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耀才證券



BRIGHT SMART SECURITIES

香港交易所上市公司(1428)

BRIGHT SMART SECURITIES & COMMODITIES GROUP LIMITED

耀才證券金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1428)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Financial Services Agreements

The Group has, in its ordinary and usual course of business, provided and will continue to provide certain financial services including margin financing and IPO financing to the Directors on normal commercial terms. To provide the framework within which the Directors and their respective associates may engage the Group to provide such services, the Group had entered into the Financial Services Agreements with the Directors on 14 February 2025.

As all of the applicable percentage ratios calculated under the Listing Rules with reference to the annual caps of the transactions contemplated under the Financial Services Agreements, which are likely to be required by each of Mr. Yip, Mr. Hui, Mr. Chan (aggregated with Mr. Yip), Mr. Yu, Mr. Szeto, Mr. Ling, and Ms. Wong (together with their respective associates) are less than 5%, but the amount of the transactions contemplated under the Financial Services Agreements exceeds HK\$3,000,000, the transactions and the annual caps contemplated under the Financial Services Agreements for these connected persons are subject to the reporting, annual review and announcement requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Brokerage Services Agreements

As part of its ordinary and usual course of business, the Group has also provided and will continue to provide brokerage services to Mr. Yip and Mr. Chan and their respective associates and in this connection, the Group had entered into the Brokerage Services Agreements on 14 February 2025 to provide the framework within which Mr. Yip and Mr. Chan and their respective associates may engage the Group to provide such services.

Although all of the applicable percentage ratios calculated under the Listing Rules with reference to the annual caps of the transactions contemplated under the Brokerage Services Agreements payable by Mr. Yip and Mr. Chan (when aggregated with Mr. Yip) and their associates do not exceed 5%, the aggregate brokerage fees contemplated under the Brokerage Services Agreements exceeds HK\$3,000,000. Therefore, the transactions and the annual caps contemplated under the Brokerage Services Agreements are subject to the reporting, annual review and announcement requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(1) THE FINANCIAL SERVICES AGREEMENTS

A. PRINCIPAL TERMS OF THE FINANCIAL SERVICES AGREEMENTS

1. Date

14 February 2025

2. Parties

- (a) Bright Smart Securities, a wholly-owned subsidiary of the Company, as the service provider; and
- (b) Mr. Yip, Mr. Hui, Mr. Chan, Mr. Yu, Mr. Szeto, Mr. Ling and Ms. Wong, all being Directors, as the customers.

3. Services to be provided

Subject to the terms and conditions of the Financial Services Agreements, Bright Smart Securities may, upon request, (but not obliged to) provide financial services, including margin financing and IPO financing, to the Directors and their respective associates during the term on a non-exclusive basis.

4. Term

Three years commencing from 1 April 2025 to 31 March 2028 (both days inclusive).

5. Pricing standards

According to the Financial Services Agreements, the interest rate to be charged by Bright Smart Securities to the Directors and their respective associates shall be no more favourable to Bright Smart Securities than those offered to other customers who are independent third parties of similar credit standing, trading record and quality of collaterals given and in accordance with the credit policy of Bright Smart Securities from time to time. The credit policy of Bright Smart Securities is subject to regular reviews on at least a quarterly basis and special reviews on an ad hoc basis when there is any actual or potential material change in market conditions that is likely to cause material fluctuations in the market. Such rate would vary from time to time depending on (i) the 1-week HIBOR as announced by the Hong Kong Association of Banks at 11:15 a.m. every business day; (ii) the Prime Rate offered from time to time; (iii) the then existing and effective credit policy of Bright Smart Securities; and (iv) the then market sentiment and the cost of funding to the Group. Currently, interest has been charged at standard rate of 3% to 4% per annum over 1-week HIBOR for margin clients depending on their loan volume, 5% per annum above the Prime Rate for cash clients for margin financing, and on a case by case basis depending on the cost of financing for IPO financing. Such rate is applied across all customers with discounts sometimes given to customers (both independent third party customers and the Directors) depending on the quality of their collaterals, their trading record and their trading size, or under the promotion campaign of Bright Smart Securities.

