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**BRIGHT SMART SECURITIES  
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 2018**

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 2018 (the “Year”) together with the comparative figures for the year ended 31 March 2017 (the “Prior Year”) as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 March 2018*

*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2018</b> <b>\$'000</b>	2017 \$'000
<b>Revenue</b>	3	<b>944,440</b>	562,517
Other income	4	<b>164,414</b>	105,898
Other net gain	5	<b>46,247</b>	21,939
		<hr/>	<hr/>
Staff costs	6(b)	<b>1,155,101</b> <b>(138,937)</b>	690,354 (109,688)
Amortisation and depreciation		<b>(18,768)</b>	(11,100)
Other operating expenses	6(c)	<b>(229,824)</b>	(196,978)
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	<i>Note</i>	<b>2018</b> <b>\$'000</b>	2017 \$'000
<b>Profit from operations</b>		<b>767,572</b>	372,588
Finance costs	6(a)	<u>(166,980)</u>	<u>(57,999)</u>
<b>Profit before taxation</b>	6	<b>600,592</b>	314,589
Income tax	7	<u>(84,493)</u>	<u>(42,679)</u>
<b>Profit for the year</b>		<b>516,099</b>	271,910
<b>Other comprehensive income for the year:</b>			
Items that may be reclassified subsequently to profit or loss			
– Net movement in investment revaluation reserve of available-for-sale securities		<b>2,606</b>	(13,561)
– Exchange reserve		<u>(365)</u>	<u>192</u>
<b>Total comprehensive income attributable to equity shareholders for the year</b>		<b><u>518,340</u></b>	<b><u>258,541</u></b>
<b>Earnings per share</b>			
Basic ( <i>cents</i> )	8	<b><u>30.41</u></b>	<u>16.02</u>
Diluted ( <i>cents</i> )	8	<b><u>30.41</u></b>	<u>16.02</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

(Expressed in Hong Kong dollars)

	Note	2018 \$'000	2017 \$'000
<b>Non-current assets</b>			
Property, plant and equipment		24,231	22,476
Intangible assets		7,867	–
Available-for-sale securities	10	61,809	7,018
Deferred tax assets		4,029	2,381
Other receivables, deposits and prepayments		5,289	16,948
Other non-current assets		110,422	71,900
<b>Total non-current assets</b>		<b>213,647</b>	120,723
<b>Current assets</b>			
Accounts receivable	11	11,885,526	7,788,352
Other receivables, deposits and prepayments		27,347	14,219
Tax recoverable		697	2,756
Cash and cash equivalents		511,887	596,903
<b>Total current assets</b>		<b>12,425,457</b>	8,402,230

	<i>Note</i>	<b>2018</b> <b>\$'000</b>	2017 \$'000
<b>Current liabilities</b>			
Accounts payable	<i>12</i>	<b>1,705,125</b>	1,174,196
Accrued expenses and other payables		<b>86,178</b>	50,109
Held for trading investments		<b>420</b>	–
Bank loans and overdrafts	<i>13</i>	<b>8,165,885</b>	5,096,000
Current taxation		<b>44,495</b>	2,863
		<u><b>10,002,103</b></u>	<u>6,323,168</u>
<b>Total current liabilities</b>		<u><b>10,002,103</b></u>	<u>6,323,168</u>
<b>Net current assets</b>		<u><b>2,423,354</b></u>	<u>2,079,062</u>
<b>Total assets less current liabilities</b>		<u><b>2,637,001</b></u>	<u>2,199,785</u>
<b>Non-current liability</b>			
Deferred tax liabilities		<u><b>39</b></u>	<u>94</u>
<b>NET ASSETS</b>		<u><b>2,636,962</b></u>	<u>2,199,691</u>
<b>EQUITY</b>			
Share capital		<b>509,189</b>	509,099
Share premium		<b>738,020</b>	737,677
Exchange reserve		<b>15</b>	380
Investment revaluation reserve		<b>3,977</b>	1,371
Merger reserve		<b>(20,000)</b>	(20,000)
Share option reserve		<b>7,399</b>	8,341
Retained profits		<u><b>1,398,362</b></u>	<u>962,823</u>
<b>TOTAL EQUITY</b>		<u><b>2,636,962</b></u>	<u>2,199,691</u>

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 HKAS 7  
Amendments to HKAS 12

*Statement of Cash Flows: Disclosure Initiative*  
*Income taxes: Recognition of Deferred Tax Assets  
for Unrealised Losses*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

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

### (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 financial instruments classified as available-for-sale securities and held for trading investments are stated at their fair value.

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 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

	2018			
	Securities broking \$'000	Commodities and futures broking \$'000	Bullion trading \$'000	Total \$'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	<u>766,774</u>	<u>158,795</u>	<u>19,086</u>	<u>944,655</u>
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)	<u>697,509</u>	<u>46,951</u>	<u>18,501</u>	<u>762,961</u>
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	<u>28,629</u>	<u>39</u>	<u>–</u>	<u>28,668</u>
Reportable segment assets	<u>11,771,698</u>	<u>819,229</u>	<u>75,468</u>	<u>12,666,395</u>
Reportable segment liabilities	<u>(9,553,886)</u>	<u>(514,362)</u>	<u>(46,927)</u>	<u>(10,115,175)</u>

	2017			
	Securities	Commodities	Bullion	Total
	broking	and futures	trading	
	\$'000	broking	\$'000	\$'000
		\$'000		\$'000
Revenue from customers:				
– Brokerage commission	216,453	145,241	–	361,694
– Dealing income	–	–	14,071	14,071
– Interest income from margin financing	181,772	202	–	181,974
– Interest income from IPO financing	4,879	–	–	4,879
	<u>403,104</u>	<u>145,443</u>	<u>14,071</u>	<u>562,618</u>
Reportable segment revenue				
Interest income from cash clients	20,798	–	–	20,798
Other interest income	26,509	3,903	74	30,486
Handling and settlement fees	48,603	13	1	48,617
	<u>403,104</u>	<u>145,443</u>	<u>14,071</u>	<u>562,618</u>
Reportable segment profit (EBIT)	<u>305,496</u>	<u>47,055</u>	<u>12,032</u>	<u>364,583</u>
Depreciation for the year	(10,464)	(105)	(117)	(10,686)
Finance costs	(67,132)	(1)	–	(67,133)
Additions to non-current segment assets during the year	<u>10,001</u>	<u>–</u>	<u>–</u>	<u>10,001</u>
Reportable segment assets	8,098,470	733,425	40,717	8,872,612
Reportable segment liabilities	<u>(6,212,197)</u>	<u>(457,480)</u>	<u>(25,367)</u>	<u>(6,695,044)</u>

