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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)
(the “Company”, Stock Code: 1428)

CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE

AND

RESUMPTION OF TRADING

Further to the announcement of the Company dated 27 January 2014 in relation to the Placing and the Subscription, the Company, Mr Yip and the Vendor entered into the Placing and Subscription (Supplemental) Agreements dated 29 January 2014 with the seven independent Placees (including Chow Tai Fook as a Placee) respectively to amend the terms of the Subscription. Under the amended terms of the Subscription, the completion of the Subscription is conditional on, among other things, the passing of an ordinary resolution by the Independent Shareholders approving the Subscription at the EGM and the Listing for the Subscription Shares being granted. The long stop date for fulfillment of these conditions has been extended to 13 March 2014. The other terms of the Subscription, including the aggregate 75,000,000 Subscription Shares and the Subscription Price already agreed at HK\$1.30 per Subscription Share, remain unchanged.

The terms of the Placing (was completed on 27 January 2014) and the Put Options are unaffected by the amendments to the terms of the Subscription.

The Subscription will constitute a connected transaction for the Company since the Vendor is a connected person of the Company. The Subscription is subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Pursuant to the Listing Rules, an Independent Board Committee comprising all the Independent Non-Executive Directors will be established by the Company to advise the Independent Shareholders as to the Subscription.

The Company expects to publish and issue the Circular together with a notice of the EGM for the purpose of approving the Subscription on or before 21 February 2014. The Circular will contain the information required by the Listing Rules including (i) further details of the Subscription and its amended terms and (ii) a letter of recommendation from the Independent Board Committee and a letter of advice from the Independent Financial Adviser in relation to the Subscription.

The Subscription Shares will be issued under a specific mandate by way of an ordinary resolution to be proposed for passing by the Independent Shareholders at the EGM. An application will be made by the Company for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on Monday, 27 January 2014 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Thursday, 30 January 2014.

I. AMENDMENTS TO THE TERMS OF THE SUBSCRIPTION

The Board refers to the Previous Announcement issued by the Company in relation to the Placing and the Subscription.

On 29 January 2014, the Company, Mr Yip and the Vendor entered into the Placing and Subscription (Supplemental) Agreements with the seven independent Placees (including Chow Tai Fook as a Placee) respectively to amend the terms of the Subscription. Under the amended terms of the Subscription, the completion of the Subscription is conditional on the passing of an ordinary resolution by the Independent Shareholders approving the Subscription at the EGM and the Listing for the Subscription Shares being granted. The long stop date for fulfillment of these conditions has been extended to 13 March 2014. The other terms of the Subscription, including the aggregate 75,000,000 Subscription Shares and the Subscription Price already agreed at HK\$1.30 per Subscription Share, remain unchanged.

The material terms and the amended terms of the Subscription are restated as below:

Date & Parties: The Placing and Subscription (Supplemental) Agreements all dated 29 January 2014 were made between with the Company, Mr Yip, the Vendor and the seven independent Placees (including Chow Tai Fook as a Placee).

The relevant parties to the Subscription are:

(a) *Subscriber* – The Vendor which is wholly owned by Mr Yip, the Chairman and Executive Director of the Company. Mr Yip is holding an aggregate of 606,392,000 Shares representing approximately 57.99% of the existing issued Shares as at the date of this announcement. The Vendor is therefore a connected person of the Company.

(b) *Issuer* – The Company

Subscription Shares: 75,000,000 Subscription Shares will be subscribed by the Vendor, representing:

- approximately 7.17% of the existing issued share capital of the Company as at the date of this announcement; and
- approximately 6.69% of the issued share capital of the Company as enlarged by the Subscription Shares on issue.

The Subscription Shares will, when fully paid, rank *pari passu* in all respects to the Shares in issue as at the date of completion of the Subscription together with the relevant rights to all dividends and other rights attached as at that date.

Subscription Price: HK\$1.30 per Subscription Share, representing:

- discount of approximately 18.24% to the closing price of HK\$1.59 per Share on the Last Trading Day;
- discount of approximately 18.75% to the average closing price of approximately HK\$1.60 per Share for the last five consecutive trading days up to and including the Last Trading Day; and
- discount of approximately 10.96% to the average closing price of approximately HK\$1.46 per Share for the last ninety consecutive trading days up to and including the Last Trading Day.