6. Payment terms

For margin financing, according to the standard client agreement, interest shall be payable on the last day of each calendar month or forthwith upon demand by Bright Smart Securities while the principal amount of the loan shall be repayable on demand by Bright Smart Securities. In the case of IPO financing, such loan would usually be repayable on the date when the listed issuer publishes the allocation results. Pursuant to the Financial Services Agreements and the standard client agreement, the payment terms offered to the Directors and their respective associates shall be the same as those offered to other customers who are independent third parties.

7. Other terms

Under the terms of the Financial Services Agreements, the Directors and their respective associates are further subject to the terms and conditions of the standard client agreement of Bright Smart Securities from time to time. Pursuant to the standard client agreement of the Bright Smart Securities, the Directors and other clients who are independent third parties are subject to the same margin ratio as published on the website of Bright Smart Securities.

Subject to its internal approval process, the Group may offer discounts in terms of margin interest rate to clients (both independent third party customers and the Directors). The discounts offered to the Directors of the Group would be the same as those offered to independent third party customers, considering their comparable trading size, credit standing, trading record and/or quality of collaterals.

Besides, pursuant to the Financial Services Agreements, Bright Smart Securities shall be entitled to terminate the Financial Services Agreements if any requirement as set out under the Listing Rules or otherwise imposed by the Stock Exchange relating thereto cannot be complied with by Bright Smart Securities. Pursuant to the standard client agreement of Company, in the occurrence of an event of default (in the sole and subjective judgment of Bright Smart Securities), which includes, among others, the client's failure or refusal to pay or settle any outstanding amount on any of such client's securities account or any account opened and maintained in the Group ("**Accounts**"); the client's failure to provide any margin when the same is due by such client; or any event in the sole opinion of Bright Smart Securities that may jeopardize its interest and benefits, then all amounts owing by such client to Bright Smart Securities shall become immediately payable on demand, and interest will accrue at such rates and on such other terms as Bright Smart Securities may notify such client from time to time or failing such notification at a rate equivalent to five per cent (5%) above the Prime Rate or that from such other bank as determined by Bright Smart Securities from time to time. Under such circumstances, the Group shall also be entitled to, among others, (i) sell, realize or otherwise deal with all or any part of any property or assets held by the Group for any purpose in any of the Accounts and apply the proceeds in reduction of all or part of any liabilities owing by such client to the Group; (ii) set-off, combine or consolidate any of the Accounts or any obligations of Bright Smart Securities to such client under the Financial Services Agreements and any other agreements made between such client and Bright Smart Securities ("**Agreements**") against any obligations of such client to Bright Smart Securities under the same; (iii) call upon or enforce any security which may have been made in favour of Bright Smart Securities as security for such client's obligations under the Agreements; (iv) cancel any or all contracts with such client; and (v) take any action as it shall think fit. Save and except the above-mentioned termination clause, the Directors and their respective associates are subject to the same default terms which also bind other independent third party clients and such terms are determined in accordance with market practices.

B. ANNUAL CAP FOR THE FINANCIAL SERVICES AGREEMENTS

The annual cap (i.e. the maximum outstanding amount at all time during the year for margin financing, IPO financing and annual interest income) of margin financing and IPO financing which may be provided by the Group to each of the Directors and their respective associates for each of the three financial years ending 31 March 2028 is set out as follows:

| Name of Director | Financing type | Maximum outstanding amount which may be provided to such Director and his/her associates at all time/annual interest income receivable from such Director and his/her associates during the year ending 31 March | | |
|------------------|---------------------------------------|--|------------------|------------------|
| | | 2026 HK\$'000 | 2027 HK\$'000 | 2028 HK\$'000 |
| Mr. Yip | Margin financing | 150,000 | 150,000 | 150,000 |
| | Interest income from margin financing | 8,700 | 8,700 | 8,700 |
| Mr. Hui | Margin financing | 10,000 | 10,000 | 10,000 |
| | IPO financing | 100,000 | 100,000 | 100,000 |
| Mr. Chan | Margin financing | 10,000 | 10,000 | 10,000 |
| | Interest income from margin financing | 1,100 | 1,100 | 1,100 |
| | IPO financing | 20,000 | 20,000 | 20,000 |
| | Interest income from IPO financing | 20 | 20 | 20 |
| Mr. Yu | Margin financing | 10,000 | 10,000 | 10,000 |
| | IPO financing | 20,000 | 20,000 | 20,000 |
| Mr. Szeto | Margin financing | 10,000 | 10,000 | 10,000 |
| | IPO financing | 20,000 | 20,000 | 20,000 |
| Mr. Ling | Margin financing | 10,000 | 10,000 | 10,000 |
| | IPO financing | 20,000 | 20,000 | 20,000 |
| Ms. Wong | Margin financing | 10,000 | 10,000 | 10,000 |
| | IPO financing | 20,000 | 20,000 | 20,000 |