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

	<b>2018</b> \$'000	2017 \$'000
<b>Revenue</b>		
Reportable segment revenue	<b>944,655</b>	562,618
Elimination	<u>(215)</u>	<u>(101)</u>
Consolidated revenue	<b><u>944,440</u></b>	<b><u>562,517</u></b>
<b>Profit</b>		
Reportable segment profit (EBIT)	<b>762,961</b>	364,583
Finance costs	<b>(166,980)</b>	(57,999)
Unallocated corporate income	<b>36,246</b>	17,897
Unallocated corporate expenses	<u>(31,635)</u>	<u>(9,892)</u>
Consolidated profit before taxation	<b><u>600,592</u></b>	<b><u>314,589</u></b>
<b>Assets</b>		
Reportable segment assets	<b>12,666,395</b>	8,872,612
Elimination	<b>(124,209)</b>	(399,879)
Unallocated corporate assets	<u>96,918</u>	<u>50,220</u>
Consolidated total assets	<b><u>12,639,104</u></b>	<b><u>8,522,953</u></b>
<b>Liabilities</b>		
Reportable segment liabilities	<b>(10,115,175)</b>	(6,695,044)
Elimination	<b>355,358</b>	374,292
Unallocated corporate liabilities	<u>(242,325)</u>	<u>(2,510)</u>
Consolidated total liabilities	<b><u>(10,002,142)</u></b>	<b><u>(6,323,262)</u></b>



### 3 REVENUE

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

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

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
Brokerage commission	<b>536,016</b>	361,593
Dealing income from bullion trading	<b>19,086</b>	14,071
Interest income from margin financing	<b>360,058</b>	181,974
Interest income from IPO financing	<b>29,280</b>	4,879
	<b>944,440</b>	562,517

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

### 4 OTHER INCOME

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
Interest income from		
– Authorised institutions	<b>51,985</b>	30,290
– Cash clients	<b>33,816</b>	20,798
– Others	<b>366</b>	219
	<b>86,167</b>	51,307
Handling and settlement fees	<b>75,294</b>	48,617
Dividend income	<b>232</b>	1,599
Sundry income	<b>2,721</b>	4,375
	<b>164,414</b>	105,898

### 5 OTHER NET GAIN

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
Realised gain from		
– Available-for-sale securities	<b>11,371</b>	31,794
– Held for trading investments	<b>2,338</b>	3,092
Unrealised loss from		
– Held for trading investments	<b>(420)</b>	–
	<b>13,289</b>	34,886
Net foreign exchange gain/(loss)	<b>34,065</b>	(12,351)
Loss on disposals of property, plant and equipment	<b>(378)</b>	(36)
Error trades arising from dealings	<b>(259)</b>	(52)
Others	<b>(470)</b>	(508)
	<b>46,247</b>	21,939

## 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2018 \$'000	2017 \$'000
<b>(a) Finance costs</b>		
Interest expense on		
– Bank loans for IPO financing	22,741	3,362
– Other bank loans and overdrafts	141,550	54,629
– Loans from related companies	2,689	8
	<u>166,980</u>	<u>57,999</u>
<b>(b) Staff costs</b>		
Salaries, allowances and benefits in kind	96,841	94,343
Discretionary bonuses	38,295	11,614
Contributions to Mandatory Provident Fund	3,801	3,731
	<u>138,937</u>	<u>109,688</u>
<b>(c) Other operating expenses</b>		
Advertising and promotion expenses	8,739	7,643
Auditors' remuneration	1,619	1,591
Commission, handling and settlement expenses	77,662	54,792
Information and communication expenses	32,619	31,426
Legal and professional fees	3,486	6,021
Operating lease payments – property rentals	60,516	59,282
Rates and building management fees	4,522	4,686
Miscellaneous expenses	40,661	31,537
	<u>229,824</u>	<u>196,978</u>

## 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Taxation in the consolidated statement of comprehensive income represents:

	2018 \$'000	2017 \$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	85,876	41,728
Under/(Over)-provision in respect of prior years	320	(687)
	<u>86,196</u>	41,041
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(1,703)	1,638
	<u>84,493</u>	<u>42,679</u>

The provision for Hong Kong Profits Tax for the year ended 31 March 2018 is calculated at 16.5% (2017: 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 2017-18 subject to a maximum reduction of \$30,000 for each business (2017: a maximum reduction of \$20,000 was granted for the year of assessment 2016-17 and was taken into account in calculating the provision for 2017).

## 8 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.

	2018	2017
<b>Earnings</b>		
Profit for the year attributable to owners of the Company (\$'000)	<u>516,099</u>	<u>271,910</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue ( <i>in thousands</i> )	<u>1,697,153</u>	<u>1,696,878</u>
Basic earnings per share ( <i>cents</i> )	<u>30.41</u>	<u>16.02</u>

### Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares.

	2018	2017
<b>Earnings</b>		
Profit for the year attributable to owners of the Company (\$'000)	<u>516,099</u>	<u>271,910</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue ( <i>in thousands</i> )	<u>1,697,153</u>	<u>1,696,878</u>
Effect of dilutive potential ordinary shares:		
– Share options ( <i>in thousands</i> ) ( <i>Note</i> )	<u>–</u>	<u>165</u>
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share ( <i>in thousands</i> )	<u>1,697,153</u>	<u>1,697,043</u>
Diluted earnings per share ( <i>cents</i> )	<u>30.41</u>	<u>16.02</u>

*Note:* The computation of diluted earnings per share assumed the exercise of the Company's outstanding share options with the exercise price lower than the average market price during the year ended 31 March 2017 and with the adjustment for the share options lapsed or exercised during the respective year.

