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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)**

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

### **Tenancy Agreements**

On 4 February 2016, the Group as tenants entered into the Tenancy Agreements with the Landlords for the renewal of the existing tenancies relating to the Premises. The Premises are currently used, and will continue to be used, by the Group as its head and branch offices.

The Landlords are companies wholly-owned by Mr. Yip, the chairman of the Board, an executive Director and the controlling Shareholder. The Tenancy Agreements accordingly constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules. As the aggregate annual rental payable by the Group to the Landlords under the Tenancy Agreements will exceed HK\$10,000,000 and 5% of one of the applicable percentage ratios calculated under the Listing Rules, the transactions contemplated under the Tenancy Agreements would constitute non-exempt continuing connected transactions for the Company under the Listing Rules and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **Financial Services Agreements**

In addition, the Group has, in its ordinary and usual course of business, provided and will continue to provide certain financial services including margin financing and IPO financing to the Directors on normal commercial terms. To provide the framework within which the Directors and their respective associates may engage the Group for provision of such services, the Group had entered into the Financial Services Agreements with the Directors on 4 February 2016.

Although the maximum amount of financing which is likely to be required by each of Mr. Hui, Mr. Kwok, Mr. Yu, Mr. Szeto and Mr. Ling (together with their respective associates) is not expected to exceed 5% of the applicable percentage ratios calculated under the Listing Rules, it will exceed HK\$3,000,000. Therefore, the transactions contemplated under the Financial Services Agreements for these connected persons will be subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

On the other hand, as the maximum amount of financing which is likely to be required by each of Mr. Yip, Mr. Nelson Chan and Mr. Wilson Chan (when aggregated with Mr. Yip) together with their respective associates will exceed HK\$10,000,000 and 5% of some of the applicable percentage ratios calculated under the Listing Rules, the transactions contemplated under the Financial Services Agreements for these connected persons would constitute non-exempt continuing connected transactions for the Company under the Listing Rules and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **Brokerage Services Agreements**

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

Although the aggregate annual brokerage fee payable by Mr. Yip, Mr. Wilson Chan and their associates is not expected to exceed 5% of the applicable percentage ratios calculated under the Listing Rules, it will exceed HK\$3,000,000. Therefore, the transactions contemplated under the Brokerage Services Agreements will be subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **General**

A circular containing, among other things, further particulars of the Tenancy Agreements and the Financial Services Agreements with Mr. Yip, Mr. Nelson Chan and Mr. Wilson Chan, the letter from the independent board committee and the advice from the independent financial adviser together with the notice convening the EGM will be despatched to the Shareholders on or about 1 March 2016.

### **(1) THE TENANCY AGREEMENTS**

#### **A. PRINCIPAL TERMS OF THE TENANCY AGREEMENTS**

##### **1. Wing On Tenancy Agreement**

*(a) Date*

4 February 2016

*(b) Parties*

- (i) Bright Smart Securities, a wholly-owned subsidiary of the Company, as tenant; and
- (ii) Victory Beauty Limited, a company wholly-owned by Mr. Yip, as landlord. The principal business of Victory Beauty Limited is property investment.

*(c) Premises let*

10/F, Wing On House, No.71 Des Voeux Road Central, Central, Hong Kong.

*(d) Term*

Three years commencing from 1 April 2016 to 31 March 2019 (both days inclusive).

*(e) Rental*

HK\$914,000 per month (exclusive of Government rent and rates, management fee and other charges (including, but not limited to, water and electricity charges)), payable in advance on the first day of each calendar month.

*(f) Option to renew*

The tenant has an option to renew the tenancy for a further term of 3 years immediately after expiry of the term at the prevailing market rental.

*(g) Status of the existing tenancy agreement*

The existing tenancy agreement will expire on 31 March 2016.

