耀才證券
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)
(the "Company", Stock Code: 1428)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

The board of directors (the "Board") of 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 2013 together with the comparative figures for the year ended 31 March 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Note	**2013** *HK$*	2012 *HK$*
Turnover	*3*	**273,280,728**	228,707,159
Other revenue	*4*	**57,723,850**	36,971,598
Other net gain/(loss)	*5*	**345,002**	(759,801)
		331,349,580	264,918,956
Staff costs	*6(b)*	**(85,077,866)**	(74,719,545)
Depreciation		**(12,856,938)**	(10,588,179)
Other operating expenses	*6(c)*	**(109,456,073)**	(93,719,607)
Profit from operations		**123,958,703**	85,891,625
Finance costs	*6(a)*	**(16,807,289)**	(12,541,095)
Profit before taxation	*6*	**107,151,414**	73,350,530
Income tax	*7*	**(14,925,256)**	(12,714,664)
Profit and total comprehensive income attributable to equity shareholders for the year		**92,226,158**	60,635,866
Earnings per share			
Basic (cents)	*8*	**10.18**	8.92
Diluted (cents)	*8*	**10.17**	8.89

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Note	2013 HK$	2012 HK$
Non-current assets			
Fixed assets		**25,708,281**	26,197,007
Deferred tax assets		**315,065**	–
Other non-current assets		**47,425,157**	8,490,032
Total non-current assets		**73,448,503**	34,687,039
Current assets			
Accounts receivable	*10*	**2,705,904,441**	1,145,959,330
Other receivables, deposits and prepayments		**25,768,968**	12,479,669
Cash and cash equivalents		**381,477,585**	397,052,989
Total current assets		**3,113,150,994**	1,555,491,988
Current liabilities			
Accounts payable	*11*	**614,390,402**	469,737,171
Accrued expenses and other payables		**21,574,316**	17,687,699
Bank loans		**1,690,000,000**	425,000,000
Current taxation		**3,132,700**	3,763,141
Amount due to a related company		**100,000,000**	180,000,000
Total current liabilities		**2,429,097,418**	1,096,188,011
Net current assets		**684,053,576**	459,303,977
Total assets less current liabilities		**757,502,079**	493,991,016
Non-current liability			
Deferred tax liabilities		**26,377**	192,551
NET ASSETS		**757,475,702**	493,798,465
EQUITY			
Share capital		**309,340,812**	204,846,600
Share premium		**250,318,615**	181,907,382
Merger reserve		**(19,999,991)**	(19,999,991)
Share option reserve		**1,687,341**	3,427,420
Retained profits		**216,128,925**	123,617,054
TOTAL EQUITY		**757,475,702**	493,798,465

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"), 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. The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 March 2013, but is derived from those financial statements.

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

— Amendments to HKFRS 7, *Financial instruments: Disclosures — Transfers of financial assets*

— Amendments to HKAS 12, *Income taxes — Deferred tax: Recovery of underlying assets*

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

The impacts of the developments are discussed below:

— Amendments to HKAS 12 and Amendments to HKFRS 7 have not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires 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 two 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 selected 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 deferred tax assets and other corporate assets. Segment liabilities include trade creditors 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

		2013	
	Securities broking *HK$*	**Commodities and futures broking** *HK$*	**Total** *HK$*
Revenue from external customers:			
— Brokerage commission	**130,965,150**	**85,226,405**	**216,191,555**
— Interest income from margin financing	**55,875,265**	**7,907**	**55,883,172**
— Interest income from IPO financing	**1,206,001**	**–**	**1,206,001**
Consolidated turnover	**188,046,416**	**85,234,312**	**273,280,728**
Handling and settlement fees	**28,517,342**	**39,400**	**28,556,742**
Reportable segment revenue	**216,563,758**	**85,273,712**	**301,837,470**
Reportable segment profit (EBIT)	**100,810,090**	**24,047,082**	**124,857,172**
Depreciation for the year	**(12,762,465)**	**(16,673)**	**(12,779,138)**
Other interest income	**24,370,088**	**3,791,614**	**28,161,702**
Finance costs	**(16,814,183)**	**(5,983)**	**(16,820,166)**
Additions to non-current segment assets during the year	**12,194,148**	**144,550**	**12,338,698**
Reportable segment assets	**2,833,976,604**	**331,879,514**	**3,165,856,118**
Reportable segment liabilities	**(2,219,260,483)**	**(225,455,866)**	**(2,444,716,349)**

	Securities broking HK$	2012 Commodities and futures broking HK$	Total HK$
Revenue from external customers:			
— Brokerage commission	119,464,277	64,470,913	183,935,190
— Interest income from margin financing	43,967,010	–	43,967,010
— Interest income from IPO financing	804,959	–	804,959
Consolidated turnover	164,236,246	64,470,913	228,707,159
Handling and settlement fees	22,482,493	20,170	22,502,663
Reportable segment revenue	186,718,739	64,491,083	251,209,822
Reportable segment profit (EBIT)	39,627,130	49,182,647	88,809,777
Depreciation for the year	(10,373,721)	(12,089)	(10,385,810)
Other interest income	13,100,832	1,036,782	14,137,614
Finance costs	(12,541,095)	–	(12,541,095)
Additions to non-current segment assets during the year	13,987,141	–	13,987,141
Reportable segment assets	1,376,915,135	210,302,736	1,587,217,871
Reportable segment liabilities	(990,107,029)	(104,131,143)	(1,094,238,172)

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

	2013 *HK$*	2012 *HK$*
Profit		
Reportable segment profit (EBIT)	**124,857,172**	88,809,777
Finance costs	**(16,820,166)**	(12,541,095)
Unallocated corporate expenses	**(885,592)**	(2,918,152)
Consolidated profit before taxation	**107,151,414**	73,350,530
Assets		
Reportable segment assets	**3,165,856,118**	1,587,217,871
Elimination of inter-segment receivable	**(9,714,821)**	(6,137,151)
Deferred tax assets	**315,065**	–
Unallocated corporate assets	**30,143,135**	9,098,307
Consolidated total assets	**3,186,599,497**	1,590,179,027
Liabilities		
Reportable segment liabilities	**(2,444,716,349)**	(1,094,238,172)
Elimination of inter-segment payable	**98,798,392**	1,881,968
Current taxation	**(3,132,700)**	(3,763,141)
Deferred tax liabilities	**(26,377)**	(192,551)
Unallocated corporate liabilities	**(80,046,761)**	(68,666)
Consolidated total liabilities	**(2,429,123,795)**	(1,096,380,562)