## 9 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:

	2018 \$'000	2017 \$'000
Final dividend proposed after the end of the reporting period of 9.1 cents per ordinary share (2017: 4.8 cents per ordinary share) (2018: 1,697,296,308 shares, 2017: 1,696,996,308 shares)	<u>154,454</u>	<u>81,456</u>

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:

	2018 \$'000	2017 \$'000
Final dividend in respect of previous financial year, approved and paid during the year, of 4.8 cents per ordinary share (2017: 5.7 cents per ordinary share) (2018: 1,696,996,308 shares, 2017: 1,696,776,308 shares)	<u>81,456</u>	<u>96,715</u>

## 10 AVAILABLE-FOR-SALE SECURITIES

	2018 \$'000	2017 \$'000
At fair value: Listed equity securities – in Hong Kong	<u>61,809</u>	<u>7,018</u>

## 11 ACCOUNTS RECEIVABLE

	2018 \$'000	2017 \$'000
Accounts receivable		
– Cash clients	427,229	273,879
– Margin clients	10,327,197	6,068,589
– Clearing houses	922,901	562,068
– Subscriptions of new shares in IPO	–	683,597
– Brokers and dealers	208,530	200,550
Less: allowance for doubtful debts	<u>(331)</u>	<u>(331)</u>
	<u>11,885,526</u>	<u>7,788,352</u>

(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:

	<b>2018</b> <b>\$'000</b>	2017 <i>\$'000</i>
Current	<u>155,537</u>	<u>45,056</u>
Less than 1 month	<b>178,989</b>	88,980
1 to 3 months	<b>64,111</b>	89,310
More than 3 months	<u>28,592</u>	<u>50,533</u>
	<u><b>271,692</b></u>	<u>228,823</u>
	<u><b>427,229</b></u>	<u>273,879</u>

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 2018, the total market value of their portfolios of securities was \$2,370,271,000 (2017: \$1,503,123,000). Based on past experience and current assessment, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

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 2018, margin loans due from margin clients were current and repayable on demand except for \$348,000 (2017: \$710,000) where the margin loans were past due. \$21,000 (2017: \$6,000) were past due for less than 1 month. Nil (2017: \$5,000) were past due for 1 to 3 months. \$4,000 (2017: Nil) were past due for 3 months to 1 year. \$323,000 (2017: \$699,000) were past due for over 1 year following the trading suspension of the pledged securities. At 31 March 2018, the total market value of securities pledged as collateral in respect of the loans to borrowing margin clients and all margin clients were \$20,528,747,000 and \$25,876,765,000 respectively (2017 : \$12,957,225,000 and \$17,145,627,000 respectively). Margin loans that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

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.

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) Impairment of accounts receivable**

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

The movement in the allowance for doubtful debts during the year is as follows:

	<b>2018</b> <b>\$'000</b>	2017 <b>\$'000</b>
At 1 April	<b>331</b>	611
Amounts recovered	<u>–</u>	<u>(280)</u>
At 31 March	<b><u>331</u></b>	<b><u>331</u></b>

At 31 March 2018, the Group's receivables from a client of \$331,000 (2017: \$331,000) arising from trading of stock option was determined to be impaired. The impaired receivables related to a client that was in financial difficulty.

**12 ACCOUNTS PAYABLE**

	<b>2018</b> <b>\$'000</b>	2017 <b>\$'000</b>
Accounts payable		
– Cash clients	<b>293,611</b>	297,693
– Margin clients	<b>1,181,767</b>	756,406
– Clearing houses	<b>178,606</b>	87,075
– Brokers	<b><u>51,141</u></b>	<u>33,022</u>
	<b><u>1,705,125</u></b>	<b><u>1,174,196</u></b>

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

**13 BANK LOANS AND OVERDRAFTS**

	<b>2018</b> <b>\$'000</b>	2017 <b>\$'000</b>
Secured loans		
– Bank loans	<b>7,924,885</b>	3,737,000
– Bank overdraft	–	434,000
– Bank loans for IPO	–	675,000
Unsecured loans		
– Bank loans	<b><u>241,000</u></b>	<u>250,000</u>
	<b><u>8,165,885</u></b>	<b><u>5,096,000</u></b>

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 2018 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 \$7,924,885,000 (2017: \$4,846,000,000). The fair value of the collateral re-pledged to banks as at 31 March 2018 amounted to \$14,123,507,000 (2017: \$7,909,095,000).

## **FINAL DIVIDENDS**

The Board recommended the payment of a final dividend of 9.10 HK cents per share for the year ended 31 March 2018, subject to the approval of the final dividend by the Company's shareholders at the forthcoming annual general meeting ("AGM") to be held on Tuesday, 3 July 2018. If approved, the final dividend will be paid to the Company's shareholders on Friday, 20 July 2018. Shareholders whose names appear on the register of members of the Company on Wednesday, 11 July 2018 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 meeting, from Tuesday, 26 June 2018 to Tuesday, 3 July 2018 (both days inclusive), during this period no transfer of shares will be registered. In order to attend and vote at the meeting, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on Monday, 25 June 2018. The Annual General Meeting of the Company will be held at 10:00 a.m. on Tuesday, 3 July 2018.

## **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 Monday, 9 July 2018 to Wednesday, 11 July 2018 (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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on Friday, 6 July 2018. Shares of the Company will be traded ex-dividend as from Thursday, 5 July 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET REVIEW

During the Year under review, the Hong Kong stock market hit successive new highs with a steady upward trend. After an eight-month increase in the first eight months last year, at the beginning of this year, the Hang Seng Index surpassed its 2007 peak and hit the record high. On 29 January this year, Hang Seng Index soared to a record high and closed at 32,966 points. The average daily turnover in the Year was HK\$106.16 billion (2017: HK\$67.41 billion), representing an increase of 57.5% as compared to the Prior Year. In overall terms, the Hang Seng Index opened at 24,237 points on 3 April 2017 and steadily rose by 24% to 30,093 points at the market close on 29 March 2018. Following the two black swan events – Brexit and Donald Trump’s election win – at the beginning of the financial year, the global economy has already shaken off the gloom and is expanding gradually and moderately this year. China’s economy also performed steadily with a positive outlook as evidenced by the first quarter’s GDP of RMB19,878.3 billion, representing a year-on-year GDP growth of 6.8%, according to the National Bureau of Statistics of China. In 2017, China’s GDP is the world’s second highest, accounting for 15% of the global economy and exerting significant contribution and influence.