The above annual cap is determined after taking into consideration: (i) the historical amount of margin financing and IPO financing advanced by the Group to the Directors and their associates as set forth below; (ii) the number of IPO applications received by the Stock Exchange in recent years; and (iii) the Directors' perception of the securities market for the three financial years ending 31 March 2028.

Although some of proposed annual caps for margin financing are substantially higher than the maximum outstanding amount of margin financing advanced by the Group to the Directors and their respective associates during the two financial years ended 31 March 2024 and the six months ended 30 September 2024, it is justifiable as the demand for such financing very much depends on the overall stock market sentiment. For example, the average daily turnover at the Hong Kong stock market increased from approximately HK\$105.0 billion in 2023 to approximately HK\$131.8 billion in 2024, which amounted to an increase of 26%. If such trend were to follow, the buffer would be necessary in order to cater for the market upturn in the years to come and reference to the utilisation track records may not be the key criteria in setting the annual cap. Although the current utilization rate of margin financing by some Directors appears low, maintaining the existing annual cap ensures sufficient flexibility to accommodate future growth. Besides, the annual cap is set for each Directors with reference to his/her and his/her associates' credit status without departing from the collateral requirements for the ordinary customers as set forth in a pre-determined credit table. Considering the positive market outlook, there is an anticipated increase in future funding requirements to capitalize on potential business opportunities effectively. Given that the provision of margin financing can enhance the revenue of the Group and the risk from margin financing will be closely monitored and controlled, the Directors consider the proposed annual cap to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As regards IPO financing, it is noted that the proposed annual cap is substantially higher than the maximum outstanding amount of IPO financing advanced by the Group to the Directors and their respective associates at all times during the two financial years ended 31 March 2024 and the six months ended 30 September 2024. This is justifiable given the confidence in the recovery of the Hong Kong IPO market. Although the number of new listing companies decreased slightly from 73 in 2023 to 71 in 2024, the performance of Hong Kong's IPO market remained robust in 2024. The funds raised through IPOs increased by 89% from approximately HK\$46.3 billion in year 2023 to approximately HK\$87.5 billion in year 2024. With the trend of China concept stocks companies that are listed in foreign countries and are looking for secondary listing in Hong Kong, it is expected that the IPO fund raising size will continue to increase in the years to come. Further, the over-subscription rate for newly listed securities has generally remained high in recent years. Together with the rebound of the IPO market in 2024, allocating newly listed securities may necessitate a significant amount of IPO financing. In order to receive the desired amount of securities, the Directors may need to gross up the application sum. An IPO boom is further anticipated in 2025, driven by the continued easing of the interest rate cycle, which is expected to create favorable conditions for the equity market. This positive outlook is further reinforced by robust regulatory support for listing reforms and initiatives aimed at encouraging mainland China A-share companies to pursue H-share listings in Hong Kong. In addition, some IPOs may happen to launch at more or less the same time. This also increases the amount of IPO financing which may be required by the Directors and their respective associates. Moreover, the FINI system was launched by the Stock Exchange on 22 November 2023, which is a new digital platform through which IPO market participants and regulators can manage the end-to-end settlement process for new listings in Hong Kong. The FINI system modernizes the IPO settlement process and will shorten the time gap between IPO pricing and trading, giving investors quicker access to new listings, reducing market risk and improving efficiency for all parties involved, which can enhance the competitiveness of Hong Kong's capital markets. With the launching of the new FINI system, it is also expected that the IPO fund raising size will continue to increase in the years to come.

