BISON FINANCE GROUP LIMITED
貝森金融集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 888)

2018 ANNUAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The directors of Bison Finance Group Limited (the "Company") (the "Directors") submit herewith the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018, together with the relevant comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

(Expressed in Hong Kong dollars)

	Note	**2018**	2017
		$'000	$'000
Revenue	3 & 4	**414,008**	348,449
Other revenue	5	**9,918**	10,759
Other net (loss)/income	5	**(1,479)**	14,274
Total operating revenue		**422,447**	373,482
Operating expenses			
Royalty, licence and management fees		**(184,075)**	(194,574)
Cost of production		**(74,839)**	(69,548)
Cost of services		**(2,418)**	—
Staff expenditure		**(89,813)**	(66,598)
Depreciation and amortisation		**(8,058)**	(4,764)
Repairs and maintenance		**(897)**	(2,211)
Reversal of provision/(provision) for impairment loss on accounts receivable		**185**	(2,858)
Reversal of provision for impairment loss on other receivable		**3,600**	—
Provision for impairment loss on property, plant and equipment		**—**	(37)
Reversal of provision for onerous contracts, net	16	**545**	13,910
Gain on deregistration of a subsidiary		**13,725**	—
Other operating expenses		**(57,354)**	(48,139)
Total operating expenses		**(399,399)**	(374,819)
Profit/(loss) from operations		**23,048**	(1,337)
Finance costs	6(a)	**(236)**	—
Profit/(loss) before taxation	6	**22,812**	(1,337)
Income tax	7	**(6,555)**	(6,190)
Profit/(loss) for the year		**16,257**	(7,527)
Attributable to:			
Equity shareholders of the Company		**16,257**	(6,577)
Non-controlling interests		**—**	(950)
Profit/(loss) for the year		**16,257**	(7,527)
Earnings/(loss) per share (in Hong Kong cents)			
Basic and diluted	9	**1.45**	(0.66)

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

Details of dividends payable to equity shareholders of the Company attributable to the year are set out in note 8.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

(Expressed in Hong Kong dollars)

	2018	2017
	$'000	$'000
Profit/(loss) for the year	**16,257**	(7,527)
Other comprehensive income for the year (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of the financial statements of operations outside Hong Kong, net of tax	**(8,438)**	1,394
Release upon deregistration of a subsidiary	**(13,725)**	—
	(22,163)	1,394
Total comprehensive income for the year	**(5,906)**	(6,133)
Attributable to:		
Equity shareholders of the Company	**(5,906)**	(5,183)
Non-controlling interests	**—**	(950)
Total comprehensive income for the year	**(5,906)**	(6,133)

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

(Expressed in Hong Kong dollars)

	Note	**2018**	2017
		$'000	$'000
Non-current assets			
Property, plant and equipment		**40,751**	15,491
Intangible assets		**68,525**	—
Goodwill	10	**217,176**	40,770
Non-current prepayments and deposits		**54,843**	3,218
Deferred tax assets		**4,252**	7,042
		385,547	66,521
Current assets			
Accounts receivable	11	**142,023**	91,737
Loan receivable	12	**25,080**	26,400
Other receivables and deposits		**24,113**	57,305
Other financial assets at fair value through profit or loss		**29,650**	—
Current tax recoverable		**1,475**	1,756
Pledged bank deposits	13	**98,698**	98,248
Bank deposits and cash		**245,737**	250,305
		566,776	525,751
Current liabilities			
Accounts payable	14	**4,043**	29
Other payables and accruals		**53,775**	95,227
Contract liabilities		**53,592**	—
Finance lease liabilities		**3,346**	151
Promissory notes	15	**100,000**	—
Provision for onerous contracts	16	**—**	545
Current tax payable		**1,627**	835
		216,383	96,787
Net current assets		**350,393**	428,964
Total assets less current liabilities		**735,940**	495,485
Non-current liabilities			
Finance lease liabilities		**3,289**	590
Deferred tax liabilities		**10,557**	194
		13,846	784
NET ASSETS		**722,094**	494,701

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2018

(Expressed in Hong Kong dollars)

	2018	2017
	$'000	$'000
CAPITAL AND RESERVES		
Share capital	**118,487**	99,737
Reserves	**603,607**	386,694
Total equity attributable to equity shareholders of the Company	**722,094**	486,431
Non-controlling interests	**—**	8,270
TOTAL EQUITY	**722,094**	494,701

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

1. BASIS OF PREPARATION

The annual results set out in the announcement do not constitute the Group's financial statements for the year ended 31 December 2018 but are extracted from those financial statements.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

(i) HKFRS 9, Financial instruments
(ii) HKFRS 15, Revenue from contracts with customers

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(i) HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, Financial instruments recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on accumulated losses at 1 January 2018.

