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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 2017

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 2017 (the “Year”) together with the comparative figures for the year ended 31 March 2016 (the “Prior Year”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

(Expressed in Hong Kong dollars)

	<i>Note</i>	2017 \$'000	2016 \$'000
Revenue	3	562,517	675,967
Other income	4	105,898	114,137
Other net gain/(loss)	5	21,939	(6,969)
		690,354	783,135
Staff costs	6(b)	(109,688)	(124,000)
Depreciation		(11,100)	(13,137)
Other operating expenses	6(c)	(196,978)	(185,467)

		2017	2016
	<i>Note</i>	\$'000	\$'000
Profit from operations		372,588	460,531
Finance costs	<i>6(a)</i>	<u>(57,999)</u>	<u>(76,838)</u>
Profit before taxation	<i>6</i>	314,589	383,693
Income tax	<i>7</i>	<u>(42,679)</u>	<u>(58,218)</u>
Profit for the year		271,910	325,475
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		(13,561)	14,932
– Exchange reserve		<u>192</u>	<u>188</u>
Total comprehensive income attributable to equity shareholders for the year		<u>258,541</u>	<u>340,595</u>
Earnings per share			
Basic (<i>cents</i>)	<i>8</i>	<u>16.02</u>	<u>19.19</u>
Diluted (<i>cents</i>)	<i>8</i>	<u>16.02</u>	<u>19.19</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

(Expressed in Hong Kong dollars)

	Note	2017 \$'000	2016 \$'000
Non-current assets			
Property, plant and equipment		22,476	23,612
Available-for-sale securities	10	7,018	193,264
Deferred tax assets		2,381	4,062
Other receivables, deposits and prepayments		16,948	15,319
Other non-current assets		71,900	24,891
Total non-current assets		120,723	261,148
Current assets			
Accounts receivable	11	7,788,352	4,919,461
Other receivables, deposits and prepayments		14,219	9,020
Tax recoverable		2,756	–
Cash and cash equivalents		596,903	503,442
Total current assets		8,402,230	5,431,923

	<i>Note</i>	2017 \$'000	2016 <i>\$'000</i>
Current liabilities			
Accounts payable	<i>12</i>	1,174,196	1,020,631
Accrued expenses and other payables		50,109	56,277
Bank loans and overdrafts	<i>13</i>	5,096,000	2,554,000
Current taxation		2,863	24,682
Total current liabilities		6,323,168	3,655,590
Net current assets		2,079,062	1,776,333
Total assets less current liabilities		2,199,785	2,037,481
Non-current liability			
Deferred tax liabilities		94	137
NET ASSETS		2,199,691	2,037,344
EQUITY			
Share capital		509,099	508,966
Share premium		737,677	737,216
Exchange reserve		380	188
Investment revaluation reserve		1,371	14,932
Merger reserve		(20,000)	(20,000)
Share option reserve		8,341	11,104
Retained profits		962,823	784,938
TOTAL EQUITY		2,199,691	2,037,344

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 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	<i>Amendments to a number of HKFRSs</i>

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 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**

	2017			
	Securities broking \$'000	Commodities and futures broking \$'000	Bullion trading \$'000	Total \$'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	<u>403,104</u>	<u>145,443</u>	<u>14,071</u>	<u>562,618</u>
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>48,603</u>	<u>13</u>	<u>1</u>	<u>48,617</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	<u>8,098,470</u>	<u>733,425</u>	<u>40,717</u>	<u>8,872,612</u>
Reportable segment liabilities	<u>(6,212,197)</u>	<u>(457,480)</u>	<u>(25,367)</u>	<u>(6,695,044)</u>

	2016			
	Securities	Commodities	Bullion	Total
	broking	and futures	trading	
	\$'000	broking	\$'000	\$'000
		\$'000		\$'000
Revenue from customers:				
– Brokerage commission	314,123	136,483	–	450,606
– Dealing income	–	–	7,759	7,759
– Interest income from margin financing	205,629	172	–	205,801
– Interest income from IPO financing	11,801	–	–	11,801
Reportable segment revenue	<u>531,553</u>	<u>136,655</u>	<u>7,759</u>	<u>675,967</u>
Interest income from cash clients	29,283	–	–	29,283
Other interest income	19,503	2,940	38	22,481
Handling and settlement fees	<u>58,840</u>	<u>36</u>	<u>4</u>	<u>58,880</u>
Reportable segment profit (EBIT)	<u>412,795</u>	<u>40,063</u>	<u>4,242</u>	<u>457,100</u>
Depreciation for the year	(12,515)	(106)	(117)	(12,738)
Finance costs	(80,798)	(27)	–	(80,825)
Additions to non-current segment assets during the year	<u>13,374</u>	<u>–</u>	<u>–</u>	<u>13,374</u>
Reportable segment assets	5,291,056	550,140	34,749	5,875,945
Reportable segment liabilities	<u>(3,697,587)</u>	<u>(305,639)</u>	<u>(28,418)</u>	<u>(4,031,644)</u>

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

	2017 \$'000	2016 \$'000
Revenue		
Reportable segment revenue	562,618	675,967
Elimination	<u>(101)</u>	<u>—</u>
Consolidated revenue	<u><u>562,517</u></u>	<u><u>675,967</u></u>
Profit		
Reportable segment profit (EBIT)	364,583	457,100
Finance costs	(57,999)	(76,838)
Unallocated corporate income	17,897	20,785
Unallocated corporate expenses	<u>(9,892)</u>	<u>(17,354)</u>
Consolidated profit before taxation	<u><u>314,589</u></u>	<u><u>383,693</u></u>
Assets		
Reportable segment assets	8,872,612	5,875,945
Elimination	(399,879)	(426,285)
Unallocated corporate assets	<u>50,220</u>	<u>243,411</u>
Consolidated total assets	<u><u>8,522,953</u></u>	<u><u>5,693,071</u></u>
Liabilities		
Reportable segment liabilities	(6,695,044)	(4,031,644)
Elimination	374,292	380,072
Unallocated corporate liabilities	<u>(2,510)</u>	<u>(4,155)</u>
Consolidated total liabilities	<u><u>(6,323,262)</u></u>	<u><u>(3,655,727)</u></u>