Given that the actual amount of financing to be extended to each Directors and his/her associates would have to be backed by sufficient amount of collaterals as determined by the Group in accordance with its internal control margin policy. For margin financing, the collateral requirement is based on the quality of the securities held. The Group has assigned a collateral requirement ratio for each stock depending on its quality. For IPO financing, the required collateral is assessed on a case-by-case basis and depends on the popularity of the IPO (measured by the level of over-subscription). Basically, a deposit of 10% may be required, whereas for highly over-subscribed IPOs, the deposit requirement may be lower than 10%, covering the expected allotment amount. The surplus IPO application money will be directly repaid to the Group, thus the Group would not be exposed to extraordinary risk by reason of the proposed annual cap. The above arrangements are applied uniformly to all customers, including independent third parties. Given that the provision of margin financing and IPO financing can enhance the revenue of the Group and the risk will be closely monitored and controlled, the Directors consider the proposed annual cap to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The annual cap for the interest income generated from the margin financing is determined based on the expected interest income to be generated assuming the proposed maximum amount of margin financing that shall be advanced to the Directors and their associates for the three financial year ending 31 March 2028. The interest rate applied will be referenced to the weighted average of interest rate charged for the period from 1 April 2023 to 30 September 2024.

The annual cap for the interest income generated from IPO financing is determined based on the expected interest income to be generated assuming the proposed maximum amount of IPO financing that shall be advanced to the Directors and their associates for the three financial year ending 31 March 2028. Upon the introduction of FINI, the Company generally would not impose interest on IPO loans, except in cases where it is deemed necessary after considering the cost of funding. Based on historical record, only 4 IPOs were charged with IPO loan interest on the IPO financing. Thus, the expected utilization of IPO financing with interest charged for the three financial year ending 31 March 2028 will be referenced to the historical record since the launch of FINI. The interest rate applied will be referenced to the weighted average of interest rate charged for the 4 IPOs historically charged with interest for IPO financing.

The historical figures for margin financing and IPO financing advanced by the Group to the Directors and their associates is set out as follows:

| Name of Director | Financing type | Maximum outstanding amount provided to such Director and his/her associates at all time during the year ended 31 March | | Maximum outstanding amount provided to such Director and his/her associates at all time during the six months ended 30 September |
|------------------|------------------|--|------------------|--|
| | | 2023 HK\$'000 | 2024 HK\$'000 | 2024 HK\$'000 |
| Mr. Yip | Margin financing | 389,986 | 322,588 | 233,953 |
| | IPO financing | 100 | 50 | — |
| Mr. Hui | Margin financing | 9,374 | — | 261 |
| | IPO financing | 50 | 551 | 5,038 |
| Mr. Chan | Margin financing | — | 50 | 261 |
| | IPO financing | 50 | 50 | 4,992 |
| Mr. Yu | Margin financing | 82 | 144 | 23 |
| | IPO financing | — | — | 1,055 |
| Mr. Szeto | Margin financing | 449 | — | — |
| | IPO financing | — | — | — |
| Mr. Ling | Margin financing | — | — | — |
| | IPO financing | — | — | — |
| Ms. Wong | Margin financing | — | — | — |
| | IPO financing | — | — | — |

No bad debts were incurred in relation to the provision of margin financing and IPO financing services to the Directors.

The historical interest income for margin financing and IPO financing to the Directors and their associates is set out as follows:

| Name of Director | Financing type | Historical interest income for margin financing and IPO financing to such Director and his/her associates at all time during the six months ended 30 September | | |
|------------------|------------------|--|------------------|------------------|
| | | 2023 HK\$'000 | 2024 HK\$'000 | 2024 HK\$'000 |
| Mr. Yip | Margin financing | 10,746 | 14,360 | 6,214 |
| | IPO financing | — | — | — |
| Mr. Chan | Margin financing | — | — | — |
| | IPO financing | — | — | 1 |