The Subscription Price, being equivalent to the Placing Price, was agreed after arm's length negotiations among the Company, the Vendor, the Vendor Guarantor and the Placees with reference to the prevailing market price and the liquidity of the Shares.

The net price per Subscription Share after related expenses is approximately HK\$1.26 per Subscription Share.

As the Subscription Shares represent 50% of the Placing Shares sold under the Placing, the Company agreed to reimburse the Vendor 50% of the seller's *ad valorem* stamp duty payable by the Vendor for sale of the Placing Shares and related expenses in relation to the Placing and Subscription pursuant to Placing and Subscription Agreements.

Conditions precedent:

Completion of the Subscription is conditional upon:

- (a) completion of the Placing having taken place;
- (b) the passing of an ordinary resolution by the Independent Shareholders approving the Subscription at the EGM; and
- (c) the Listing for the Subscription Shares being granted.

Condition (a) was fulfilled on 27 January 2014.

Completion of the Subscription: Completion of the Subscription will take place on the first business day (or such other date as may be agreed by the Company and the Vendor) after all conditions mentioned above are fulfilled. If any of the conditions is not fulfilled on or before 13 March 2014 (or such other date as may be agreed between the Company and the Vendor provided always that the Subscription Price and the number of Subscription Shares shall remain unchanged), the Subscription shall terminate (unless otherwise agreed between the Company and the Vendor) and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise.

Specific Mandate: The Subscription Shares will be issued under a specific mandate by way of an ordinary resolution to be proposed for passing by the Independent Shareholders at the EGM. The General Mandate will no longer be used for the issue of the Subscription Shares.

II. PLACING AND PUT OPTIONS

As announced in the Previous Announcement, the Placing was duly completed on 27 January 2014 and the Vendor has granted the Put Options in favour of the Placees. Details are set out in the Previous Announcement.

The terms of the Placing and the Put Options remain in effect and are not affected by the amendments to the terms of the Subscription.

III. SHAREHOLDINGS OF THE COMPANY

The impact of the Placing and the Subscription on the shareholdings of the Company has been illustrated in the Previous Announcement. Please refer to the Previous Announcement for relevant details.

IV. REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

Upon completion of the Subscription, the net proceeds to the Company from the Subscription, after related expenses, are estimated to be approximately HK\$94.16 million. They are intended to be used as the general working capital of the Group.

The amended terms of the Subscription and the terms of the Placing and Subscription Agreements (including the Subscription Price) are determined among the parties thereto after arm's length negotiation, and taking into account the prevailing market price and the liquidity of the Shares.

As announced in the Previous Announcement, the Directors have considered various ways of raising funds for the remarkable growth of the Group and considered that the Placing and the Subscription would broaden the shareholder base and capital base of the Company as well as to enhance the liquidity of the Shares.

The Directors (other than the Independent Non-Executive Directors) consider that the terms of the Subscription under it are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The views of the Independent Non-Executive Directors, who will be appointed to the Independent Board Committee, will give their view on the terms of the Subscription after considering the opinion of the Independent Financial Adviser to be set out in the Circular.

V. GENERAL

The Company has not conducted any fund raising activities in the past 12 months immediately preceding the date of this announcement.

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 and futures broking and bullion broking.

Mr Yip is holding an aggregate of 606,392,000 Shares representing approximately 57.99% of the existing issued Shares as at the date of this announcement. Since the Vendor is a connected person of the Company, the Subscription will constitute a connected transaction for the Company. The Subscription is subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company expects to publish and issue the Circular together with a notice of the EGM on or before 21 February 2014 for the purpose of seeking approval by the Independent Shareholders of the Subscription. The Circular will contain the information required by the Listing Rules including (i) further details of the Subscription and its amended terms and (ii) a letter of recommendation from the Independent Board Committee and a letter of advice from the Independent Financial Adviser in relation to the Subscription.

In accordance with the Listing Rules, (i) Mr Yip and his associates (including the Vendor); and (ii) the Placees and their respective associates will abstain from voting on the ordinary resolution to be proposed at the EGM to approve the Subscription. Mr Yip has also abstained from voting on the relevant board resolutions on the Subscription.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

VI. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on Monday, 27 January 2014 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Thursday, 30 January 2014.