**2. Peter Building Tenancy Agreement**

*(a) Date*

4 February 2016

*(b) Parties*

- (i) Bright Smart Securities, a wholly-owned subsidiary of the Company, as tenant; and
- (ii) Well Point Limited, a company wholly-owned by Mr. Yip, as landlord. The principal business of Well Point Limited is property investment.

*(c) Premises let*

M/F, Peter Building, Nos.58-60 Queen's Road Central, Nos.13-17 Stanley Street, Hong Kong.

*(d) Term*

Three years commencing from 1 April 2016 to 31 March 2019 (both days inclusive).

*(e) Rental*

HK\$370,000 per month (exclusive of Government rent and rates, management fee and other charges (including, but not limited to, water and electricity charges)), payable in advance on the first day of each calendar month.

*(f) Option to renew*

The tenant has an option to renew the tenancy for a further term of 3 years immediately after expiry of the term at the prevailing market rental.

*(g) Status of the existing tenancy agreement*

The existing tenancy agreement will expire on 31 March 2016.

**3. Tak Lee Building Tenancy Agreement**

*(a) Date*

4 February 2016

*(b) Parties*

(i) Victor Tone Limited, a wholly-owned subsidiary of the Company, as tenant; and

(ii) Resultever Limited, a company wholly-owned by Mr. Yip, as landlord. The principal business of Resultever Limited is property investment.

*(c) Premises let*

Shop No.7 on G/F & Cockloft and Cockloft Nos.1-6, Tak Lee Building, No.993 King's Road, Hong Kong.

*(d) Term*

Three years commencing from 1 April 2016 to 31 March 2019 (both days inclusive).

*(e) Rental*

HK\$169,000 per month (exclusive of Government rent and rates, management fee and other charges (including, but not limited to, water and electricity charges)), payable in advance on the first day of each calendar month.

*(f) Option to renew*

The tenant has an option to renew the tenancy for a further term of 3 years immediately after expiry of the term at the prevailing market rental.

*(g) Status of the existing tenancy agreement*

The existing tenancy agreement will expire on 31 March 2016.

**4. Tai Po Tenancy Agreement**

*(a) Date*

4 February 2016

*(b) Parties*

- (i) Huge Dynasty Limited, a wholly-owned subsidiary of the Company, as tenant; and
- (ii) Sea Magic Limited, a company wholly-owned by Mr. Yip, as landlord. The principal business of Sea Magic Limited is property investment.

*(c) Premises let*

G/F and Cockloft, Nos.141-145 Kwong Fuk Road, Tai Po, New Territories, Hong Kong.

*(d) Term*

Three years commencing from 1 April 2016 to 31 March 2019 (both days inclusive).

*(e) Rental*

HK\$214,000 per month (exclusive of Government rent and rates, management fee and other charges (including, but not limited to, water and electricity charges)), payable in advance on the first day of each calendar month.

*(f) Option to renew*

The tenant has an option to renew the tenancy for a further term of 3 years immediately after expiry of the term at the prevailing market rental.

*(g) Status of the existing tenancy agreement*

The existing tenancy agreement will expire on 31 March 2016.

**5. Golden Hill Tenancy Agreement**

*(a) Date*

4 February 2016

*(b) Parties*

- (i) Victor Tone Limited, a wholly-owned subsidiary of the Company, as tenant; and
- (ii) Top Sunshine Development Limited, a company wholly-owned by Mr. Yip, as landlord. The principal business of Top Sunshine Development Limited is property investment.

*(c) Premises let*

The whole of 1/F, Golden Hill Commercial Building, Nos.39-41 Argyle Street, Kowloon.

*(d) Term*

Three years commencing from 1 April 2016 to 31 March 2019 (both days inclusive).

*(e) Rental*

HK\$180,000 per month (exclusive of Government rent and rates, management fee and other charges (including, but not limited to, water and electricity charges)), payable in advance on the first day of each calendar month.

*(f) Option to renew*

The tenant has an option to renew the tenancy for a further term of 3 years immediately after expiry of the term at the prevailing market rental.