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:

	2017	2016
	<i>\$'000</i>	<i>\$'000</i>
Brokerage commission	361,593	450,606
Dealing income from bullion trading	14,071	7,759
Interest income from margin financing	181,974	205,801
Interest income from IPO financing	4,879	11,801
	<u>562,517</u>	<u>675,967</u>

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

4 OTHER INCOME

	2017	2016
	<i>\$'000</i>	<i>\$'000</i>
Interest income from		
– Authorised institutions	30,290	22,433
– Cash clients	20,798	29,283
– Others	219	494
	<u>51,307</u>	<u>52,210</u>
Handling and settlement fees	48,617	58,880
Sundry income	5,974	3,047
	<u>105,898</u>	<u>114,137</u>

5 OTHER NET GAIN/(LOSS)

	2017 \$'000	2016 \$'000
Realised gain from		
– Available-for-sale securities	31,794	–
– Trading investment	3,092	–
	<u>34,886</u>	<u>–</u>
Net foreign exchange loss	(12,351)	(5,432)
Loss on disposals of property, plant and equipment	(36)	(241)
Error trades arising from dealings	(52)	(267)
Others	(508)	(1,029)
	<u>21,939</u>	<u>(6,969)</u>

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2017 \$'000	2016 \$'000
(a) Finance costs		
Interest expense on		
– Bank loans for IPO financing	3,362	8,334
– Other bank loans and overdrafts	54,629	68,464
– Loans from related companies	8	40
	<u>57,999</u>	<u>76,838</u>
(b) Staff costs		
Salaries, allowances and benefits in kind	94,343	85,885
Discretionary bonuses	11,614	22,330
Contributions to Mandatory Provident Fund	3,731	3,606
Equity-settled share-based payments	–	12,179
	<u>109,688</u>	<u>124,000</u>

	2017 \$'000	2016 \$'000
(c) Other operating expenses		
Advertising and promotion expenses	7,643	8,204
Auditors' remuneration	1,591	1,654
Commission, handling and settlement expenses	54,792	64,583
Information and communication expenses	31,426	29,449
Legal and professional fees	6,021	2,886
Operating lease payments – property rentals	59,282	48,858
Rates and building management fees	4,686	3,812
Miscellaneous expenses	31,537	26,021
	<u>196,978</u>	<u>185,467</u>

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2017 \$'000	2016 \$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	41,728	60,507
Over-provision in respect of prior years	(687)	(1,202)
	<u>41,041</u>	59,305
Deferred tax		
Origination and reversal of temporary differences	1,638	(1,087)
Total tax charge for the year	<u>42,679</u>	<u>58,218</u>

The provision for Hong Kong Profits Tax for the year ended 31 March 2017 is calculated at 16.5% (2016: 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 2016-17 subject to a maximum reduction of \$20,000 for each business (2016: a maximum reduction of \$20,000 was granted for the year of assessment 2015-16 and was taken into account in calculating the provision for 2016).

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.

	2017	2016
Earnings		
Profit for the year attributable to owners of the Company (\$'000)	<u>271,910</u>	<u>325,475</u>
Number of shares		
Weighted average number of ordinary shares in issue (in thousands)	<u>1,696,878</u>	<u>1,695,825</u>
Basic earnings per share (cents)	<u>16.02</u>	<u>19.19</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.

	2017	2016
Earnings		
Profit for the year attributable to owners of the Company (\$'000)	<u>271,910</u>	<u>325,475</u>
Number of shares		
Weighted average number of ordinary shares in issue (in thousands)	1,696,878	1,695,825
Effect of dilutive potential ordinary shares:		
– Share options (in thousands) (Note)	<u>165</u>	<u>428</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	<u>1,697,043</u>	<u>1,696,253</u>
Diluted earnings per share (cents)	<u>16.02</u>	<u>19.19</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 years ended 31 March 2017 and 31 March 2016 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:

	2017	2016
	<i>\$'000</i>	<i>\$'000</i>
Final dividend proposed after the end of the reporting period of 4.8 cents per ordinary share (2016: 5.7 cents per ordinary share) (2017: 1,696,996,308 shares, 2016: 1,696,554,538 shares)	<u>81,456</u>	<u>96,704</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:

	2017	2016
	<i>\$'000</i>	<i>\$'000</i>
Final dividend in respect of previous financial year, approved and paid during the year, of 5.7 cents per ordinary share (2016: 3.8 cents per ordinary share) (2017: 1,696,776,308 shares, 2016: 1,696,554,538 shares)	<u>96,715</u>	<u>64,469</u>

10 AVAILABLE-FOR-SALE SECURITIES

	2017	2016
	<i>\$'000</i>	<i>\$'000</i>
At fair value:		
Listed equity securities		
– in Hong Kong	<u>7,018</u>	<u>193,264</u>

11 ACCOUNTS RECEIVABLE

	2017 \$'000	2016 \$'000
Accounts receivable		
– Cash clients	273,879	200,342
– Margin clients	6,068,589	3,551,585
– Clearing houses	562,068	508,631
– Subscriptions of new shares in IPO	683,597	535,658
– Brokers and dealers	200,550	123,856
Less: allowance for doubtful debts	<u>(331)</u>	<u>(611)</u>
	<u>7,788,352</u>	<u>4,919,461</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:

