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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board of directors (the "Board") of Bright Smart Securities & Commodities Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019 (the "Year") together with the comparative figures for the year ended 31 March 2018 (the "Prior Year") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019
(Expressed in Hong Kong dollars)

	Note	**2019** **$'000**	2018 $'000
Revenue	*4*	**830,305**	944,440
Other income	*5*	**212,440**	164,414
Other net (loss)/gain	*6*	**(4,684)**	46,247
		1,038,061	1,155,101
Staff costs	*7(b)*	**(136,333)**	(138,937)
Amortisation and depreciation		**(18,839)**	(18,768)
Other operating expenses	*7(c)*	**(243,104)**	(229,824)

	Note	2019 $'000	2018 $'000
Profit from operations		**639,785**	767,572
Finance costs	*7(a)*	**(140,600)**	(166,980)
Profit before taxation	*7*	**499,185**	600,592
Income tax	*8*	**(58,257)**	(84,493)
Profit for the year		**440,928**	516,099
Other comprehensive income for the year:			
Items that may be reclassified subsequently to profit or loss			
— Net movement in investment revaluation reserve of available-for-sale securities		**—**	2,606
— Exchange reserve		**250**	(365)
Total comprehensive income attributable to equity shareholders for the year		**441,178**	518,340
Earnings per share			
Basic *(cents)*	*9*	**25.98**	30.41
Diluted *(cents)*	*9*	**25.98**	30.41

Note: The Group has initially applied HKFRS 9 at 1 April 2018. Under the transitions method chosen, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019
(Expressed in Hong Kong dollars)

	Note	**2019** **$'000**	2018 $'000
Non-current assets			
Property, plant and equipment		**48,338**	24,231
Intangible assets		**6,283**	7,867
Available-for-sale securities	*11*	**—**	61,809
Deferred tax assets		**84**	4,029
Other receivables, deposits and prepayments		**21,109**	5,289
Other non-current assets		**50,084**	110,422
Total non-current assets		**125,898**	213,647
Current assets			
Accounts receivable	*12*	**7,276,782**	11,885,526
Other receivables, deposits and prepayments		**26,840**	27,347
Financial assets at fair value through profit or loss		**8,745**	—
Tax recoverable		**11,822**	697
Cash and cash equivalents		**401,254**	511,887
Total current assets		**7,725,443**	12,425,457

	Note	2019 $'000	2018 $'000
Current liabilities			
Accounts payable	*13*	**1,226,209**	1,705,125
Accrued expenses and other payables		**53,747**	86,178
Amount due to a related company		**200,076**	—
Held for trading investments		**—**	420
Bank loans	*14*	**3,445,515**	8,165,885
Current taxation		**2,487**	44,495
Total current liabilities		**4,928,034**	10,002,103
Net current assets		**2,797,409**	2,423,354
Total assets less current liabilities		**2,923,307**	2,637,001
Non-current liability			
Deferred tax liabilities		**17**	39
NET ASSETS		**2,923,290**	2,636,962
EQUITY			
Share capital		**509,189**	509,189
Share premium		**738,020**	738,020
Exchange reserve		**265**	15
Investment revaluation reserve		**—**	3,977
Merger reserve		**(20,000)**	(20,000)
Share option reserve		**—**	7,399
Retained profits		**1,695,816**	1,398,362
TOTAL EQUITY		**2,923,290**	2,636,962

Note: The Group has initially applied HKFRS 9 at 1 April 2018. Under the transitions method chosen, comparative information is not restated. See note 2.

Notes:

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

— Amendments to HKFRS 9, Financial instruments
— HKFRS 15, Revenue from contracts with customers
— HK(IFRIC) — Int 22, Foreign currency transactions and advance consideration

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, Prepayment features with negative compensation which have been adopted at the same time as HKFRS 9.

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses. The adoption of HKFRS 15 and HK(IFRIC) — Int 22 does not have any significant impact on the financial position and the performance of the Group. Details of the changes in accounting policies are discussed in note 2(a) for HKFRS 9, note 2(b) for HKFRS 15 and note 2(c) for HK(IFRIC) — Int 22.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that certain financial instruments are stated at their fair value in accordance with the accounting policy set out in note 2(a).

The preparation of financial statements in conformity with HKFRSs require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

2 CHANGES IN ACCOUNTING POLICIES

(a) HKFRS 9, Financial instruments, including the amendments to HKFRS 9, prepayment features with negative compensation

Under the transition methods chosen, the Group recognises cumulative effect of the initial adoption of HKFRS 9 as an adjustment to the opening balance of equity at 1 April 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9 and also the Group's financial assets and financial liabilities under HKAS 39 and reconciles the carrying amounts of those financial assets and financial liabilities determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9:

		Impact on initial adoption of HKFRS 9		
	At 31 March 2018	Reclassification	Remeasurement	**At 1 April 2018**
	$'000	*$'000*	*$'000*	***$'000***
Financial assets carried at amortised cost				
Current				
Other receivables, deposits and prepayments	27,347	—	(27)	**27,320**
Cash and cash equivalents	511,887	—	(264)	**511,623**
Accounts receivable *(note ii)*	11,885,526	(10,754,095)	(183)	**1,131,248**
Financial assets carried at FVPL				
Non-current				
Financial assets classified as available-for-sale under HKAS 39 *(note i)*	61,809	(61,809)	—	**—**
Current				
Financial assets at fair value through profit or loss	—	61,809	—	**61,809**
Accounts receivable	—	10,754,095	—	**10,754,095**
Other assets				
Deferred tax assets	4,029	—	78	**4,107**
Financial liabilities carried at FVPL				
Held for trading investments	(420)	—	—	**(420)**
Reserves	1,389,753	—	(396)	**1,389,357**
Total equity	2,636,962	—	(396)	**2,636,566**

Note i: Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at fair value through profit or loss ("FVPL") under HKFRS 9, unless they are eligible for and designated at fair value through other comprehensive income ("FVOCI") by the Group.

Note ii: Accounts receivable arising from cash clients, margin clients and subscriptions of new shares in IPO were reclassified to financial assets measured at FVPL upon the initial adoption of HKFRS 9 at 1 April 2018.

The following table summarises the impact of transition to HKFRS 9 on retained profits and reserves at 1 April 2018.

Retained profits

	$'000
Transferred from investment revaluation reserve relating to financial assets now measured at FVPL	**3,977**
Recognition of additional expected credit losses on financial assets measured at amortised cost	**(474)**
Deferred tax	**78**
Net increase in retained profits at 1 April 2018	**3,581**

Investment revaluation reserve

	$'000
Transferred to retained profits relating to financial assets now measured at FVPL	**(3,977)**
Net decrease in investment revaluation reserve at 1 April 2018	**(3,977)**

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

Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at FVOCI and FVPL. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

— FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

— FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss. Certain accounts receivable are classified as FVPL because the investment is held within a business model which is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. This includes assets which are to manage on a fair value basis in accordance with a documented risk management strategy, and information provided to key management personnel is provided on that basis.

An investment in equity securities is classified as financial assets at FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

Opening balances adjustment

Credit losses

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

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

Financial assets measured at fair value, including equity securities measured at FVPL, derivative financial assets and accounts receivable measured at FVPL, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, accounts receivable and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate; and

— loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to $474,000, which decreased retained profits by $396,000 and increased gross deferred tax assets by $78,000 at 1 April 2018.

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

	$'000
Additional credit loss recognised at 1 April 2018 on:	
— Other receivables	**27**
— Cash and cash equivalents	**264**
— Accounts receivable	**183**
Loss allowance at 1 April 2018	**474**

Transition

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

— Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 April 2018. Accordingly, the information presented for 2017/18 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

— The following assessment have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial adoption of HKFRS 9 by the Group): the determination of the business model within which a financial asset is held.