*(g) Status of the existing tenancy agreement*

The existing tenancy agreement will expire on 31 March 2016.

**6. Honour House Tenancy Agreement**

*(a) Date*

4 February 2016

*(b) Parties*

- (i) Huge Dynasty Limited, a wholly-owned subsidiary of the Company, as tenant; and
- (ii) Fortunate State Limited, a company wholly-owned by Mr. Yip, as landlord. The principal business of Fortunate State Limited is property investment.

*(c) Premises let*

The Entrance (at Left Frontage) of Portion A1 of Shops Nos.6, 7 and 8 on G/F, M/F and 1/F of Honour House, Nos.375-381 & 375A-379A Nathan Road, No.24 Kansu Street and Nos.2-10 Woosung Street, Kowloon.

*(d) Term*

From 1 April 2016 to 31 March 2019 (both days inclusive).



*(e) Rental*

HK\$830,000 per month (exclusive of Government rent and rates, management fee and other charges (including, but not limited to, water and electricity charges)), payable in advance on the first day of each calendar month.

*(f) Option to renew*

The tenant has an option to renew the tenancy for a further term of 3 years immediately after expiry of the term at the prevailing market rental.

*(g) Status of the existing tenancy agreement*

The existing tenancy agreement will expire on 31 March 2016.

**B. ANNUAL CAP FOR THE TENANCY AGREEMENTS**

The annual cap in respect of the Tenancy Agreements based on the aggregate annual rental payable thereunder for each of the three financial years ending 31 March 2017, 2018 and 2019 are HK\$32,124,000, HK\$32,124,000 and HK\$32,124,000 respectively.

**C. REASONS FOR ENTERING INTO THE TENANCY AGREEMENTS**

The Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the independent financial adviser) are of the view that the Tenancy Agreements were entered into on normal commercial terms and in the ordinary and usual course of business of the Group. The Premises are currently used, and will continue to be used, by the Group as its head and branch offices for provision of securities brokerage, margin financing, commodities and futures brokerage and bullion trading services to customers in the surrounding areas. The terms of the Tenancy Agreements have been determined after arm's length negotiation between the parties with reference to the market rent as determined by an independent professional valuer appointed by the Group, comparable transactions in the vicinity and the prevailing market conditions. The Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the independent financial adviser) are of the view that the terms of the Tenancy Agreements (including the rentals which are comparable to those charged by independent third parties) and the annual cap in respect thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **(2) THE FINANCIAL SERVICES AGREEMENTS**

### **A. PRINCIPAL TERMS OF THE FINANCIAL SERVICES AGREEMENTS**

#### **1. Date**

4 February 2016

#### **2. Parties**

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

#### **3. Services to be provided**

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

#### **4. Term**

Three years commencing from 1 April 2016 to 31 March 2019 (both days inclusive).

#### **5. Pricing standards**

According to the Financial Services Agreements, the interest rate to be charged by Bright Smart Securities to the Directors and their respective associates shall be no less favourable to Bright Smart Securities than those offered to other customers who are independent third parties of similar credit standing, trading record and quality of collaterals given and in accordance with the credit policy of Bright Smart Securities from time to time.

## 6. Payment terms

According to the standard client agreement, interest shall be payable on the last day of each calendar month or forthwith upon demand by Bright Smart Securities while the principal amount of the loan shall be repayable on demand by Bright Smart Securities. In the case of IPO financing, such loan would usually be repayable on the date when the listed issuer publishes the allocation results.

