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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)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
TENANCY AGREEMENT**

The Board hereby announces that on 8 November 2016 (after trading hours), the Landlord and the Tenant, which is an indirect wholly owned subsidiary of the Company, entered into the Tenancy Agreement for the lease of Rooms 2301 & 2302 on 23/F., Wing On House, 71 Des Voeux Road Central, Central, Hong Kong for a term of two years and 137 days commencing from 15 November 2016.

As at the date of this announcement, the Landlord is a company wholly-owned by Mr. Yip, the chairman of the Board, an executive Director and a controlling Shareholder. Therefore, the Landlord is an associate of Mr. Yip and hence a connected person of the Company. Accordingly, the transactions contemplated the Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the annual caps for the continuing connected transactions contemplated under the Tenancy Agreement, on an annual basis, exceed 0.1% but are less than 5%, the Tenancy Agreement and the transactions contemplated thereunder are exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules and are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

A. INTRODUCTION

The Board hereby announces that on 8 November 2016 (after trading hours), the Landlord and the Tenant, which is an indirect wholly owned subsidiary of the Company, entered into the Tenancy Agreement for the lease of Rooms 2301 & 2302 on 23/F., Wing On House, 71 Des Voeux Road Central, Central, Hong Kong for a term of two years and 137 days commencing from 15 November 2016.

B. THE TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are as follows:

1. Date

8 November 2016

2. Parties

- (i) Huge Dynasty, as tenant; and
- (ii) Peaceful Smart, as landlord.

3. Premises

Rooms 2301 & 2302 on 23/F., Wing On House, 71 Des Voeux Road Central, Central, Hong Kong.

4. Term

Two years and 137 days commencing from 15 November 2016 to 31 March 2019 (both days inclusive).

5. Monthly rent

HK\$628,000 per month (exclusive of government rent and rates, management fee and all other charges (including but not limited to water and electricity charges)), payable in advance on the first day of each calendar month.

6. Rent-free period

From 15 November 2016 to 15 December 2016 (both days inclusive).

7. Effective rent

Approximately HK\$606,320 per month, based on the total rent in the amount of HK\$17,280,129 payable during the entire term of the Tenancy Agreement as averaged out on a monthly basis over the entire term (including the rent-free period).

8. Right to renew

Pursuant to the Tenancy Agreement, the Tenant has a right to renew the tenancy for a further term of three (3) years commencing immediately after the expiry of the aforesaid term at the prevailing market rent. The Tenant shall notify the Landlord in writing for such renewal no later than 31 December 2018. Such renewal will be subject to the Board's approval or the Shareholders' approval and the compliance with the relevant requirements under the Listing Rules, if applicable.

C. ANNUAL CAPS

The actual annual rent and the effective annual rent payable under the Tenancy Agreement by the Tenant for each of the period of 137 days from 15 November 2016 to 31 March 2017, and the two financial years ending 31 March 2018 and 2019 respectively are as follows:

	For the period of 137 days commencing from 15 November 2016 to 31 March 2017	For the year ending 31 March 2018	For the year ending 31 March 2019
Actual annual rent	HK\$2,208,129	HK\$7,536,000	HK\$7,536,000
Effective annual rent	approximately HK\$2,728,441	approximately HK\$7,275,844	approximately HK\$7,275,844

The annual caps for the period of 137 days from 15 November 2016 to 31 March 2017, and the two financial years ending 31 March 2018 and 2019 respectively for the transactions contemplated under the Tenancy Agreement are based on the higher of (i) the actual annual rent and (ii) the effective annual rent payable thereunder by the Tenant (rounded up to the nearest thousand) for such periods and are as follows:

For the period of 137 days commencing from 15 November 2016 to 31 March 2017	For the year ending 31 March 2018	For the year ending 31 March 2019
HK\$2,729,000	HK\$7,536,000	HK\$7,536,000

The monthly rent (and the above estimated annual caps) for the transactions contemplated under the Tenancy Agreement are 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 having regard to the comparable transactions in the vicinity and the prevailing market conditions.

The payment to be made by the Tenant to the Landlord under the Tenancy Agreement will be funded by the Group's internal resources.

D. INFORMATION ABOUT THE GROUP

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

The Tenant is a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company. Its principal activity is the provision of administrative services to the Group.

E. INFORMATION ABOUT THE LANDLORD

The Landlord is a company incorporated in Hong Kong wholly-owned by Mr. Yip, who is the chairman of the Board, an executive Director and a controlling Shareholder as at the date of this announcement. The principal business of Peaceful Smart is property investment.

F. REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The Group is intended to relocate the existing branch office at 27/F., Wing On House, 71 Des Voeux Road Central, Central, Hong Kong to the Premises in order to accommodate future expansion of the Group for provision of securities brokerage, margin financing, commodities and futures brokerage and bullion trading services to customers in the area. The entering into of the Tenancy Agreement is in line with the Group's plan to expand its business scale and increase the number of its customers.

The Directors (including the independent non-executive Directors but excluding Mr. Yip) are of the view that the Tenancy Agreement was entered into after arm's length negotiations in the ordinary and usual course of business of the Group and the terms of the Tenancy Agreement are normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Further, the Directors (including the independent non-executive Directors but excluding Mr. Yip) consider that the related annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Yip, who is the chairman of the Board, an executive Director and a controlling Shareholder, being the ultimate beneficial owner of the Landlord, and for good corporate governance, Mr. Chan, who is an executive Director, being a nephew of Mr. Yip, abstained from voting on the relevant resolutions in the Board meeting approving the Tenancy Agreement and the transactions contemplated thereunder due to Mr. Yip's material interests in the transactions.

G. LISTING RULES IMPLICATIONS

As at the date of this announcement, the Landlord is a company wholly-owned by Mr. Yip, the chairman of the Board, an executive Director and the controlling Shareholder. Therefore, the Landlord is an associate of Mr. Yip and hence a connected person of the Company. Accordingly, the transactions contemplated under the Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the annual caps for the continuing connected transactions contemplated under the Tenancy Agreement, on an annual basis, exceed 0.1% but are less than 5%, the Tenancy Agreement and the transactions contemplated thereunder are exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules and are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Bright Smart Securities & Commodities Group Limited, a company incorporated in the Cayman Islands and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1428)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Landlord” or “Peaceful Smart”	Peaceful Smart Limited, a company incorporated in Hong Kong wholly-owned by Mr. Yip
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Wing Shing, Wilson, an executive Director and a nephew of Mr. Yip
“Mr. Yip”	Mr. Yip Mow Lum, the chairman of the Board, an executive Director and a controlling Shareholder
“Premises”	Rooms 2301 & 2302 on 23/F., Wing On House, 71 Des Voeux Road Central, Central, Hong Kong

“Share(s)”	ordinary share(s) of HK\$0.30 each in the capital of the Company
“Shareholder(s) ”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the same meaning ascribed to it under the Listing Rules
“Tenancy Agreement”	the tenancy agreement dated 8 November 2016 entered into between Peaceful Smart as landlord and Huge Dynasty as tenant for the lease of the Premises
“Tenant” or “Huge Dynasty”	Huge Dynasty Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 8 November 2016

As at the date of this announcement, the Board comprises Messrs. Yip Mow Lum (Chairman), Hui Yik Bun (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*