The global economy stepped into a high-speed growth period at the beginning of this year. Not only did the U.S. economic growth speed up, but also the economy of China, Japan as well as the whole Eurozone continued to maintain an accelerated growth momentum. Since the Lehman Brothers incident, U.S. stocks have seen their longest bull market for the second time in history, while the Dow Jones Index rose to record levels and has exceeded 26,000. Benefitting from the vibrant global economy, Hong Kong also achieved a satisfactory economic growth. Furthermore, in view of the implementation of reserve ratio reduction by the People’s Bank of China, more and more capital from Mainland China flowed into Hong Kong, and will provide sufficient capital and create a favorable environment for the stock and property markets. The upward trend in the assets market also continued to support personal consumption and the overall economic performance.

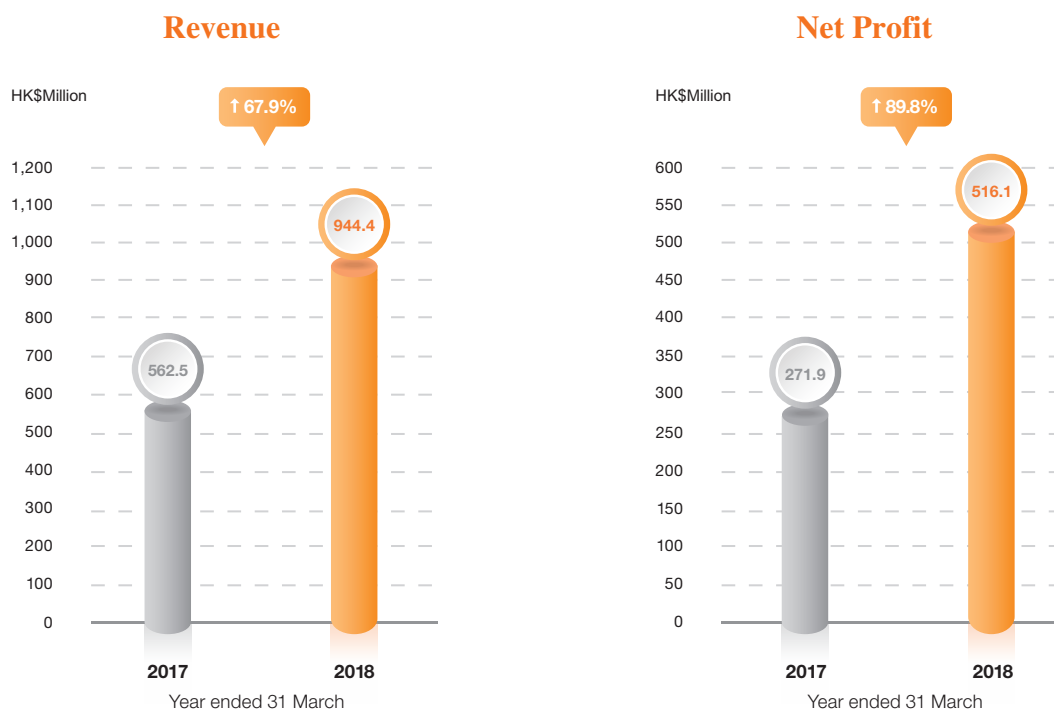
Benefitted from the favourable factors such as the proposed listing of companies with weighted voting right structure and “unicorn” enterprises in 2018, HKEX’s proposed introduction of the Primary Equity Connect, commodity connectivity, extension of Bond Connect to cover Southbound Trading, ETF Link, and London-Hong Kong Connect, the fourfold expansion of the daily quota for stock connects between China and Hong Kong and the announcement made in June in relation to the inclusion of A shares into the MSCI Emerging Markets Index, the stock market is expected to bloom. Stepping into the second half of 2018, it is expected that market condition will be constrained by the higher interest rate and tax reform in the U.S., coupled with the possibility of a trade war between China and the U.S. and the uncertainties to the global economic prospects that may be brought by the joint military strikes by the U.S., U.K. and France on Syria. Despite this, the long-term prospect remains positive.



## OPERATIONAL RESULTS

During the Year, the Group recorded a revenue of HK\$944.4 million (2017: HK\$562.5 million), representing an increase of 67.9% as compared to the Prior Year. Profit for the Year was HK\$516.1 million (2017: HK\$271.9 million), representing an increase of 89.8% as compared to the Prior Year. Total comprehensive income attributable to equity shareholders was HK\$518.3 million (2017: HK\$258.5 million), representing an increase of 100.5% as compared to the Prior Year. Basic earnings per share were 30.41 HK cents (2017: 16.02 HK cents) and the diluted earnings per share were 30.41 HK cents (2017: 16.02 HK cents). The Board proposed a final dividend of 9.10 HK cents per share for the Year (2017: 4.80 HK cents).

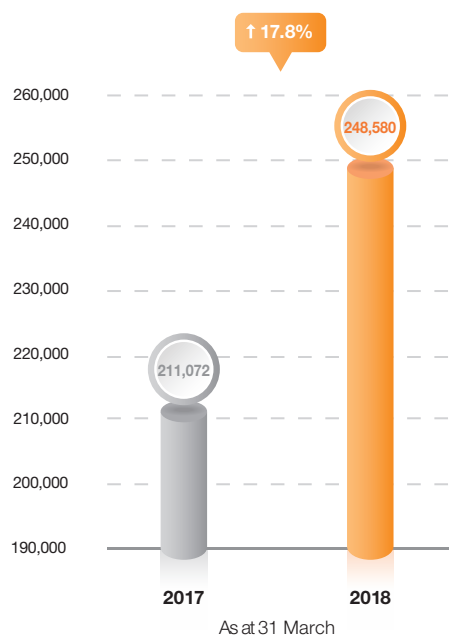
Benefitting from the substantial growth in the total turnover of the Hong Kong stock market, the Group's revenue for the past year increased significantly. According to the statistics provided by Hong Kong Exchanges and Clearing Limited, the average daily turnover of the Stock Exchange for the Year was approximately HK\$106.16 billion, representing a significant increase of approximately 57.5% as compared with approximately HK\$67.41 billion for the Prior Year. In addition, in order to support the Group's proactive expansion and development strategy, the Group undertook expansion exercises by recruiting talents and expanding its network to cover 22 branches and headquarters across Hong Kong Island, Kowloon and the New Territories during the Year. Furthermore, the Group also upgraded the network security infrastructure to further strengthen the protection of its clients' interests and be well-prepared for another robust growth in turnover in the near future.



