



貝森金融集團

Bison Finance Group

BISON FINANCE GROUP LIMITED

貝森金融集團有限公司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立的有限公司)

Stock code 股份代號 : 888

2019

INTERIM REPORT 中期報告

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The directors of Bison Finance Group Limited (the “Company”) (the “Directors”) submit herewith the unaudited consolidated statement of profit or loss, unaudited consolidated statement of profit or loss and other comprehensive income, unaudited consolidated statement of changes in equity and unaudited condensed consolidated cash flow statement of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2019 and the unaudited consolidated statement of financial position of the Group at 30 June 2019, together with the comparative figures for the six months ended 30 June 2018 and at 31 December 2018 respectively.

FINANCIAL REVIEW

Profit attributable to equity shareholders of the Company was approximately HK\$26.8 million for the six months ended 30 June 2019 (six months ended 30 June 2018: loss of approximately HK\$22.2 million), whilst profit from operations was approximately HK\$34.3 million for the six months ended 30 June 2019 (six months ended 30 June 2018: loss of approximately HK\$20.2 million). The increase in profit attributable to equity shareholders of the Company for the current period was mainly attributable to the increase in net unrealised gains on financial assets at fair value through profit or loss of approximately HK\$69.0 million, the increase in profit contributed by financial services business (the “Financial Services Business”) of approximately HK\$13.7 million, the increased segment profit attributable to media and advertising business (the “Media Business”) of approximately HK\$8.4 million with satisfactory performance achieved for BUS-BODY and BUS-SHELTER, net off by the increase in share-based payment expenses and staff costs of approximately HK\$20.6 million and approximately HK\$5.8 million respectively and the increased overall operation costs of approximately HK\$15.7 million. Please refer to note 3 to the financial statements for further details of financial performance of operating segments of the Group.

Operating Revenue

For the six months ended 30 June 2019, the Group reported total operating revenue of approximately HK\$304.6 million (six months ended 30 June 2018: approximately HK\$169.2 million), representing an increase of 80% from last period, of which approximately HK\$186.0 million was from the Media Business (six months ended 30 June 2018: approximately HK\$160.4 million), approximately HK\$46.1 million was from the Financial Services Business (six months ended 30 June 2018: approximately HK\$6.3 million) and approximately HK\$72.5 million was from other revenue and other net income (six months ended 30 June 2018: approximately HK\$2.5 million). The overall increase in operating revenue was mainly due to the increase in net unrealised gains on financial assets at fair value through profit or loss of approximately HK\$69.0 million and the increase in revenue contributed from the external asset management (“EAM”) and fund management services of approximately HK\$35.1 million.

Operating Expenses

The Group’s operating expenses increased by approximately HK\$81.0 million, representing 42.8% increase from approximately HK\$189.4 million for the six months ended 30 June 2018 to approximately HK\$270.4 million for the six months ended 30 June 2019, mainly due to the increase in staff expenditure of approximately HK\$39.1 million which included the recognition of share-based payment expenses under a share award scheme of approximately HK\$20.6 million during the reporting period, the increase in cost of services of approximately HK\$14.3 million, the increase in royalty, licence and management fees of approximately HK\$5.3 million, the increase in cost of production of approximately HK\$5.7 million and the increase in amortisation of intangible assets of approximately HK\$4.7 million.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2019. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as and when appropriate.

INTERIM DIVIDEND

The Directors do not propose to declare an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: HK\$Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity and Financial Resources

At 30 June 2019, the Group’s bank deposits and cash amounted to approximately HK\$106.1 million (31 December 2018: approximately HK\$245.7 million), which are denominated in Hong Kong dollars, United States (“US”) dollars, Euro, Singapore dollars and Renminbi. Apart from providing working capital to support its existing business, the Group maintains a strong cash position to meet potential needs for business expansion and development.

At 30 June 2019, the Group’s indebtedness comprised a promissory note, bonds and lease liabilities of approximately HK\$122.8 million (31 December 2018: approximately HK\$106.6 million). The promissory note, bonds and lease liabilities obligations carried interest at fixed rates ranging from 2.8% to 9.0% per annum. All of the indebtedness shall be repayable in one to three years. The gearing ratio, representing the ratio of total indebtedness to the total share capital and reserves of the Group was 16.6% at 30 June 2019 (31 December 2018: 14.8%).

At 30 June 2019, the Group had net current assets of approximately HK\$198.0 million (31 December 2018: approximately HK\$350.4 million) and total assets of approximately HK\$985.6 million (31 December 2018: approximately HK\$952.3 million).

Charge on Assets

At 30 June 2019, bank deposits of approximately HK\$98.7 million (31 December 2018: approximately HK\$98.7 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 subsidiaries of the Company and 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, Euros and Renminbi. During the six months ended 30 June 2019, the Company recognised an exchange loss of approximately HK\$0.3 million (six months ended 30 June 2018: approximately HK\$1.2 million) mainly due to the depreciation of the Euro against Hong Kong dollars. During the period, there was no material fluctuation in the exchange rates between Hong Kong dollars and US dollars. The Group did not engage in any transactions involving derivative financial instruments and did not commit to any financial instruments to hedge its financial position exposure during the six months ended 30 June 2019.

Contingent Liabilities

The Group did not have any significant contingent liabilities at 30 June 2019 and 31 December 2018.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2019, the Group had 181 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 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 Group also provides the career development opportunities including internal and external training courses to meet individual needs.

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 of the Company for providing them with the opportunity to acquire proprietary interests in the Company as a reward for their contributions 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 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.

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in the Financial Services Business and the Media Business during the reporting period. The Group will continue to develop our Financial Services Business and Media Business, and will also cautiously formulate plans in developing the Financial Services Business in the future.