	$'000
Accumulated losses	
Reversal of expected credit losses on accounts receivable	1,493
Net decrease in accumulated losses at 1 January 2018	1,493

Further details of the nature and effect of the changes to the previous accounting policies and the transition approach are set out below:

a. Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost (including accounts receivable, loans receivable, other receivables and deposits, pledged bank deposits, bank deposits and cash).

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

	$'000
Loss allowance at 31 December 2017 under HKAS 39	9,192
Reversal of expected credit losses on accounts receivable recognised at 1 January 2018	(1,493)
Loss allowance at 1 January 2018 under HKFRS 9	7,699

b. Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in accumulated losses and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

(ii) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKFRS 18, Revenue, which covered revenue arising from sale of goods and rendering of services.

The Group has elected to use the cumulative effect transition method. Therefore, comparative information has not been restated and continues to be reported under HKFRS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018. The Group assessed that initial application of HKFRS 15 would have no impact on the opening balance of equity at 1 January 2018.

HKFRS 15 does not have material impact to the Group's consolidated financial statements except the recognition of receivables and contract liabilities in the consolidated statement of financial position. Further details are set out below:

Recognition of receivables and contract liabilities

Previously, the Group recognised accounts receivable when the Group issued invoice to customers before the transfer of goods or services and the payment is due, with the corresponding credit being recognised as deferred income under "other payables and accruals" in the consolidated statement of financial position.

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. Before the transfer of goods or services, a receivable is not recognised until the payment becomes due. Accordingly, the Group no longer recognises accounts receivable and deferred income upon invoice issuance when the goods or services have not been transferred and the payment is not due yet.

To reflect these changes the Group has made the following adjustments at 1 January 2018, as a result of the adoption of HKFRS 15:

(i) "accounts receivable" amounting to approximately $954,000 and "deferred income" amounting to approximately $954,000 (previously included in "other payables and accruals") are derecognised.

(ii) "deferred income" amounting to approximately $49,967,000 which was previously included in "other payables and accruals" is now included under "contract liabilities" as a separate line item in the consolidated statement of financial position.

3. SEGMENT REPORTING

The Group manages its businesses by business line (products and services) and has reportable operating segments as follows:

(a) Financial services - investment advisory services business, fund management business and insurance brokerage business; and

(b) Media - provision of media sales, design and management services and production of advertisements.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before interest and tax. The adjusted profit/loss is measured consistently with the Group's profit before tax except that certain income and gains/losses, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets and liabilities include all current and non-current assets and liabilities, respectively, which are directly managed by the segments, excluding unallocated head office and corporate assets and liabilities as these assets and liabilities are managed on a group basis.

There are no sales between the reportable segments.

The Group manages its business by geographical areas for the year ended 31 December 2017. During the year ended 31 December 2018, management has revisited the reportable segments and the Group's internal reporting. After taking into account the future strategic plan and size of the recently acquired operations, it is determined that the investment advisory services business and fund management business acquired in December 2018 and the insurance brokerage business acquired in December 2017 be grouped under the financial services segment; while the media and advertising business be grouped under the media segment. The corresponding segment information for the year ended 31 December 2017 has been restated.

Information regarding the Group's reportable segments for the years ended 31 December 2018 and 2017 is set out below.