	2017 \$'000	2016 \$'000
Current	----- <u>45,056</u> -----	----- <u>18,893</u> -----
Less than 1 month	88,980	86,924
1 to 3 months	89,310	26,971
More than 3 months	<u>50,533</u>	<u>67,554</u>
	----- <u>228,823</u> -----	----- <u>181,449</u> -----
	<u>273,879</u>	<u>200,342</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 2017, the total market value of their portfolios of securities was \$1,503,123,000 (2016: \$1,193,608,000). 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 2017, margin loans due from margin clients were current and repayable on demand except for \$710,000 (2016: \$762,000) where the margin loans were past due. \$6,000 (2016: Nil) were past due for less than 1 month. \$5,000 (2016: Nil) were past due for 1 to 3 months. Nil (2016: \$392,000) were past due for 3 months to 1 year. \$699,000 (2016: \$370,000) were past due for over 1 year following the trading suspension of the pledged securities. At 31 March 2017, the total market value of securities pledged as collateral in respect of the loans to borrowing margin clients and all margin clients were \$12,957,225,000 and \$17,145,627,000 respectively (2016: \$9,127,551,000 and \$13,087,010,000 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 receivables

Impairment losses in respect of accounts receivables 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 receivables directly.

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

	2017	2016
	\$'000	\$'000
At 1 April	611	614
Amounts recovered	(280)	(3)
At 31 March	<u>331</u>	<u>611</u>

At 31 March 2017, the Group's receivables from a client of \$331,000 (2016: \$611,000) 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

	2017 \$'000	2016 \$'000
Accounts payable		
– Cash clients	297,693	370,989
– Margin clients	756,406	627,838
– Clearing houses	87,075	–
– Brokers	33,022	21,804
	<u>1,174,196</u>	<u>1,020,631</u>

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

13 BANK LOANS AND OVERDRAFTS

	2017 \$'000	2016 \$'000
Secured loans		
– Bank loans	3,737,000	2,020,000
– Bank overdraft	434,000	–
– Bank loans for IPO	675,000	534,000
Unsecured loans		
– Bank loans	250,000	–
	<u>5,096,000</u>	<u>2,554,000</u>

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 2017 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 \$4,846,000,000 (2016: \$2,554,000,000). The fair value of the collateral re-pledged to banks as at 31 March 2017 amounted to \$7,909,095,000 (2016: \$4,593,124,000).

FINAL DIVIDENDS

The Board recommended the payment of a final dividend of 4.80 HK cents per share for the year ended 31 March 2017, 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, 8 August 2017. If approved, the final dividend will be paid to the Company's shareholders on Friday, 25 August 2017. Shareholders whose names appear on the register of members of the Company on Friday, 18 August 2017 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 Thursday, 3 August 2017 to Tuesday, 8 August 2017 (both days inclusive), during which 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 Wednesday, 2 August 2017. The Annual General Meeting of the Company will be held at 10:00 a.m. on Tuesday, 8 August 2017.

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, 16 August 2017 to Friday, 18 August 2017 (both days inclusive), during which 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 Tuesday, 15 August 2017. Shares of the Company will be traded ex-dividend as from Monday, 14 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

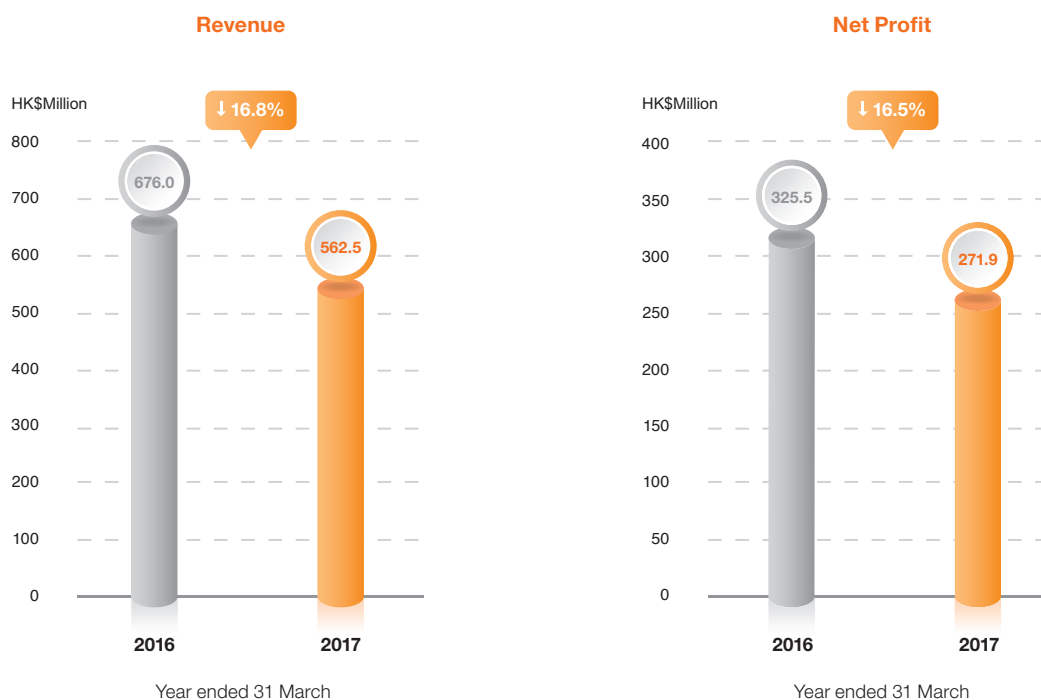
The market turmoil caused by Brexit has finally come to an end. Investors now reckon that Brexit is inevitable, and they are looking forward to a prosperous economy after Brexit. Meanwhile, China's economy is quite stable now. According to the criteria set up by Government of China, the economic growth in the third quarter is within normal limits. Bank of England delivered its decisions on lowering interest rates and expanding quantitative easing programme, and investor sentiment is looking up. People's focus has moved from Brexit to US presidential election. Unexpectedly, Republican candidate Trump beat Democratic candidate Hilary in the election and was elected as America's 45th president. The market fluctuated significantly due to the election results. Investor confidence in Hong Kong fell over uncertainty, Hang Seng index once dropped over a thousand points. However, the impact of investors' unease on global financial market lasted a very short time. Investors are expecting that the massive infrastructure plan, the unprecedented tax reform and fewer regulations for companies proposed by Trump will stimulate US economy and help companies generate more profit. Because of the optimistic investor sentiment, the three major indexes reached record high. US dollar and Hong Kong stocks rose as well. Overall, Hang Seng Index steadily rose from 20,777 points when the stock market opened on 1 April 2016 to 24,112 points when the stock market closed on 31 March 2017, representing an increase of 16.1%.