### B. ANNUAL CAP FOR THE FINANCIAL SERVICES AGREEMENTS

The annual cap (i.e. the maximum outstanding amount at all time during the year) of margin financing and IPO financing which may be provided by the Group to each of the Directors and their respective associates for each of the three financial years ending 31 March 2017, 2018 and 2019 is set out as follows:

Name of Director	Financing type	Maximum outstanding amount which may be provided to such Director and his associates at all time during the year ending 31 March		
		2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Mr. Yip	Margin financing	500,000	500,000	500,000
	IPO financing	2,000,000	2,000,000	2,000,000
Mr. Nelson Chan	Margin financing	20,000	20,000	20,000
	IPO financing	200,000	200,000	200,000
Mr. Hui	Margin financing	10,000	10,000	10,000
	IPO financing	100,000	100,000	100,000
Mr. Kwok	Margin financing	10,000	10,000	10,000
	IPO financing	100,000	100,000	100,000
Mr. Wilson Chan	Margin financing	10,000	10,000	10,000
	IPO financing	20,000	20,000	20,000

Name of Director	Financing type	Maximum outstanding amount which may be provided to such Director and his associates at all time during the year ending 31 March		
		2017	2018	2019
		HK\$'000	HK\$'000	HK\$'000
Mr. Yu	Margin financing	10,000	10,000	10,000
	IPO financing	20,000	20,000	20,000
Mr. Szeto	Margin financing	10,000	10,000	10,000
	IPO financing	20,000	20,000	20,000
Mr. Ling	Margin financing	10,000	10,000	10,000
	IPO financing	20,000	20,000	20,000

The above annual cap is determined after taking into consideration: (i) the historical amount of margin financing and IPO financing advanced by the Group to the Directors and their associates as set forth below; (ii) the number of IPO applications received by the Stock Exchange in recent years; and (iii) the Directors' perception of the securities market for the three financial years ending 31 March 2019. Although the proposed annual cap is substantially higher than the historical amount of margin financing and IPO financing advanced by the Group to the Directors and their respective associates, it is justifiable as the demand for such financing very much depends on the overall stock market sentiment. For example, in 2013, the turnover value of the securities market is only around HK\$15,265 billion, but the turnover value reached HK\$26,091 billion in 2015, representing an increase of approximately 71%. The buffer is necessary in order to cater for the market upturn in the years to come. Besides, it is noted that the over-subscription rate for newly listed securities has been very high in recent years. In order to receive the desired amount of securities, the Directors may need to gross up the application sum. Further, some IPOs may happen to launch at more or less the same time. This also increases the amount of IPO financing which may be required by the Directors and their respective associates. Given that the actual amount of financing to be extended to each Director and his associates would have to be backed by a sufficient amount of collaterals as determined by the Group in accordance with its internal control margin policy which is applied across all customers, the Group would not be exposed to extraordinary risk by reason of the proposed increase of the annual cap.

Name of Director	Financing type	Maximum outstanding amount provided to such Director and his associates at all time during the year ended 31 March		Maximum outstanding amount provided to such Director and his associates at all time during the 9 months ended 31 December
		2014	2015	2015
		HK\$'000	HK\$'000	HK\$'000
Mr. Yip	Margin financing	1,598	183,214	187,096
	IPO financing	983,973	176,487	270,064
Mr. Nelson Chan	Margin financing	2,701	3,318	3,148
	IPO financing	77,904	68,734	68,760
Mr. Hui (since his appointment as a Director on 5 October 2015)	Margin financing	N/A	N/A	89
	IPO financing	N/A	N/A	600
Mr. Kwok	Margin financing	300	618	–
	IPO financing	30	30	30
Mr. Wilson Chan	Margin financing	39	69	1
	IPO financing	1,967	2,668	1,809
Mr. Yu	Margin financing	615	772	561
	IPO financing	119	236	30
Mr. Szeto	Margin financing	–	–	–
	IPO financing	–	–	–
Mr. Ling	Margin financing	–	–	–
	IPO financing	–	–	–