(a) Reportable segment revenues, profit or loss, assets and liabilities:

	Financial services		**Media**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017
	$'000	$'000 (Restated)	**$'000**	$'000 (Restated)	**$'000**	$'000 (Restated)
Disaggregated by timing of revenue recognition						
Point in time	**31,945**	684	**188,994**	154,156	**220,939**	154,840
Over time	**1,547**	—	**191,522**	194,293	**193,069**	194,293
Revenue from external customers	**33,492**	684	**380,516**	348,449	**414,008**	349,133
Reportable segment revenue	**33,492**	684	**380,516**	348,449	**414,008**	349,133
Reportable segment profit/(loss)	**21,161**	(103)	**18,109**	14,277	**39,270**	14,174
Other revenue and other net income	**122**	—	**16**	19,425	**138**	19,425
Interest income from bank deposits	**74**	—	**24**	2,011	**98**	2,011
Interest expense	**—**	—	**(86)**	—	**(86)**	—
Depreciation and amortisation	**(428)**	(6)	**(7,020)**	(4,758)	**(7,448)**	(4,764)
Gain on deregistration of a subsidiary	**—**	—	**13,725**	—	**13,725**	—
Reversal of provision/(provision) for impairment of						
- property, plant and equipment	**—**	—	**—**	(37)	**—**	(37)
- accounts receivable	**—**	—	**185**	(2,858)	**185**	(2,858)
- other receivable	**3,600**	—	**—**	—	**3,600**	—
Reversal of provision for onerous contracts, net	**—**	—	**545**	13,910	**545**	13,910
Reportable segment assets	**404,027**	51,548	**319,274**	342,588	**723,301**	394,136
Additions to non-current segment assets during the year	**10,749**	—	**19,630**	7,176	**30,379**	7,176
Reportable segment liabilities	**22,181**	3,471	**100,580**	89,373	**122,761**	92,844

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities are as follows:

	2018 $'000	2017 $'000 (Restated)
Revenue		
Reportable segment revenue	**414,008**	349,133
Consolidated revenue	**414,008**	349,133

	2018 $'000	2017 $'000 (Restated)
Profit or loss		
Reportable segment profit	**39,270**	14,174
Finance cost	**(236)**	—
Unallocated other revenue and other net (loss)/income	**8,301**	4,924
Unallocated head office and corporate expenses and others	**(24,523)**	(20,435)
Consolidated profit/(loss) before taxation	**22,812**	(1,337)

	2018 $'000	2017 $'000 (Restated)
Assets		
Reportable segment assets	**723,301**	394,136
Unallocated head office and corporate assets and others	**229,022**	198,136
Consolidated total assets	**952,323**	592,272

	2018 $'000	2017 $'000 (Restated)
Liabilities		
Reportable segment liabilities	**122,761**	92,844
Unallocated head office and corporate liabilities and others	**107,468**	4,727
Consolidated total liabilities	**230,229**	97,571

4. REVENUE

The Group is principally engaged in the provision of media sales and design services and production of advertisements for transit vehicle exteriors and interiors, online portal, mobile apps, shelters, outdoor signages advertising businesses and the provision of integrated marketing services covering these advertising platforms. During the year ended 31 December 2018, the Group started to engage in insurance brokerage services and other financial services.

An analysis of the Group's revenue for the year is as follows:

	2018	2017
	$'000	$'000
Income from media sales, design and management services, production of advertisements	**380,516**	348,449
Fund management service income	**15,910**	—
External asset management advisory commission income	**556**	—
Insurance brokering service income	**17,026**	—
	414,008	348,449

5. OTHER REVENUE AND OTHER NET (LOSS)/INCOME

(a) Other revenue

	2018	2017
	$'000	$'000
Net unrealised gains on financial assets at fair value through profit or loss	**11**	—
Interest income from bank	**3,596**	5,260
Other interest income	**6,151**	—
Insurance brokering service income	**—**	684
Sundry revenue	**160**	4,815
	9,918	10,759

(b) Other net (loss)/income

	2018	2017
	$'000	$'000
Exchange (loss)/gain	**(1,458)**	12,287
(Loss)/gain on disposal of property, plant and equipment	**(21)**	1,987
	(1,479)	14,274

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

(a) Finance costs

	2018	2017
	$'000	$'000
Finance lease charges	**137**	—
Interest on promissory note	**99**	—
	236	—