The trading volume of Hong Kong stocks was sluggish due to an inactive investor sentiment. The average daily turnover in the year is HK\$67.41 billion (2016: HK\$102.48 billion), representing a decrease of 34.2%. An average of 441,850 derivative contracts of Hong Kong Futures Exchange Limited and an average of 309,185 stock option contracts of Hong Kong Stock Exchange (2016: 443,721 and 357,513 respectively) are entered into daily, representing a decrease of 0.4% and a decrease of 13.5% respectively. In terms of IPO market, the number of newly listed companies (including the companies listed on main board and GEM, but excluding the companies switched from GEM to main board) in the year is 140 (2016: 118). The amount of money raised from this year's IPOs is about HK\$178.3 billion, representing a decrease of 34.2% as compared to last year's amount of approximately HK\$270.8 billion.

OPERATIONAL RESULTS

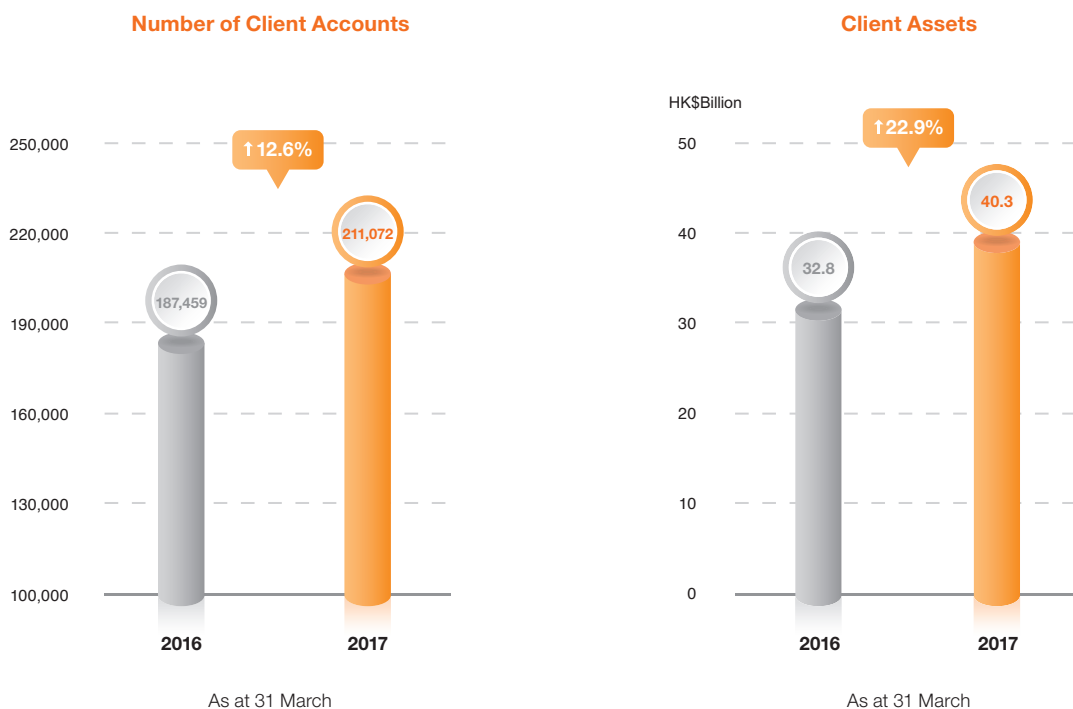
For the year ended 31 March 2017, the Group recorded a revenue of HK\$562.5 million (2016: HK\$676.0 million), representing an annual decrease of 16.8%. Profit attributable to equity shareholders was HK\$271.9 million (2016: HK\$325.5 million), representing an annual decrease of 16.5%. Total comprehensive income attributable to equity shareholders was HK\$258.5 million (2016: HK\$340.6 million), representing an annual decrease of 24.1%. Basic earnings per share was 16.02 HK cents (2016: 19.19 HK cents), while diluted earnings per share was 16.02 HK cents (2016: 19.19 HK cents). The Board has recommended the payment of a final dividend of 4.80 HK cents for the year (2016: 5.70 HK cents).

Investment appetite for the stock market was weak due to global economic turmoil, leading to a slump in sales volume. This is the main reason why the Group's revenue decreased. According to the statistics of Hong Kong Exchanges and Clearing Limited, the average daily turnover of the main board of the Stock Exchange in the year was HK\$67.41 billion (2016: HK\$102.48 billion), representing a year-on-year decrease of approximately 34.2%. However, the Group seized the opportunity to expand in unfavourable conditions. This year, new branches have been set up, and we have also recruited lots of talents. The purpose of all these measures is to improve our competence and service. We want to lay a solid foundation for the Group's long term development and be prepared for the future.