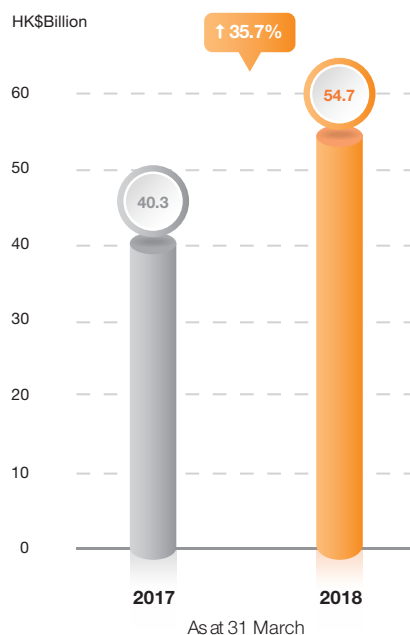
## TOTAL NUMBER OF CLIENT ACCOUNTS AND ASSETS

The global economy has stepped into a rapid growth phase. The desires of consumption and investment amongst the general public have both gradually intensified, leading to continuous improvement of the market conditions. With a forward-looking vision, the Group has maintained its strategy of active expansion regardless of bull or bear markets. By the end of March 2018, the Group had a total of 22 business locations including the headquarters in Central and all branches, covering the core districts in Hong Kong. Most of its branches open seven days a week, which is a breakthrough in the industry. Moreover, by adhering to the customer-oriented principle as always, the Group has been a first mover in the securities industry by launching “Bright Smart Mobile Teaching Centre” traveling around in the Hong Kong Island, Kowloon and New Territories. The mobile teaching centre improved customer service quality and offered convenience to all customers. The Group’s proactive expansion led to a steady growth of its total number of client accounts successfully. During the Year, the number of new client accounts (after deducting the number of client accounts closed) reached 37,508. As a result, the total number of client accounts increased to 248,580, representing an increase of 17.8% as compared to 211,072 as at 31 March 2017. As at 31 March 2018, client assets (including cash, stocks and margin deposits) increased to approximately HK\$54.7 billion (31 March 2017: approximately HK\$40.3 billion), representing an increase of 35.7%.

### Number of Client Accounts



### Client Assets

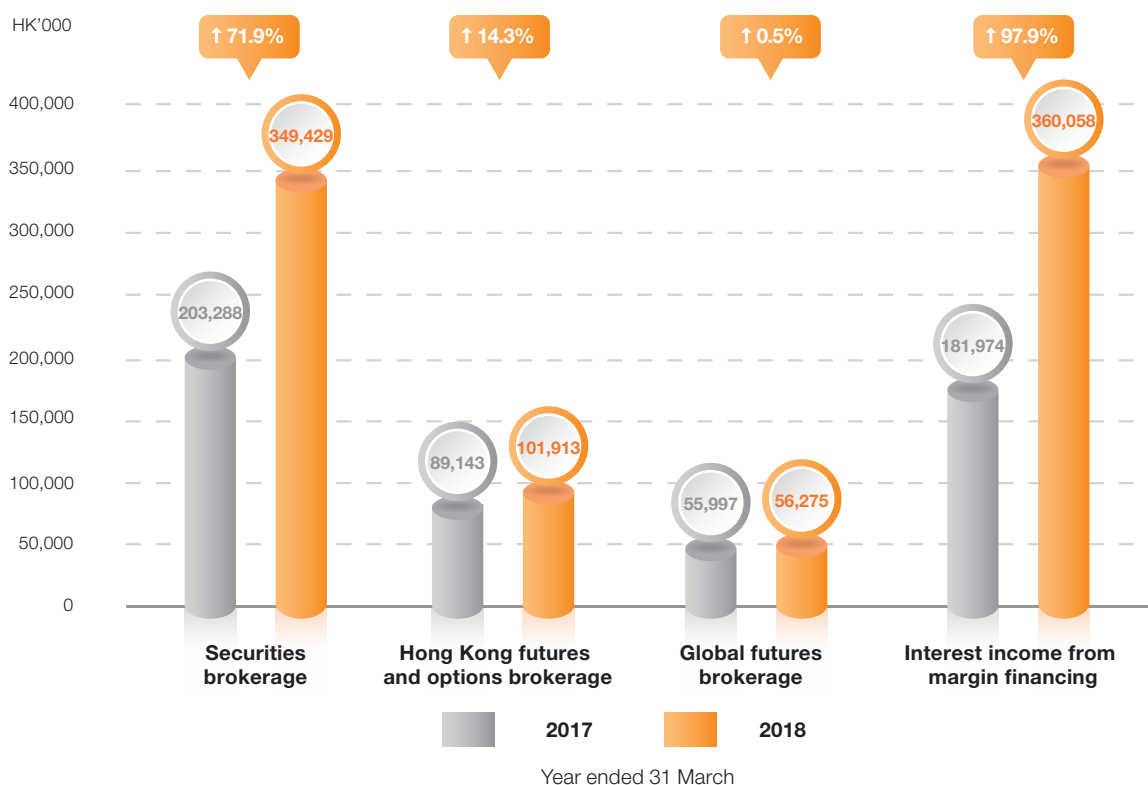


## REVENUE

During the Year, the Group recorded a revenue of HK\$944.4 million (2017: HK\$562.5 million), representing an increase of 67.9% as compared to the Prior Year. A summary of revenue from different business segments of the Group is set out below:

	Year ended 31 March				Increment %
	2018		2017		
	HK\$'000	Proportion of total revenue %	HK\$'000	Proportion of total revenue %	
Income from:					
– Securities brokerage	349,429	37.0%	203,288	36.1%	71.9%
– Hong Kong futures and options brokerage	101,913	10.8%	89,143	15.8%	14.3%
– Global futures brokerage	56,275	6.0%	55,997	10.0%	0.5%
– Bullion trading	19,086	2.0%	14,071	2.5%	35.6%
– Stock option brokerage	15,013	1.6%	7,207	1.3%	108.3%
– IPO brokerage	13,386	1.4%	5,958	1.1%	124.7%
Interest income from IPO financing	29,280	3.1%	4,879	0.9%	500.1%
Interest income from margin financing	360,058	38.1%	181,974	32.3%	97.9%
	<b>944,440</b>	<b>100.0%</b>	<b>562,517</b>	<b>100.0%</b>	<b>67.9%</b>

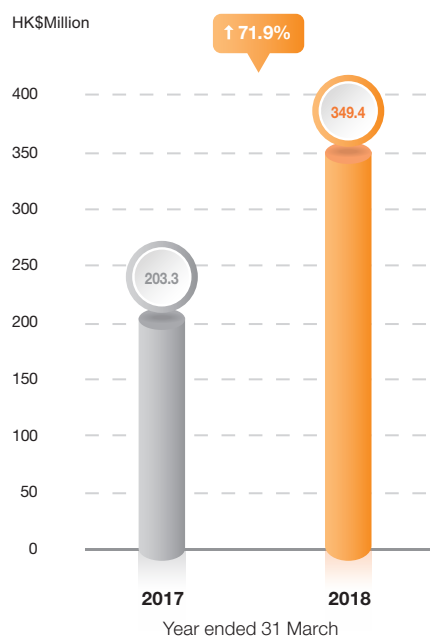
### Revenue from Main Businesses



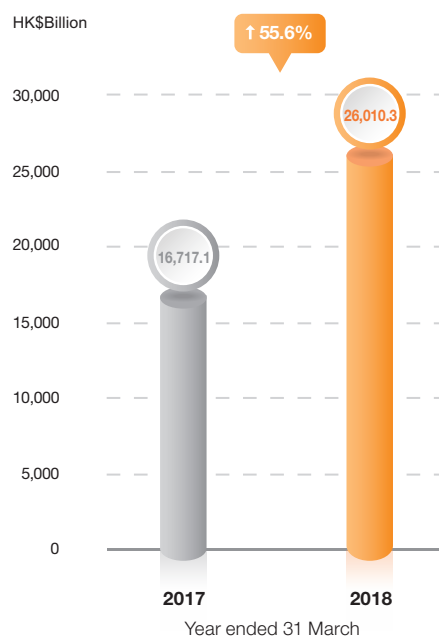
## I. Securities brokerage

During the Year, the HKEX recorded a total transaction amount of HK\$26,010.3 billion (2017: HK\$16,717.1 billion), representing a year-on-year increase of 55.6%. The substantial increase in the transaction amount directly contributed to the Group's revenue. The Group's commission income from securities brokerage amounted to HK\$349.4 million (2017: HK\$203.3 million), accounting for 37.0% (2017: 36.1%) of the total revenue, representing a dramatic increase of 71.9% as compared to the Prior Year, outpacing the increase in market trading volume.

### Commission Income from Securities Brokerage of the Group



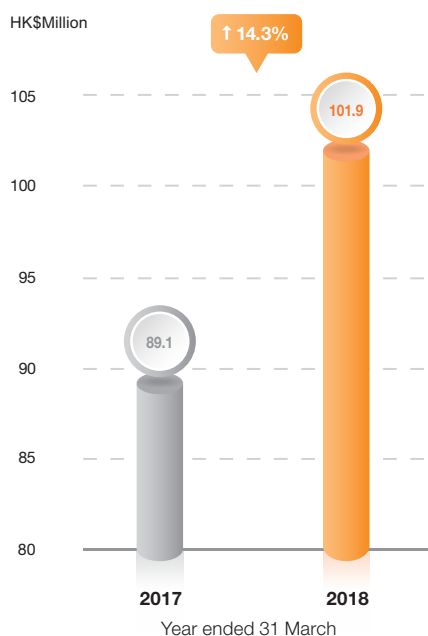
### Transaction Amount of the Hong Kong Stock Market



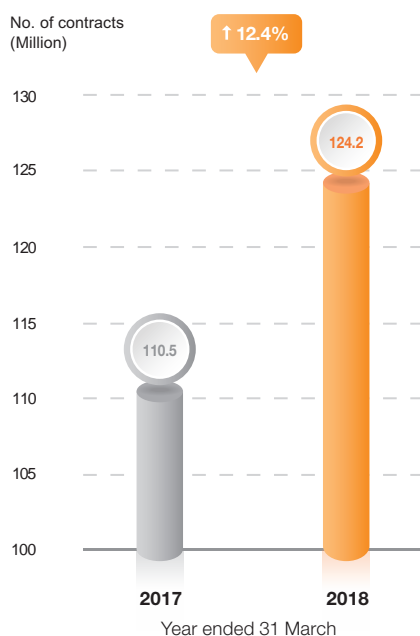
## II. Hong Kong futures and options brokerage

As an active futures and options market has been formed due to the upbeat investment sentiment, 124.2 million (2017: 110.5 million) derivative contracts of Hong Kong Futures Exchange Limited were entered in the Year, representing an increase of 12.4%. The Group's Hong Kong futures and options brokerage segment recorded commission income of HK\$101.9 million (2017: HK\$89.1 million), representing an increase of 14.3% as compared to the Prior Year, accounting for 10.8% (2017: 15.8%) 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' investment sentiment on the global market. During the Year, the commission income from global futures brokerage was HK\$56.3 million (2017: HK\$56.0 million), representing a slight increase of 0.5% as compared to the Prior Year, accounting for 6.0% (2017: 10.0%) of the total revenue.

#### **IV. Bullion trading**

The joint military strikes by the U.S., U.K. and France on Syria and the intense relationship between U.S. and North Korea triggered capital inflow into the global gold market due to heightened risk aversion. During the Year, the Group's bullion trading income was HK\$19.1 million (2017: HK\$14.1 million), representing an increase of 35.6% as compared to the Prior Year, accounting for 2.0% (2017: 2.5%) of the total revenue.