(b) Staff costs

	2018	2017
	$’000	$’000
Directors’ emoluments	**5,625**	5,854
Contributions to defined contribution retirement schemes	**3,643**	1,498
Salaries and other benefits	**80,545**	59,246
	89,813	66,598

(c) Other items

	2018	2017
	$’000	$’000
Auditor’s remuneration	**3,027**	3,149
Depreciation and amortisation	**8,058**	4,764
Operating lease charges		
– land and buildings	**7,069**	3,355

7. INCOME TAX

	2018	2017
	$’000	$’000
Current tax		
Provision for Hong Kong Profits Tax for the current year	**3,533**	2,211
(Over)/under-provision in respect of prior years	**(98)**	153
	3,435	2,364
Provision for PRC corporate income tax	**727**	419
Over-provision in respect of prior years	**(260)**	—
	3,902	2,783
Deferred tax		
Reversal and origination of temporary differences	**2,653**	3,407
Income tax expense	**6,555**	6,190

The provision for Hong Kong Profits Tax for the year is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year. Taxation for subsidiaries in the PRC is charged at the appropriate current rates of taxation ruling in the PRC.

8. DIVIDENDS

(a) Dividend payable to equity shareholders of the Company attributable to the year:

	2018	2017
	$'000	$'000
Final dividend proposed after the end of the reporting period of nil cent per share (2017: nil cent per share)	**—**	—

(b) No final dividend in respect of the financial year ended 31 December 2017 approved and paid during the year (2017: $Nil).

9. EARNINGS/LOSS PER SHARE

(a) Basic earnings/loss per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary equity shareholders of the Company of approximately $16,257,000 (2017: loss of approximately $6,577,000) and the weighted average of 1,122,373,464 ordinary shares (2017: 997,365,332 ordinary shares) in issue during the year. The weighted average number of ordinary shares is arrived at after deducting the shares held for the share award scheme (the "Share Award Scheme").

(b) Diluted earnings/loss per share

There were no dilutive potential ordinary shares outstanding during the years ended 31 December 2018 and 2017 and diluted earnings/loss per share is the same as basic earnings/loss per share.

10. GOODWILL

	$'000
Cost and net carrying amount:	
At 1 January 2017	—
Acquisition of subsidiaries (note (a))	40,770
At 31 December 2017 and 1 January 2018	40,770
Acquisition of subsidiaries (note (b))	**178,444**
Exchange adjustment	**(2,038)**
At 31 December 2018	**217,176**

Notes:

(a) On 14 December 2017, the Group acquired 100% controlling stake in Ankai (Tianjin) Economic Information Consulting Co., Ltd. ("Ankai Tianjin"), which held 100% equity interest of China Sports Insurance Broker Co., Ltd. ("CSIB"), for a total cash consideration of RMB40,000,000 (equivalent to $48,000,000), through certain structured contracts. The principal activity of Ankai Tianjin is investment holding while that of CSIB is insurance brokerage.

Details of the fair value of the identifiable net assets of Ankai Tianjin and CSIB and goodwill in respect of the acquisition at the acquisition date were as follows:

	$'000
Consideration transferred	48,000
Fair value of identifiable net assets	(7,230)
Goodwill on acquisition	40,770

(b) As disclosed in the Company's announcement dated 23 January 2018 and circular dated 28 February 2018, Bison Financial (Hong Kong) Limited ("Bison Financial"), a wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") to purchase the entire issued share capital in Target Capital Management Limited ("TCM") for a consideration of $270,000,000 (the "Acquisition"). Pursuant to the Agreement, among others, the vendors of TCM shall procure the respective shareholders of BTS Investment Limited, BTY Investment Limited, NanTai Investment Limited and Shangtai Asset Management Limited (collectively, the "Subject Companies"), to which TCM is the investment adviser of the Subject Company's offshore private equity funds, to sell the entire issued share capital of the Subject Companies to Bison Financial or any subsidiaries of the Company at a nominal consideration of $1 each on or before the completion of the Agreement.

TCM held SFC license to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities and is principally engaged in (i) external asset management and (ii) investment advisory services to fund management businesses. The Subject Companies are the fund managers/general partners of offshore private equity funds.