NUMBER OF CLIENT ACCOUNTS AND ASSETS

The Group has achieved a great success in expanding its business in unfavourable conditions. Thanks to our proactive marketing tactics, both the number of our clients and our market share are increasing steadily. The number of our client accounts is over 210 thousand now. 23,613 new accounts were opened in the Year (excluding closed accounts), and the number of our client accounts has reached 211,072 (31 March 2016: 187,459), representing a growth of 12.6%. As at 31 March 2017, the value of client assets (including cash and stocks) was approximately HK\$40.3 billion (2016: approximately HK\$32.8 billion), representing an increase of 22.9%.

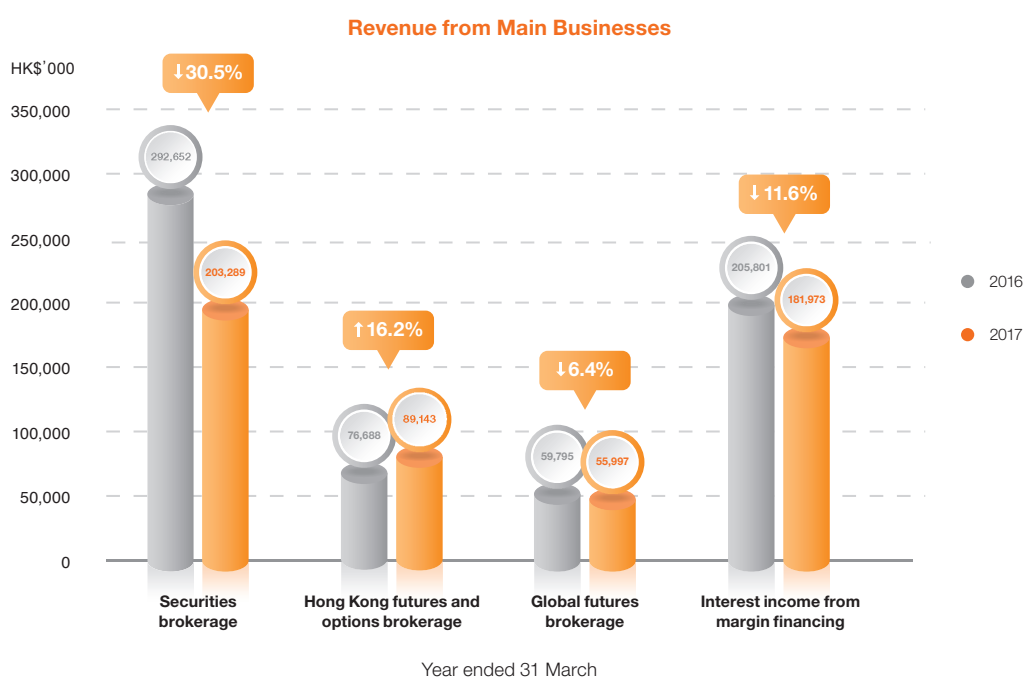


REVENUE

During the Year, the Group recorded a revenue of HK\$562.5 million (2016: HK\$676.0 million), representing a decrease of 16.8% as compared to the last year.

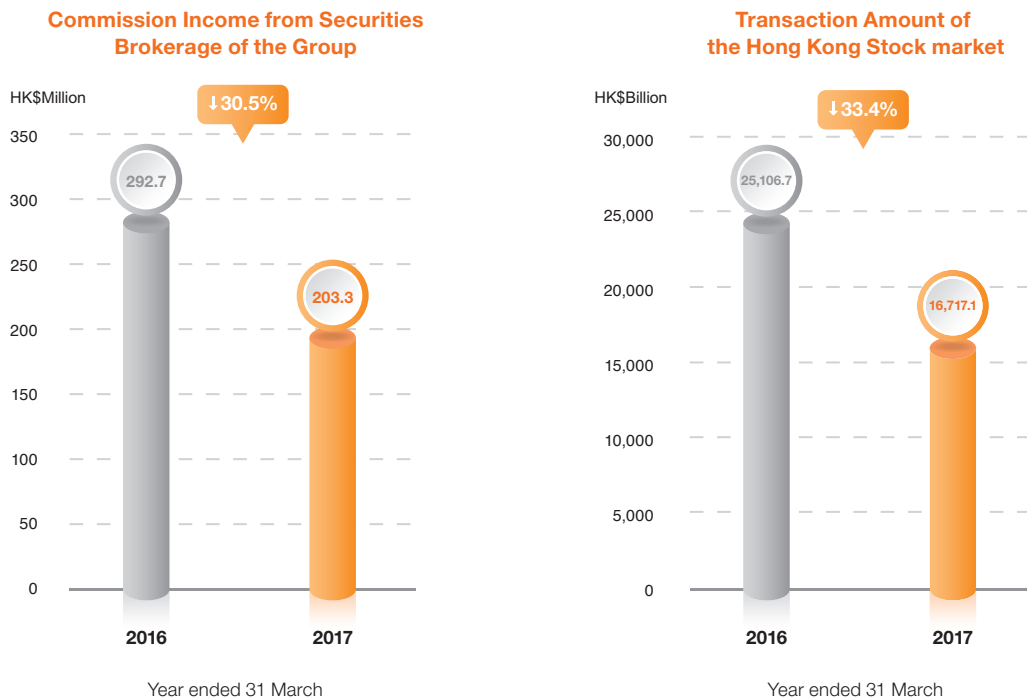
A summary of revenue from different business segments of the Group is set out below:

	Year ended 31 March				Increment/ (decrement) %
	2017		2016		
	HK\$'000	Proportion of total revenue %	HK\$'000	Proportion of total revenue %	
Income from:					
– Securities brokerage	203,289	36.1	292,652	43.3	(30.5)
– Hong Kong futures and options brokerage	89,143	15.8	76,688	11.3	16.2
– Global futures brokerage	55,997	10.0	59,795	8.9	(6.4)
– Bullion trading	14,071	2.5	7,759	1.1	81.4
– Stock options brokerage	7,207	1.3	6,971	1.0	3.4
– IPO brokerage	5,958	1.1	14,500	2.1	(58.9)
Interest income from IPO financing	4,879	0.9	11,801	1.8	(58.7)
Interest income from margin financing	181,973	32.3	205,801	30.5	(11.6)
	562,517	100.0	675,967	100.0	(16.8)



I. Securities brokerage

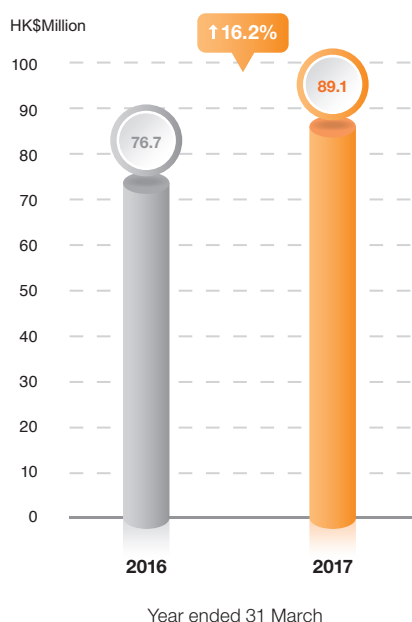
HKEx recorded a turnover of HK\$16,717.1 billion in the Year (2016: HK\$25,106.7 billion), representing a year-on-year decrease of 33.4%. The shrinking trading volume of Hong Kong stocks has brought down the Group's revenue. The Group recorded a securities brokerage commission of HK\$203.3 million (2016: HK\$292.7 million), accounting for 36.1% of the total revenue (2016: 43.3%). The amount of brokerage commission showed a 30.5% decrease from the corresponding period last year. The decrease was smaller than that of the market.



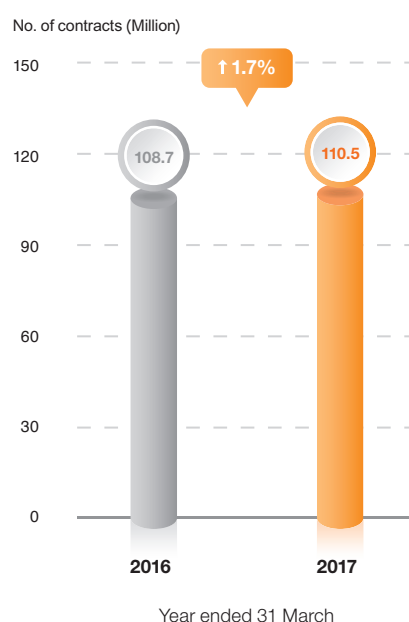
II. Hong Kong futures and options brokerage

The stock market in Hong Kong is still sluggish with a low trading volume. Investors are moving to futures. 110.5 million derivative contracts of Hong Kong Futures Exchange Limited (2016: 108.7 million) were entered in the year, representing an increase of 1.7%. In the year, the Group recorded a futures and options brokerage commission of HK\$89.1 million (2016: HK\$76.7 million), representing a year-on-year growth of 16.2%. The brokerage commission accounted for 15.8% of our total revenue (2016: 11.3%). Thus, the marketing strategies the Group adopts are effective, leading to an impressive increase in brokerage commission.

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



Transaction Volume of derivative contracts at the HKFE



III. Global futures brokerage

Global financial market fluctuated significantly due to several pieces of unexpected news. Investors are not willing to participate in such an unstable stock market. Our global futures brokerage commission for the Year was HK\$56.0 million (2016: HK\$59.8 million), representing an annual decrease of 6.4%. The brokerage commission for the Year accounted for 10.0% of our total revenue (2016: 8.9%).

IV. Bullion trading

Global stock market tumbled due to growing Brexit panic. Tonnes of money has been invested in hedge funds. We recorded a revenue from bullion trading of HK\$14.1 million for the year (2016: HK\$7.8 million), representing a growth of 81.4% as compared to the corresponding period of last year. The revenue from bullion trading accounts for 2.5% of our total revenue (2016: 1.1%).

V. Stock options brokerage

The Group recorded a stock options brokerage commission of HK\$7.2 million (2016: HK\$7.0 million), accounting for 1.3% of our total revenue (2016: 1.0%). The brokerage commission showed an annual increase of 3.4%. Stock options are investment products with high leverage ratios. The Group monitors the amount of deposit for its stock options, and the deposit are adjusted according to current market conditions. The purpose of these measures is to control risk.

VI. IPO brokerage and IPO financing

According to the information provided by HKEx, the amount of money raised by newly-listed stocks decreased as compared to the last year. As a result, the Group recorded an IPO brokerage commission of HK\$6.0 million (2016: HK\$14.5 million), representing a year-on-year decrease of 58.9%, and accounted for 1.1% (2016: 2.1%) of total revenue. The interest income from IPO financing also decreased to HK\$4.9 million (2016: HK\$11.8 million), representing a 58.7% decrease and 0.9% (2016: 1.8%) of total revenue.