(1) Financial Services Business

On 14 December 2018, the Group completed the acquisition of Target Capital Management Limited (“TCM”) and BTS Investment Limited, BTY Investment Limited, NanTai Investment Limited and Shangtai Asset Management Limited (collectively, the “Subject Companies”), and the Group is licensed to engage in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities since then. The assets under management (“AUM”) of EAM climbed to approximately HK\$5.8 billion at 30 June 2019 (31 December 2018: approximately HK\$5.0 billion), while the committed AUM of fund management services fell to approximately HK\$8.4 billion (31 December 2018: approximately HK\$9.4 billion). During the six months ended 30 June 2019, TCM and the Subject Companies contributed approximately HK\$35.1 million (six months ended 30 June 2018: HK\$Nil) of revenue and approximately HK\$27.9 million (six months ended 30 June 2018: HK\$Nil) of operating expenses. During the period, TCM obtained admission as a Participant of The Stock Exchange of Hong Kong Limited to commence its licensed activities in securities trading. The Group will continue to deploy resources to develop its securities business, aiming at broadening its scope of services and developing synergies by providing integrated financial products and services to corporate and individual clients. The Group is of the view that the new businesses will contribute a growing income stream in the future. Despite the uncertainties of global economy brought by trade friction and geopolitical tensions, the Group will continue to make use of the global network, to expand the customer base and support continuous development of the EAM and investment advisory services.

Driven by the development of the domestic sports industry and the increase in overall awareness of health and wealth management, sports related insurance industry maintained a steadily growing momentum in the People’s Republic of China (the “PRC”). The revenue derived from the insurance brokerage business during the six months ended 30 June 2019 amounted to approximately HK\$10.6 million (six months ended 30 June 2018: approximately HK\$6.3 million).

Save as disclosed, the Group has no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2019.

(2) Media Business

The Group continued to be engaged in BUS-BODY advertising, BUS-INTERIOR advertising, BUS-SHELTER advertising, BILLBOARDS advertising, and provision of integrated marketing solutions services in Hong Kong. During the six months ended 30 June 2019, the Media Business recorded revenue of approximately HK\$186.0 million (six months ended 30 June 2018: approximately HK\$160.4 million). The Group shall continue to stretch the interactive capabilities of its digital panels in conjunction with devising more creative domination campaigns, at the bus shelters to drive the growth of this business unit and to explore the possibility of business expansion and collaboration with other entities should opportunities arise.

The Group has been exploring opportunities for investments to diversify income stream and maximise returns for its shareholders. During the reporting period, the Group invested HK\$93.0 million in limited partner interests in BeiTai Investment LP (the “Investment Fund”). The investment objective of the Investment Fund is to generate capital appreciation for its limited partners by investing in debt securities or equity securities of both private and listed companies in Hong Kong or elsewhere 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 Board believes that such investment will enable the Group to capture investment opportunities and increase the efficiency of its financial resources. It is expected that the investment will generate a reasonable return for the duration of the Group’s investments in the Investment Fund. At 30 June 2019, the underlying investments of the Investment Fund represented equity securities listed in Hong Kong. During the six months ended 30 June 2019, the Group recorded an unrealised gain on financial assets at fair value through profit or loss of approximately HK\$69.0 million from the Investment Fund.

With a view to strengthen its business portfolio, the Group will continue to identify other investment opportunities when they arise with an attempt to maximise returns for the shareholders.

Consolidated Statement of Profit or Loss – Unaudited

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 HK\$'000	2018 HK\$'000 (Note)
Revenue	3	232,134	166,666
Other revenue and other net income	4	72,506	2,530
Total operating revenue		304,640	169,196
Operating expenses			
Royalty, licence and management fees		(93,522)	(88,192)
Cost of production		(39,254)	(33,531)
Cost of services		(14,812)	(533)
Staff expenditure		(77,775)	(38,708)
Depreciation and amortisation		(13,378)	(3,498)
Repairs and maintenance		(648)	(337)
(Provision)/reversal of provision for impairment loss on accounts receivable		(353)	454
Provision for impairment loss on loans receivable		(724)	–
Reversal of provision for onerous contracts, net		–	545
Other operating expenses		(29,901)	(25,561)
Total operating expenses		(270,367)	(189,361)
Profit/(loss) from operations		34,273	(20,165)
Finance costs	5(a)	(5,212)	(36)
Profit/(loss) before taxation	5	29,061	(20,201)
Income tax	6	(2,279)	(1,970)
Profit/(loss) for the period attributable to equity shareholders of the Company		26,782	(22,171)
Earnings/(loss) per share (in Hong Kong cents)	8		
Basic and diluted		2.32	(2.08)

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 11 to 35 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 7.

Consolidated Statement of Profit or Loss and Other Comprehensive Income – Unaudited

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000 (Note)
Profit/(loss) for the period	26,782	(22,171)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item 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	5	–
Total comprehensive income for the period attributable to equity shareholders of the Company	26,787	(22,171)

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 11 to 35 form part of this interim financial report.