3. TURNOVER

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

Turnover represents the brokerage commission from securities, commodities and futures broking and interest income from margin and initial public offering ("IPO") financings as follows:

	2013 *HK$*	2012 *HK$*
Brokerage commission	**216,191,555**	183,935,190
Interest income from margin financing	**55,883,172**	43,967,010
Interest income from IPO financing	**1,206,001**	804,959
	273,280,728	228,707,159

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

4. OTHER REVENUE

	2013	2012
	HK$	*HK$*
Interest income from		
— Authorised institutions	**18,812,335**	7,660,724
— Others	**9,394,410**	6,477,894
	28,206,745	14,138,618
Handling and settlement fees	**28,556,742**	22,502,663
Sundry income	**960,363**	330,317
	57,723,850	36,971,598

5. OTHER NET GAIN/(LOSS)

	2013	2012
	HK$	*HK$*
Loss on disposal of fixed assets	**(553,986)**	(1,053,050)
Error trades arising from securities, commodities and futures dealings	**(133,942)**	(666,926)
Net foreign exchange gain	**1,284,644**	960,175
Others	**(251,714)**	–
	345,002	(759,801)

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2013	2012
	HK$	*HK$*
(a) Finance costs		
Interest expense on		
— Bank loans for IPO financing	**741,317**	357,021
— Other bank loans and overdrafts	**12,795,823**	7,818,316
— Loans from related companies	**3,270,149**	4,365,758
	16,807,289	12,541,095
(b) Staff costs		
Salaries, allowances and benefits in kind	**72,952,155**	62,552,331
Discretionary bonuses	**9,453,056**	8,309,853
Contributions to Mandatory Provident Fund	**2,672,655**	2,206,219
Equity-settled share-based payments	**–**	1,651,142
	85,077,866	74,719,545

	2013	2012
	HK$	*HK$*
(c) Other operating expenses		
Advertising and promotion expenses	**7,892,008**	6,954,804
Auditors' remuneration	**1,319,166**	1,546,335
Commission expense to overseas brokers	**6,565,433**	4,523,084
Handling and settlement expenses	**22,242,487**	18,409,221
Information and communication expenses	**21,037,196**	20,507,433
Legal and professional fees	**3,006,766**	2,961,321
Operating lease payments		
— property rentals	**32,945,974**	25,988,199
Rates and building management fees	**3,627,683**	3,056,999
Miscellaneous expenses	**10,819,360**	9,772,211
	109,456,073	93,719,607

7. INCOME TAX

	2013	2012
	HK$	*HK$*
Current tax — Hong Kong Profits Tax		
Provision for the year	**15,242,758**	11,922,321
Under-provision in respect of prior years	**163,737**	1,114,851
	15,406,495	13,037,172
Deferred tax		
Origination and reversal of temporary differences	**(481,239)**	(322,508)
	14,925,256	12,714,664

The provision for Hong Kong Profits Tax for the year ended 31 March 2013 is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the year.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the year ended 31 March 2013 of HK$92,226,158 (2012: HK$60,635,866), and the weighted average number of shares in issue during the year ended 31 March 2013 of 906,394,671 (2012: 679,946,372).

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company for the year ended 31 March 2013 of HK$92,226,158 (2012: HK$60,635,866) and the weighted average number of shares in issue and the effect of deemed issue of shares under the Company's share option scheme during the year ended 31 March 2013 of 906,688,474 (2012: 681,823,449).

9. DIVIDENDS

(a) Dividends payable to equity shareholders of the group attributable to the year

Dividends declared in respect of the current year are as follows:

	2013	2012
	HK$	*HK$*
Final dividend proposed after the end of the reporting period of HK2.70 cents per ordinary share (2012: HK1.80 cents per ordinary share) (2013: 1,031,136,040 shares; 2012: 682,822,000 shares)	**27,840,673**	12,290,796

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the group attributable to the previous financial year, approved and paid during the year:

	2013	2012
	HK$	*HK$*
Final dividend in respect of previous financial year, approved and paid during the year, of HK1.80 cents per ordinary share (2012: HK1.80 cents per ordinary share) (2013: 1,024,233,000 shares; 2012: 679,682,000 shares)	**18,436,194**	12,234,276

10. ACCOUNTS RECEIVABLE

	2013	2012
	HK$	*HK$*
Accounts receivable from		
— Cash clients	**178,006,165**	110,688,229
— Margin clients	**2,128,166,918**	893,571,157
— Clearing houses	**352,886,741**	127,318,844
— Brokers and dealers	**47,783,066**	15,345,484
Less: allowance for doubtful debts	**(938,449)**	(964,384)
	2,705,904,441	1,145,959,330

(a) Ageing analysis

The ageing analysis of accounts receivable from cash clients as of the end of the reporting period is as follows:

	2013	2012
	HK$	*HK$*
Current	**41,878,559**	38,637,877
Less than 1 month past due	**104,579,633**	59,540,934
1 to 3 months past due	**27,401,692**	6,738,631
More than 3 months past due	**4,146,281**	5,770,787
Amounts past due	**136,127,606**	72,050,352
	178,006,165	110,688,229

Accounts receivable from cash clients relate to a wide range of customers for whom there was no recent history of default. These receivables are fully secured by their portfolio of securities, at 31 March 2013, the total market value of their portfolios of securities was HK$973,014,735 (2012: HK$790,914,839). 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 considered fully recoverable.

Margin loans due from margin clients are current and repayable on demand. 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 2013, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK$5,809,289,258 (2012: HK$2,941,959,839).

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 contracts.