VII. Margin financing

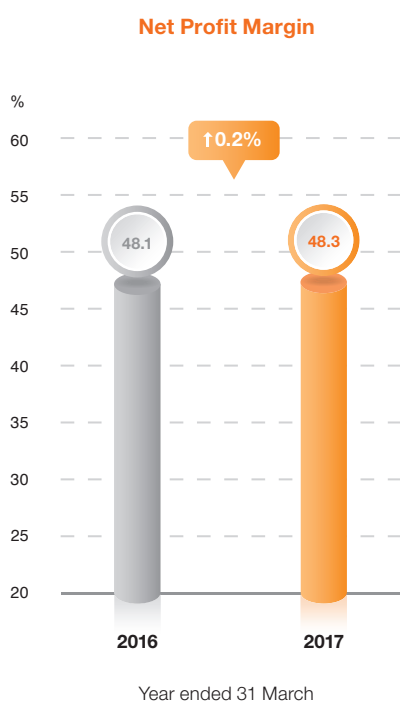
Wait-and-see mood prevailed in the market, and investors played it cautiously. The Group recorded an interest income from margin financing of HK\$182.0 million (2016: HK\$205.8 million), representing a year-on-year decrease of 11.6%. The interest income accounted for 32.3% of our total revenue (2016: 30.5%). The Group has been committed to the implementation of rigorous credit monitoring procedures, which proved to be effective.

GAIN FROM INVESTMENT

During the Year, the Group invested in certain listed securities and futures contracts to enhance the Group's financial performance. The carrying amount of its investment portfolio was HK\$7.0 million as at 31 March 2017 (2016: HK\$193.3 million), which was classified as available-for-sale securities 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\$31.8 million and HK\$3.1 million respectively (2016: nil). The investment revaluation reserve decreased by HK\$13.5 million as compared with 31 March 2016 to HK\$1.4 million (2016: HK\$14.9 million).

OPERATING EXPENSES AND NET PROFIT MARGIN

The Group has always been dedicated to implementing effective cost control measures. The decrease in turnover for the Year has led to a decrease in operating expenses related to transactions. With the Group expanding its business in adverse market conditions, the Group's operating expenses for the Year is HK\$375.8 million (2016: HK\$399.4 million), representing a year-on-year decrease of 5.9%. Thanks to our effective cost control, the net profit margin of the Year was 48.3% (2016: 48.1%).



A breakdown of operating expenses is set out below:

	Year ended 31 March		Increment/ (decrement)
	2017	2016	%
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Staff cost	109,688	124,000	(11.5)
Depreciation	11,100	13,137	(15.5)
Finance cost	57,999	76,838	(24.5)
Advertising and promotion expenses	7,643	8,204	(6.8)
Auditors' remuneration	1,591	1,654	(3.8)
Commission, handling and settlement expenses	54,792	64,583	(15.2)
Information and communication expenses	31,426	29,449	6.7
Rentals, rates and building management fee	63,968	52,670	21.4
Legal and professional fee	6,021	2,886	108.6
Miscellaneous expenses	31,537	26,021	21.2
	375,765	399,442	(5.9)

FUTURE PLANS

Global economy is expected to experience mild increase in growth next year. However, the global environment is still like uncharted waters. Many factors will affect global financial market and Hong Kong stocks, for example, the impact of US president Trump's policies on US real economy, the Federal Reserve System's attitude on raising interest rates, the congressional election results of several countries in Europe, direction of mainland China's capital flow. Investors are paying a lot of attention to these factors. Market has become more volatile. A tad of sensitive information can result in market turmoil.

As financial markets are constantly changing, keeping pace with market information is of utmost importance. The Group, as a leader in the securities industry, has provided investors with the latest information on the global financial markets at no charge and is committed to improving investors' knowledge of financial products. The Group will continue to shoulder the responsibility of educating investors in the future and assist HKEx in strengthening education in order to consolidate the HKEx leading position in the international community.

“Bright Smart Mobile Teaching Centre” set a precedent in securities industry again

Bright Smart Securities has committed to cultivating the future pillars of society and taking improvement of the financial knowledge of investors as its responsibility. After founding the territory’s first “Bright Smart Finance Channel”, the Group set a precedent in the securities industry again by launching “Bright Smart Mobile Teaching Centre”, which travelled to different districts of the territory to provide personal services to the general public anytime and anywhere. In particular, the vehicle travels to tourist attractions in the city to service visitors from Mainland China and around the world to increase their understanding and knowledge of the operation of Hong Kong securities sector and global financial products. The Group will use “Bright Smart Mobile Teaching Centre” to enhance education so that investors will be updated with the latest developments of the market.

Cooperate with HK Exchange to strengthen investors’ education

Investment seminars are the best platform for the Group to conduct exchanges with its clients. The Group often invites celebrities from the financial sector to analyse the market trend and recommend the latest and most promising investment products on the market. As the seminars held by the Group are close to market conditions with the speakers possessing many years of experience in the industry and adept at following changes in the investment market and making in-depth analysis, the response to each seminar was normally enthusiastic with no empty seats.

The Group also holds seminars matching the needs of clients in accordance with the market conditions. For example, with the opening of the “Shenzhen Stock Connect”, the Group has invited the Hong Kong Stock Exchange to jointly organise “Shenzhen Stock Connect Investment Seminar for beginners”. As more and more investors are concerned about the futures and the options market, the Group invited professionals of the financial sector to analyse how to seize the investment opportunities of indices and stock options, and the response was also overwhelming.

In order to enable the public to grasp the pulse of the financial market so as to make smart investment deployment, the Group will continue to invite representatives of the Exchange and experts from different financial institutions to analyse the market situation for investors and discuss how to seize the opportunity to reorganise investment deployment for enhancing the value of wealth.