Consolidated Statement of Financial Position – Unaudited

At 30 June 2019

	Note	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000 (Note)
Non-current assets			
Property, plant and equipment	9	42,608	40,751
Intangible assets		63,861	68,525
Goodwill	10	217,176	217,176
Non-current prepayments and deposits	11	59,660	54,843
Financial assets at fair value through profit or loss	12	161,876	–
Loans receivable	14	6,094	–
Deferred tax assets		2,816	4,252
		554,091	385,547
Current assets			
Accounts receivable	13	124,332	142,023
Loans receivable	14	45,106	25,080
Amount due from a fellow subsidiary		7	–
Other receivables and deposits		55,517	24,113
Other financial assets at fair value through profit or loss		–	29,650
Current tax recoverable		1,670	1,475
Cash held on behalf of clients		67	–
Pledged bank deposits	15	98,698	98,698
Bank deposits and cash	16	106,118	245,737
		431,515	566,776
Current liabilities			
Accounts payable	17	10,557	4,043
Other payables and accruals		46,613	53,775
Contract liabilities		54,244	53,592
Lease liabilities		9,530	3,346
Promissory notes	18	100,000	100,000
Bonds payable	19	10,000	–
Current tax payable		2,603	1,627
		233,547	216,383
Net current assets		197,968	350,393
Total assets less current liabilities		752,059	735,940
Non-current liabilities			
Lease liabilities		3,238	3,289
Deferred tax liabilities		9,776	10,557
		13,014	13,846
NET ASSETS		739,045	722,094
CAPITAL AND RESERVES			
Share capital	20(a)	118,487	118,487
Reserves		620,558	603,607
TOTAL EQUITY		739,045	722,094

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 11 to 35 form part of this interim financial report.

Consolidated Statement of Changes in Equity – Unaudited

For the six months ended 30 June 2019

	Attributable to equity shareholders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Shares held for share award scheme HK\$'000	General reserve HK\$'000	Contributed surplus HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Subtotal HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
Adjusted balance at 1 January 2018	99,737	-	-	602	531,569	(605)	13,725	(157,104)	487,924	8,270	496,194
Changes in equity for the six months ended 30 June 2018:											
Loss and total comprehensive income for the period	-	-	-	-	-	-	-	(22,171)	(22,171)	-	(22,171)
Placing of new shares	18,750	250,824	-	-	-	-	-	-	269,574	-	269,574
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	(8,269)	(8,269)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(1)	(1)
Balance at 30 June 2018 and 1 July 2018	118,487	250,824	-	602	531,569	(605)	13,725	(179,275)	735,327	-	735,327
Changes in equity for the six months ended 31 December 2018:											
Profit for the period	-	-	-	-	-	-	-	38,428	38,428	-	38,428
Other comprehensive income	-	-	-	-	-	-	(22,163)	-	(22,163)	-	(22,163)
Total comprehensive income for the period	-	-	-	-	-	-	(22,163)	38,428	16,265	-	16,265
Purchase of own shares for share award scheme	-	-	(29,498)	-	-	-	-	-	(29,498)	-	(29,498)
Deregistration of a subsidiary	-	-	-	(602)	-	-	-	602	-	-	-
Balance at 31 December 2018 (Note)	118,487	250,824	(29,498)	-	531,569	(605)	(8,438)	(140,245)	722,094	-	722,094
Balance at 1 January 2019	118,487	250,824	(29,498)	-	531,569	(605)	(8,438)	(140,245)	722,094	-	722,094
Changes in equity for the six months ended 30 June 2019:											
Profit for the period	-	-	-	-	-	-	-	26,782	26,782	-	26,782
Other comprehensive income	-	-	-	-	-	-	5	-	5	-	5
Total comprehensive income for the period	-	-	-	-	-	-	5	26,782	26,787	-	26,787
Purchase of own shares for share award scheme (Note 20(b))	-	-	(30,389)	-	-	-	-	-	(30,389)	-	(30,389)
Vesting of shares of share award scheme (Note 20(b))	-	-	20,553	-	-	-	-	-	20,553	-	20,553
Balance at 30 June 2019	118,487	250,824	(39,334)	-	531,569	(605)	(8,433)	(113,463)	739,045	-	739,045

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 11 to 35 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement – Unaudited

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 HK\$'000	2018 HK\$'000
Operating activities			
Cash used in operations		(18,146)	(24,384)
Hong Kong Profits Tax paid		(196)	–
The People's Republic of China (the "PRC") income tax paid		(634)	(434)
Net cash used in operating activities		(18,976)	(24,818)
Investing activities			
(Increase)/decrease in bank deposits with original maturities over three months		(5)	5,598
Deposit paid for acquisition of subsidiaries		–	(50,000)
Deposit paid for the purchase of property, plant and equipment		–	(9,600)
Increase in loans receivable		(20,026)	(26,776)
Proceeds from repayment of loans receivable		10,414	–
Payment for the purchase of property, plant and equipment		(2,064)	(7,835)
Payment for the purchase of financial assets at fair value through profit or loss		(93,000)	–
Proceeds from disposal of other financial assets at fair value through profit or loss		29,655	–
Other cash flows arising from investing activities		1,768	936
Net cash used in investing activities		(73,258)	(87,677)
Financing activities			
Capital element of lease rentals paid		(4,896)	(75)
Interest element of lease rentals paid		(354)	(36)
Placing of new shares		–	269,574
Dividend paid to a non-controlling shareholder		–	(8,269)
Purchase of own shares for share award scheme	20(b)	(30,389)	–
Repayment of bonds		(7,400)	–
Other borrowings costs paid		(4,351)	–
Other cash flows arising from financing activities		–	(1)
Net cash (used in)/generated from financing activities		(47,390)	261,193
Net (decrease)/increase in cash and cash equivalents		(139,624)	148,698
Cash and cash equivalents at 1 January		235,027	238,707
Cash and cash equivalents at 30 June	16	95,403	387,405

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 11 to 35 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 23 August 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 36.

The financial information relating to the financial year ended 31 December 2018 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2018 are available from the Company’s principal place of business in Hong Kong. The auditors have expressed an unqualified opinion on those financial statements in their report dated 22 March 2019.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

2. Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

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

(a) Changes in the accounting policies

(i) ***New definition of a lease***

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

2 Changes in accounting policies (continued)

(a) Changes in the accounting policies (continued)

(ii) *Lessee accounting*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in note 22(b).