## **C. REASONS FOR ENTERING INTO THE FINANCIAL SERVICES AGREEMENTS**

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

Given that the terms of the Financial Services Agreements have been determined after arm's length negotiation between the parties and the interest rate to be charged by Bright Smart Securities to the Directors and their respective associates shall be no less than those offered by Bright Smart Securities to other customers who are independent third parties, the Directors (including the independent non-executive Directors) are of the view that the Financial Services Agreements for Mr. Hui, Mr. Kwok, Mr. Yu, Mr. Szeto and Mr. Ling (which are not subject to independent Shareholders' approval) were entered into on normal commercial terms and in the ordinary and usual course of business of the Group and the continued provision of such financial services to Mr. Hui, Mr. Kwok, Mr. Yu, Mr. Szeto and Mr. Ling and their respective associates would be in the interests of the Company and the Shareholders as a whole as it can enhance the revenue of the Group. The Directors (including the independent non-executive Directors) are also of the view that the terms of the Financial Services Agreements for Mr. Hui, Mr. Kwok, Mr. Yu, Mr. Szeto and Mr. Ling and the annual cap in respect thereof are fair and reasonable.

As regards the Financial Services Agreements for Mr. Yip, Mr. Nelson Chan and Mr. Wilson Chan, the Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the independent financial adviser) are of the view that the Financial Services Agreements for Mr. Yip, Mr. Nelson Chan and Mr. Wilson Chan were entered into on normal commercial terms and in the ordinary and usual course of business of the Group and the continued provision of such financial services to Mr. Yip, Mr. Nelson Chan, Mr. Wilson Chan and their respective associates would be in the interests of the Company and the Shareholders as a whole as it can enhance the revenue of the Group. The Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the independent financial adviser) are also of the view that the terms of the Financial Services Agreements for Mr. Yip, Mr. Nelson Chan and Mr. Wilson Chan and the annual cap in respect thereof are fair and reasonable.

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

### **(3) THE BROKERAGE SERVICES AGREEMENT**

#### **A. PRINCIPAL TERMS OF THE BROKERAGE SERVICES AGREEMENTS**

##### **1. Date**

4 February 2016

##### **2. Parties**

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

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

##### **3. Services to be provided**

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

##### **4. Term**

Three years commencing from 1 April 2016 to 31 March 2019 (both days inclusive).

##### **5. Pricing standards**

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

##### **6. Payment terms**

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

## B. ANNUAL CAP FOR THE BROKERAGE SERVICES AGREEMENTS

The annual cap in respect of brokerage fee which may be received by the Group from each of Mr. Yip and Mr. Wilson Chan (together with their respective associates) for each of the three financial years ending 31 March 2017, 2018 and 2019 is set out as follows:

Name of connected person	Maximum amount which may be received from such connected person and his associates during the year ending 31 March		
	2017	2018	2019
	HK\$'000	HK\$'000	HK\$'000
Mr. Yip	10,000	10,000	10,000
Mr. Wilson Chan	1,000	1,000	1,000

The above annual cap is determined after taking into consideration: (i) the historical amount of brokerage fee payable by Mr. Yip, Mr. Wilson Chan and their respective associates to the Group as set forth below; (ii) the average turnover of the securities market in recent years; (iii) Mr. Yip and Mr. Wilson Chan's perception of the securities market for the three financial years ending 31 March 2019; and (iv) the trend of the general economic conditions in Hong Kong. Although the proposed annual cap is substantially higher than the historical amount of brokerage fee payable by Mr. Yip, Mr. Wilson Chan and their respective associates to the Group, the Directors (including the independent non-executive Directors) are of the view that it is fair and reasonable as brokerage fee is very much dependent on the level of trading activities and such buffer is considered necessary in view of the recent market volatility.