For IPO financing, the Company generally would not charge interest on financing for subscription of bonds such as green bond issued by Hong Kong Government and bonds issued by the Airport Authority Hong Kong. Furthermore, following the introduction of FINI, the Company generally would not impose interest on IPO loans, except in cases where it is deemed necessary after considering the cost of funding. Upon the introduction of FINI, interest has been charged on only four IPOs for IPO financing. These arrangements are applied consistently to all parties, including independent third parties customers in the last 2.5 years. Mr. Yip has only subscribed bonds without any applicable interest rates. As a result, no interest income was generated for the IPO financing service provided to Mr. Yip, despite the Company had provided the relevant services in the last 2.5 years. Mr. Chan has not applied for any advancement of margin financing in the last 2.5 years, and has only subscribed bonds and newly listed shares with minimal interest income generated. Considering that the interest arrangement for both the margin financing and IPO financing apply equally to all customers, including independent third party customers, the Directors are of the opinion that the interest arrangement for both the margin financing and IPO financing are reasonable and in the interests of the Company and its Shareholders as a whole.

C. INTERNAL CONTROL ON TRANSACTIONS UNDER THE FINANCIAL SERVICES AGREEMENTS

The internal policies and procedures in relation to margin financing and IPO financing are in place and can ensure that the interest rates for the margin financings and IPO financing, and the respective interests, offered to the Directors and their respective associates will be conducted on normal commercial terms and not prejudicial to the interests of the issuer and its minority shareholders.

Depending on the trading size, credit standing, trading record and/or quality of collaterals of the client, the Group might adjust and lower the margin interest rate offered to clients which is subject to the internal approval process, which applies equally to all clients. Upon receiving the requests to adjust the margin interest rate by clients, the sales department will first take the initiative to review and analyse the background and information of the specific clients, then evaluate the eligibility of the specific clients in making such requests in accordance with the credit policy of the Group, which consists of, among others, the factors as mentioned above as well as the cost of funding of the Group from time to time. If the preliminary evaluation reflects positive feedback in favour of the specific clients, the sales department will fill in an interest rate adjustment approval form for submitting the clients' requests regarding any adjustment of the margin interest rate to the management. The interest rate adjustment approval form will be presented to the credit committee of the Group which consists of the heads of the Group's sales department, finance department, operations department and other management level including the responsible officers of the Group. After due and careful consideration by the credit committee, which is primarily responsible for, among others, reviewing and approving the credit risk limits as well as the credit facilities of the Group's customers, the clients' requests may be approved or declined on a fair and reasonable basis. The margin interest rate offered to the Directors and their respective associates are subject to the same approval process, and in particular, the sales department and the finance department will be responsible for making references to at least two independent third parties of similar credit standing in order to ensure that the interest rate provided to the Directors and their respective associate were no more favourable to the Group than that offered to other clients who are independent third parties from time to time.

In addition, the grant of financing to all clients (including the Directors and their respective associates) is based on internal credit assessment of the clients with reference to their respective repayment records, underlying securities and availability of collateral. All the clients' accounts are governed and regulated by the aforementioned internal control margin policies of the Group.

The Group has also established adequate internal control policies to regularly monitor the utilisation rates of the margin financing and IPO financing granted to the Directors and their respective associates to ensure compliance with the Listing Rules, which are approved and reviewed by the Board (especially individually being reviewed by the independent non-executive Directors), and being annually reviewed by the Company's auditors. In particular, the Group's sales department and finance department are informed of the applicable annual caps under the Financial Services Agreements in respect of each Directors and his associates to ensure that the provision of the financial services is in accordance with the Financial Services Agreements and the respective annual caps are not exceeded.

To monitor the general compliance with the relevant Listing Rules applicable to continuing connected transactions, including but not limited to any pricing adjustment and discount as well as the annual caps under the Financial Services Agreements, the Group will adopt the following measures:

- (i) the sales department and finance department are responsible for the day-to-day monitoring of the level of the margin financing and IPO financing provided to each Directors and his/her respective associates and shall report to the chief executive officer or chief financial officer of the Company when the utilisation of the margin financing facility or IPO financing facility approaches 60% of their respective annual caps;
- (ii) the sales department and finance department are responsible for the day-to-day monitoring of the level of the interest income generated from the margin financing and IPO financing provided to each Directors and his/her respective associates and shall report to the chief executive officer or chief financial officer of the Company when the utilisation of interest income approaches 60% of their respective annual caps;
- (iii) the sales department and finance department will observe the market conditions and monitor the prevailing market prices on timely basis including the pricings of contemporaneous transactions with other customers who are independent third parties. The rates charged by the Group shall be updated as soon as practicable in accordance with the internal approval mechanism as explained above. Furthermore, the sales department and finance department will compare other concurrent and similar transactions with customers who are independent third parties and ensure that the terms offered by the Group to the Directors and their associates are no more favourable to the Group than those available to independent third parties;
- (iv) the compliance department will review the appropriateness of the internal control system and report the results of the review to the management on an annual basis;

