relevant information required under the Listing Rules will be published on the aforementioned websites in due course and dispatched to the Shareholders upon request.

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

Hong Kong, 26 March 2024

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