Name of connected person	Brokerage fee received from such connected person and his associates during the year ended 31 March		Brokerage fee received from such connected person and his associates during the 9 months ended 31 December
	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000
Mr. Yip	28	278	1,006
Mr. Wilson Chan	3	5	2



## **C. REASONS FOR ENTERING INTO THE BROKERAGE SERVICES AGREEMENTS**

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

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

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

## **(4) LISTING RULES IMPLICATIONS**

The Landlords are companies wholly-owned by Mr. Yip, the chairman of the Board, an executive Director and the controlling Shareholder. The Tenancy Agreements accordingly constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules. As the aggregate annual rental payable by the Group to the Landlords under the Tenancy Agreements will exceed HK\$10,000,000 and 5% of one of the applicable percentage ratios calculated under the Listing Rules, the transactions contemplated under the Tenancy Agreements accordingly constitute non-exempt continuing connected transactions for the Company under the Listing Rules and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Regarding the Financial Services Agreements, although the maximum amount of financing which is likely to be required by each of Mr. Hui, Mr. Kwok, Mr. Yu, Mr. Szeto and Mr. Ling (together with their respective associates) is not expected to exceed 5% of the applicable percentage ratios calculated under the Listing Rules, it will exceed

HK\$3,000,000. Therefore, the transactions contemplated under the Financial Services Agreements for these connected persons will be subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

On the other hand, given that the maximum amount of financing which is likely to be required by each of Mr. Yip, Mr. Nelson Chan and Mr. Wilson Chan (when aggregated with Mr. Yip), together with their respective associates will exceed HK\$10,000,000 and 5% of some of the applicable percentage ratios calculated under the Listing Rules, the transactions contemplated under the Financial Services Agreements for these connected persons accordingly constitute non-exempt continuing connected transactions for the Company under the Listing Rules and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Regarding the Brokerage Services Agreements, although the aggregate annual brokerage fee payable by Mr. Yip, Mr. Wilson Chan and their associates is not expected to exceed 5% of the applicable percentage ratios calculated under the Listing Rules, it will exceed HK\$3,000,000. Therefore, the transactions contemplated under the Brokerage Services Agreements will be subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

A circular containing, among other things, further particulars of the Tenancy Agreements and the Financial Services Agreements with Mr. Yip, Mr. Nelson Chan and Mr. Wilson Chan, the letter from the independent board committee and the advice from the independent financial adviser together with the notice convening the EGM will be despatched to the Shareholders on or about 1 March 2016.

## **(5) DEFINITIONS**

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

“associate(s)”                      has the meaning ascribed to such term in the Listing Rules

“Board”                                the board of Directors

“Bright Smart Securities”	Bright Smart Securities International (H.K.) Limited, a wholly-owned subsidiary of the Company and a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 7 (providing automated trading services) regulated activities under the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)
“Brokerage Services Agreements”	the 2 brokerage services agreements, both dated 4 February 2016, entered into by each of Mr. Yip and Mr. Wilson Chan with Bright Smart Securities, Bright Smart Futures & Commodities Company Limited, Bright Smart Global Bullion Limited and Bright Smart Forex Limited in relation to the provision of brokerage services by the Group to Mr. Yip, Mr. Wilson Chan and their respective associates
“Company”	Bright Smart Securities & Commodities Group Limited, a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Tenancy Agreements, the Financial Services Agreements with Mr. Yip, Mr. Nelson Chan and Mr. Wilson Chan and the respective transactions contemplated thereunder
“Financial Services Agreements”	the 8 financial services agreements, all dated 4 February 2016, entered into by each of the Directors with Bright Smart Securities in relation to the provision of financial services by Bright Smart Securities to the Directors and their respective associates