— If, at the date of initial adoption, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(b) HKFRS 15, Revenue from contracts with customers

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

The Group has elected to use the cumulative effect transition method. Therefore, comparative information has not been restated and continues to be reported under HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

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

Timing of revenue recognition

Previously, revenue arising from the provision of services is recognised when the service is rendered.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have any material impact on the financial position and performance of the Group.

(c) HK (IFRIC) — Int 22, Foreign currency transactions and advance consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) — Int 22 does not have any material impact on the financial position and the performance of the Group.

3 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Securities broking — provision of broking services in securities traded in Hong Kong and selected overseas markets, and margin financing services to those broking clients.

— Commodities and futures broking — provision of broking services in commodities and futures contracts traded in Hong Kong and overseas markets.

— Bullion trading — provision of trading services in bullion contracts traded in overseas markets.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of unallocated corporate assets. Segment liabilities include liabilities and accruals attributable to the activities of the individual segments.

The measure used for reporting segment profit is earnings before finance costs and taxes ("EBIT"). To arrive at EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as corporate administration costs.

(b) Segment information

	2019			
	Securities broking	Commodities and futures broking	Bullion trading	Total
	$'000	*$'000*	*$'000*	*$'000*
Revenue from customers:				
— Brokerage commission	**284,890**	**213,381**	**—**	**498,271**
— Dealing income	**—**	**—**	**10,489**	**10,489**
— Interest income from margin financing	**301,323**	**139**	**—**	**301,462**
— Interest income from IPO financing	**21,411**	**—**	**—**	**21,411**
Reportable segment revenue	**607,624**	**213,520**	**10,489**	**831,633**
Interest income from cash clients	**23,752**	**—**	**—**	**23,752**
Other interest income	**100,454**	**17,009**	**593**	**118,056**
Handling and settlement fees	**63,839**	**9**	**1**	**63,849**
Reportable segment profit (EBIT)	**544,256**	**86,333**	**5,639**	**636,228**
Amortisation and depreciation for the year	**(18,429)**	**(35)**	**—**	**(18,464)**
Finance costs	**(149,696)**	**(11)**	**—**	**(149,707)**
Additions to non-current segment assets during the year	**41,975**	**—**	**—**	**41,975**
Reportable segment assets	**7,067,763**	**797,088**	**86,111**	**7,950,962**
Reportable segment liabilities	**(4,446,144)**	**(478,299)**	**(73,222)**	**(4,997,665)**

	2018			
	Securities broking	Commodities and futures broking	Bullion trading	Total
	$'000	*$'000*	*$'000*	*$'000*
Revenue from customers:				
— Brokerage commission	377,828	158,403	—	536,231
— Dealing income	—	—	19,086	19,086
— Interest income from margin financing	359,666	392	—	360,058
— Interest income from IPO financing	29,280	—	—	29,280
Reportable segment revenue	766,774	158,795	19,086	944,655
Interest income from cash clients	33,816	—	—	33,816
Other interest income	46,806	5,409	115	52,330
Handling and settlement fees	75,282	10	2	75,294
Reportable segment profit (EBIT)	697,509	46,951	18,501	762,961
Amortisation and depreciation for the year	(18,224)	(102)	(39)	(18,365)
Finance costs	(177,531)	—	—	(177,531)
Additions to non-current segment assets during the year	28,629	39	—	28,668
Reportable segment assets	11,771,698	819,229	75,468	12,666,395
Reportable segment liabilities	(9,553,886)	(514,362)	(46,927)	(10,115,175)

(c) Reconciliation of reportable segment revenue, profit, assets and liabilities

	2019	2018
	$'000	*$'000*
Revenue		
Reportable segment revenue	**831,633**	944,655
Elimination	**(1,983)**	(215)
Unallocated corporate revenue	**655**	—
Consolidated revenue	**830,305**	944,440
Profit		
Reportable segment profit (EBIT)	**636,228**	762,961
Finance costs	**(140,600)**	(166,980)
Unallocated corporate income	**67,073**	36,246
Unallocated corporate expenses	**(63,516)**	(31,635)
Consolidated profit before taxation	**499,185**	600,592
Assets		
Reportable segment assets	**7,950,962**	12,666,395
Elimination	**(133,941)**	(124,209)
Unallocated corporate assets	**34,320**	96,918
Consolidated total assets	**7,851,341**	12,639,104
Liabilities		
Reportable segment liabilities	**(4,997,665)**	(10,115,175)
Elimination	**452,626**	355,358
Unallocated corporate liabilities	**(383,012)**	(242,325)
Consolidated total liabilities	**(4,928,051)**	(10,002,142)

4 REVENUE

The principal activities of the Group are securities broking, margin financing, commodities and futures broking, bullion trading and leveraged foreign exchange trading.

The amount of each significant category of revenue is as follows:

	2019	2018
	$'000	*$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Brokerage commission	**496,288**	536,016
Revenue from other sources		
Dealing income from bullion trading	**10,489**	19,086
Dealing income from leveraged foreign exchange trading	**655**	—
Interest income from margin financing	**301,462**	360,058
Interest income from IPO financing	**21,411**	29,280
	334,017	408,424
	830,305	944,440

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 (see note 2(b)).

The Group's customer base is diversified and no customer had transactions which exceeded 10% of the Group's revenue.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 and does not disclose information about the remaining performance obligation that have original expected durations of one year or less.

5 OTHER INCOME

	2019	2018
	$'000	*$'000*
Interest income from		
Financial assets carried at amortised cost		
— Authorised institutions	**117,135**	51,985
— Cash clients	**—**	33,816
— Others	**1,057**	366
	118,192	86,167
Financial assets carried at FVPL		
— Cash clients	**23,752**	—
	141,944	86,167
Handling and settlement fees	**63,849**	75,294
Dividend income	**1,641**	232
Sundry income	**5,006**	2,721
	212,440	164,414

6 OTHER NET (LOSS)/GAIN

	2019	2018
	$'000	*$'000*
Realised (loss)/gain from		
— Available-for-sale securities	**—**	11,371
— Held for trading investments	**—**	2,338
— Financial assets at fair value through profit or loss	**(4,124)**	—
Unrealised loss from		
— Held for trading investments	**—**	(420)
— Financial assets at fair value through profit or loss	**(889)**	—
	(5,013)	13,289
Net foreign exchange gain	**4,473**	34,065
Gain/(Loss) on disposals of property, plant and equipment	**102**	(378)
Error trades arising from dealings	**(55)**	(259)
Others	**(4,191)**	(470)
	(4,684)	46,247

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2019	2018
	$'000	*$'000*
(a) Finance costs		
Interest expense on		
— Bank loans for IPO financing	**16,884**	22,741
— Other bank loans	**112,758**	140,678
— Loans from related companies	**9,888**	2,689
— Others	**1,070**	872
	140,600	166,980
(b) Staff costs		
Salaries, allowances and benefits in kind	**102,756**	96,841
Discretionary bonuses	**29,676**	38,295
Contributions to Mandatory Provident Fund	**3,901**	3,801
	136,333	138,937
(c) Other operating expenses		
Advertising and promotion expenses	**7,983**	8,739
Auditors' remuneration	**1,657**	1,619
Commission, handling and settlement expenses	**83,103**	77,662
Information and communication expenses	**38,840**	32,619
Legal and professional fees	**3,921**	3,486
Operating lease payments — property rentals	**65,198**	60,516
Rates and building management fees	**5,918**	4,522
Miscellaneous expenses	**36,484**	40,661
	243,104	229,824

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of comprehensive income represents:

	2019	2018
	$'000	*$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**54,776**	85,876
(Over)/Under-provision in respect of prior years	**(520)**	320
	54,256	86,196
Deferred tax		
Origination and reversal of temporary differences	**4,001**	(1,703)
Total tax charge for the year	**58,257**	84,493

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 ("Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%.

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000.