#### **V. Stock options brokerage**

The Group recorded a stock options brokerage commission income of HK\$15.0 million (2017: HK\$7.2 million) during the Year, representing an increase of 108.3% as compared to the Prior Year, accounting for 1.6% (2017: 1.3%) of the total revenue. Stock option is a relatively high leveraged investment product. The Group monitored the margin levels maintained in the stock option accounts closely and adjusted them according to market conditions to ensure proper risk control.

#### **VI. IPO brokerage and IPO financing**

Driven by the IPO shares subscription craze, during the Year, the Group's commission income from IPO brokerage was HK\$13.4 million (2017: HK\$6.0 million), representing a year-on-year increase of 124.7%; and the interest income from IPO financing increased by 500.1% to HK\$29.3 million (2017: HK\$4.9 million) accordingly.

#### **VII. Margin financing**

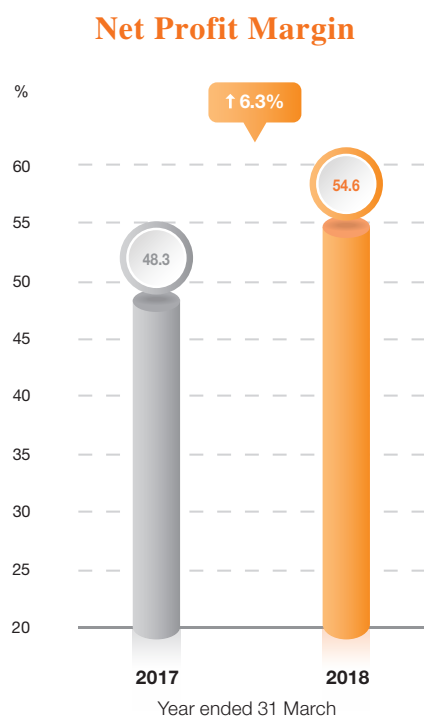
With the active trading sentiment in the overall market, investors became active in entering the market. The average daily margin financing increased by 109.4% to HK\$9.40 billion (2017: HK\$4.49 billion) during the Year. During the Year, the Group's interest income from margin financing was HK\$360.1 million (2017: HK\$182.0 million), representing an increase of 97.9% from the Prior Year, accounting for 38.1% (2017: 32.3%) of the total revenue. The Group implemented effective credit control procedures and did not have any bad debt during the past years.

## GAIN FROM INVESTMENT

For the purpose of enhancing the Group's financial performance, the Group has held Hong Kong listed securities and futures contracts as an investment. The carrying amount of investments in listed securities and future contracts was HK\$61.4 million as at 31 March 2018 (2017: HK\$7.0 million), which was classified as available-for-sale securities and held for trading investments in the consolidated statement of financial position. During the Year, the realised gain from disposal of available-for-sale securities and trading of futures contracts were HK\$13.7 million (2017: HK\$34.9 million), and the equity investment revaluation reserve increased by HK\$2.6 million to HK\$4.0 million (2017: HK\$1.4 million) as compared with 31 March 2017.

## OPERATING EXPENSES AND NET PROFIT MARGIN

The revenue and transaction expense of the Group increased due to the steady improvement of market conditions. The total operating expenses for the Year was HK\$554.5 million (2017: HK\$375.8 million), representing an increase of 47.6% as compared to the Prior Year. However, thanks to its comprehensive management and effective cost control measures, the net profit margin increased significantly to 54.6% (2017: 48.3%).



A breakdown of operating expenses is set out below:

	<b>2018</b>	2017	Increment/ (decrement)
	<b>HK\$'000</b>	HK\$'000	%
Staff costs	<b>138,937</b>	109,688	26.7%
Amortisation and depreciation	<b>18,768</b>	11,100	69.1%
Finance costs	<b>166,980</b>	57,999	187.9%
Advertising and promotion expenses	<b>8,739</b>	7,643	14.3%
Auditors' remuneration	<b>1,619</b>	1,591	1.8%
Commission, handling and settlement expenses	<b>77,662</b>	54,792	41.7%
Information and communication expenses	<b>32,619</b>	31,426	3.8%
Rental, rates and building management fees	<b>65,038</b>	63,968	1.7%
Legal and professional fees	<b>3,486</b>	6,021	(42.1%)
Miscellaneous expenses	<b>40,661</b>	31,537	28.9%
	<b>554,509</b>	375,765	47.6%

## FUTURE PLANS

The global economy has entered a period of accelerated growth. Performance of the global financial market improved steadily with an upward trend, and the attitude of investors towards entering the market turned active, making the transactions and investments in stock market more vibrant. Leveraging on the first-mover advantages, the Group adopted an active expansion and development strategy by setting up 22 business locations including headquarters and branches as well as recruiting talents continuously, so as to expand its branch network and improve its service quality. In the future, the Group will continue to identify sites located at prime locations for new branches, and will regularly hold job fairs to attract talents to meet its needs for business expansion, thereby not only recruiting talents but also taking up the responsibility of nurturing the next generation for the industry. During the second and third quarters last year, the Group held a total of five sessions of “Futures • Shares Convergence Summit” (《期 • 股匯聚高峰會》) at the Exchange Auditorium of the Hong Kong Stock Exchange for the first time, which attracted nearly 5,000 participants and received overwhelming response. In the future, the Group will work with stock exchanges around the world in organising more investment seminars, so as to deepen clients' understanding towards global financial products and diversify their investment directions. The Group is always keen on sharing happiness with its clients. It organised the “Summer Movie Ticket Giveaway by Bright Smart” and “Chinese New Year Movie Ticket Giveaway by Bright Smart” events at the end of September last year and in the first quarter this year, respectively, invited more than 15,000 clients to watch international blockbusters and received wide acclaim. The Group will continue to adopt a diversified strategy and grasp all the business opportunities arising in the Big Era of Hong Kong stock market in the future.