(b) Impairment of margin clients and brokers and dealers receivable

Impairment losses in respect of margin clients and brokers and dealers 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 margin clients and brokers and dealers receivables directly.

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

	2013	2012
	HK$	*HK$*
At 1 April	**964,384**	–
Impairment loss recognised	**–**	964,384
Amounts recovered	**(25,935)**	–
At 31 March	**938,449**	964,384

At 31 March 2013, the Group's margin clients and brokers and dealers receivables of HK$938,449 (2012: HK$964,384) was determined to be impaired. The impaired receivables related to margin clients and brokers and dealers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered.

11. ACCOUNTS PAYABLE

	2013	2012
	HK$	*HK$*
Accounts payable		
— Cash clients	**136,237,319**	66,866,180
— Margin clients	**359,275,331**	161,168,878
— Clearing houses	**90,171,405**	241,702,113
— Brokers	**28,706,347**	–
	614,390,402	469,737,171

All of the accounts payable are aged and due within one month or on demand.

FINAL DIVIDENDS

The Board recommended the payment of a final dividend of HK2.70 cents per share for the year ended 31 March 2013, subject to the approval of the final dividend by the shareholders at the forthcoming annual general meeting ("AGM") to be held on Thursday, 8 August 2013. If approved, the final dividend will be paid to the shareholders on Thursday, 29 August 2013. Shareholders whose names appear on the register of members of the Company on Tuesday, 20 August 2013 will be entitled to the proposed final dividend.

CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT TO ATTEND AND VOTE AT THE AGM

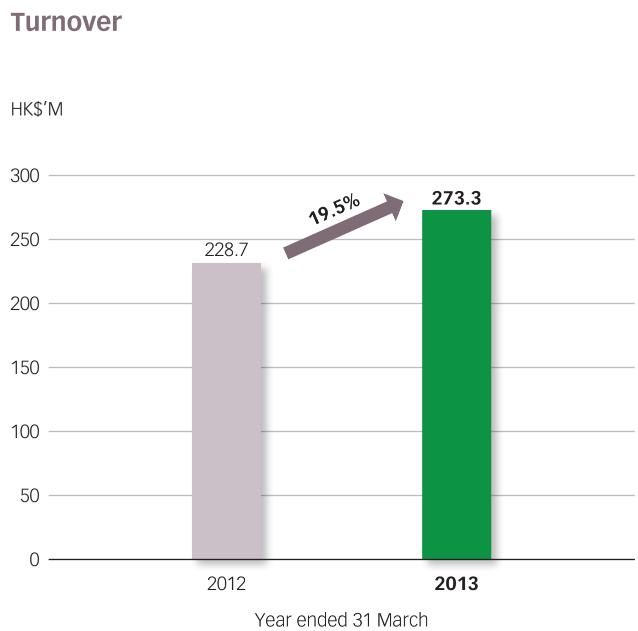
The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to attend and vote at the AGM, from Tuesday, 6 August 2013 to Thursday, 8 August 2013 (both days inclusive), during which period no transfer of shares will be registered. In order to attend and vote at the AGM, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration, not later than 4:30 p.m. on Monday, 5 August 2013.

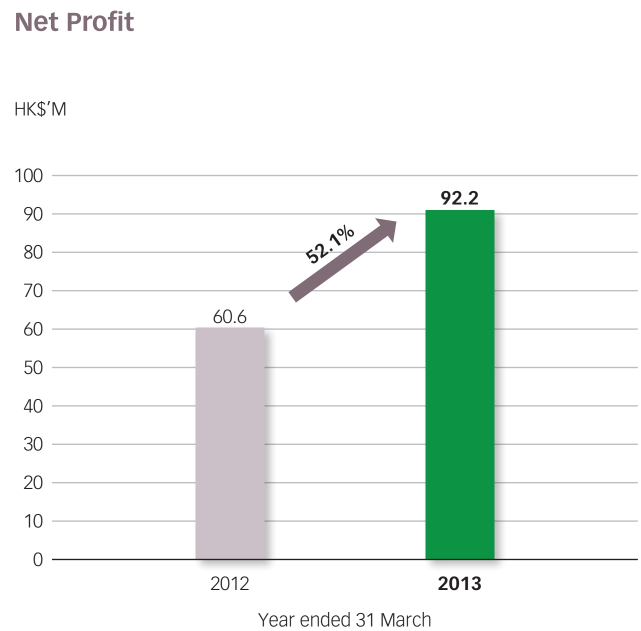
CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT TO THE PROPOSED FINAL DIVIDEND

The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to the proposed final dividend, from Friday, 16 August 2013 to Tuesday, 20 August 2013 (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 Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration, not later than 4:30 p.m. on Thursday, 15 August 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 March 2013 (the "Year"), the Group's turnover significantly increased by 19.5% to HK$273.3 million (2012: HK$228.7 million), hitting its record high. Profit attributable to equity shareholders was HK$92.2 million (2012: HK$60.6 million), representing a sharp increase of 52.1% when compared with the year ended 31 March 2012 ("Prior Year"). The Group's impressive results for the Year were mainly attributable to the following facts. The management maintained its aggressive expansion and continued its expansion of branch network during the Year. The Group also upheld its philosophy of innovation and transformation to introduce products through innovation and provide better services. Thus, the customer base expanded rapidly, contributing to a significant increase of commission income from brokerage against the downward market trend and promoting profit growth. Basic earnings per share were HK10.18 cents (2012: HK8.92 cents) and the diluted earnings per share were HK10.17 cents (2012: HK8.89 cents). The Board proposed a final dividend of HK2.70 cents (2012: HK1.80 cents) per share for the Year.





Market Overview

During the Year under review, as a result of unpredictable changes hovering over the global economy, coupled with the unresolved debt crisis plaguing Europe, the capital market in Hong Kong was also affected. The Hang Seng Index swung between gains and losses, and began to plunge in May, hitting an all-year low of 18,056 points on 4 June 2012, all of which were contributed by the following factors: including uncertainties overshadowing the fiscal cliff in America, the election of Hollande as French president rather than Sarkozy due to anti-austerity policies, the nationalization of the Spanish banking conglomerate Bankia, and the concerns over the hard landing in China's economy. In the second half of the Year, all central banks across the world opened the floodgates. In September, the European Central Bank announced the Outright Monetary Transaction program to purchase European debts, and America launched a third round of Quantitative Easing, resulting in a continued influx of hot money into Hong Kong and boosting the property market. Assured by the political stability after the 18th National Congress, investors regained their confidence, and the Hong Kong stock market resumed rally, climbing up to 22,000 points in November.