The provision for Hong Kong Profits Tax for the year ended 31 March 2019 is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2018–19 subject to a maximum reduction of $20,000 for each business (2018: a maximum reduction of $30,000 was granted for the year of assessment 2017–18 and was taken into account in calculating the provision for 2018).

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2019	2018
	$'000	*$'000*
Profit before taxation	**499,185**	600,592
Notional tax on profit before taxation calculated at the rates applicable to profits in the countries concerned	**82,200**	99,098
Tax effect of non-deductible expenses	**3,129**	933
Tax effect of non-taxable revenue	**(24,573)**	(11,978)
Tax effect of unused tax losses not recognised	**63**	106
Utilisation of tax loss carried forward	**(19)**	—
(Over)/Under provision in respect of prior years	**(520)**	320
Others	**(2,023)**	(3,986)
Total tax charge for the year	**58,257**	84,493

9 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2019	2018
	$'000	*$'000*
Earnings		
Profit for the year attributable to owners of the Company *($'000)*	**440,928**	516,099
Number of shares		
Weighted average number of ordinary shares in issue *(in thousands)*	**1,697,296**	1,697,153
Basic earnings per share *(cents)*	**25.98**	30.41

Diluted earnings per share

There was no dilutive potential ordinary share during the year (2018: nil) and diluted earnings per share is therefore equal to basic earnings per share.

10 DIVIDENDS

(i) Dividends payable to equity shareholders of the Group attributable to the year

Dividends declared in respect of the current year are as follows:

	2019	2018
	$'000	*$'000*
Final dividend proposed after the end of the reporting period of 7.8 cents per ordinary share (2018: 9.1 cents per ordinary share) (2018 and 2019: 1,697,296,308 shares)	**132,389**	154,454

The final dividend proposed after the end of the reporting period is subject to approval of the shareholders at the forthcoming annual general meeting of the Company and has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Group attributable to the previous financial year, approved and paid during the year:

	2019	2018
	$'000	*$'000*
Final dividend in respect of previous financial year, approved and paid during the year, of 9.1 cents per ordinary share (2018: 4.8 cents per ordinary share) (2019: 1,697,296,308 shares, 2018: 1,696,996,308 shares)	**154,454**	81,456

11 AVAILABLE-FOR-SALE SECURITIES

	2019	2018
	$'000	*$'000*
At fair value:		
Listed equity securities		
— in Hong Kong	**—**	61,809

12 ACCOUNTS RECEIVABLE

	2019	2018
	$'000	*$'000*
Accounts receivable from:		
— Cash clients *(note)*	**—**	427,229
— Margin clients *(note)*	**—**	10,327,197
— Clearing houses	**741,019**	922,901
— Brokers and dealers	**240,356**	208,530
Less: Loss allowance	**(183)**	(331)
Financial assets measured at amortised cost	**981,192**	11,885,526
Accounts receivable from:		
— Cash clients *(note)*	**225,351**	—
— Margin clients *(note)*	**6,069,755**	—
— Subscription of new shares in IPO *(note)*	**484**	—
Financial assets measured at FVPL	**6,295,590**	—
	7,276,782	11,885,526

Note: Accounts receivable arising from cash clients, margin clients and subscriptions of new shares in IPO were reclassified to financial assets measured at FVPL upon the initial adoption of HKFRS 9 at 1 April 2018 (see note 2).

(a) Ageing analysis

The ageing analysis of accounts receivable from cash clients based on the settlement date as of the end of the reporting period is as follows:

	2019	2018
	$'000	*$'000*
Current	**48,011**	155,537
Less than 1 month	**122,437**	178,989
1 to 3 months	**16,317**	64,111
More than 3 months	**38,586**	28,592
	177,340	271,692
	225,351	427,229

Accounts receivable from cash clients relate to a wide range of customers for whom there was no recent history of default. These receivables are secured by their portfolios of securities. Cash clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. At 31 March 2019, the total market value of their portfolios of securities was $1,420,498,000 (2018: $2,370,271,000).

Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. At 31 March 2019, margin loans due from margin clients were current and repayable on demand except for $908,000 (2018: $348,000) where the margin loans were past due. $850,000 (2018: $21,000) were past due for less than 1 month. Nil (2018: $Nil) were past due for 1 to 3 months. $33,000 (2018: $4,000) were past due for 3 months to 1 year. $25,000 (2018: $323,000) were past due for over 1 year following the trading suspension of the pledged securities. At 31 March 2019, the total market value of securities pledged as collateral in respect of the loans to borrowing margin clients and all margin clients were $12,935,717,000 and $17,689,627,000 respectively (2018: $20,528,747,000 and $25,876,765,000 respectively). Margin loans that were past due relate to a number of independent customers that have a good track record with the Group.

For accounts receivable relating to subscriptions of new shares in IPO, no ageing analysis of subscriptions of new shares in IPO is disclosed as the ageing analysis does not give additional value in view of the nature of this business.

The fair value of accounts receivables from cash client, margin clients and subscription in new shares in IPO is determined by the fair value of collaterals, capped by the principal amount and accrued interest, without discounting.

Accounts receivable from clearing houses, brokers and dealers are current. These represent (1) pending trades arising from the business of dealing in securities, which are normally due within a few days after the trade date and (2) margin deposits arising from the business of dealing in futures and options contracts.

(b) Loss allowance of accounts receivable

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

On 1 April 2018, the loss allowance is provided upon adoption of HKFRS 9 with details disclosed in note 2.

The movement in the loss allowance during the year is as follows:

	Year ended 31 March 2019 *$'000*
At 1 April	**331**
Amounts written off as uncollectible	**(331)**
First adoption of HKFRS 9	**183**
At 31 March	**183**

13 ACCOUNTS PAYABLE

	2019	2018
	$'000	*$'000*
Accounts payable		
— Cash clients	**298,822**	293,611
— Margin clients	**750,347**	1,181,767
— Clearing houses	**139,275**	178,606
— Brokers	**37,765**	51,141
	1,226,209	1,705,125

All of the accounts payable are expected to be settled within one year or are repayable on demand.

14 BANK LOANS

	2019	2018
	$'000	*$'000*
Secured loans		
— Bank loans	**3,265,515**	7,924,885
Unsecured loans		
— Bank loans	**180,000**	241,000
	3,445,515	8,165,885

All the bank loans are repayable within one year and classified as current liabilities. The carrying amounts of the bank borrowings approximate their fair value.

The bank loans as at 31 March 2019 are interest-bearing. Securities collateral deposited by the Group's margin clients was re-pledged to banks to secure loan facilities. Such banking facilities were utilised to the extent of $3,265,515,000 (2018: $7,924,885,000). The fair value of the collateral re-pledged to banks as at 31 March 2019 amounted to $7,306,728,000 (2018: $14,123,507,000).

FINAL DIVIDENDS

The Board recommended the payment of a final dividend of 7.80 HK cents per share for the year ended 31 March 2019, subject to the approval of the final dividend by the Company's shareholders at the forthcoming annual general meeting ("AGM") to be held on Thursday, 8 August 2019. If approved, the final dividend will be paid to the Company's shareholders on Wednesday, 28 August 2019. Shareholders whose names appear on the register of members of the Company on Monday, 19 August 2019 will be entitled to the proposed final dividend.

CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to attend and vote at the AGM, from Friday, 2 August 2019 to Thursday, 8 August 2019 (both days inclusive), during this period no transfer of shares will be registered. In order to attend and vote at the AGM, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on Thursday, 1 August 2019. The Annual General Meeting of the Company will be held at 10:00 a.m. on Thursday, 8 August 2019.

CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT TO THE PROPOSED FINAL DIVIDEND

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to the proposed final dividend, from Wednesday, 14 August 2019 to Monday, 19 August 2019 (both days inclusive), during this period no transfer of shares will be registered. In order to qualify for the proposed final dividend, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on Tuesday, 13 August 2019. Shares of the Company will be traded ex-dividend as from Monday, 12 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

For the Year under review, the stock market in Hong Kong went from bad to worse against the backdrop of a turbulent global stock market. Ever since the second quarter of 2018, the market as a whole took a turn for the worse amid external volatility, including the unending US-China trade war, the uncertainties surrounding Brexit, the onset of an interest rate hike, the diplomatic pressure and economic sanctions stemming from the arrest of Meng Wanzhou, the Chief Financial Officer of Huawei, the currency crisis in emerging markets and the downward pressure faced by the world economy. As a result, HSI dropped from 30,180 points on 3 April 2018 to 24,585 points on 30 October 2018, representing a decrease of 5,595 points or 18.5%, with an average daily turnover for the Year of HK$96.23 billion (2018: HK$106.16 billion), representing a plunge of 9.4% as compared to the Prior Year. In view of all the aforementioned external uncertainties, investors have become more cautious and market trading is lackluster.

Thankfully, the amount of funds raised by IPOs in Hong Kong in 2018 was almost HK$286.5 billion, helping the city to reclaim the global crown in terms of fund raising amount. Furthermore, with the anticipation in early 2019 of an end of the US-China trade war, HSI has risen by 3,205 points or 12% in the first quarter of 2019 alone, representing the best performance over the past decade. However, the index experienced significant fluctuations as the US-China trade talks hit an impasse. On the other hand, the economy of mainland China recorded slower but steady growth. According to the National Bureau of Statistics of China, the GDP of China for 2018 amounted to Renminbi ("RMB") 90.03 trillion, represented 16% of the world economy and ranked second amongst all countries. China's GDP growth rate, which stood at 6.6% in 2018, accounted for one third of total global economic growth in the past decade. As such, the contribution and influence of China's economy cannot be understated.

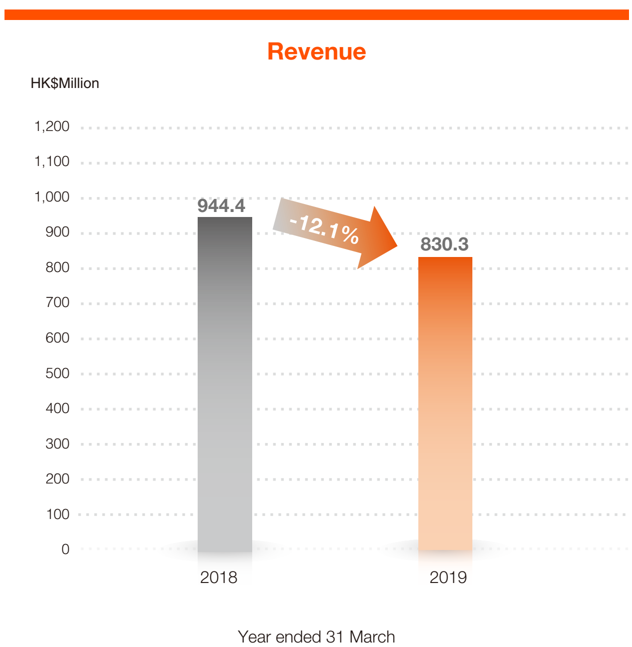
In 2018, mainland China faced capital outflow and sluggish export due to the interest rate hikes in the US as well as the trade war. To ease the credit crunch faced by private enterprises and restore faith in the stock market, the central government has rolled out a number of measures to boost the market, such as loosening reserve requirement time and again, legalising bonds issued by private enterprises and increasing credit available to micro and private enterprises. Furthermore, it has implemented tax and fee reduction amounting to RMB2 trillion with effect from the second quarter of 2019 in order to boost consumption and stimulate investment in the country.

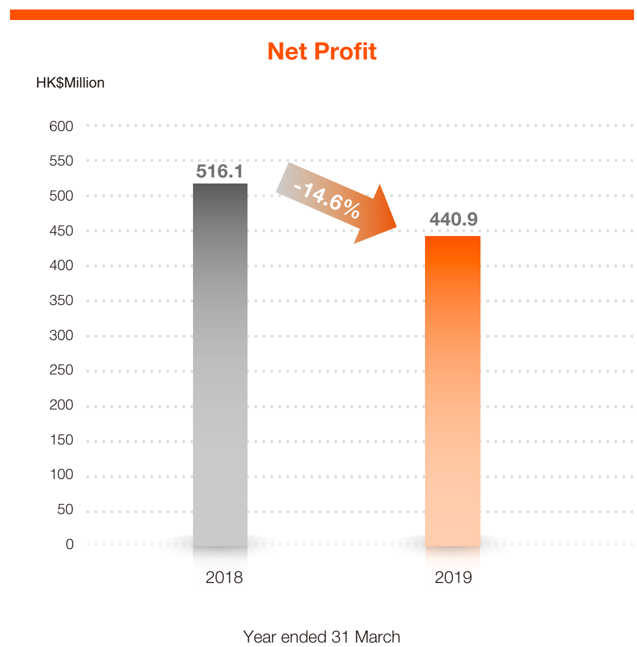
Being an emerging economy with rapid growth, China is increasingly important in the international market. In mid-2018, MSCI Index started to include A-shares and will increase the weight of A-shares to 20% in stages starting from May 2019. This move kicked off a massive capital inflow and boosted the A-share market. Meanwhile, the mainland has been actively reforming and opening up its capital market. It has not only established the STAR Market under the Shanghai Stock Exchange to attract high-end technology and emerging enterprises, but has also spurred the development of the Greater Bay Area. Given the rapid advancement of this national policy, Hong Kong, being an important part of the Greater Bay Area, will have closer tie with the mainland, and its connections with the mainland financial market will be tightened. For instance, the "insurance connect" initiative that allows cross-border transactions of a wide range of financial products will be piloted in the Greater Bay Area with the aim of catering to the outbound investment needs of the residents and institutions inside the area. Although Hong Kong has the established systems, comprehensive regulations and a professional workforce for being an international financial centre, it has to strengthen its offshore RMB business, asset management and risk management in order to maintain its pivotal role in the region and be ready for the opportunities brought by China's globalisation.

OPERATIONAL RESULTS

During the Year, the Group recorded a revenue of HK$830.3 million (2018: HK$944.4 million), representing a decrease of 12.1% as compared to that for the Prior Year. Profit for the Year was HK$440.9 million (2018: HK$516.1 million), representing a decrease of 14.6% as compared to that for the Prior Year. Total comprehensive income attributable to equity shareholders amounted to HK$441.1 million (2018: HK$518.3 million), representing a decrease of 14.9% as compared to that for the Prior Year. Basic earnings per share and diluted earnings per share were 25.98 HK cents (2018: 30.41 HK cents). The board of directors of the Company (the "Board") proposed the payment of a final dividend of 7.80 HK cents (2018: 9.10 HK cents) per share for the Year.