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Changes in accounting policies (continued)

(a) Changes in the accounting policies (continued)

(ii) *Lessee accounting* (continued)

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 2.8%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019; and
- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

2 Changes in accounting policies (continued)

(b) Transitional impact (continued)

The following table reconciles the operating lease commitments as disclosed in note 22(b) as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 HK\$'000
Operating lease commitments at 31 December 2018	15,957
Less: commitments relating to leases exempt from capitalisation: – short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(4,695)
	11,262
Less: total future interest expenses	(256)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	11,006
Add: finance lease liabilities recognised as at 31 December 2018	6,635
Total lease liabilities recognised at 1 January 2019	17,641

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of “finance lease liabilities”, these amounts are included within “lease liabilities”, and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

The Group presents right-of-use assets in “property, plant and equipment” and presents lease liabilities separately in the consolidated statement of financial position.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Changes in accounting policies (continued)

(b) Transitional impact (continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 HK\$'000	Capitalisation of operating lease contracts HK\$'000	Carrying amount at 1 January 2019 HK\$'000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	40,751	11,006	51,757
Total non-current assets	385,547	11,006	396,553
Lease liabilities (current)	3,346	6,565	9,911
Current liabilities	216,383	6,565	222,948
Net current assets	350,393	(6,565)	343,828
Total assets less current liabilities	735,940	4,441	740,381
Lease liabilities (non-current)	3,289	4,441	7,730
Total non-current liabilities	13,846	4,441	18,287
Net assets	722,094	–	722,094

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to HKFRS 16 is as follows:

	At 30 June 2019 HK\$'000	At 1 January 2019 HK\$'000
Included in "Property, plant and equipment":		
Other properties leased for own use, carried at depreciated cost	7,731	11,006
Plant, machinery and equipment, carried at depreciated cost	7,667	8,567
	15,398	19,573

2 Changes in accounting policies (continued)

(c) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to HKFRS 16 are as follows:

	At 30 June 2019		At 1 January 2019	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	9,530	9,914	9,911	10,512
After 1 year but within 2 years	3,059	3,098	7,465	7,635
After 2 year but within 5 years	179	183	265	274
	3,238	3,281	7,730	7,909
	12,768	13,195	17,641	18,421
Less: total future interest expenses		(427)		(780)
Present value of lease liabilities		12,768		17,641

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

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, provision of securities brokerage business, fund management business, insurance brokerage business and loan financing business; and
- (b) Media – provision of media sales, design and management services and production of advertisements.

EBITDA is a non-HKFRS measure used by management for monitoring business performance. The Group's EBITDA is defined as the Group's profit/loss before finance costs, income tax, depreciation and amortisation. 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, taxes, depreciation and amortisation (adjusted EBITDA). 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 managed its business by geographical areas in the past. During the six months ended 30 June 2018, no segment analysis information was presented given the diminishing operation of the Group's media business and relatively insignificant insurance brokerage business in the PRC. During the year ended 31 December 2018, management has revisited the reportable segments and the Group's internal reporting by managing its business by business line. After taking into account the future strategic plan and size of the recently acquired operations, it was 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 six months ended 30 June 2018 has been restated.

3. Segment reporting (continued)

Information regarding the Group's reportable segments for the six months period ended 30 June 2019 and 2018 is set out below.

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

	Financial services		Media		Total	
	Six months ended 30 June					
	2019 HK\$'000	2018 HK\$'000 (Restated)	2019 HK\$'000	2018 HK\$'000 (Restated)	2019 HK\$'000	2018 HK\$'000 (Restated)
Disaggregated by timing of revenue recognition:						
Point in time	29,912	6,284	101,396	73,826	131,308	80,110
Over time	16,239	–	84,587	86,556	100,826	86,556
Revenue from external customers and reportable segment revenue	46,151	6,284	185,983	160,382	232,134	166,666
Reportable segment profit/(loss) (adjusted EBITDA)	14,972	1,278	2,588	(5,787)	17,560	(4,509)
Other revenue and other net income/(loss)	(257)	–	16	(8)	(241)	(8)
Interest income from bank deposits	129	40	20	15	149	55
Interest expense	(395)	–	(300)	–	(695)	–
Depreciation and amortisation (Provision)/reversal of provision for impairment on accounts receivable	(5,474)	(63)	(6,150)	(3,165)	(11,624)	(3,228)
Provision for impairment loss on loans receivable	–	–	(353)	454	(353)	454
Provision for impairment loss on loans receivable	(724)	–	–	–	(724)	–
Reversal of provision for onerous contracts, net	–	–	–	545	–	545
Reportable segment assets	338,194	100,722	277,075	276,073	615,269	376,795
Reportable segment liabilities	43,564	3,837	96,885	78,632	140,449	82,469

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Segment reporting (continued)

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000 (Restated)
Profit or loss		
Reportable segment profit/(loss)	17,560	(4,509)
Finance costs	(5,212)	(36)
Depreciation and amortisation	(13,378)	(3,498)
Unallocated other revenue and other net income	72,598	2,483
Unallocated head office and corporate	(42,507)	(14,641)
Consolidated profit/(loss) before taxation	29,061	(20,201)

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

4. Other revenue and other net income

	Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000
Other revenue		
Interest income from bank	923	1,120
Other interest income	2,828	2,615
Sundry revenue	16	61
	3,767	3,796
Other net income/(loss)		
Exchange loss	(257)	(1,247)
Net unrealised gains on financial assets at fair value through profit or loss	68,997	–
Loss on disposal of property, plant and equipment	(1)	(19)
	68,739	(1,266)
	72,506	2,530

5. Profit/(loss) before taxation

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

(a) Finance costs

	Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000 (Note)
Interest on lease liabilities	354	36
Interest on promissory notes	4,463	–
Other interest expense	395	–
	5,212	36

(b) Other items

	Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000 (Note)
Amortisation	4,664	–
Depreciation charge		
– owned property, plant and equipment	5,412	3,417
– right-of-use assets	3,302	81
Equity-settled share-based payment expenses (note 20(b))	20,553	–

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

6. Income tax

	Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000
Current tax		
Provision for Hong Kong Profits Tax for the period	725	150
Provision for the PRC income tax for the period	899	899
	1,624	1,049
Deferred tax		
Reversal and origination of temporary differences	655	921
Income tax expense	2,279	1,970

The provision for Hong Kong Profits Tax for the period is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the period. Taxation for subsidiaries in the PRC is charged at the appropriate current rates of taxation ruling in the PRC.