Details of the fair value of the identifiable net assets of TCM and Subject Companies and goodwill in respect of the acquisition at the acquisition date were as follows:

	$'000
Consideration transferred:	
- Cash	**50,000**
- Promissory note	**220,000**
Fair value of identifiable net assets	**(91,556)**
Goodwill on acquisition	**178,444**

11. ACCOUNTS RECEIVABLE

	At 31 December 2018	At 1 January 2018	At 31 December 2017
		notes (i)&(ii)	notes (i)&(ii)
	$'000	$'000	$'000
Accounts receivable	**142,023**	92,276	91,737

Notes:

(i) Upon the adoption of HKFRS 9, an opening adjustment as at 1 January 2018 was made to reverse the ECLs on accounts receivable (see note 2(i)).

(ii) Upon the adoption of HKFRS 15, some of the accounts receivable, for which the Group's entitlement to the consideration was conditional, were derecognised (see note 2(ii)).

(a) Ageing analysis

Details of the ageing analysis of accounts receivable that are neither individually nor collectively considered to be impaired at the end of the reporting period are as follows:

	2018	2017
	$'000	$'000
Neither past due nor impaired	**75,714**	60,561
Within one month past due	**37,956**	12,858
Over one month but within two months past due	**12,418**	7,513
Over two months but within three months past due	**6,698**	4,547
Over three months but within one year past due	**8,165**	6,033
Over one year past due	**1,072**	225
	142,023	91,737

According to the Group's credit policy, credit period granted to customers is generally within 90 days. Therefore, all the balances which are not past due as disclosed above are within three months from the invoice date.

All of the accounts receivable are expected to be recovered within one year.

(b) Impairment of accounts receivable

Impairment losses in respect of accounts receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against accounts receivable directly.

The movement in the loss allowance account in respect of accounts receivable during the year is as follows:

	2018	2017
	$'000	$'000
At 1 January	**9,192**	6,334
Reversal of expected credit loss on accounts receivable upon initial adoption of HKFRS 9	**(1,493)**	—
	7,699	6,334
Impairment loss (reversed)/recognised	**(185)**	2,858
Uncollectible amounts written off	**(8)**	—
At 31 December	**7,506**	9,192

12. LOAN RECEIVABLE

The loan was made to a third party. The balance is unsecured, interest-bearing and repayable within one year.

13. PLEDGED BANK DEPOSITS

Pursuant to certain licence agreements between subsidiaries of the Company and independent third parties, bank guarantees have been provided to the independent third parties in respect of the subsidiaries' due performance and payment under the respective licence agreements. The Company has pledged bank deposits of approximately $97,248,000 (2017: approximately $97,248,000) to banks for the bank guarantees issued.

The remaining deposit amounting to $1,450,000 (2017: $1,000,000) have been pledged to secure banking facilities granted to the Group.

14. ACCOUNTS PAYABLE

Details of the ageing analysis of accounts payable at the end of the reporting period are as follows:

	2018	2017
	$'000	$'000
Due within one month	**4,043**	29

Credit period granted to the Group by suppliers is generally within 90 days. Above balances are all within three months from the invoice date.

All of the accounts payable are expected to be settled within one year.

15. PROMISSORY NOTES

The movement of the promissory notes are set out below:

	2018	2017
	$'000	$'000
Issue of promissory note (note (i))	**100,000**	—
Issue of promissory notes upon acquisition of subsidiaries (note (ii))	**220,000**	—
Redemption of promissory notes (note (ii))	**(220,000)**	—
At 31 December 2018	**100,000**	—

Notes:

(i) On 28 December 2018, the Company issued promissory note in the principal amount of $100,000,000 to Kinetic Creation Global Investments Limited, a wholly-owned subsidiary of CCB International (Holdings) Limited. The promissory note bears interest at a rate of 9% per annum and has a term of one calendar year.

(ii) On 14 December 2018, upon the acquisition of subsidiaries as disclosed in note 10(b), a wholly-owned subsidiary of the Company issued promissory notes in the principal amount of $220,000,000 as a part of the consideration. The promissory notes bear interest rate of 3% per annum and were redeemed by the subsidiary on the even date.