- (v) sufficient information will be provided to the independent non-executive Directors for them to review the continuing connected transactions on an annual basis to ensure compliance with Rule 14A.55 of the Listing Rules. In particular, the independent non-executive Directors shall ensure that, among others, (i) the pricing mechanism and the terms of the Financial Services Agreements are clear and specific; (ii) the methods and procedures established are sufficient to ensure that the continuing connected transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the minority Shareholders; and (iii) appropriate internal control procedures are in place; and
- (vi) sufficient information will be provided to the Company's auditors for them to review the continuing connected transactions on an annual basis to ensure compliance with Rule 14A.56 of the Listing Rules.

After taking into account (i) the established and consistent internal control policies as mentioned above, with regular annual review conducted by the independent non-executive Directors, and annual review conducted by the Company's auditors; and (ii) the stringent and comprehensive internal approval process, which is generally applicable to all customers of Bright Smart Securities, in connection with any adjustment and/or discount in the interest rates offered to the respective customers, the Directors are of the opinion that the terms of the Financial Services Agreements, in particular the pricing standards including any mechanism for pricing adjustment and provision of discounts, are reasonable and in the interests of the Company and its Shareholders as a whole.

D. REASONS FOR ENTERING INTO THE FINANCIAL SERVICES AGREEMENTS

The Group is principally engaged in the provision of financial services, including securities brokerage, margin financing, commodities and futures brokerage, bullion trading and forex trading.

Given that the terms of the Financial Services Agreements have been determined after arm's length negotiations between the parties and the interest rate to be charged by Bright Smart Securities to the Directors and their respective associates shall be no more favourable to Bright Smart Securities than those offered by Bright Smart Securities to other customers who are independent third parties of similar credit standing, trading record and quality of collaterals given, the Directors (including the independent non-executive Directors) are of the view that the Financial Services Agreements for Mr. Yip, Mr. Hui, Mr. Chan, Mr. Yu, Mr. Szeto, Mr. Ling and Ms. Wong were entered into on normal commercial terms and in the ordinary and usual course of business of the Group and the continued provision of such financial services to Mr. Yip, Mr. Hui, Mr.

Chan, Mr. Yu, Mr. Szeto, Mr. Ling, Ms. Wong and their respective associates would be in the interests of the Company and the Shareholders as a whole as it can enhance the revenue of the Group. The Directors (including the independent non-executive Directors) are also of the view that the terms of the Financial Services Agreements for Mr. Yip, Mr. Hui, Mr. Chan, Mr. Yu, Mr. Szeto, Mr. Ling, Ms. Wong and the annual cap in respect thereof are fair and reasonable.

Each Director had abstained from voting on the relevant Board resolution approving the Financial Services Agreement to which he/she or any person connected with him/her is a party.

(2) THE BROKERAGE SERVICES AGREEMENT

A. PRINCIPAL TERMS OF THE BROKERAGE SERVICES AGREEMENTS

1. Date

14 February 2025

2. Parties

(a) Bright Smart Securities, Bright Smart Futures & Commodities Company Limited, Bright Smart Global Bullion Limited and Bright Smart Forex Limited, all being wholly-owned subsidiaries of the Company, as the service providers; and

(b) Mr. Yip and Mr. Chan, both being Directors, as the customers.

3. Services to be provided

Subject to the terms and conditions of the Brokerage Services Agreements, the Group may, upon request, (but not obliged to) provide brokerage services to Mr. Yip and Mr. Chan and their respective associates during the term on a non-exclusive basis.

4. Term

Three years commencing from 1 April 2025 to 31 March 2028 (both days inclusive).