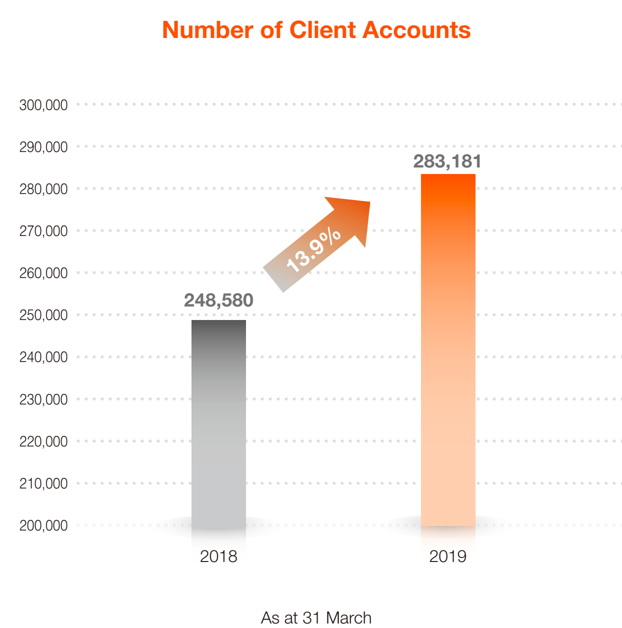
The decrease in the Group's revenue during the Year was mainly due to a significant drop in market turnover. According to the statistics provided by Hong Kong Exchanges and Clearing Limited, the average daily turnover of the Stock Exchange for the Year was approximately HK$96.23 billion, representing a drop of 9.4% as compared with approximately HK$106.16 billion for the Prior Year. In addition, in order to support the Group's proactive expansion and development strategy, the Group invested generously in the development of two one-stop mobile trading platform applications ("APP(s)"), namely "BS Securities (Baobao)" and "BS Futures (Doudou)" to optimise its trading platforms and services, undertook expansion exercises in the mainland market, and recruited a large team of talents during the Year. The Group also upgraded its network security infrastructure to strengthen the protection of its clients' interests and be well-prepared for another robust growth in turnover in the future.





TOTAL NUMBER OF CLIENT ACCOUNTS AND ASSETS

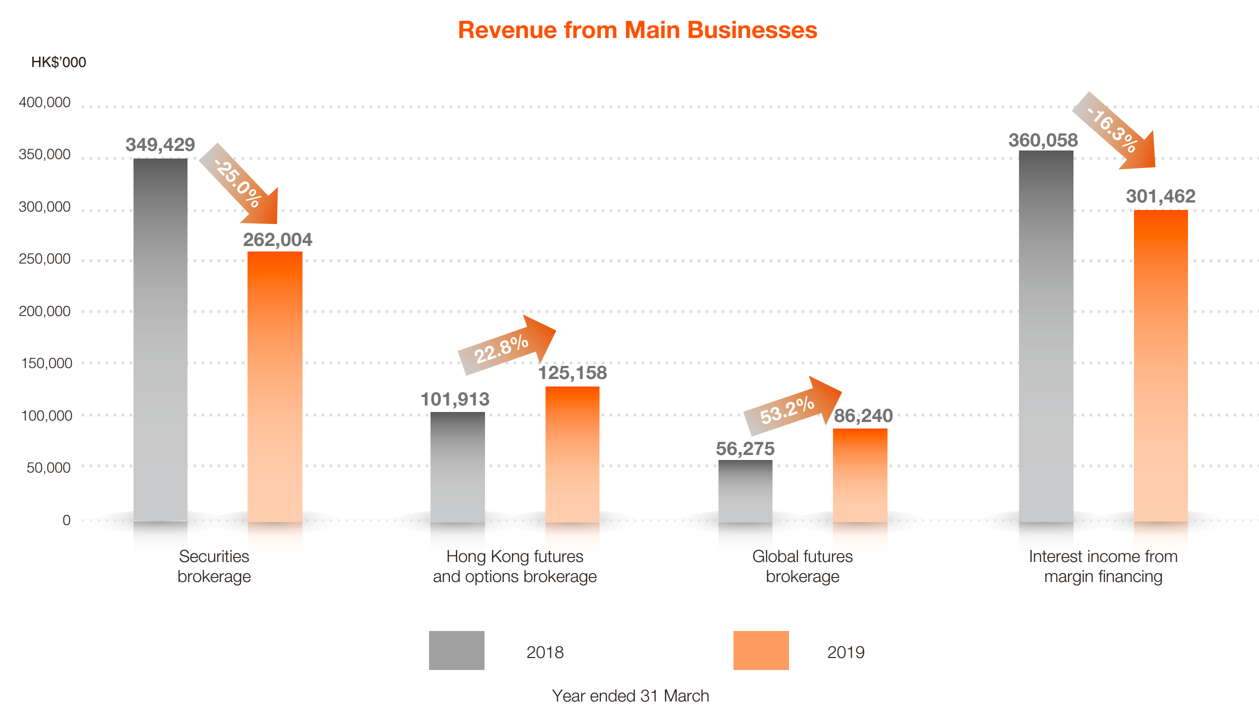
Given the downward pressure faced by the world economy as well as a whole of external uncertainties, productivity, consumption power and enthusiasm for investment of the public have been waning, which put a great deal of stress on the market. Nevertheless, having gone through thick and thin all these years, the Group has maintained its strategy of active expansion regardless of bull or bear markets. As at the end of March 2019, the Group had a total of 22 business locations including the headquarters in Central and various branches, covering all of the core districts in Hong Kong. Most of these locations open seven days a week, which is a breakthrough in the industry. Moreover, adhering to the customer-oriented principle as always, the Group has been a first mover in the securities industry by launching a "Bright Smart Mobile Teaching Centre" that travels around Hong Kong Island, Kowloon and New Territories. Such centre improved customer service quality and offered convenience to all customers. The Group's proactive expansion successfully led to a steady growth in the total number of client accounts. During the year, the number of new accounts (after deducting the number of client accounts closed) reached 34,601. As a result, the total number of client accounts increased to 283,181, representing an increase of 13.9% as compared to 248,580 as at 31 March 2018. As at 31 March 2019, client assets (including cash, stocks and margin deposits) decreased by 15.7% to approximately HK$46.1 billion (31 March 2018: approximately HK$54.7 billion).



REVENUE

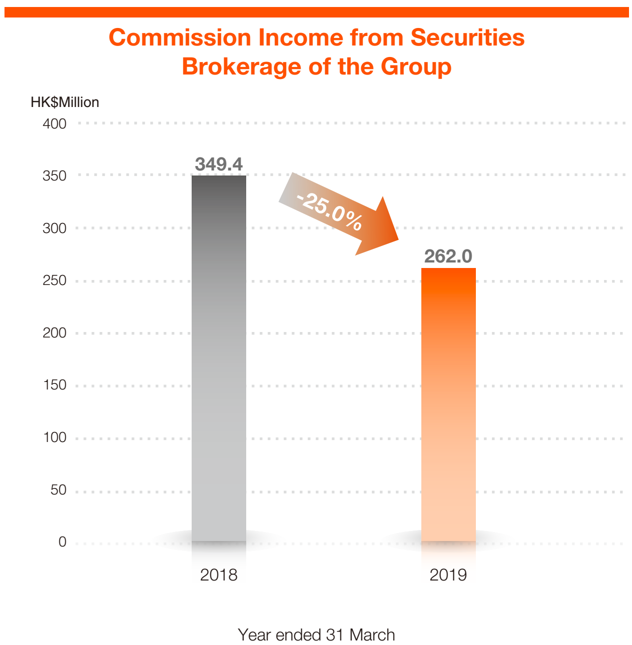
During the Year, the Group recorded a revenue of HK$830.3 million (2018: HK$944.4 million), representing a decrease of 12.1% as compared to that for the Prior Year. A summary of revenue from the business segments of the Group is set out below:

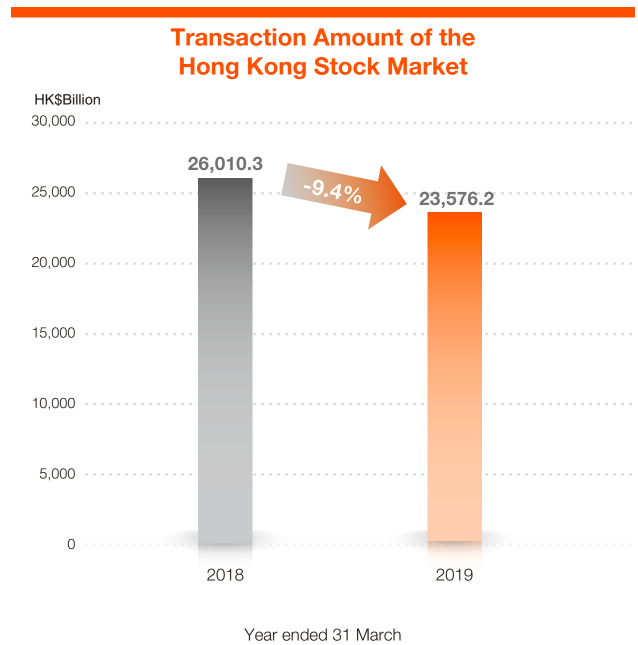
	Year ended 31 March				
	2019		2018		
	HK$'000	**Proportion of total revenue**	*HK$'000*	Proportion of total revenue	Increment/ (decrement)
Revenue from:					
— Securities brokerage	**262,004**	**31.5%**	349,429	37.0%	(25.0%)
— Hong Kong futures and options brokerage	**125,158**	**15.1%**	101,913	10.8%	22.8%
— Global futures brokerage	**86,240**	**10.4%**	56,275	6.0%	53.2%
— Bullion trading	**10,489**	**1.3%**	19,086	2.0%	(45.0%)
— Leveraged foreign exchange trading	**655**	**0.1%**	—	—	—
— Stock option brokerage	**12,520**	**1.5%**	15,013	1.6%	(16.6%)
— IPO brokerage	**10,366**	**1.2%**	13,386	1.4%	(22.6%)
Interest income from IPO financing	**21,411**	**2.6%**	29,280	3.1%	(26.9%)
Interest income from margin financing	**301,462**	**36.3%**	360,058	38.1%	(16.3%)
	830,305	**100.0%**	944,440	100.0%	(12.1%)



I. Securities brokerage

HKEX recorded a total transaction amount of HK$23,576.2 billion (2018: HK$26,010.3 billion) for the Year, representing a year-on-year decrease of 9.4%. The decrease in the Group's revenue was directly due to the drop in the transaction amount of Hong Kong stocks. As such, the Group's commission income from securities brokerage amounted to HK$262.0 million (2018: HK$349.4 million), representing a decrease of 25.0% as compared to that for the Prior Year and accounted for 31.5% (2018: 37.0%) of the total revenue.

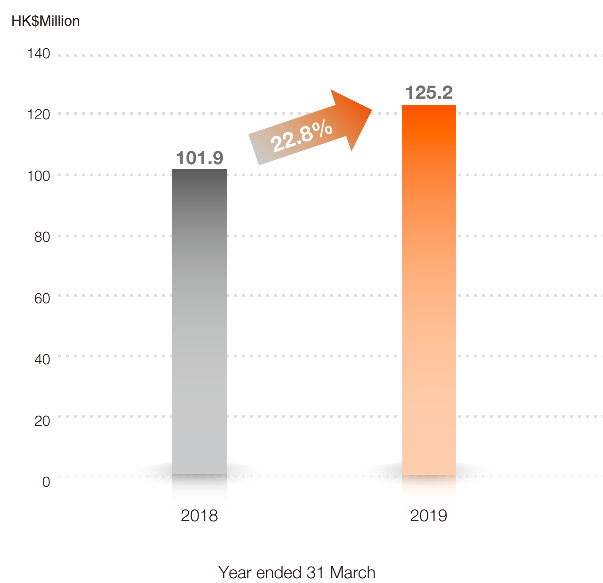




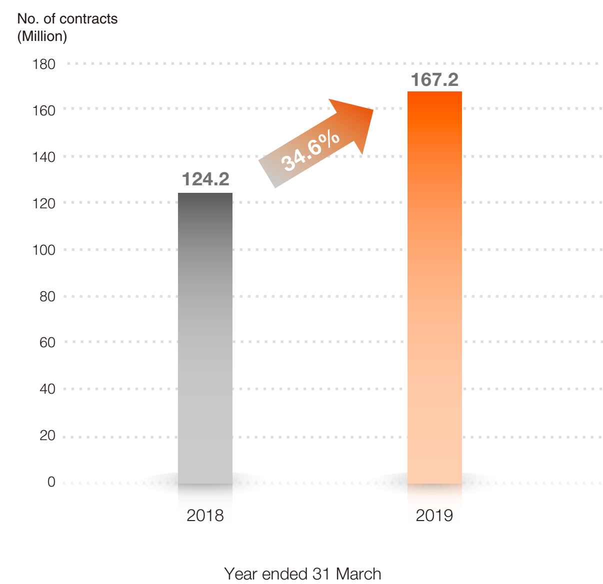
II. Hong Kong futures and options brokerage

As investors flocked to the futures market in view of the fluctuations in the stock market, trading in the futures and options market surged, and 167.2 million (2018: 124.2 million) derivative contracts traded on Hong Kong Futures Exchange Limited ("HKFE") were entered into during the year, representing an increase of 34.6%. The Group's Hong Kong futures and options brokerage segment recorded commission income for the Year of HK$125.2 million (2018: HK$101.9 million), representing an increase of 22.8% as compared to that for the Prior Year and accounted for 15.1% (2018: 10.8%) of the total revenue.

Commission Income from Hong Kong Futures and Options Brokerage of the Group



Transaction Volume of Derivative Contracts at the HKFE



III. Global futures brokerage

Hong Kong's investment market continued to be active and diversified, driving investors' interests in investing in the global market. For the Year, the commission income from global futures brokerage was HK$86.2 million (2018: HK$56.3 million), representing a significant increase of 53.2% as compared to that for the Prior Year and accounted for 10.4% (2018: 6.0%) of the total revenue.

IV. Bullion trading

For the Year, the Group's bullion trading income was HK$10.5 million (2018: HK$19.1 million), representing a decrease of 45.0% as compared to that for the Prior Year and accounted for 1.3% (2018: 2.0%) of the total revenue.

V. Leveraged foreign exchange trading

During the Year, the Group started the leveraged foreign exchange trading business. The income from this business was HK$655,000, accounting for 0.1% of the total revenue. The Group believes that the interest of investors in diversified financial investment products is growing. Therefore, the Group will actively identify business opportunities to expand into more business lines and provide more comprehensive investment instruments to the investors.

VI. Stock options brokerage

The Group recorded a commission income from stock options brokerage of HK$12.5 million (2018: HK$15.0 million) during the Year, representing a decrease of 16.6% as compared to that for the Prior Year and accounted for 1.5% (2018: 1.6%) of the total revenue. Stock options are highly leveraged investment products. The Group closely monitors the margin levels maintained in stock option accounts and adjusts them according to market conditions in order to ensure proper risk control.

VII. IPO brokerage and IPO financing

The Group recorded a commission income from IPO brokerage for the Year of HK$10.4 million (2018: HK$13.4 million), representing a decrease of 22.6% year-on-year. Accordingly, interest income from IPO financing also decreased by 26.9% to HK$21.4 million (2018: HK$29.3 million), accounted for 2.6% (2018: 3.1%) of the total revenue.