In conclusion, the Hang Seng Index opened at 20,556 points on 2 April 2012 and closed at 22,300 points on 28 March 2013, representing an increase of 8.5% in the period.

Hong Kong stocks showed volatility during the Year. Negative sentiment dragged down the average daily turnover to HK$56.46 billion, down 15.2% over the Prior Year. The average daily number of derivatives contracts traded on the Hong Kong Futures Exchange Limited and stock options contracts traded on the Stock Exchange were 264,266 and 237,920 (2012: 271,669 and 287,561) respectively. The initial public offering ("IPO") market has also been affected by the market conditions, several listing applicants failed to activate their IPOs as scheduled or scaled down the size of their fundraising exercises. The number of companies having obtained listing on the Main Board and GEM (excluding those companies which transferred their listings from GEM to the Main Board) during the Year was 55 (2012: 94), and funds raised by way of IPO were approximately HK$250.7 billion, representing a decrease of 0.4% as compared to HK$251.8 billion in the Prior Year. As a result of the market vitality in the Prior Year, new IPO activities were stagnant, causing HKEx to lose its top global position in terms of new listings. In the fourth quarter, however, the investment market started warming up, evidenced by the successful listing of heavyweight shares of PICC Group (1339) in December last year. Besides ranking fourth in the global IPO market, HKEx reported a slight decrease of approximately 0.5% in the annual IPO funds. In March this year, the listing of Oi Wah Pawnshop (1319) and Xinchen China Power (1148) also recorded outstanding subscription over-allotments, warming up new IPOs in the new year. Looking into 2013, according to the general market anticipation, the IPO funds or the number of new IPOs are expected to outperform those in 2012. A variety of new IPOs plan to raise funds of over HK$10 billion, proving that Hong Kong remains an influential international fundraising centre.

In the domestic market, the central government relinquished its growth target of 8%, and the economic growth decelerated. In the fourth quarter, however, the manufacturing sector showed signs of growth, and the A-share market also bounced back from the bottom, exiting from years of weak market.

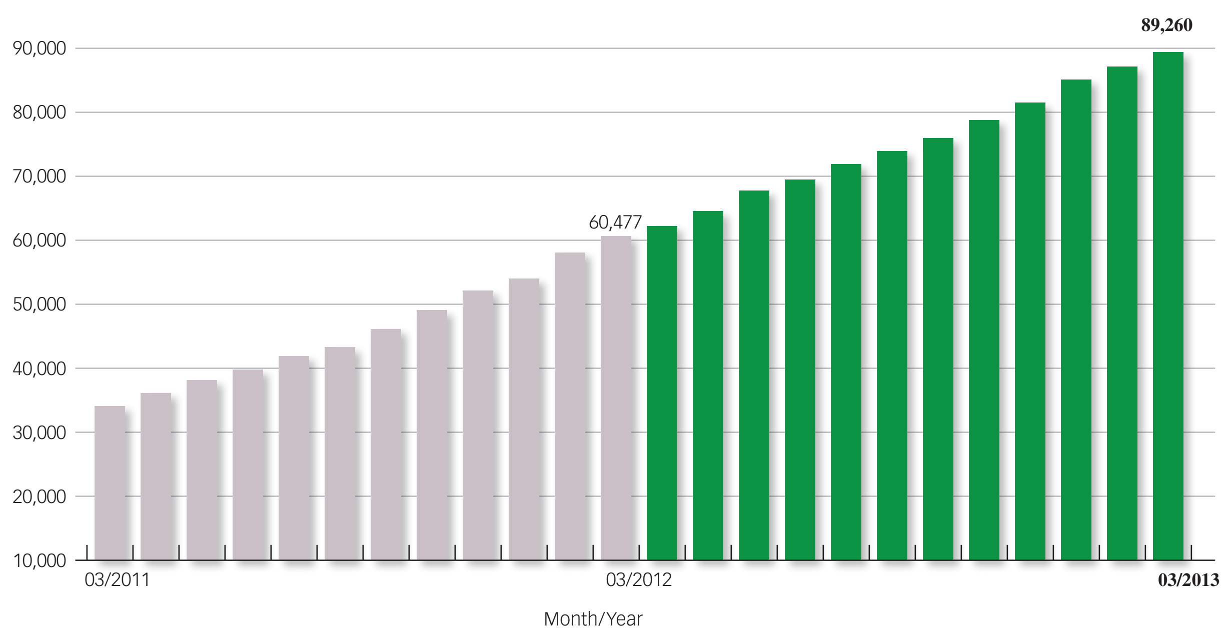
Looking at 2013 to 2014, issues related to the European debt remain to be solved, and Obama, reelected as US president, will address fiscal issues as his primary task, including a new deficit reduction plan implemented in 2013, resulting in a watch-and-see market that brings impact to the American economy. In addition, the market again shifts its focus on when the Federal Reserve will tighten its monetary policies. The volatility in the overseas market and the oscillating exporting statistics in mainland and Hong Kong lead to one question as to whether the economy in mainland will decelerate. All of these phenomena in question are the indicators of the performance of leading Hong Kong stocks. However, the liquidity in the market remains ample, and the market generally remains positive about the prospect and outlook of the Hong Kong stocks.