16. PROVISION FOR ONEROUS CONTRACTS

Given the increasingly keen price and market competition, a provision was made for onerous contracts relating to the Group's outdoor signages advertising business. The Group assessed that the unavoidable costs of meeting the obligations under related licences, which were all non-cancellable, may exceed the economic benefits expected to be received therefrom and, therefore, considered these licences to be onerous contracts. Consequently, a provision for onerous contracts of approximately $545,000 was recognised for the year ended 31 December 2017.

The Group remeasured the provision for onerous contracts and considered that following the expiry of the licence on 30 June 2017, it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation as at 31 December 2018. A reversal of provision for onerous contracts of approximately $545,000 was recognised for the year ended 31 December 2018 (2017: approximately $14,455,000).

17. COMMITMENTS

(a) Capital commitments

At 31 December 2018, the Group had the following capital commitments in relation to the purchase of property, plant and equipment and investment in subsidiaries not provided for in the financial statements:

	2018	2017
	$'000	$'000
Contracted for		
Property, plant and equipment	**14,993**	1,960
Investment in subsidiaries	**7,334**	11,524
	22,327	13,484

(b) Operating lease commitments

At 31 December 2018, the Group's total future minimum lease payments under non-cancellable operating leases in respect of property and equipment are payable as follows:

	2018	2017
	$'000	$'000
Within 1 year	**10,445**	5,028
After 1 year but within 5 years	**5,512**	1,829
	15,957	6,857

The Group leases property and equipment under operating leases. The leases run for an initial period of 1 to 5 years, with an option to renew the leases when all terms are renegotiated. The leases do not include any contingent rentals.

(c) Other commitments

Under certain exclusive licences to (i) conduct media sales agency and management business on selected bus shelters, (ii) solicit advertising business in respect of the interior and exterior panels of buses operated by The Kowloon Motor Bus Company (1933) Limited ("KMB") and Long Win Bus Company Limited ("Long Win"), and (iii) solicit advertising business on billboards and other advertising spaces owned by independent third parties, the Group has committed to pay licence fees or royalty fees at a pre-determined percentage of the net advertising rental received, subject to a guaranteed minimum amount, as at 31 December 2018 and 2017. Such licences will expire in periods ranging from 2019 to 2022. The future minimum guaranteed licence fees and royalty fees are payable as follows:

	2018	2017
	$'000	$'000
Within 1 year	**191,720**	180,432
After 1 year but within 5 years	**212,047**	400,767
	403,767	581,199

The above licences typically run for an initial period of 32 to 72 months, and certain of the licences contain an option to renew the licence when all terms are renegotiated.

18. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

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, entered into a subscription agreement (the "Subscription Agreement"), pursuant to which Premier Future has applied to subscribe for limited partner interests in BeiTai Investment LP (the "Investment Fund"), with a capital commitment of $93,000,000.

In connection with the Subscription Agreement, on 22 February 2019, the General Partner, Premier Future and the other limited partners also entered into a limited partnership agreement in relation to, among other things, the operation and management of the Investment Fund.

Details of the transaction have been disclosed in the Company's announcement dated 22 February 2019.

19. SCOPE OF WORK OF AUDITORS

The financial figures in respect of 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 2018 as set out in the preliminary announcement have been compared by the Group's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditors.

BUSINESS RESULTS

For the year ended 31 December 2018, the Group reported total operating revenue of approximately HK$422.4 million, representing an increase of approximately 13.1% from the operating revenue of approximately HK$373.5 million of the previous year. Profit attributable to equity shareholders of the Company was approximately HK$16.3 million for the year ended 31 December 2018, compared with loss of approximately HK$6.6 million for 2017. The profit for the year was mainly attributable to profit contributed by Financial Services segment of approximately HK$21.2 million, increased segment profit attributable to Media segment of approximately HK$3.8 million with satisfactory performance achieved for BUS-BODY and BUS-SHELTER, one-off gain on deregistration of a subsidiary of approximately HK$13.7 million, net off by decrease in net reversal of provision for onerous contracts of approximately HK$13.4 million and increased overall operation costs of approximately HK$2.4 million. As at 31 December 2018, the Group had bank deposits and cash of approximately HK$245.7 million (2017: approximately HK$250.3 million).