5. Pricing standards

The brokerage fee to be charged by the Group to Mr. Yip and Mr. Chan and their respective associates shall be no more favourable to the Group than those offered to other customers who are independent third parties of similar trading record and in accordance with the pricing policy of the Group from time to time which may be affected by the overall economy and the prevailing stock market sentiment.

6. Payment terms

According to the standard client agreement, brokerage fee shall be payable on the settlement date of the relevant transactions.

B. ANNUAL CAP FOR THE BROKERAGE SERVICES AGREEMENTS

The annual cap in respect of brokerage fee which may be received by the Group from each of Mr. Yip and Mr. Chan (together with their respective associates) for each of the three financial years ending 31 March 2028 is set out as follows:

| Name of Director | Maximum amount which may be received from such Director and his associates during the year ending 31 March | | |
|------------------|--|----------|----------|
| | 2026 | 2027 | 2028 |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| Mr. Yip | 10,000 | 10,000 | 10,000 |
| Mr. Chan | 2,900 | 2,900 | 2,900 |

The above annual cap is determined after taking into consideration: (i) the historical amount of brokerage fee payable by Mr. Yip and Mr. Chan and their respective associates to the Group as set forth below; (ii) the average turnover of the securities market in recent years; (iii) the Directors' perception of the securities market for the three financial years ending 31 March 2028; and (iv) the trend of the general economic conditions in Hong Kong. Although the proposed annual cap is substantially higher than the historical amount of brokerage fee payable by Mr. Yip and Mr. Chan and their respective associates to the Group, the Directors (including the independent non-executive Directors) are of the view that it is fair and reasonable as brokerage fee is very much dependent on the level of trading activities and such buffer is considered necessary in view of the recent market volatility.

The historical figures of brokerage fee payable by Mr. Yip and Mr. Chan and their respective associates to the Group is set out as follows:

| Name of Director | Brokerage fee received from such Director and his associates during the year ended 31 March | | Brokerage fee received from such Director and his associates during the six months ended 30 September |
|------------------|---|----------|---|
| | 2023 | 2024 | 2024 |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| Mr. Yip | 678 | 516 | 70 |
| Mr. Chan | 1 | 1 | 1 |

C. REASONS FOR ENTERING INTO THE BROKERAGE SERVICES AGREEMENTS

The Group is principally engaged in the provision of financial services, including securities brokerage, margin financing, commodities and futures brokerage, bullion trading and forex trading.

Given that the terms of the Brokerage Services Agreements have been determined after arm's length negotiations between the parties and that the commission rate to be charged by the Group to Mr. Yip and Mr. Chan and their respective associates shall be no more favourable to the Group than those offered to other customers who are independent third parties of similar trading record, the Directors (including the independent non-executive Directors) are of the view that the Brokerage Services Agreements were entered into on normal commercial terms and in the ordinary and usual course of business of the Group and the continued provision of such brokerage services to Mr. Yip and Mr. Chan and their respective associates would be in the interests of the Company and the Shareholders as a whole as it can enhance the revenue of the Group. The Directors (including the independent non-executive Directors) are also of the view that the terms of the Brokerage Services Agreements and the annual cap in respect thereof are fair and reasonable.

Mr. Yip and Mr. Chan had abstained from voting on the relevant Board resolution approving the Brokerage Services Agreements.

(3) INFORMATION ABOUT THE GROUP

The principal activity of the Company is investment holding, while the principal activity of the Group is the provision of financial services, including securities brokerage, margin financing, commodities and futures brokerage, bullion trading and forex trading services.

(4) LISTING RULES IMPLICATIONS

As of the date of this announcement, Mr. Yip, Mr. Hui, Mr. Chan, Mr. Yu, Mr. Szeto, Mr. Ling and Ms. Wong are Directors and hence are connected persons of the Company. The Financial Services Agreements entered by Mr. Yip, Mr. Hui, Mr. Chan, Mr. Yu, Mr. Szeto, Mr. Ling and Ms. Wong, and the Brokerage Services Agreements entered by Mr. Yip and Mr. Chan, therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rule.