VIII. Margin financing

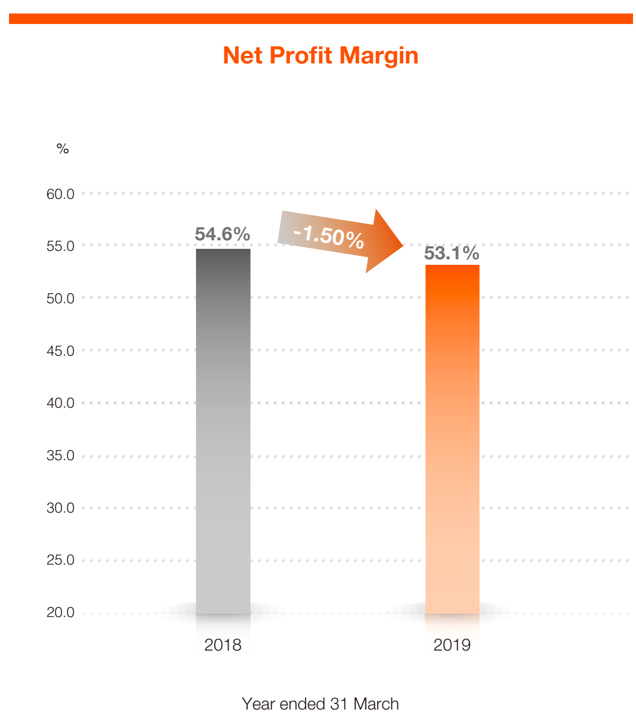
The average daily margin financing provided by the Group during the Year decreased by 26.5% to HK$6.91 billion (2018: HK$9.40 billion). The Group's interest income from margin financing for the Year was HK$301.5 million (2018: HK$360.1 million), representing a decrease of 16.3% as compared to that for the Prior Year and accounted for 36.3% (2018: 38.1%) of the total revenue. The Group implements effective credit control procedures and did not have any bad debts in the last few years.

LOSS FROM INVESTMENT

To enhance its financial performance, the Group held Hong Kong-listed securities and futures contracts as investment during the Year. As at 31 March 2019, the carrying amount of the investments in stock and futures was HK$8.7 million (2018: HK$61.4 million), which was reclassified as financial assets at fair value through profit or loss from available-for-sale investments and held for trading investments in the consolidated statement of financial position in 2018 due to the initial adoption of HKFRS 9. For the Year, loss from investment in financial assets at fair value through profit or loss amounted to HK$5.0 million (2018: gain of HK$13.3 million).

OPERATING EXPENSES AND NET PROFIT MARGIN

Attributable to the Group's continuous effective cost control, operating expenses for the Year decreased by 2.8% to HK$538.9 million (2018: HK$554.5 million) as compared to that for the Prior Year. Meanwhile, the net profit margin of the Group dipped to 53.1% (2018: 54.6%).



A breakdown of operating expenses is as follows:

	2019 *HK$'000*	2018 *HK$'000*	Increment/ (decrement)
Staff costs	**136,333**	138,937	(1.9%)
Amortisation and depreciation	**18,839**	18,768	0.4%
Finance costs	**140,600**	166,980	(15.8%)
Advertising and promotion expenses	**7,983**	8,739	(8.7%)
Auditors' remuneration	**1,657**	1,619	2.3%
Commission, handling and settlement expenses	**83,103**	77,662	7.0%
Information and communication expenses	**38,840**	32,619	19.1%
Rental, rates and building management fees	**71,116**	65,038	9.3%
Legal and professional fees	**3,921**	3,486	12.5%
Miscellaneous expenses	**36,484**	40,661	(10.3%)
	538,876	554,509	(2.8%)

FUTURE PLANS

In view of the downward pressure faced by the world economy, coupled with the US-China trade war, which has lasted for a year by now, and the stalemate over Brexit, the global financial market is fluctuating violently, investors are increasingly cautious in making investment, and trading in the market is sluggish. Nevertheless, the Group has maintained its strategy of active expansion regardless of bull or bear markets. It has been constantly expanding its workforce in order to improve its service and expand its network of 22 headquarters and branches. It will continue to identify sites at prime location with heavy traffic for new branches, and will also hold regular job fairs to attract talents with the aim of securing high calibre staff members according to its needs during business expansion as well as taking up the responsibility to nurture the next generation of elites for the industry. At the same time, the Group actively organises all kinds of investment seminars to educate investors. For example, the Group partnered with renowned overseas stock exchanges, financial institutions and leading experts to provide the clients with in-depth information about financial products and economic trends across the world so as to broaden their investment choices. Furthermore, the Group is always keen on sharing happiness with its clients. It invited more than 10,000 clients to watch Hollywood blockbusters in two "Movie Ticket Giveaway by Bright Smart" activities in October 2018 and the first quarter of 2019, respectively, and received wide acclaim. Looking forward, the Group will continue to adopt different promotional and marketing strategies with a view to grasping all valuable business opportunities and building up itself.

Develop More Global Financial Products to Meet Market Demand

The Group has thoroughly studied consumers' behaviour and investment trend according to customer data and survey. In view of the rising attention to and concern about global financial products and the growing interest in investments therein, the Group connects its online securities and futures trading platforms as well as the newly launched mobile trading apps, namely "BS Securities (Baobao)" and "BS Futures (Doudou)", to markets around the world, provides comprehensive and professional brokerage services, and brings together Hong Kong stocks, US stocks, Shanghai-Hong Kong Stock Connect A shares, Shenzhen-Hong Kong Stock Connect A shares, China B shares, Japanese stocks, Taiwanese stocks, Singaporean stocks, Australian stocks, UK stocks, Hong Kong futures, Hang Seng Index options, Hong Kong stock options, Dow Jones Futures, A50 Futures, foreign exchange futures, gold futures, oil futures, copper futures, HKEX's CNH Gold Futures, HKEX's USD Gold Futures, leveraged foreign exchange products, iron ore futures, IPO share subscription and margin financing, so as to cater for the needs of different clients. The Group believes that investors' interest in global financial products is growing. Therefore, it will continue to develop more global financial products to meet market demand.

Improve Service Quality and Enhance Trading Experience for Clients

The Group is fully aware of the investors' needs for financial technologies and has therefore actively engaged in digitalising investment services. In 2018, it made huge investments in and spent half a year of time to develop two mobile trading apps, namely "BS Securities (Baobao)" and "BS Futures (Doudou)". They are equipped with AI 3.0 features (such as behavioural authentication, news tracking and personalised portfolio monitoring) and a user-friendly interface that allow users to open accounts swiftly. With the Group's one-stop electronic trading platforms, the clients can fulfil all their investment needs, trade global financial products and read global financial news right away at anytime and anywhere through one mobile app. In the future, the Group will take further steps to provide clients with better services, develop more global financial products, diversify its business, and invest more resources in the refinement of its online trading platforms with the aim of further strengthening its core competitiveness and cementing its industry prominence.

Commit itself to Enhancing Security of Online Transactions

In order to offer a more convenient and stable online trading platform, the Group has also made huge investment in improving its trading system, relocated its central computer system to the centralised data centre of HKEX in Tseung Kwan O, conducted large-scale tests on all transaction systems, including regular simulated tests involving a trading volume exceeding five times of the existing volume on HKEX, as well as continuously enhanced the efficiency and stability of the existing securities and futures trading platforms. As for network security, the Group has implemented the "dual password" security measure and authentication by which two sets of passwords are required for logging into the trading system and conducting transaction in order to provide adequate security to online transactions. Furthermore, email notifications are delivered instantly to notify the clients of any login or any transaction conducted electronically through their accounts. In addition, the Group also closely monitors and counteracts any fake website pretending to be related to it. If any such website is identified, the Group will notify the clients and take legal actions against the website in order to prevent unnecessary loss from its clients.

The Group invested substantial resources to enhance the speed and capacity of its online trading system for dealing with transactions in order to meet clients' needs and improve service quality. In recognition of its outstanding results in the development of the "Baobao" and "Doudou" apps, it won the award of "Outstanding Securities Trading Mobile APP" by The Chamber of Hong Kong Computer Industry and Metro Broadcast, the "Best Securities Mobile Apps in Greater China Award" by the Metro Daily and METRO PROSPERITY as well as the "Outstanding Stock and Futures Trading App Development" award in the 19th Capital Outstanding Enterprise Awards granted by the CAPITAL, demonstrating the popularity of the Group's online trading system amongst the clients, the industry and the media for its speed, stability, security and reliability. The Group will pay close attention to the latest market developments and study the need and room for capacity expansion. It will also boost education on the security of online transactions for its clients and enhance their risk awareness and risk prevention skills.