Operating Revenue

For the year ended 31 December 2018, the Group reported total operating revenue of approximately HK$422.4 million, of which approximately HK$33.5 million was from the Financial Services segment, approximately HK$380.5 million was from Media segment and approximately HK$8.4 million was from other revenue and other net income. Revenue generated from the Media segment was approximately HK$380.5 million in 2018 compared with approximately HK$348.4 million in 2017, representing approximately 9.2% increase mainly resulting from BUS-BODY and BUS-SHELTER. Revenue generated from Financial Services segment was approximately HK$33.5 million in 2018 representing revenue from Target Capital Management Limited ("TCM"), BTS Investment Limited, BTY Investment Limited, NanTai Investment Limited and Shangtai Asset Management Limited (collectively, the "Subject Companies") after 14 December 2018, and brokerage income generated from insurance brokerage services in the People's Republic of China (the "PRC") during the year.

Operating Expenses

The Group's operating expenses increased by approximately HK$24.6 million, from approximately HK$374.8 million in 2017 to approximately HK$399.4 million in 2018 as a result of the increase in cost of production and services of approximately HK$7.7 million, the increase in staff expenditures of approximately HK$23.2 million, the increase in depreciation and amortisation of approximately HK$3.3 million, the decrease in net reversal of provision for onerous contracts of approximately HK$13.4 million and general increase in other operating expenses of approximately HK$7.8 million, net off by the increase in net reversal of accounts and other receivables of approximately HK$6.6 million, one-off gain on deregistration of a subsidiary of approximately HK$13.7 million and the decrease in royalty, licence and management fees by approximately HK$10.5 million.

BUSINESS OVERVIEW

In January 2018, the Group has entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of TCM and the Subject Companies. TCM is principally engaged in (i) external asset management and (ii) provision of investment advisory services to fund managers and/or general partners of offshore private equity funds. The Subject Companies are the fund managers or general partners of several offshore private equity funds.

Completion of the aforesaid transaction took place on 14 December 2018, TCM and the Subject Companies have become wholly-owned subsidiaries of the Company. Upon completion of the transaction, the Group has started to engage in financial services business through TCM and the Subject Companies.

During the year under review, the Group continued to engage in insurance brokerage business relating to sports (the "Insurance Brokerage Business") in the PRC, which included the provision of insurance brokerage service, risk assessment and advisory services in relation to sport events. With a view to enlarge our market share in insurance brokerage business in the PRC, the Group also commenced new insurance brokerage business in relation to life insurance products in the second half of 2018, which is expected to provide stable source of income to the Group in the long term.

Since the year ended 31 December 2018, the investment advisory services business and fund management business, together with the Insurance Brokerage Business, formed a new business segment of the Group (the "Financial Services Business").

During the year under review, the Group continued to develop its media and advertising business (the "Media Business") in Hong Kong. Although notable for increasingly fierce competition, BUS-BODY achieved satisfactory performance in 2018. For BUS-SHELTER advertising, the Group has been making new investments in digital panels as 4-dimension interactive advertising platform at bus shelters in Hong Kong which was launched during the year under review to drive the growth of the Media Business.

PROSPECTS

It is expected that the global economy will still be impacted by trade friction and geopolitical tensions in the coming years. Despite the economic uncertainty, the Group will support the sustainable development of the Media Business and look for ways to accelerate the growth of the Financial Services Business. Looking forward, the Group will continue to identify other investment opportunities and explore further opportunities for investments in the Financial Services Business to broaden its business portfolio and income stream and maximise returns for its Shareholders. We are optimistic that the Financial Services Business will become a key driver of the Group. Meanwhile, we will cautiously monitor market change and impose robust control measures to improve cost efficiency and risk management which will provide a solid foundation for sustainable growth in the future.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity and financial resources

On 13 April 2018, the Company entered into a placing agreement with a placing agent to place 187,500,000 new shares on a best effort basis at the placing price of HK$1.44 per share (the "Placing"). The Placing was completed on 24 April 2018 and all the net proceeds have been fully utilised as intended and disclosed in the Company's announcement dated 13 April 2018.