Turnover

During the period under review, the Hong Kong stocks had a mixed performance with a drop of 15.2% in the average daily trading volume to HK$56.46 billion. However, by capitalizing on its aggressive marketing strategies, well-established branch networking, and a sizeable client base, the Group reported a significant growth both in its turnover and in the commission from the securities and futures brokerage businesses. During the Year, the Group proactively continued to expand against the market conditions with five more branches opened for business including the Jordan branch purchased by Chairman Mr. Yip Mow Lum through his private investment of HK$180 million. The Jordan branch was built into Bright Smart's Kowloon headquarters with an area of 20,000 square feet, improving and optimizing the branch network of the Group. As a result, the total number of branches increased to 16, excluding the Central head office. Currently, the Group has ten selected branches operating seven-day services, one of which is Bright Smart's Kowloon headquarters in Jordan. Such services will enable customers to open new accounts, make inquiries, and settle and subscribe new shares during the weekends and public holidays, while improving our customer service quality and enhancing our communication with clients.

By leveraging a sizable customer base, the Group is committed to introducing diversified financial products and services that can keep up with times and lead investment trend. This is evidenced by the following facts. In view of the high property prices in the Year and the public's difficulties to invest in the property market, the Group unprecedentedly launched the "Installment Margin Scheme" under which customers can bargain hunting favorite stocks and then pay in installments, allowing customers to flexibly utilize their funds while having an early start. The Plan was well received by customers. Moreover, the Group has been licensed to carry out Type 7 (Providing Automated Trading Services) regulated activities by the Securities and Futures Commission of Hong Kong, and officially launched the "BS Pre-IPO Trading Centre" in April 2013, ranking among a few Hong Kong securities houses that can provide new shares pre-listing trading.

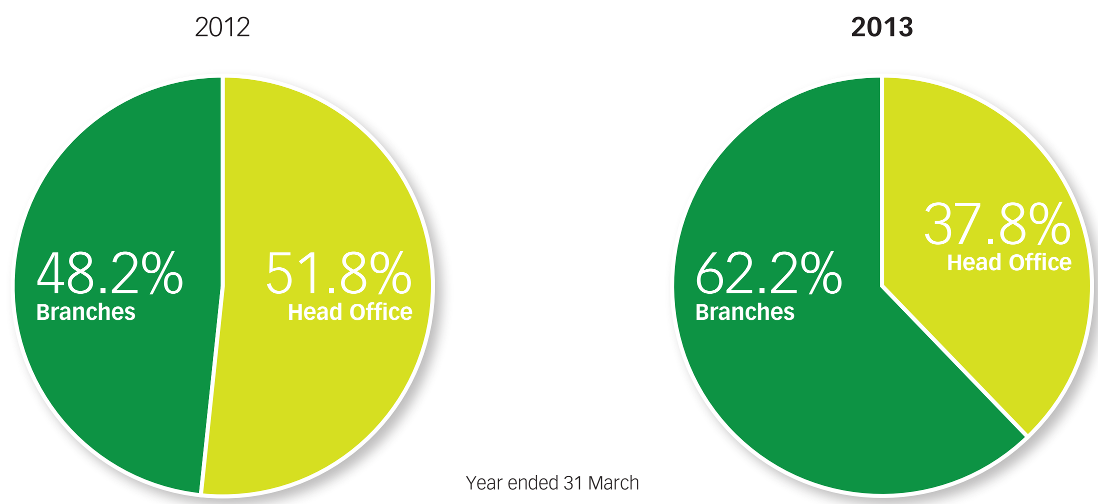
Total Number of Client Accounts



The strategy of expanding branches yielded triumphant results. During the Year, the total number of newly opened client accounts was 28,783 (after deducting the closed accounts) (2012: 28,096), further adding up to the total number of 89,260 client accounts as of 31 March 2013. This represented a significant increase of 47.6% as compared against that of 60,477 client accounts as of 31 March 2012. Among the newly-opened client accounts, 26,777 were from the branches, accounting for 93.0% of the newly-opened client accounts during the Year.

During the Year, the turnover attributable to the branches was HK$170.0 million (2012: HK$110.3 million), representing a sharp increase of 54.1% over the Prior Year. The percentage of total turnover attributable to the branches surged to 62.2% (2012: 48.2%).

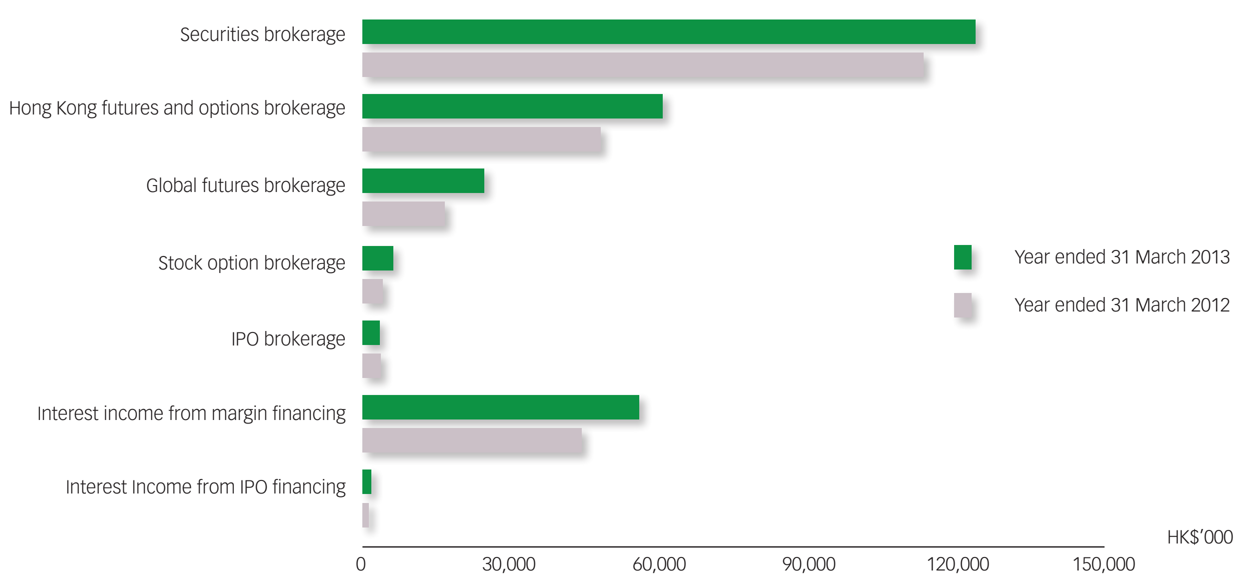
Turnover distribution from head office and branches