7. Dividends

- (a) No interim dividend is payable for the six months ended 30 June 2019 (six months ended 30 June 2018: HK\$Nil). Final dividends, if any, will be proposed at the full financial year end.
- (b) No final dividend in respect of the financial year ended 31 December 2018 approved and paid during the interim period (2018: HK\$Nil).

8. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of approximately HK\$26,782,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: loss of approximately HK\$22,171,000) and the weighted average of 1,152,670,923 ordinary shares (six months ended 30 June 2018: 1,067,807,321 ordinary shares) in issue during the period. The weighted average number of ordinary shares is arrived at after deducting the shares held for the share award scheme (the "Share Award Scheme").

Weighted average number of ordinary shares

	Six months ended 30 June	
	2019 '000	2018 '000
Issued ordinary shares at 1 January	1,184,865	997,365
Effect of placing new shares	–	70,442
Adjustment of shares award scheme	(32,194)	–
Weighted average number of ordinary shares at 30 June	1,152,671	1,067,807

(b) Diluted earnings/(loss) per share

There were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2019 and 2018 and diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

9. Property, plant and equipment

The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. In addition, the depreciated carrying amount of the finance leased assets which were previously included in other property, plant and equipment is also identified as right-of-use assets. Further details on the net book value of the Group's right-of-use assets by class of underlying asset are set out in note 2.

During the six months ended 30 June 2019, no lease agreements were entered by the Group, and therefore no new addition of right-of-use assets.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

10. Goodwill

	HK\$'000
Cost and carrying amount:	
At 1 January 2018	40,770
Acquisition of subsidiaries	178,444
Exchange adjustments	(2,038)
At 31 December 2018, 1 January 2019 and 30 June 2019	217,176

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) as follows:

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Insurance brokerage business	38,732	38,732
Investment advisory services business and fund management business (note)	178,444	178,444
	217,176	217,176

Note: An independent valuation was performed by external valuer for 2019 interim impairment review.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on historical data and financial budgets approved by Board of Directors covering a five-year (31 December 2018: five-year) period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate. The growth rates used do not exceed the long-term average growth rates for the businesses in which the CGUs operate. The cash flows are discounted using a discount rate which is pre-tax and reflects specific risks relating to the relevant CGU.

10. Goodwill (Continued)

For each of the CGUs with significant amount of goodwill, the key assumptions used in the value-in-use calculations in 2019 and 2018 are as follows:

	At 30 June 2019		At 31 December 2018	
	Investment advisory and fund management	Insurance brokerage	Investment advisory and fund management	Insurance brokerage
% of revenue growth	4%-6%	15%-20%	6%	15%-20%
Long term growth rate	3%	3%	3%	3%
Pre-tax discount rate	17%	19%	17%	19%

Based on the above key assumptions and detailed five-year budget plan, the Board of Directors concluded there was no impairment to goodwill as the carrying amount of each of the CGUs did not exceed its recoverable amount.

The Board of Directors is not aware of any possible significant change to the above key assumptions on which the recoverable amount is based which would cause the carrying amount of the CGUs to exceed their respective recoverable amounts.

11. Non-current prepayments and deposits

Non-current prepayments and deposits comprise the followings:

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Purchase of property, plant and equipment	16,533	15,032
Security and other deposits	43,127	39,811
	59,660	54,843

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

12. Financial assets at fair value through profit or loss

On 22 February 2019, Premier Future Limited (“Premier Future”), a wholly-owned subsidiary of the Group, 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 agreed to subscribe for limited partner interests in BeiTai Investment LP (the “Investment Fund”), with a capital commitment of HK\$93,000,000.

The Investment Fund is a close-ended private equity fund structured as a Cayman Islands exempted limited partnership with an investment objective to achieve long-term capital appreciation through investments in convertible bonds and other investments. Under the Subscription Agreement, limited partners do not have the power to participate in the financial and operating policy decisions of the Investment Fund, whilst the general partner has the rights and power to administer the affairs of the Investment Fund and include all powers statutory and otherwise, which may be possessed under the laws of Cayman Islands. The Board of Directors considered the Group has neither significant influence nor joint control over the Investment Fund and therefore it is classified as financial assets at fair value through profit or loss in accordance with the requirements under HKFRS 9, Financial Instruments.

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

During the six months ended 30 June 2019, net unrealised gain on the Investment Fund of approximately HK\$68,992,000 (six months ended 30 June 2018: HK\$Nil), which the underlying investments of the Investment Fund represented equity securities listed in Hong Kong, was recognised in the consolidated statement of profit or loss.

13. Accounts receivable

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

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Neither past due nor impaired	88,686	75,714
Within one month past due	19,003	37,956
Over one month but within two months past due	5,683	12,418
Over two months but within three months past due	3,221	6,698
Over three months but within one year past due	6,425	8,165
Over one year past due	1,314	1,072
	124,332	142,023

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.