At 31 December 2018, the Group's bank deposits and cash amounted to approximately HK$245.7 million (2017: approximately HK$250.3 million), denominated in Hong Kong dollars, US dollars, Euro, Singapore dollars and Renminbi. Apart from providing working capital to support its media sales, the Group maintains a strong cash position to meet the potential needs for business expansion and development.

At 31 December 2018, the Group's indebtedness comprised finance lease liabilities and promissory note of approximately HK$106.6 million. The finance lease liabilities and promissory note obligations carried interests ranging from 6% to 9% per annum in which all of the indebtedness are carrying fixed interest rates. The indebtedness shall be repayable in 1 to 3.5 years. The gearing ratio, representing the ratio of total indebtedness to the total share capital and reserves of the Group was 14.8% at 31 December 2018 (2017: 0.1%). The Group did not have any bank borrowings at 31 December 2017.

At 31 December 2018, the Group had stand-by banking facilities totalling HK$30.0 million (2017: HK$30.0 million).

At 31 December 2018, the Group had net current assets of approximately HK$350.4 million (2017: approximately HK$429.0 million) and total assets of approximately HK$952.3 million (2017: approximately HK$592.3 million).

Charge on assets

At 31 December 2018, bank deposits of approximately HK$98.7 million (2017: approximately HK$98.2 million) were pledged mainly to secure certain bank guarantees provided by the subsidiaries of the Company to the independent third parties regarding their due performance and payment under certain licence agreements between the subsidiaries of the Company and the independent third parties.

Exposure to fluctuations in exchange rates and related hedges

The Group's monetary assets and transactions are principally denominated in Hong Kong dollars, US dollars and Renminbi. During the year, the Company recognised an exchange loss of approximately HK$1.5 million (2017: exchange gain of approximately HK$12.3 million) due to the depreciation of the Euro against Hong Kong dollars. During the year, 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 exposure in 2018.

Capital expenditures and capital commitments

Capital expenditures incurred by the Group during 2018 amounted to approximately HK$36.9 million (2017: approximately HK$7.2 million).

Capital commitments contracted for but not provided for in the financial statements of the Group at 31 December 2018 amounted to approximately HK$22.3 million (2017: approximately HK$13.5 million).

Contingent liabilities

The Group did not have any significant contingent liabilities at 31 December 2018 and 2017.

EMPLOYEES AND EMOLUMENT POLICIES

At 31 December 2018, the Group had 179 full-time employees. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, it offers a performance bonus scheme to its senior staff based on achievement of business objectives and a sales commission scheme to its sales team based on achievement of advertising revenue targets. The Group has adopted a provident fund scheme for its employees in Hong Kong as required under the Mandatory Provident Fund Schemes Ordinance.

The Company adopted a share option scheme on 8 June 2018, under which the Company can grant options to, among others, employees of the Group to subscribe for 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.

The Company also adopted a share award scheme (the “Share Award Scheme”) on 24 August 2018 which complement the share option scheme of the Company, under which shares of the Company may be awarded to, among others, selected employees of the Group for providing them with incentives to continuously make substantial contributions for the long-term growth of the Group in the future and aligning their interests directly to the shareholders of the Company through ownership of shares of the Company.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: HK$Nil).

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

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities, except that the trustee of the Share Award Scheme purchased a total of 24,644,000 shares of the Company on the market at a total cost of HK$29,405,660 (excluding all related expenses, transaction levy, brokerage, tax, duties and levies) pursuant to the terms of the

Share Award Scheme.

PRE-EMPTIVE RIGHTS

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2018 with the exception of code provisions A.2.7 and E.1.2 as described below.

For the year ended 31 December 2018, the Chairman of the Company did not hold meeting with the non-executive Directors (including independent non-executive Directors) without the executive Directors present as stipulated in code provision A.2.7 and was unable to attend the annual general meeting of the Company held on 8 June 2018 as stipulated in code provision E.1.2 due to other business engagement.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own Code for Securities Transactions by Directors (the "Securities Code") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of the Listed Issuers set out in Appendix 10 to the Listing Rules. In response to a specific enquiry by the Company, all Directors confirmed that they have complied with the Securities Code throughout the year 2018.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2018.

PUBLICATION OF ANNUAL REPORT

The 2018 Annual Report will be dispatched 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, 22 March 2019

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