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耀才證券

BRIGHT SMART SECURITIES

香港交易所上市公司(1428)

BRIGHT SMART SECURITIES & COMMODITIES GROUP LIMITED

耀才證券金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1428)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

The board (the “Board”) of directors (the “Directors” and each a “Director”) of Bright Smart Securities & Commodities Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2021 (the “Year”) together with the comparative figures for the year ended 31 March 2020 (the “Prior Year”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

(Expressed in Hong Kong dollars)

	<i>Note</i>	2021 \$'000	2020 \$'000
Revenue	4	1,285,201	864,017
Other income	5	243,395	239,503
Other net gain/(loss)	6	32,904	(20,270)
		1,561,500	1,083,250
Staff costs	7(b)	(152,895)	(127,472)
Amortisation and depreciation		(79,519)	(89,635)
Other operating expenses	7(c)	(272,675)	(199,054)

	<i>Note</i>	2021 \$'000	2020 \$'000
Profit from operations		1,056,411	667,089
Finance costs	7(a)	<u>(239,223)</u>	<u>(138,178)</u>
Profit before taxation	7	817,188	528,911
Income tax	8	<u>(113,283)</u>	<u>(57,933)</u>
Profit for the year		703,905	470,978
Other comprehensive income for the year:			
Items that may be reclassified subsequently to profit or loss			
— Exchange reserve		<u>(293)</u>	<u>233</u>
Total comprehensive income attributable to equity shareholders for the year		<u>703,612</u>	<u>471,211</u>
Earnings per share			
Basic (cents)	9	<u>41.47</u>	<u>27.75</u>
Diluted (cents)	9	<u>41.47</u>	<u>27.75</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

(Expressed in Hong Kong dollars)

	<i>Note</i>	2021 \$'000	2020 \$'000
Non-current assets			
Property, plant and equipment		106,516	159,826
Intangible assets		5,783	5,783
Deferred tax assets		268	122
Other receivables, deposits and prepayments		3,822	16,944
Other non-current assets		78,429	77,715
		<hr/>	<hr/>
Total non-current assets		194,818	260,390
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Accounts receivable	<i>11</i>	15,139,668	5,644,787
Other receivables, deposits and prepayments		26,063	26,441
Amount due from a related company		3	—
Financial assets at fair value through profit or loss		70,593	48,539
Financial assets at amortised cost		7,787	—
Tax recoverable		972	1,321
Cash and cash equivalents		418,483	477,657
		<hr/>	<hr/>
Total current assets		15,663,569	6,198,745
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

	<i>Note</i>	2021 \$'000	2020 \$'000
Current liabilities			
Accounts payable	12	2,061,356	1,301,268
Accrued expenses and other payables		103,417	65,071
Amount due to a related company		—	200,136
Bank loans	13	11,436,038	2,858,789
Lease liabilities		61,141	59,845
Current taxation		57,764	5,378
Total current liabilities		13,719,716	4,490,487
Net current assets		1,943,853	1,708,258
Total assets less current liabilities		2,138,671	1,968,648
Non-current liabilities			
Accrued expenses and other payables		1,431	7,238
Lease liabilities		6,565	59,104
Total non-current liabilities		7,996	66,342
NET ASSETS		2,130,675	1,902,306
EQUITY			
Share capital		509,189	509,189
Share premium		738,020	738,020
Exchange reserve		205	498
Merger reserve		(20,000)	(20,000)
Retained profits		903,261	674,599
TOTAL EQUITY		2,130,675	1,902,306

Notes:

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that certain financial instruments are stated at their fair value in accordance with the accounting policy set out below.

The preparation of financial statements in conformity with HKFRSs require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Amendments to HKFRS 3, “*Definition of a business*”
- Amendments to HKFRS 16, “*Covid-19-Related Rent Concessions*”

The Group has elected not to adopt and apply the practical expedient to all qualifying Covid-19-related rent concessions granted to the Group during the reporting period. Consequently, rent concessions received have been accounted for as lease measurement. There is no impact on the opening balance of equity at 1 April 2020.

None of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Securities broking — provision of broking services in securities traded in Hong Kong and overseas markets, margin and IPO financing services to those broking clients.
- Commodities and futures broking — provision of broking services in commodities and futures contracts traded in Hong Kong and overseas markets.
- Bullion trading — provision of trading services in bullion contracts traded in overseas markets.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group’s senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of unallocated corporate assets. Segment liabilities include liabilities and accruals attributable to the activities of the individual segments.