14. Loans receivable

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Secured	25,080	25,080
Unsecured	26,844	–
Less: Impairment allowance	(724)	–
	51,200	25,080
Non-current	6,094	–
Current	45,106	25,080
	51,200	25,080

The loans were made to independent third parties and the balances are interest-bearing.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

15. Pledged bank deposits

Pursuant to certain licence agreements between subsidiaries of the Company and independent third parties, bank guarantees have been provided to independent third parties in respect of the subsidiaries' due performance and payment under the respective licence agreements. The Company has pledged bank deposits of HK\$97,248,000 (31 December 2018: HK\$97,248,000) to banks for the bank guarantees issued.

The remaining deposit amounting to HK\$1,450,000 (31 December 2018: HK\$1,450,000) has been pledged to secure banking facilities granted to the Group.

16. Bank deposits and cash

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Cash at bank and in hand	93,130	233,354
Bank deposits with original maturities within three months	2,273	1,673
Cash and cash equivalents for the purpose of the condensed consolidated cash flow statement	95,403	235,027
Bank deposits with original maturities over three months	10,715	10,710
	106,118	245,737

17. Accounts payable

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

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Due within 3 months	10,500	4,043
Over 3 months but within 1 year past due	57	–
	10,557	4,043

Credit period granted to the Group by suppliers is generally within 90 days.

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

18. Promissory notes

The movements of the promissory notes are set out below:

	HK\$'000
At 1 January 2018	–
Issue of promissory notes (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, 1 January 2019 and 30 June 2019	100,000

Notes:

- (i) On 28 December 2018, the Company issued promissory note in the principal amount of HK\$100,000,000 to Kinetic Creation Global Investments Limited (“Kinetic”), 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 and may be extended for another year subject to Kinetic’s approval. The promissory note is subject to the fulfilment of covenants relating to certain of the Group’s balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the promissory note would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2019, none of the covenants relating to the drawn down facilities had been breached (31 December 2018: None).
- (ii) On 14 December 2018, upon acquisition of certain subsidiaries, a wholly-owned subsidiary of the Company issued promissory notes in the principal amount of HK\$220,000,000 as part of the consideration. The promissory notes bore interest at a rate of 3% per annum and were redeemed by the subsidiary on the even date.

19. Bonds payable

A subsidiary of the Company issued unsecured bonds (the “Bonds”) in the aggregate principal amount of HK\$10,000,000 at an offer price of 100% of the face value of the Bonds. The Bonds are unsecured, bear a fixed interest rate of 6% per annum and the interests are payable at maturity. The Bonds are due in August 2019 and September 2019, respectively.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

20. Share capital and reserves

(a) Share capital

	At 30 June 2019		At 31 December 2018	
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	10,000,000	1,000,000	10,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of HK\$0.1 each	1,184,865	118,487	1,184,865	118,487

(b) Share award scheme

On 24 August 2018, the Share Award Scheme was approved and adopted by the Board of Directors of the Company under which shares of the Company may be awarded to selected participants which include employees, directors (including executive and non-executive directors), officers, agents or consultants of the Group (the "Selected Participants"). Unless otherwise cancelled or amended, the Share Award Scheme will remain valid and effective for a period of ten years commencing from the adoption date. Details of the Share Award Scheme have been disclosed in the Company's announcement dated 24 August 2018.

During the six months ended 30 June 2019, the Company purchased an aggregate of 25,356,000 shares of the Company from the market through its trustee amounting to approximately HK\$30,389,000. The acquired shares were recognised and accumulated in equity under the heading of "Shares held for share award scheme".

During the six months ended 30 June 2019, details of the share awards awarded are set out below:

Date of award	Number of shares awarded	Average fair value per share HK\$	Consideration HK\$	Vesting period
1 April 2019	12,510,000	1.17	Nil	1 April 2019 – 16 April 2019
16 April 2019	5,100,000	1.16	Nil	16 April 2019 – 3 May 2019

The fair value of the shares was determined based on the closing market price of the Company's shares that were publicly traded on the Stock Exchange on the grant date.

For the six months ended 30 June 2019, total expense recognised in the consolidated statement of profit or loss for shares granted under the Share Award Scheme is approximately HK\$20,553,000 (six months ended 30 June 2018: HK\$Nil).

21. Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value measurements as at 30 June 2019 categorised into			
	Fair value at 30 June 2019 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
Assets:				
Financial assets at fair value through profit or loss:				
– Investment fund (Note 12)	161,876	161,876	–	–

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

21. Fair value measurement of financial instruments (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value measurements as at 31 December 2018 categorised into			
	Fair value at 30 December 2018	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements				
Assets:				
Financial assets at fair value through profit or loss:				
– Other financial assets	29,650	29,650	–	–

During the six months ended 30 June 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2018: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2019 and 31 December 2018.

22. Commitments

(a) Capital commitments

At 30 June 2019, the Group had the following capital commitments not provided for in the interim financial report:

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Contracted for		
Property, plant and equipment	16,431	14,993
Investment in subsidiaries	7,334	7,334
	23,765	22,327

In addition, the Group was committed at 30 June 2019 to enter into a lease of 3 years that is not yet commenced, the lease payments under which amounted to approximately HK\$10,541,000 per annum.

(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:

	HK\$'000
Within 1 year	10,445
After 1 year but within 5 years	5,512
	15,957

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

22. Commitments (Continued)

(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”), (iii) solicit advertising business on billboards and other advertising spaces owned by independent third parties, which the suppliers have substantial substitution right, 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 30 June 2019 and 31 December 2018. Such licences will expire in periods ranging from 2019 to 2022. The future minimum guaranteed licence fees and royalty fees are payable as follows:

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Within 1 year	197,595	191,720
After 1 year but within 5 years	113,982	212,047
	311,577	403,767

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

23. Material related party transactions

The Group had the following related party transactions during the six months ended 30 June 2019:

	Note	Six months ended 30 June	
		2019 HK\$'000	2018 HK\$'000
Key management personnel remuneration	(a)	13,042	2,558

Note:

- (a) Remuneration for key management personnel, including amounts paid to the Company's Directors and certain of the highest paid employees, is as follows:

	Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000
Short-term employee benefits	13,010	2,507
Post-employment benefits	32	51
	13,042	2,558

24. Non-adjusting events after the reporting period

- (a) On 9 August 2019, the Company issued a promissory note in the principal amount of HK\$90 million to an independent third party. The promissory note bears interest at a rate of 10% per annum and has a term of one calendar year and may be extended for another year.