“Golden Hill Tenancy Agreement”	the tenancy agreement dated 4 February 2016 entered into between Victor Tone Limited and Top Sunshine Development Limited for the leasing of the whole of 1/F, Golden Hill Commercial Building, Nos.39-41 Argyle Street, Kowloon
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Honour House Tenancy Agreement”	the tenancy agreement dated 4 February 2016 entered into between Huge Dynasty Limited and Fortunate State Limited for the leasing of the Entrance (at Left Frontage) of Portion A1 of Shops Nos.6, 7 and 8 on G/F, M/F and 1/F of Honour House, Nos.375-381 & 375A-379A Nathan Road, No.24 Kansu Street and Nos.2-10 Woosung Street, Kowloon
“IPO”	initial public offering
“Landlords”	collectively, Victory Beauty Limited, Well Point Limited, Resultever Limited, Sea Magic Limited, Top Sunshine Development Limited and Fortunate State Limited, all of which are companies wholly-owned by Mr. Yip
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hui”	Mr. Hui Yik Bun, Co-Chief Executive Officer of the Company and an executive Director
“Mr. Kwok”	Mr. Kwok Sze Chi, an executive Director
“Mr. Ling”	Mr. Ling Kwok Fai, Joseph, an independent non-executive Director
“Mr. Nelson Chan”	Mr. Chan Kai Fung, Co-Chief Executive Officer of the Company and an executive Director

“Mr. Szeto”	Mr. Szeto Wai Sun, an independent non-executive Director
“Mr. Wilson Chan”	Mr. Chan Wing Shing, Wilson, an executive Director and a nephew of Mr. Yip
“Mr. Yip”	Mr. Yip Mow Lum, the chairman of the Board, an executive Director and the controlling Shareholder
“Mr. Yu”	Mr. Yu Yun Kong, an independent non-executive Director
“Peter Building Tenancy Agreement”	the tenancy agreement dated 4 February 2016 entered into between Bright Smart Securities and Well Point Limited for the leasing of M/F, Peter Building, Nos.58-60 Queen’s Road Central, Nos.13-17 Stanley Street, Hong Kong
“Premises”	collectively, the following premises: <ul style="list-style-type: none"> <li>(i) 10/F, Wing On House, No.71 Des Voeux Road Central, Central, Hong Kong;</li> <li>(ii) M/F, Peter Building, Nos.58-60 Queen’s Road Central, Nos.13-17 Stanley Street, Hong Kong;</li> <li>(iii) Shop No.7 on G/F &amp; Cockloft and Cockloft Nos.1-6, Tak Lee Building, No.993 King’s Road, Hong Kong;</li> <li>(iv) G/F and Cockloft, Nos.141-145 Kwong Fuk Road, Tai Po, New Territories, Hong Kong;</li> <li>(v) the whole of 1/F, Golden Hill Commercial Building, Nos.39-41 Argyle Street, Kowloon; and</li> <li>(vi) the Entrance (at Left Frontage) of Portion A1 of Shops Nos.6, 7 and 8 on G/F, M/F and 1/F of Honour House, Nos.375-381 &amp; 375A-379A Nathan Road, No.24 Kansu Street and Nos.2-10 Woosung Street, Kowloon</li> </ul>
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tai Po Tenancy Agreement”	the tenancy agreement dated 4 February 2016 entered into between Huge Dynasty Limited and Sea Magic Limited for the leasing of G/F and Cockloft, Nos.141-145 Kwong Fuk Road, Tai Po, New Territories, Hong Kong
“Tak Lee Building Tenancy Agreement”	the tenancy agreement dated 4 February 2016 entered into between Victor Tone Limited and Resultever Limited for the leasing of Shop No.7 on G/F & Cockloft and Cockloft Nos.1-6, Tak Lee Building, No.993 King’s Road, Hong Kong
“Tenancy Agreements”	collectively, the Wing On Tenancy Agreement, the Peter Building Tenancy Agreement, the Tak Lee Building Tenancy Agreement, the Tai Po Tenancy Agreement, the Golden Hill Tenancy Agreement and the Honour House Tenancy Agreement
“Wing On Tenancy Agreement”	the tenancy agreement dated 4 February 2016 entered into between Bright Smart Securities and Victory Beauty Limited for the leasing of 10/F, Wing On House, No.71 Des Voeux Road Central, Central, Hong Kong

By order of the Board  
**Bright Smart Securities & Commodities Group Limited**  
**Chan Kai Fung**  
*Executive Director and Co-Chief Executive Officer*

Hong Kong, 4 February 2016

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

\* *Independent non-executive Directors*