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

	Year ended 31 March				
	2013 *HK$'000*	**Proportion of total turnover** %	2012 *HK$'000*	Proportion of total turnover %	Increase %
Commission income from:					
• Securities brokerage	**123,923**	**45.4%**	113,388	49.6%	9.3%
• Hong Kong futures and options brokerage	**60,593**	**22.2%**	48,012	21.0%	26.2%
• Global futures brokerage	**24,633**	**9.0%**	16,459	7.2%	49.7%
• Stock options brokerage	**3,426**	**1.3%**	2,569	1.1%	33.4%
• IPO brokerage	**3,617**	**1.3%**	3,507	1.5%	3.1%
Interest income from margin financing	**55,883**	**20.4%**	43,967	19.2%	27.1%
Interest income from IPO financing	**1,206**	**0.4%**	805	0.4%	49.8%
	273,281	**100%**	228,707	100%	19.5%

Turnover breakdown by business segments

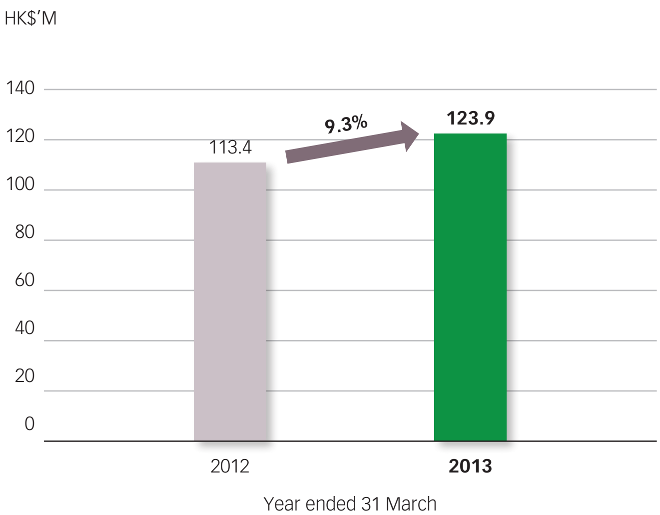


I. *Securities brokerage*

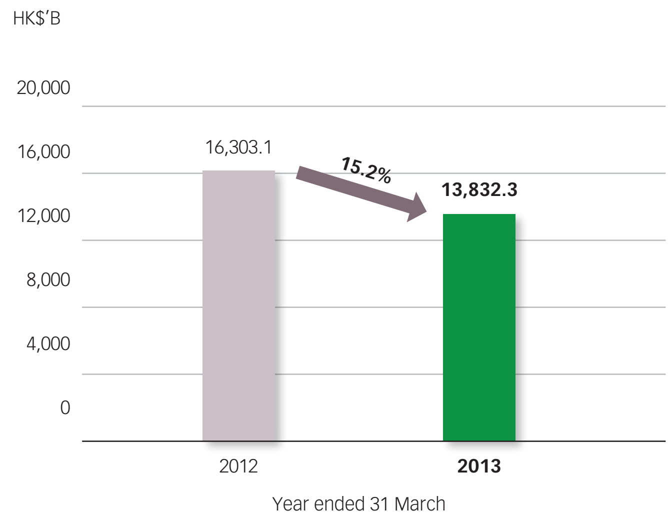
The Group's commission income from securities brokerage for the Year was HK$123.9 million (2012: HK$113.4 million), an increase of 9.3% over the Prior Year, accounting for 45.4% of the total turnover (2012: 49.6%). During the Year, the Stock Exchange recorded a total transaction value of HK$13,832.3 billion (2012: HK$16,303.1 billion), representing a year-on-year decline of 15.2%. In contrast, the Group significantly outperformed the market, recording an increase in commission income from securities brokerage against the downward market trend. The Group also gained market share during the Year, and the rank in the Group B also rose.

As to the global securities segment, following the introduction of trading Singapore stocks, China's B stocks, and Taiwan stocks last year, the Group also introduced the US stocks margin financing services, providing margin financing for the designated US stocks at a maximum margin ratio of 70%. During the Year, the Group introduced its unprecedented "Installment Margin Scheme" and "BS Pre-IPO Trading Centre". Being well-recognized in the market, these spurred the rapid growth of new accounts, expanding the revenue stream of the Group. To lay a solid foundation for the Group to penetrate into the international market, the Group will vigorously continue to explore the business opportunities arising from the RMB-based financial products.

Commission income from securities brokerage of the Group



Transaction value of the Hong Kong stock market



II. *Hong Kong futures and options brokerage*

The Group's commission income from Hong Kong futures and options brokerage for the Year was HK$60.6 million (2012: HK$48.0 million), a significant increase of 26.2% over the Prior Year, accounting for 22.2% of the total turnover (2012: 21.0%).

Following the launch of the After-Hour Futures Trading in April, to capture the relevant market, the Group promoted After-Hour Futures Trading and teaching and specially convened the "Bright Smart After-Hour Futures Trading Cup" investment competition, and the winner could receive a bonus of up to HK$500,000, which were well received by customers. All branches responded enthusiastically and extended business hours to provide services for investors. The After-Hours Futures Trading could facilitate investors to make immediate hedging and arbitrage in the event of sudden changes in external market conditions, thereby avoiding risks. As a result, within just a few months after the launch of this service, the Group has obtained a satisfactory market share of approximately 13%, with futures commission income increasing significantly and the single-day trading volume calculated by the number of contracts hitting a new record high since its commencement of business.

III. *Global futures brokerage*

The volatile global markets prompted trading of global futures as a hedging tool, leading to more frequent trading activities and fuelling the active growth of the global futures market with a growing number of clients. As a result, commission income from global futures brokerage for the Year was HK$24.6 million (2012: HK$16.5 million), significantly up 49.7% from the Prior Year, accounting for 9.0% of the total turnover (2012: 7.2%).