Tap into Mainland Market

The mainland has been actively reforming and opening up its capital market and attempting globalisation in recent years. With a huge population, it enjoys enormous room for growth in terms of consumption, production and investment capacity. Furthermore, the mainland may abolish the shareholding restriction on Hong Kong-based securities institutions entering the mainland market so that Hong Kong investors may wholly own mainland securities firms. Therefore, the Group is determined to tap into the mainland market which has great potential and prospects. To do so, the Group will not only recruit talents interested in working in the securities market, but also further raise its brand awareness and image, and establish a unique brand image based on its high quality and cost-performance ratio in the mainland through online and offline promotional and marketing strategies.

CONCLUSION

The Group firmly believes that its success hinges on understanding clients' needs. During the Year, the Group played safe, built up its existing strength and focused on customer services. As such, it strived to develop new one-stop mobile trading platforms while bolstering its hardware support. It has also introduced two smart and eye-catching mascots, namely "Baobao" and "Doudou", which represent the Group's high quality and value and embody its brand image, culture and competitiveness. The Group's accomplishments are attributable to the continuous support, trust and recognition of its clients, who have been supporting the Group as they have always done. In the future, the Group will provide more high quality customer services and develop more highly secured and convenient trading platforms so as to appreciate the long-term support from its clients. At the same time, the Group will strengthen its existing competitive edges, diversify its businesses, recruit professional talents and seize every opportunity in order to increase the Group's operational efficiency and bring better returns to the shareholders.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group's operations were financed by shareholders' equity, cash generated from operation and bank borrowings.

The Group maintains sufficient liquidity with total bank deposits, bank balances and cash amounting to HK$401.3 million as at 31 March 2019 (2018: HK$511.9 million). The Group had bank borrowings of HK$3,445.5 million as at 31 March 2019 (2018: HK$8,165.9 million) which bore interest primarily at floating rate. The bank borrowings were primarily collateralised by its margin clients' securities pledged to the Group. As at 31 March 2019, unutilised banking facilities amounted to HK$17,277.3 million (2018: HK$10,020.1 million). The Group's gearing ratio (total bank borrowings divided by the total shareholders' equity) was 117.9% (2018: 309.7%). As at 31 March 2019, the net current assets of the Group increased by 15.4% to HK$2,797.4 million (2018: HK$2,423.4 million). As at 31 March 2019, the Group's current ratio (current assets divided by current liabilities) was 1.6 times (2018: 1.2 times).

The Group actively and regularly reviews and manages its capital structure and makes adjustments in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures that each of the subsidiaries maintains a liquidity level adequate to support the level of activities with a sufficient buffer to accommodate increases in liquidity requirements arising from potential increases in the level of business activities. During the Year, all the licensed subsidiaries complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules ("FRR").

CHARGES ON ASSETS

No asset of the Group was subject to any charge as at 31 March 2019 and 2018.

CONTINGENT LIABILITIES

As at the end of the reporting period, corporate guarantees provided by the Company in respect of banking facilities granted by authorised institutions to its subsidiaries engaging in securities and futures broking amounted to HK$15,953.3 million (2018: HK$14,960.0 million). As at 31 March 2019, the subsidiaries of the Company have utilised HK$3,040.5 million of these aggregate banking facilities (2018: HK$6,434.9 million).

As at the end of the reporting period, the directors did not consider that any claim would be made against the Group under any of the guarantees.

OPERATING LEASE COMMITMENTS AND CAPITAL COMMITMENTS

The operating lease commitments as at 31 March 2019 were approximately HK$198.4 million (2018: HK$70.7 million). The capital commitments as at 31 March 2019 were approximately HK$3.4 million (2018: HK$4.5 million).

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2019, the Group had a work force of 283 employees (2018: 298 employees). Staff costs, excluding Directors' emoluments, amounted to approximately HK$120.1 million for the Year (2018: HK$125.1 million). The Group's remuneration policy aims to offer competitive remuneration packages to recruit, retain and motivate competent employees. The Group believes that the remuneration packages are reasonable and competitive and in line with market trends. The Group has put in place a share option scheme and a bonus scheme for its executives and employees as a measure to provide a competitive remuneration package for the Group's long- term growth and development. The Group also provides appropriate training and development programs to its employees to enhance the staff's work ability and personal effectiveness.

SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the Year, the Group did not make any significant acquisitions or disposals of subsidiaries.

LITIGATION

As at 31 March 2019 and up to the date of this announcement, the Group has not been involved in any litigation of significance.

RISK MANAGEMENT

Credit risk

The Group's credit risk is primarily attributable to amounts due from clients, brokers and clearing houses. The management has a credit policy in place and the exposure to the credit risk is monitored on an ongoing basis.

In respect of amounts due from clients, individual evaluations are performed on all clients (including cash and margin clients) based on the underlying collateral. Cash clients are required to place deposits as prescribed in the Group's policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within a few days from the trade date. Because accounts receivable from cash clients relate to a wide range of customers for whom there was no recent history of default, there has not been a significant change in credit quality and the balances are considered fully recoverable, and the prescribed deposit requirements and the short settlement period involved, the credit risk arising from the amounts due from cash clients is considered low. The Group normally obtains liquid securities and/or cash deposits as collateral for providing financing to its cash and margin clients and has policy to manage these exposures on a fair value basis. Margin loans due from margin clients are repayable on demand. For commodities and futures brokerage, an initial margin is required prior to opening transaction. Market conditions and adequacy of securities collateral and margin deposits of each cash account, margin account and futures account are monitored by the management on a daily basis. Margin calls and forced liquidation are made where necessary.

In respect of amounts receivable from brokers and clearing houses, credit risks are considered low as the Group normally enters into transactions with brokers and clearing houses which are registered with regulatory bodies and enjoy sound reputation in the industry.

The Group has no significant concentration of credit risk as credits are granted to a large population of clients.

The Group does not provide any other guarantees which would expose the Group to credit risk.

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, and to ensure compliance with FRR. The Group's policy is to regularly monitor its current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

Interest rate risk

The Group charges interest on its margin clients and cash clients with outstanding loan amounts on the basis of its cost of funding plus a mark-up. Financial assets (such as margin loans and deposits with banks) and financial liabilities (such as bank loans) are primarily at floating rates. The Group's income and operating cash flows are not subject to significant interest rate risk.

Foreign exchange risk

The Group is exposed to currency risk primarily arising from financial instruments that are denominated in United States dollars ("USD"), Renminbi ("RMB"), Singapore dollars ("SGD"), Japanese Yen ("JPY"), Australian dollars ("AUD") and British pound ("GBP"). As the Hong Kong dollar ("HKD") is pegged to the USD, the Group considers the risk of movements in exchange rates between the HKD and the USD as insignificant. In respect of financial instruments denominated in other currencies, the Group ensures that the net exposure is kept at an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The management monitors all the foreign currency positions on a daily basis.

Price risk

The Group is exposed to price changes arising from listed equity investments, futures contracts classified as financial assets at fair value through profit or loss and accounts receivable.

The Group's equity investments are listed on HKEX while investment in futures contracts are traded on HKFE. Listed investments held in the financial assets at fair value through profit or loss portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Accounts receivable from margin, cash and IPO clients expose the Group to price risk as their fair value is made with reference to the fair value of collaterals.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31 March 2019.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2019.

REVIEW OF ANNUAL RESULTS

The annual results for the Year had been reviewed by the audit committee of the Company, which comprises the three independent non-executive directors of the Company.

SCOPE OF WORK OF KPMG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2019 had been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held on Thursday, 8 August 2019. Notice of the AGM will be sent to the shareholders of the Company in due course.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.bsgroup.com.hk). The Annual Report 2018/19 and the notice of AGM will be despatched to the shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 19 June 2019

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 and Mr. Ling Kwok Fai, Joseph as Independent Non-executive Directors.