Regarding the Financial Services Agreements, as all of the applicable percentage ratios calculated under the Listing Rules with reference to the annual caps of the transactions contemplated under the Financial Services Agreements likely to be required by each of Mr. Yip, Mr. Hui, Mr. Chan (aggregated with Mr. Yip), Mr. Yu, Mr. Szeto, Mr. Ling and Ms. Wong (together with their respective associates) are less than 5%, but the amount of the transactions contemplated under the Financial Services Agreements exceeds HK\$3,000,000, the transactions and the annual caps contemplated under the Financial Services Agreements with Mr. Yip, Mr. Hui, Mr. Chan, Mr. Yu, Mr. Szeto, Mr. Ling and Ms. Wong are subject to the reporting, annual review and announcement requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Regarding the Brokerage Services Agreements, although all of the applicable percentage ratios calculated under the Listing Rules with reference to the annual caps of the transactions contemplated under the Brokerage Services Agreements payable by Mr. Yip and Mr. Chan (when aggregated with Mr. Yip) and their associates do not exceed 5%, the aggregate brokerage fees contemplated under the Brokerage Services Agreements exceeds HK\$3,000,000. Therefore, the transactions and the annual caps contemplated under the Brokerage Services Agreements are subject to the reporting, annual review and announcement requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

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| “associate(s)” | has the meaning ascribed to such term in the Listing Rules |
| “Board” | the board of Directors |
| “Bright Smart Securities” | Bright Smart Securities International (H.K.) Limited, a wholly-owned subsidiary of the Company and a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 7 (providing automated trading services) regulated activities under the SFO |
| “Brokerage Services Agreements” | the 2 brokerage services agreements, both dated 14 February 2025, entered into by each of Mr. Yip and Mr. Chan with Bright Smart Securities, Bright Smart Futures & Commodities Company Limited, Bright Smart Global Bullion Limited and Bright Smart Forex Limited in relation to the provision of brokerage services by the Group to Mr. Yip and Mr. Chan and their respective associates |
| “Company” | Bright Smart Securities & Commodities Group Limited, a company incorporated in the Cayman Islands whose shares are listed and traded on the Main Board of the Stock Exchange under stock code 1428 |
| “connected person(s)” | has the meaning ascribed to such term in the Listing Rules |
| “Directors” | the directors of the Company |
| “Financial Services Agreements” | the seven (7) financial services agreements, all dated 14 February 2025, entered into by each of the Directors with Bright Smart Securities in relation to the provision of financial services by Bright Smart Securities to the Directors and their respective associates |

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| “FINI” | “Fast Interface for New Issuance”, an online platform operated by the Hong Kong Securities Clearing Company Limited that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings |
| “Group” | the Company and its subsidiaries |
| “HIBOR” | Hong Kong Interbank Offered Rate |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “IPO” | initial public offering |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Chan” | Mr. Chan Wing Shing, Wilson, an executive Director and a nephew of Mr. Yip |
| “Mr. Hui” | Mr. Hui Yik Bun, the chief executive officer of the Company and an executive Director |
| “Mr. Ling” | Mr. Ling Kwok Fai, Joseph, an independent non-executive Director |
| “Mr. Szeto” | Mr. Szeto Wai Sun, an independent non-executive Director |
| “Mr. Yip” | Mr. Yip Mow Lum, the chairman of the Board, an executive Director and the controlling Shareholder |
| “Mr. Yu” | Mr. Yu Yun Kong, an independent non-executive Director |
| “Ms. Wong” | Ms. Wong Ting Ting, Priscilla, an independent non-executive Director |
| “Prime Rate” | the best lending rate for Hong Kong dollar loans offered by The Hongkong and Shanghai Banking Corporation Limited to its customers from time to time |

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| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

By order of the Board
Bright Smart Securities & Commodities Group Limited
Hui Yik Bun
Executive Director and Chief Executive Officer

Hong Kong, 14 February 2025

As at the date of this announcement, the Board comprises Mr. Yip Mow Lum (Chairman), Mr. Hui Yik Bun (Chief Executive Officer), Mr. Chan Wing Shing, Wilson as Executive Directors; and Mr. Yu Yun Kong, Mr. Szeto Wai Sun, Mr. Ling Kwok Fai, Joseph and Ms. Wong Ting Ting Priscilla as Independent Non-executive Directors.