IV. *Stock options brokerage*

To meet customer needs, the Group has introduced the trading service for Hong Kong stock options since August 2010, recording an income of HK$3.4 million during the Year (2012: HK$2.6 million), accounting for 1.3% of the total turnover (2012: 1.1%). Stock option is a highly leveraged investment product. The Group will closely monitor the margin levels maintained in stock options accounts and adjust according to market conditions to ensure proper risk management.

V. *Margin financing*

During the Year, the Group‘s interest income from margin financing was HK$55.9 million (2012: HK$44.0 million), a significant increase of 27.1% over the Prior Year, accounting for 20.4% of the total turnover (2012: 19.2%). The Group’s average monthly margin financing amount increased significantly by 39.2% from approximately HK$970 million last year to approximately HK$1,350 million during the Year. The Group has always been providing competitive margin ratios in order to attract more clients to buy stocks through margin financing.

During the Year, the Group issued rights shares on the basis of the allotment of one rights share for every two existing shares, broadening the financial resources that would provide ample funds for the growth of margin financing business.

The Group implemented the effective credit control process. Despite substantial growth in the margin financing amount, the Group did not have any record of bad debts over the past years.

VI. *IPO brokerage and IPO financing*

In recent years, as a result of the unsatisfactory performance of newly listed shares and investors’ lukewarm interest in subscription, competition grew intense in the IPO financing market. However, by capitalizing on its competitive margin financing interest rate and quality services, the Group achieved satisfactory performance in the IPO market. The Group’s interest income from IPO financing increased by 49.8% to HK$1.2 million (2012: HK$0.8 million), while the commission income from IPO brokerage was HK$3.6 million (2012: HK$ 3.5 million), representing a year-on-year increase of 3.1%.

Operating Expenses and Net Profit Margin

In line with the fast-growing business, the Group's operating expenses increased as well. During the Year, the Group incurred operating expenses of HK$224.2 million (2012: HK$191.6 million), representing a year-on-year increase of 17.0%. The increase in operating expenses was mainly attributable to the rising staff costs and business-related expenses as a result of the Group's business expansion and the launch of new businesses during the Year. However, the Group is committed to implement efficient cost control measures, bringing the Group's net profit margin up to 33.7% (2012: 26.5%).

A breakdown of the operating expenses is set out below:

	Year ended 31 March		
	2013	2012	Increase
	HK$'000	*HK$'000*	%
Staff costs	**85,078**	74,720	13.9%
Depreciation	**12,857**	10,588	21.4%
Finance costs	**16,807**	12,541	34.0%
Advertising and promotion expenses	**7,892**	6,955	13.5%
Handling and settlement expenses	**22,242**	18,409	20.8%
Information and communication expenses	**21,037**	20,507	2.6%
Rentals, rates and building management fee	**36,574**	29,045	25.9%
Legal and professional fees	**3,007**	2,961	1.6%
Miscellaneous expenses	**18,704**	15,842	18.1%
	224,198	191,568	17.0%

FUTURE PLANS

HKEx has been proactively developing its trading platform. In addition to the extension of trading hours and the research on RMB structured products, functional enhancement of the trading system, and alliance with overseas financial markets, HKEx launched the After-Hour Futures Trading with a view to consolidating the leading position of Hong Kong as an international financial centre. As one of the premier securities houses in Hong Kong, the Group is famous for its aggressive exploration of diversified products and services. Looking into the future, the Group will vigorously expand its operation scale to attract more customers, promote After-Hour Futures Trading, penetrate into the mainland market by recruiting professionals, and introduce new services that offer prompt and up-to-date market information. In doing so, the Group will capture rare opportunities in the market and satisfy different customer demands. The Group will aggressively but prudently implement plans for diversification and optimal expansion in order to increase its market share by providing customers with more value-added services.

FULL PENETRATION INTO THE MARKET

Fluctuation in the overseas market undoubtedly affected the ambitious expansion of the local securities sector. In spite of this, the Group deeply believes in the overriding importance of capturing opportunities arising from the threats as well as huge development potential in the current market, thus strategically increasing its market penetration in broad and profound senses. In the broad sense, the Group will aggressively explore potential areas for new branches. Through the network upgrade and integration, the Group aims to attract new customers, and further consolidate its position in the securities market in Hong Kong by extending its branch network to all the eighteen districts in Hong Kong.

In the profound sense, the Group will aggressively explore the international market by introducing the diversified and up-to-date investment products of the global market, and improve its professional expertise for the changing capital market. As China is becoming a decisive role in the international economies, the Group is committed to expanding its domestic market in future by deploying more resources to attract mainland customers, which is expected to generate considerable income for the Group.

Trading securities online becomes an investment trend. In view of this and given the second phase of trading hour extension in effect, the Group already has its brand new official website to offer customers an around-the-clock online trading platform and investment information. In addition, the Group is optimistic about the opportunities from online trading through smart phones. Connecting to the internet and mobile network, customers can at any time and in any place comfortably enjoy one-stop online investment service that is safe and fast. Meanwhile, through the Bright Smart Finance Channel, the Group could promptly inform customers of the latest information about global investment.

With the RMB internationalization accelerating, RMB-denominated bonds and other RMB-denominated products, in particularly the first RMB futures, launched in Hong Kong market. In consideration of these, the Group is extremely keen on the launch of stocks with dual currencies and dual stock codes, as the Group is attracting mainland customers. During the Year, the Group was selected as a designated local dealer for visiting and exchanging by the Shanghai Stock Exchange, proving its fast growth in recent years is recognized by relevant institutions in the mainland.

In addition, the Group's celebrity stock commentator, Mr. Kwok Sze Chi (executive director and marketing director of the Group) was selected by cnfol.com as the most influential Hong Kong stock commentator in 2012. It is believed that his regular attendance at seminars and exchanges in the mainland, along with improvement in the Group's one-stop platform, will benefit the future business growth and improve profitability of the Group.