VII. DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

"associates" : shall have the same meaning as defined under the Listing Rules

"Board"	: the board of the Directors
"Chow Tai Fook"	: Chow Tai Fook Nominee Limited, which is a limited liability company incorporated in Hong Kong and a Placee
"Circular"	: a circular to be issued and published by the Company together with the notice of the EGM in relation to the amended terms of the Subscription
"Company"	: Bright Smart Securities & Commodities Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
"connected persons"	: has the meaning as ascribed to it under the Listing Rules
"Director(s)"	: the director(s) of the Company
"EGM"	: an extraordinary general meeting of the Company to be convened, at which an ordinary resolution will be proposed for passing by the Independent Shareholders to approve the Subscription
"General Mandate"	: the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 8 August 2013 to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal amount of the then issued share capital of the Company as at the date of such general meeting
"Group"	: the Company and its subsidiaries
"Hong Kong"	: the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	: the independent board committee comprising all independent non-executive Directors, to advise the Independent Shareholders on the terms of the Subscription
"Independent Financial Adviser"	: the independent financial adviser to the Independent Board Committee and Independent Shareholders regarding the Subscription
"Independent Shareholders"	: Shareholders other than (i) Mr Yip and his associates (including the Vendor); (ii) the Placees and their respective associates

"Independent Third Party(ies)"	: party(ies) that is/are not connected with the Company, any directors, chief executives, controlling shareholders or substantial shareholders of the Company or its subsidiaries or any of their respective associates
"Last Trading Day"	: 24 January 2014, being the last day of trading of the Shares on the Stock Exchange prior to the date of the Placing and Subscription Agreements
"Listing"	: the grant of a listing of and permission to deal in the securities on the Stock Exchange
"Listing Rules"	: the Rules Governing the Listing of Securities on the Stock Exchange
"Mr Yip" or "Vendor Guarantor"	: Mr. Yip Mow Lum, the chairman of the Board, an executive Director and the controlling Shareholder
"Placee(s)"	: seven corporate and individual investors to whom the Placing Shares were offered and sold by way of private share placing under the Placing and Subscription Agreements;
"Placing"	: the placing of the Placing Shares by the Vendor to the Placees to the Placees pursuant to the Placing and Subscription Agreements
"Placing and Subscription Agreements"	: collectively the Placing and Subscription Agreements all dated 27 January 2014 and entered into among the Vendor, Mr Yip, the Company and the Placees respectively as supplemented and amended by the Placing and Subscription (Supplemental) Agreements
"Placing and Subscription (Supplemental) Agreements"	: collectively the supplemental agreements all dated 29 January 2014 and entered into among the Vendor, Mr Yip, the Company and the Placees respectively to supplement and amend the terms of the Subscription under the Placing and Subscription Agreements entered into on 27 January 2014 as announced in the Previous Announcement
"Placing Price"	: HK\$1.30 per Placing Share
"Placing Share(s)"	: 150,000,000 Share(s) currently owned by the Vendor
"Previous Announcement"	: the announcement of the Company dated 27 January 2014 in relation to the Placing and the Subscription

"Put Options"	: the rights of the Placees to require the Vendor to purchase the relevant Put Option Shares, which rights are granted by the Vendor as summarized in paragraph II of the Previous Announcement
"Put Option Shares"	: as defined in paragraph II of the Previous Announcement
"Share(s)"	: the ordinary share(s) of nominal value of HK\$0.30 each in the share capital of the Company
"Shareholders"	: the shareholders of the Company
"Stock Exchange"	: The Stock Exchange of Hong Kong Limited
"Subscription"	: the subscription of the Subscription Shares by the Vendor pursuant to the Placing and Subscription Agreements (as amended by the Placing and Subscription (Supplemental) Agreements)
"Subscription Price"	: HK\$1.30 per Subscription Share
"Subscription Share(s)"	: 75,000,000 new Share(s) to be allotted and issued by the Company to the Vendor under the Subscription
"substantial shareholder(s)"	: has the meaning ascribed to it under the Listing Rules
"Vendor"	: New Charming Holdings Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr Yip. The Vendor is an investment holding company.
"HK\$"	: Hong Kong dollars, the lawful currency of Hong Kong
"%"	: per cent.

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

Hong Kong, 29 January 2014

As at the date of this announcement, the Board comprises Messrs. Yip Mow Lum (Chairman), Chan Kai Fung (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*