The measure used for reporting segment profit is earnings before finance costs and taxes (“EBIT”). To arrive at EBIT, the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as corporate administration costs.

(b) Segment information

	2021			Total \$'000
	Securities broking \$'000	Commodities and futures broking \$'000	Bullion trading \$'000	
Revenue from customers:				
— Brokerage commission	580,667	214,816	—	795,483
— Dealing income	—	—	15,177	15,177
— Interest income from margin financing	271,238	—	—	271,238
— Interest income from initial public offering (“IPO”) financing	201,661	—	—	201,661
Reportable segment revenue	<u>1,053,566</u>	<u>214,816</u>	<u>15,177</u>	<u>1,283,559</u>
Interest income from cash clients	38,561	—	—	38,561
Other interest income	47,481	7,095	39	54,615
Handling and settlement fees	125,010	9	3	125,022
Reportable segment profit (EBIT)	<u>964,392</u>	<u>72,338</u>	<u>11,014</u>	<u>1,047,744</u>
Amortisation and depreciation for the year	(17,511)	(8)	—	(17,519)
Finance costs	(243,975)	—	—	(243,975)
Additions to non-current segment assets during the year	16,685	—	—	16,685
Reportable segment assets	<u>14,994,772</u>	<u>922,895</u>	<u>26,329</u>	<u>15,943,996</u>
Reportable segment liabilities	<u>(13,095,598)</u>	<u>(557,230)</u>	<u>(16,211)</u>	<u>(13,669,039)</u>

	2020			
	Securities	Commodities	Bullion	Total
	broking	and futures	trading	
	\$'000	broking	\$'000	\$'000
		\$'000		
Revenue from customers:				
— Brokerage commission	286,467	230,754	—	517,221
— Dealing income	—	—	10,423	10,423
— Interest income from margin financing	302,486	—	—	302,486
— Interest income from IPO financing	33,474	—	—	33,474
	<u>622,427</u>	<u>230,754</u>	<u>10,423</u>	<u>863,604</u>
Reportable segment revenue				
Interest income from cash clients	21,329	—	—	21,329
Other interest income	121,738	23,880	336	145,954
Handling and settlement fees	65,130	12	—	65,142
	<u>557,626</u>	<u>98,268</u>	<u>7,163</u>	<u>663,057</u>
Reportable segment profit (EBIT)				
Amortisation and depreciation for the year	(17,764)	(8)	—	(17,772)
Finance costs	(137,383)	(25)	—	(137,408)
Additions to non-current segment assets during the year	4,931	—	—	4,931
	<u>5,761,546</u>	<u>706,429</u>	<u>43,693</u>	<u>6,511,668</u>
Reportable segment assets				
Reportable segment liabilities	(4,069,128)	(363,944)	(24,789)	(4,457,861)
	<u>(4,069,128)</u>	<u>(363,944)</u>	<u>(24,789)</u>	<u>(4,457,861)</u>

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

	2021 \$'000	2020 \$'000
Revenue		
Reportable segment revenue	1,283,559	863,604
Elimination	(1,663)	(972)
Unallocated corporate revenue	<u>3,305</u>	<u>1,385</u>
Consolidated revenue	<u>1,285,201</u>	<u>864,017</u>
Profit		
Reportable segment profit (EBIT)	1,047,744	663,057
Finance costs	(239,223)	(138,178)
Unallocated corporate income	117,345	107,446
Unallocated corporate expenses	<u>(108,678)</u>	<u>(103,414)</u>
Consolidated profit before taxation	<u>817,188</u>	<u>528,911</u>
Assets		
Reportable segment assets	15,943,996	6,511,668
Elimination	(213,541)	(226,695)
Unallocated corporate assets	<u>127,932</u>	<u>174,162</u>
Consolidated total assets	<u>15,858,387</u>	<u>6,459,135</u>
Liabilities		
Reportable segment liabilities	(13,669,039)	(4,457,861)
Elimination	1,735,642	562,213
Unallocated corporate liabilities	<u>(1,794,315)</u>	<u>(661,181)</u>
Consolidated total liabilities	<u>(13,727,712)</u>	<u>(4,556,829)</u>

4 REVENUE

The principal activities of the Group are securities broking, margin and IPO financings, commodities and futures broking, bullion trading and leveraged foreign exchange trading.