## **Develop more global financial products to meet market demand**

The Group has always been a pioneer. In view of investors' rising interest in global financial products and increasingly active participation in the investment of global financial products, the Group's online trading platforms and mobile applications for securities and futures trading have been made available to connect to the global market, providing comprehensive and professional brokerage services. The Group's scope of business covers Hong Kong shares, U.S. shares, Shanghai-Hong Kong Stock Connect A-Shares, Shenzhen-Hong Kong Stock Connect A Shares, China B Shares, Japan shares, Taiwan shares, Singapore shares, Australia shares, 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, IPO shares subscription and margin financing. During the Year, the Group introduced U.K. shares, RMB (HK) Gold Futures, US Dollar (HK) Gold Futures, leveraged foreign exchange products and iron ore futures contract trading services to cater to the needs of different clients. The Group believes that interest of investors in investing in global financial products is growing. Therefore, the Group will continue to develop more global financial products to meet market demand.

## **Simplified account opening process to promote customer convenience**

The Group has been keeping pace with time by investing resources in the development of 「耀才極速開戶寶」 mobile APP for online registration of securities, futures, stock options, precious metals and leveraged foreign exchange accounts, which simplified the account opening process and reduced the costs paid by clients. Clients from both Hong Kong and mainland China may open accounts anytime without leaving home.

## **Committed to enhancing the security of online transactions**

Meanwhile, in order to offer a more convenient and stable online trading platform, the Group has increased capital expenditure to improve the trading system, relocated its central computer system to the data centre of the Stock Exchange located in Tseung Kwan O, conducted size tests for all transaction systems, including regular simulated tests involving a trading volume exceeding five times of the existing trading volume on the Stock Exchange and continuously optimized the existing securities and futures trading platform. Furthermore, for network security, in order to secure online trading, the Group has already implemented the "dual password" security measure and authentication by which each client must enter two sets of passwords before logging in the trading system and conduct transaction. This year, the Group also introduced the "two-factor authentication" (2FA) function to give further protection to clients conducting transactions online. While continuing to strengthen the capacity and speed of the trading system, the Group will emphasize more on educating clients on the importance of adopting safe online trading to improve clients' awareness of and skills on risk prevention.

The Group invested substantial resources to upgrade the efficiency and capacity of its online trading system for dealing with transactions, with a view to meeting clients' needs and improving service quality. The Group was granted the "Outstanding Securities Trading Mobile App" award by The Chamber of Hong Kong Computer Industry and Metro Broadcast. This award was won through voting by business celebrities and by the public on a "one person, one vote" basis, which was widely recognized. This has manifestly demonstrated the popularity of the Group's online trading system with rapidity, stability and security. The Group will pay close attention to the latest developments of the market and study the need and room for capacity expansion.

### **Devote resources to enhance competitiveness**

Adhering to the customer-oriented service philosophy, the proactive and aggressive business development strategy and its outstanding performance, the Group has earned high affirmations and recognitions from the market. Following the inclusion to the "MSCI Index" in May 2015, the Group was also included into "Hang Seng Global Composite Index" and "Hang Seng Composite Index Series", being the two major benchmark indexes, by Hang Seng Indexes Company Limited, the leading index company in Hong Kong, in March 2016. In July last year, the Group had the honour of being selected by the HKEX as one of the shares in the "Closing Auction Session". The Group will remain committed to providing quality services to clients, developing more global financial products and exploring diversified business. Moreover, the Group will allocate more resources to enhance marketing strategy, in order to further improve its competitive edge and solidify its strengths, so as to continue maintaining its leading position in the industry.

### **Summary**

During the Year, in the spirit of "being proactive and striving for excellence", the Group constantly enhanced its corporate brand image and competitiveness and captured opportunities to explore the Mainland China market, with a view to serving more investors and driving the Group to achieve improvements and remarkable results since its listing in 2010. The Group's accomplishments are attributable to the continuous support and trust of its clients, who have been standing by us as they have always done. In the future, the Group will provide more high quality customer services and develop a highly secured and convenient trading platform so as to reward the long-term support from our clients, striving to provide them with high satisfaction. At the same time, the Group will strengthen its existing advantages, identify business opportunities and develop more diversified business, in order to increase the Group's operational efficiency and bring better returns to our 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\$511.9 million as at 31 March 2018 (2017: HK\$596.9 million). The Group had bank borrowings of HK\$8,165.9 million as at 31 March 2018 (2017: HK\$5,096.0 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 2018, unutilised banking facilities amounted to HK\$10,020.1 million (2017: HK\$10,041.2 million). The Group's gearing ratio (total bank borrowings divided by the total shareholders' equity) was 309.7% (2017: 231.7%). As at 31 March 2018, the net current assets of the Group increased by 16.6% to HK\$2,423.4 million (2017: HK\$2,079.1 million). As at 31 March 2018, the Group's current ratio (current assets divided by current liabilities) was 1.2 times (2017: 1.3 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 2018 and 2017.

### **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\$14,960.0 million (2017: HK\$12,060.0 million). As at 31 March 2018, the subsidiaries of the Company have utilised HK\$6,434.9 million of these aggregate banking facilities (2017: HK\$4,021.0 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 2018 were approximately HK\$70.7 million (2017: HK\$113.6 million). The capital commitments as at 31 March 2018 were approximately HK\$4.5 million (2017: HK\$5.1 million).

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 31 March 2018, the Group had a work force of 298 employees (2017: 306 employees). Staff costs, excluding Directors' emoluments, amounted to approximately HK\$125.1 million for the Year (2017: HK\$97.2 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 2018 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 credit evaluations are performed on all clients (including cash and margin clients). Cash clients are required to place deposits as prescribed in the Group's credit 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. 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.

## **Equity price risk**

The Group is exposed to equity price changes arising from equity listed investments classified as available-for-sale equity securities and derivative liabilities classified as held for trading investments.

The Group's listed investments are listed on the Stock Exchange of Hong Kong. Listed investments held in the available-for-sale portfolio have been chosen based on their long-term growth potential and are monitored regularly for performance against expectations.

## **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 2018.

## **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 2018.

## **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 2018 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 Tuesday, 3 July 2018. 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](http://www.hkexnews.hk)) and the website of the Company ([www.bsgroup.com.hk](http://www.bsgroup.com.hk)). The Annual Report 2017/18 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, 23 May 2018

*As at the date of this announcement, the Board comprises Messrs. Yip Mow Lum (Chairman), Hui Yik Bun (Chief Executive Officer), Chan Wing Shing, Wilson, Yu Yun Kong\*, Szeto Wai Sun\* and Ling Kwok Fai, Joseph\*.*

\* *Independent Non-executive Directors*