DIVERSIFICATION OF PRODUCT PORTFOLIO

In March 2012, the Group was licensed to carry out Type 7 (Providing Automated Trading Services) regulated activities by Securities and Futures Commission of Hong Kong, and officially launched the "BS Pre-IPO Trading Centre" in April 2012, ranking among a few Hong Kong securities houses that can provide new shares pre-listing trading. In addition, the Group was licensed to carry out Type 9 (Asset Management) regulated activities in the same month. Currently, the Group is exploring its plan to offer professional investors discretionary accounts and its first fund products. Regarding global products, the Group started providing margin loans for US stocks in April 2012, and currently plans to provide such services as leveraged foreign exchange trading, bullion trading and Japan stock trading. These new services will bring the Group business opportunities featured with synergic effects and generate considerable revenues.

24-HOUR ONLINE FUTURES TRADING

Given HKEx planned to launch the operation of After-Hour Futures Trading in the second half of 2012, the Group took concrete actions to provide customers with the around-the-clock futures trading services and improve its service quality. The Group is of the view that online trading has become the epochal trend. Thus, the Group has invested substantial resources in improving the online trading platform and smart phone apps, and offer free Saturday and Sunday seminars on electronic order placing at its branches. These initiatives enable the customers to grasp the latest market information, and assist a large number of investors in making wise investment decision.

CONCLUSION

Leveraging on its energetic marketing and development strategies, the Group was able to achieve rapid business growth against adversities, and become the industry benchmark by offering a variety of new services, ranking amongst one of the few profitable securities houses in the industry during the Year. Looking ahead, on the broad and profound senses, the Group will increase its market share by aggressive expansion, while broadening revenue streams by further diversifying various financial products. With well-designed strategies for new businesses, the Group will promptly seize opportunities. Through effective cost control to enhance its overall profitability and operating efficiency, the Group will stay ahead of the changing market to generate satisfactory returns for the shareholders of the Company. The Group is aiming to becoming one of the most sizeable and powerful securities dealers in the country.

Capital Structure, Liquidity and Financial Resources

The Group financed its operations with shareholders' equity, cash generated from operation and bank borrowings.

The Group maintained a strong cash position. Its bank deposits, bank balances and cash amounted to HK$381.5 million as at 31 March 2013 (2012: HK$397.1 million).

The Group had total bank borrowings of HK$1,690.0 million as at 31 March 2013 (2012: HK$425.0 million) which are primarily at fixed rates. The bank borrowings were primarily collateralised by its margin clients' securities pledged to the Group. As at 31 March 2013, unutilised facilities amounted to HK$983.0 million. The Group's gearing ratio, which is total bank borrowings divided by the total shareholders' equity, was 223.1% (2012: 86.1%).

As at 31 March 2013, the net current assets of the Group increased by 48.9% to HK$684.1 million (2012: HK$459.3 million). The Group's current ratio, which is current assets divided by current liabilities, was 1.28 as at 31 March 2013 (2012: 1.42).

The Group actively and regularly reviews and manages its capital structure and adjusts it in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures each of them maintains a liquid capital 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 liquid capital 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 2013 and 2012.

Contingent Liabilities

As at 31 March 2013, subsidiaries of the Company engaging in securities and futures broking have secured banking facilities from authorised institutions for a total amount of HK$993.0 million (2012: HK$623.0 million). The Company has issued corporate guarantees for a total principal amount of HK$993.0 million (2012: HK$623.0 million) for these facilities. As at 31 March 2013, the subsidiary has utilised HK$710.0 million of these aggregate banking facilities (2012: HK$325.0 million).

As at 31 March 2013, the Directors did not consider it probable that a claim will be made against the Company under any of the guarantees. The Company has not recognised any deferred income in respect of the guarantees as their fair value cannot be reliably measured and the transaction price was nil.

Operating Lease Commitments and Capital Commitments

The operating lease commitments as at 31 March 2013 were approximately HK$101.1 million (2012: HK$36.3 million). The capital commitments as at 31 March 2013 were approximately HK$8.4 million (2012: HK$1.6 million).

Employees and Remuneration Policies

As at 31 March 2013, the Group had a work force of 245 employees (2012: 236 employees). Staff costs, excluding Directors' emoluments, amounted to approximately HK$77.4 million for the Year (2012: HK$68.3 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 in a bid to provide a competitive remuneration package for the Group's long term growth and development. The Group also provides appropriate training and development programmes 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 acquisition or disposal of subsidiaries.

Litigation

The legal case regarding a defamation claim between Bright Smart Securities International (H.K.) Limited, a wholly owned subsidiary of the Company, and Chief Securities Limited, was settled on 23 April 2013. The settlement amount was recognised as a liability at the end of the reporting period.

Risk Management

Credit risk

The Group's credit risk is primarily attributable to accounts receivable due from clients, brokers and clearing houses. Management has a credit policy in place and the exposure to the credit risk is monitored on an ongoing basis.

In respect of accounts receivable 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 by the Group's credit policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted by the relevant market convention, which is usually within a few days from the trade date. Because of the prescribed deposit requirements and the short settlement period involved, the credit risk arising from the accounts receivable due from cash clients is considered low. The Group normally obtains liquid securities and/or cash deposits as collateral for providing margin financing to its clients. Margin loans due from margin clients are repayable on demand. For commodities and futures broking, an initial margin is required before opening a trading position. Market conditions and adequacy of securities collateral and margin deposits of each 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 accounts 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 with 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 liquidity requirement 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 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 and loan from a related company are primarily at fixed rates. The Group's income and operating cash flows are not subject to significant interest rate risk.

Foreign currency risk

The Group is exposed to currency risk primarily arising from financial instruments that are denominated in United States dollars ("USD") and Renminbi ("RMB"). 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 to be insignificant. In respect of financial instruments denominated in RMB, the Group ensures that the net exposure is kept to 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.

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, other than as an agent for clients of the Company or its subsidiaries.

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 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 2013.

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 2013.

REVIEW OF ANNUAL RESULTS

The annual results for the Year have 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 2013 have 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 Thursday, 8 August 2013. 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 at www.hkexnews.hk and the website of the Company at www.bsgroup.com.hk. The Annual Report 2012/13 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
Chan Kai Fung
Executive Director and Chief Executive Officer

Hong Kong, 18 June 2013

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*