The amount of each significant category of revenue is as follows:

	2021	2020
	\$'000	\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Brokerage commission	793,820	516,249
Revenue from other sources		
Dealing income from bullion trading	15,177	10,423
Dealing income from leveraged foreign exchange trading	3,305	1,385
Interest income from margin financing	271,238	302,486
Interest income from IPO financing	201,661	33,474
	491,381	347,768
	1,285,201	864,017

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

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 and does not disclose information about the remaining performance obligation that have original expected durations of one year or less.

5 OTHER INCOME

	2021 \$'000	2020 \$'000
Interest income from		
Financial assets carried at amortised cost		
— Authorised institutions	53,438	141,933
— Others	1,178	4,064
	<u>54,616</u>	<u>145,997</u>
Financial assets carried at FVPL		
— Cash clients	38,561	21,329
	<u>93,177</u>	<u>167,326</u>
Handling and settlement fees	125,022	65,142
Dividend income	21	214
Government grants (<i>note</i>)	14,923	—
Sundry income	10,252	6,821
	<u>243,395</u>	<u>239,503</u>

Note: During the year, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

6 OTHER NET GAIN/(LOSS)

	2021	2020
	\$'000	\$'000
Realised gain/(loss) from		
— Financial assets at fair value through profit or loss	14,714	(3,130)
Unrealised (loss)/gain from		
— Financial assets at fair value through profit or loss	(4,611)	1,059
	10,103	(2,071)
Net foreign exchange gain/(loss)	24,666	(10,033)
Loss on disposals of property, plant and equipment	(503)	(385)
Error trades arising from dealings	(112)	(345)
Others	(1,250)	(7,436)
	32,904	(20,270)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2021 \$'000	2020 \$'000
(a) Finance costs		
Interest expenses on		
— Bank loans for IPO financing	144,156	28,565
— Other bank loans	84,836	93,788
— Lease liabilities	2,491	3,838
— Loans from related companies	6,029	11,014
— Others	1,711	973
	<u>239,223</u>	<u>138,178</u>
(b) Staff costs		
Salaries, allowances and benefits in kind	103,490	105,253
Discretionary bonuses	45,822	18,360
Contributions to Mandatory Provident Fund	3,583	3,859
	<u>152,895</u>	<u>127,472</u>
(c) Other operating expenses		
Advertising and promotion expenses	34,979	15,595
Auditors' remuneration	1,703	1,704
Commission, handling and settlement expenses	143,997	88,593
Information and communication expenses	47,512	46,740
Legal and professional fees	2,133	2,783
Operating lease payments — property rentals	146	98
Rates and building management fees	4,626	5,635
Miscellaneous expenses	37,579	37,906
	<u>272,675</u>	<u>199,054</u>

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of comprehensive income represents:

	2021 \$'000	2020 \$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	114,157	57,867
(Over)/under-provision in respect of prior years	<u>(728)</u>	<u>121</u>
	113,429	57,988
Deferred tax		
Origination and reversal of temporary differences	<u>(146)</u>	<u>(55)</u>
Total tax charge for the year	<u>113,283</u>	<u>57,933</u>

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first \$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020.

The provision for Hong Kong Profits Tax for 2021 is taken into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2020–21 subject to a maximum reduction of \$10,000 for each business (2020: a maximum reduction of \$20,000 was granted for the year of assessment 2019–20 and was taken into account in calculating the provision for 2020).

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2021	2020
	<i>\$'000</i>	<i>\$'000</i>
Profit before taxation	<u>817,188</u>	<u>528,911</u>
Notional tax on profit before taxation calculated at the rates applicable to profits in the countries concerned	134,670	87,105
Tax effect of non-deductible expenses	3,716	3,313
Tax effect of non-taxable revenue	(20,851)	(29,702)
Tax effect of unused tax losses not recognised	1	17
Utilisation of tax loss previously not recognised	(192)	—
(Over)/under-provision in respect of prior years	(728)	121
Others	<u>(3,333)</u>	<u>(2,921)</u>
Total tax charge for the year	<u>113,283</u>	<u>57,933</u>

9 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2021	2020
Earnings		
Profit for the year attributable to owners of the Company (<i>\$'000</i>)	<u>703,905</u>	<u>470,978</u>
Number of shares		
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	<u>1,697,296</u>	<u>1,697,296</u>
Basic earnings per share (<i>cents</i>)	<u>41.47</u>	<u>27.75</u>

Diluted earnings per share

There was no dilutive potential ordinary share during the year (2020: Nil) and diluted earnings per share is therefore equal to basic earnings per share.