Recruiting talents for improving service quality

The Group believes strong branch network and quality service will enhance the confidence of our clients, thus pushing up the number of customers. Therefore, the Group has expanded and opened new branches in Kwun Tong and Kowloon Bay. Together with the “Bright Smart Mobile Teaching Centre”, the Group has increased its operation points to 23 and will continue to seek appropriate locations to optimise our branch network for the convenience of clients. Meanwhile, in response to business development needs, the Group will continue to hold job fairs and visit various tertiary institutions to recruit talents as well as to provide appropriate training courses for new recruits and strive to improve the level of service so as to provide customers with better service.

Continuous optimization of online trading system

Following the “Shanghai-Hong Kong Stock Connect”, the Group once again become one of the first brokers in the territory to conduct “Shenzhen Stock Connect” trading. In order to ensure that clients can conduct trading quickly and steadily, the Group has invested substantial resources to upgrade its trading system well in advance and conducted regular simulation tests on the trading system including conducting normal trading and settlement by the simulation system and simulation of large-scale market trading when the trading volume exceeding five times of the current volume and scenarios such as simulation system failure, for testing the stability, affordability and emergency operation procedures of the system etc. As the Group have been maintaining and enhancing the online trading system, the Bright Smart trading system is running smoothly with all the tests passed successfully. The Group will continue to optimise the existing system, and conduct simulation tests regularly on the trading system to ensure its normal operation.

Seizing opportunities to grab market share

“Shenzhen Stock Connect” was officially launched on 5 December 2016. For promotion, the Group specially introduced the offers of “3 months of trading in Hong Kong shares at no interest” and “20% off after the interest-free period according to bank statements”, in order to attract clients using margin lending as leveraged investment. At the same time, in order to provide more flexibility for clients to invest, the Group significantly increased the margin financing ratio of securities and the leverage ratio was very competitive. In order to attract quality clients more effectively, HK\$8,000 was offered to new clients and the offers proved to be very popular upon launching. The Group will keep abreast of the times and regularly conduct comprehensive comparison of securities margin ratios in the industry as well as review and adjust the margin ratio of the Group to assist clients in making flexible use of funds and enhance their purchasing power while enhancing the competitiveness of the Group. The Group will also introduce more offers timely to attract clients and seize market share in response to market needs.

Dedicated to securing online transactions

The Group has always been dedicated to maintaining security of online transactions. It took the lead to introduce “second password”, so as to protect customer assets more effectively. The Information Technology Department also upgrade the security system from time to time, and pay attention to changes in network security of the market, in order to take every aspect of its online security and privacy protection to the next level, offering our clients a fast and stable trading system and better services. Meanwhile, the Group will continue to remind our clients to be cautious online. For account and password security, clients were told not to use unknown WiFi networks; and login with your account, giving sensitive information, download unknown software and click on a phishing link when using a public computer.

Improving “Bright Smart Finance Channel”

Bright Smart Finance Channel is founded in 2010 and since then, the comprehensive and professional financial news it provides are well received among investors in both mainland China and Hong Kong. To pursue excellence, the BS Channel is undergoing a comprehensive reform, besides offering audiences with global financial information free of charge on every trading day, the professional analysts team will also strengthen the in-depth analyses on the financial markets of mainland China and Hong Kong, the in-depth discussions on the market trend, as well as forecasts of individual stocks and so forth. In recent years, we pursued more actively on the youth market, launching a series of educational programs for the youth, such as layout of options, and proved to be popular with young investors. In the future, we will continue to study on introducing more new elements, with the aim to offer audiences with more diversified, more exciting and better quality of visual enjoyment. We believe that the number of audiences will increase continuously and sharply.

Summary

With a proactive attitude, the Group is expanding its branch network in an unfavourable conditions this year. We are recruiting talents to improve our corporate profile and core competence. Our business development has achieved a prominent success. The Group, as always, is responsible for investor education. We want to broaden their horizon and let them know how to manage money better. All of these are going to help investors make more money with ease. The Group will take its advantages to the next level, expand its business into various fields and seize opportunities to breakthrough. Our purpose is to improve the Group's overall profitability, operating efficiency and enhance returns to 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 a strong cash position with total bank deposits, bank balances and cash amounted to HK\$596.9 million as at 31 March 2017 (2016: HK\$503.4 million). The Group had bank borrowings of HK\$5,096.0 million as at 31 March 2017 (2016: HK\$2,554.0 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 2017, unutilised banking facilities amounted to HK\$10,041.2 million (2016: HK\$9,245.0 million). The Group's gearing ratio (total bank borrowings divided by the total shareholders' equity) was 231.7% (2016: 125.4%). As at 31 March 2017, the net current assets of the Group increased by 17.0% to HK\$2,079.0 million (2016: HK\$1,776.3 million). As at 31 March 2017, the Group's current ratio (current assets divided by current liabilities) was 1.3 times (2016: 1.5 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 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 2017 and 2016.

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\$12,060.0 million (2016: HK\$9,165.0 million). As at 31 March 2017, the subsidiaries of the Company have utilised HK\$4,021.0 million of these aggregate banking facilities (2016: HK\$1,806.0 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 2017 were approximately HK\$113.6 million (2016: HK\$131.2 million). The capital commitments as at 31 March 2017 were approximately HK\$5.1 million (2016: HK\$1.3 million).

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2017, the Group had a work force of 306 employees (2016: 272 employees). Staff costs, excluding Directors' emoluments, amounted to approximately HK\$97.2 million for the Year (2016: HK\$101.6 million). The Group's remuneration policy aims to offer competitive remuneration packages to recruit, retain and motivate competent employees. The Group believes 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 2017 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") and Australian dollars ("AUD"). 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 investments classified as available-for-sale equity securities. All of these investments are listed.

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 longer 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 2017.

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 required standard set out in the Model Code throughout the year ended 31 March 2017.

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 2017 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, 8 August 2017. 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 2016/17 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 2017

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*