Review Report to the Board of Directors of Bison Finance Group Limited

(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 6 to 35 which comprises the consolidated statement of financial position of Bison Finance Group Limited as of 30 June 2019 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2019 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

23 August 2019

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors who held office on 30 June 2019 and have interests in the shares, underlying shares and debentures of the Company, and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) at that date as recorded in the register of directors' and chief executives' interests and short positions required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are set out as follows:

Interests in issued shares of the Company and associated corporations of the Company

	Personal interests	Family interests	Corporate interests	Other interests	Total number of shares held	% of total issued shares
The Company: Ordinary shares of HK\$0.1 each						
Mr. XU Peixin ("Mr. Xu") (Note 1)	—	—	680,508,005	—	680,508,005	57.43%
Mr. SUN Lei	8,340,000	—	—	—	8,340,000	0.70%
Mr. ZHU Dong	1,000,000	—	—	—	1,000,000	0.08%
Bliss Chance Global Limited ("Bliss Chance") (Note 2): Ordinary shares of no par value						
Mr. Xu (Note 3)	—	—	325,119,444	—	325,119,444	100.00%
Bison Capital Financial Holdings Limited ("Bison Capital") (Note 2): ordinary shares of US\$1.00 each						
Mr. Xu (Note 3)	1	—	—	—	1	100.00%

Notes:

- These 680,508,005 shares of the Company are held by Bliss Chance, all the ordinary shares of which are wholly and beneficially owned by Bison Capital. Bison Capital is in turn wholly and beneficially owned by Mr. Xu. Mr. Xu is deemed to be interested in the shares of the Company held by Bliss Chance for the purpose of Part XV of the SFO.
- Bliss Chance and Bison Capital are the holding companies of the Company.
- All the ordinary shares of Bliss Chance are wholly and beneficially owned by Bison Capital. Bison Capital is in turn wholly and beneficially owned by Mr. Xu. By virtue of the SFO, Mr. Xu is deemed to be interested in the shares of Bliss Chance held by Bison Capital. Mr. Xu is a director of Bliss Chance and Bison Capital.

Short positions in issued shares of the Company and associated corporations of the Company

	Personal interests	Family interests	Corporate interests	Other interests	Total number of shares held that are subject to short position	% of total issued shares
The Company: Ordinary shares of HK\$0.1 each						
Mr. Xu (Note 1)	—	—	678,259,144	—	678,259,144	57.24%
Bliss Chance (Note 2): Ordinary shares of no par value						
Mr. Xu (Note 2)	—	—	325,119,444	—	325,119,444	100.00%

Notes:

- 678,259,144 shares of the Company held by Bliss Chance have been charged in favour of Fruitful Worldwide Limited (“Fruitful Worldwide”). Fruitful Worldwide is wholly-owned by China Huarong International Holdings Limited, which in turn is wholly-owned by China Huarong Asset Management Co., Ltd. All the ordinary shares of Bliss Chance are wholly and beneficially owned by Bison Capital. Bison Capital is in turn wholly and beneficially owned by Mr. Xu. By virtue of the SFO, Mr. Xu is deemed to be interested in the short positions in the shares of the Company held by Bliss Chance.
- Bliss Chance is the holding company of the Company. All ordinary shares of Bliss Chance held by Bison Capital have been charged in favour of Fruitful Worldwide. By virtue of the SFO, Mr. Xu is deemed to be interested in the short positions in the shares of Bliss Chance held by Bison Capital.

Apart from the foregoing, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SHARE OPTION SCHEME

A share option scheme of the Company (the “Share Option Scheme”) was approved and adopted by the shareholders of the Company at the annual general meeting of the Company held on 8 June 2018. A summary of the principal terms of the Share Option Scheme is set out in the circular of the Company dated 30 April 2018.

There is no outstanding option at the beginning and the end of the reporting period and no option has been granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme since its adoption.

SHARE AWARD SCHEME

The Company adopted a share award scheme (the “Share Award Scheme”) on 24 August 2018 which complement the Share Option Scheme, 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. A summary of the principal terms of the Share Award Scheme is set out in the announcement of the Company dated 24 August 2018.

During the six months ended 30 June 2019, the Company purchased a total of 25,356,000 shares of the Company on the market through the trustee at a total cost of HK\$30,331,200 (excluding all related expenses, transaction levy, brokerage, tax, duties and levies) pursuant to the terms of the Share Award Scheme. During the period under review, a total of 17,610,000 award shares have been granted to selected participants pursuant to the Share Award Scheme. As at 30 June 2019, 32,390,000 shares of the Company were held by the trustee for the purpose of the Share Award Scheme.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, the interests or short positions of the persons (not being Directors and chief executives of the Company) in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered into the register maintained by the Company pursuant to section 336 of the SFO were as follows:

Interests in the issued shares of the Company

Name	Capacity	Total number of shares held	% of total issued shares
Bliss Chance (Note 1)	Beneficial owner	680,508,005	57.43%
Bison Capital (Note 2)	Interest of controlled corporation	680,508,005	57.43%
Ms. JIANG Feng Yun (Note 3)	Interest of spouse	680,508,005	57.43%
Fruitful Worldwide (Note 4)	Person having a security interest in shares	678,259,144	57.24%
China Huarong International Holdings Limited (Note 4)	Person having a security interest in shares	678,259,144	57.24%
China Huarong Asset Management Co., Ltd. (Note 4)	Person having a security interest in shares	678,259,144	57.24%
Dongxing Securities (Hong Kong) Financial Holdings Limited	Beneficial owner (Note 5)	30,000,000	2.53%
	Person having a security interest in shares (Note 6)	103,624,000	8.75%
Cruiser Determined Limited (Note 7)	Beneficial owner	103,624,000	8.75%
Mr. TAN Bin (Note 7)	Interest of controlled corporation	103,624,000	8.75%
Ms. DENG Xianzi (Note 8)	Interest of spouse	103,624,000	8.75%

Notes:

1. Bliss Chance owns 680,508,005 shares of the Company.
2. As Bliss Chance is a wholly-owned subsidiary of Bison Capital, Bison Capital is deemed to be interested in the same number of shares of the Company held by Bliss Chance under the SFO.
3. Ms. JIANG Feng Yun is the spouse of Mr. Xu. She is deemed to be interested in 680,508,005 shares of the Company which represents the same interest of Mr. Xu for the purpose of Part XV of the SFO.
4. 678,259,144 shares of the Company held by Bliss Chance have been charged in favour of Fruitful Worldwide. As Fruitful Worldwide is wholly-owned by China Huarong International Holdings Limited, which in turn is wholly-owned by China Huarong Asset Management Co., Ltd., China Huarong International Holdings Limited and China Huarong Asset Management Co., Ltd. are deemed to be interested in the security interest in the 678,259,144 shares of the Company charged in favour of Fruitful Worldwide for the purpose of Part XV of the SFO.
5. Dongxing Securities (Hong Kong) Financial Holdings Limited owns 30,000,000 shares of the Company.
6. Dongxing Securities (Hong Kong) Financial Holdings Limited is interested in the security interest in 103,624,000 shares of the Company.
7. Cruiser Determined Limited owns 103,624,000 shares of the Company. As Cruiser Determined Limited is wholly and beneficially owned by Mr. TAN Bin, Mr. TAN Bin is deemed to be interested in the same number of shares of the Company held by Cruiser Determined Limited under the SFO.
8. Ms. DENG Xianzi is the spouse of Mr. TAN Bin. She is deemed to be interested in 103,624,000 shares of the Company which represents the same interest of Mr. TAN Bin for the purpose of Part XV of the SFO.

Short positions in the issued shares of the Company

Name	Capacity	Total number of shares held that are subject to short position	% of total issued shares
Bliss Chance (Note 1)	Beneficial owner	678,259,144	57.24%
Bison Capital (Note 1)	Interest of controlled corporation	678,259,144	57.24%
Ms. JIANG Feng Yun (Note 2)	Interest of spouse	678,259,144	57.24%

Notes:

1. 678,259,144 shares of the Company held by Bliss Chance have been charged in favour of Fruitful Worldwide. Fruitful Worldwide is wholly-owned by China Huarong International Holdings Limited, which in turn is wholly-owned by China Huarong Asset Management Co., Ltd. All the ordinary shares of Bliss Chance are wholly and beneficially owned by Bison Capital. Bison Capital is in turn wholly and beneficially owned by Mr. Xu. Bison Capital is deemed to be interested in the short position of shares of the Company of Bliss Chance for the purpose of Part XV of the SFO.
2. Ms. JIANG Feng Yun is the spouse of Mr. Xu. She is deemed to be interested in the short position of the shares of the Company of Mr. Xu for the purpose of Part XV of the SFO.

Apart from the foregoing, no other interests or short positions required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

CHANGES IN INFORMATION OF DIRECTORS

The changes in information of the Directors since the date of the 2018 Annual Report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Name of Director	Details of the changes
Qi Daqing	<ul style="list-style-type: none">He has been appointed as an independent non-executive director of Haidilao International Holding Ltd.

Save as disclosed above, there is no other information of the Directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2019 with the exception of code provision E.1.2 as described below.

The Chairman of the Company, the chairmen of the audit committee, the remuneration committee and the nomination committee were unable to attend the annual general meeting of the Company held on 18 June 2019 as stipulated in code provision E.1.2 due to other business engagement. There were Executive Directors attending the said annual general meeting in the absence of the Chairman of the Company and the chairmen of the board committees to answer questions at the meeting.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own Code for Securities Transactions by Directors (the "Securities Code") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of the Listed Issuers set out in Appendix 10 to the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the Securities Code throughout the six months ended 30 June 2019.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and policies adopted by the Group and discussed auditing, internal control and financial reporting matters, and also reviewed the unaudited interim financial report for the six months ended 30 June 2019. The review of the unaudited interim financial report was conducted with the Group's external auditors, KPMG. The review report of the external auditors is set out on page 36 of this interim report.

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

During the six months ended 30 June 2019, 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 25,356,000 shares of the Company on the market at a total cost of HK\$30,331,200 (excluding all related expenses, transaction levy, brokerage, tax, duties and levies) pursuant to the terms of the Share Award Scheme.

By Order of the Board
ZHU Dong
Executive Director

Hong Kong, 23 August 2019

CORPORATE DIRECTORY

Board of Directors

Dr. MA Weihua[#] – Chairman
Mr. XU Peixin⁺
Mr. SUN Lei⁺ – Chief Executive Officer
Mr. ZHU Dong⁺ – Chief Financial Officer
Dr. QI Daqing[^]
Mr. CHEN Yigong[^]
Mr. FENG Zhonghua[^]

⁺ *Executive Director*

[#] *Non-Executive Director*

[^] *Independent Non-Executive Director*

Company Secretary

Ms. Christine MAK Lai Hung

Registrars

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Bermuda

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