10 DIVIDENDS

(i) *Dividends payable to equity shareholders of the Group attributable to the year*

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

	2021	2020
	\$'000	\$'000
Final dividend proposed after the end of the reporting period of 13.0 cents per ordinary share (2020: 28.0 cents per ordinary share) (2020 and 2021: 1,697,296,308 shares)	220,649	475,243
Special dividend declared and paid of 80.0 cents per share on 1,697,296,308 shares	—	1,357,837
	<u> </u>	<u> </u>

The final dividend proposed after the end of the reporting period is subject to approval of the shareholders at the forthcoming annual general meeting of the Company and has not been recognised as a liability at the end of the reporting period.

(ii) *Dividends payable to equity shareholders of the Group attributable to the previous financial year, approved and paid during the year:*

	2021	2020
	\$'000	\$'000
Final dividend in respect of previous financial year, approved and paid during the year, of 28.0 cents per ordinary share (2020: 7.8 cents per ordinary share) (2020 and 2021: 1,697,296,308 shares)	475,243	132,389
	<u> </u>	<u> </u>

11 ACCOUNTS RECEIVABLE

	2021	2020
	\$'000	\$'000
Accounts receivable from:		
— Clearing houses	873,022	785,804
— Brokers and dealers	461,807	210,195
Less: Loss allowance	(1,248)	(505)
	<u>1,333,581</u>	<u>995,494</u>
Financial assets measured at amortised cost		
Accounts receivable from:		
— Cash clients	634,721	263,480
— Margin clients	10,804,648	4,385,813
— Subscription of new shares in IPO	2,366,718	—
	<u>13,806,087</u>	<u>4,649,293</u>
Financial assets measured at FVPL		
	<u>15,139,668</u>	<u>5,644,787</u>

(a) Ageing analysis

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

	2021	2020
	\$'000	\$'000
Current	109,579	65,283
Less than 1 month	361,767	141,064
1 to 3 months	137,648	34,543
More than 3 months	25,727	22,590
	<u>525,142</u>	<u>198,197</u>
	<u>634,721</u>	<u>263,480</u>

Accounts receivable from cash clients relate to a wide range of customers for whom there was no recent history of default. These receivables are secured by their portfolios of securities. Cash clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. At 31 March 2021, the total market value of their portfolios of securities was \$2,864,960,000 (2020: \$1,669,623,000).

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 2021, margin loans due from margin clients were current and repayable on demand except for \$195,000 (2020: \$90,000) where the margin loans were past due. \$122,000 (2020: \$18,000) were past due for less than 1 month. \$1,000 (2020: \$1,000) were past due for 1 to 3 months. \$1,000 (2020: \$5,000) were past due for 3 months to 1 year. \$71,000 (2020: \$66,000) were past due for over 1 year following the trading suspension of the pledged securities. At 31 March 2021, the total market value of securities pledged as collateral in respect of the loans to borrowing margin clients and all margin clients were \$24,420,252,000 and \$32,897,670,000 respectively (2020: \$10,376,614,000 and \$14,641,209,000 respectively). Margin loans that were past due were considered immaterial by management.

For accounts receivable relating to subscriptions of new shares in IPO, no ageing analysis of subscriptions of new shares in IPO is disclosed as the ageing analysis does not give additional value in view of the nature of this business.

The fair value of accounts receivables from cash client, margin clients and subscription in new shares in IPO is determined by the fair value of collaterals, capped by the principal amount and accrued interest, without discounting.

Accounts receivable from clearing houses, brokers and dealers are current. These represent (1) pending trades arising from the business of dealing in securities, which are normally due within a few days after the trade date and (2) margin deposits arising from the business of dealing in futures and options contracts.

(b) Loss allowance of accounts receivable

Loss allowance in respect of accounts receivable measured at amortised cost are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the loss is written off against the accounts receivable directly.

The movement in the loss allowance during the year is as follows:

	2021	2020
	<i>\$'000</i>	<i>\$'000</i>
At 1 April	505	183
Loss allowance recognised	<u>743</u>	<u>322</u>
At 31 March	<u>1,248</u>	<u>505</u>

12 ACCOUNTS PAYABLE

	2021	2020
	<i>\$'000</i>	<i>\$'000</i>
Accounts payable		
— Cash clients	471,844	343,920
— Margin clients	891,915	628,132
— Clearing houses	210,178	307,416
— Brokers	<u>487,419</u>	<u>21,800</u>
	<u>2,061,356</u>	<u>1,301,268</u>

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

13 BANK LOANS

	2021	2020
	<i>\$'000</i>	<i>\$'000</i>
Secured loans		
— Bank loans	7,357,038	2,423,789
— Bank loans for IPO	2,365,000	—
Unsecured loans		
— Bank loans	<u>1,714,000</u>	<u>435,000</u>
	<u>11,436,038</u>	<u>2,858,789</u>

All the bank loans are repayable within one year and classified as current liabilities. The carrying amounts of the bank borrowings approximate their fair value.

The bank loans as at 31 March 2021 are interest-bearing. Securities collateral deposited by the Group's margin clients was re-pledged to banks to secure loan facilities. Such banking facilities were utilised to the extent of \$9,722,038,000 (2020: \$2,423,789,000). The fair value of the collateral re-pledged to banks as at 31 March 2021 amounted to \$14,240,019,000 (2020: \$5,918,574,000).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Hong Kong was facing an unprecedented challenge in the year as the COVID-19 pandemic continued to ravage the world and remained uncontrolled, and variants of the virus have even spread in multiple countries. With exceeding 180 million confirmed cases and approximately 4 million deaths in the world, the pandemic presented severe challenges and caused irreparable harm to the global economy and people's livelihood. Fortunately, governments and the medical community around the world worked against time to develop vaccines in just one year, in the hope of significantly reducing the risk of infection. Vaccine rollouts spur market expectation for economic recovery. It's believed that it won't be long before the pandemic is brought under control and the economy is expected to restore, with more and more people getting vaccinated.

The financial market maintained a steady pace of development amid the pandemic. According to the statistics of The Stock Exchange of Hong Kong Limited (the "Stock Exchange" or the "SEHK"), the average daily turnover for the year was approximately HK\$155.06 billion, a significant increase of approximately 68.1% from approximately HK\$92.24 billion for the previous year. The Hang Seng Index ("HSI") climbed up in the year. Since the outbreak, the market has seen a sharp correction, falling to this year's intraday low of 22,519 points (25 May 2020). With the official launch of vaccines, countries around the world focus on vaccinating their citizens, which has boosted market sentiment and has driven Hong Kong stocks to bottom out. Hong Kong stocks even jumped 8,664 points to an intraday high of 31,183 points (18 February 2021). The Hong Kong stock market gained momentum in the first quarter of 2021. The market saw active trading especially with capital flows from mainland China. The turnover in five trading days even exceeded HK\$300 billion, and the average daily turnover hit a quarterly high of HK\$224.4 billion, a year-on-year rise of 85.6% or a quarter-on-quarter increase of 59.1%. The southbound average daily turnover reached approximately HK\$60.8 billion, up 1.81 times year-on-year or 1.16 times quarter-on-quarter.

In addition, the Hong Kong Exchanges and Clearing Limited (the “HKEX”) launched new chapters to its Listing Rules, including permitting listings of companies with different voting structures, secondary listings and listings of biotech companies. It is conducive to the development of Hong Kong’s financial and capital markets, making Hong Kong a leading financing hub in the world. From 2020 to the first quarter of 2021, 8, 12 and 17 companies went public in the above three forms respectively. There are favourable factors including HKEX’s new listing regime and ample market liquidity due to loose monetary policies. Moreover, because of the tense relationship between the US and China in recent years, the business activities of Chinese enterprises have been limited, and they are even under pressure from possible suppression or sanctions. So, more China concept stocks return to Hong Kong for listing in an accelerated pace, creating a new boom in the IPO market. A total of 178 new listings (including the Main Board and GEM) were recorded in Hong Kong’s IPO market from 2020 to the first quarter of 2021, according to the reported data of the SEHK. The IPOs were expected to raise as much as HK\$533.7 billion, many of which are large IPOs. The top 10 IPOs raised approximately HK\$244.6 billion, accounting for approximately 46% of the total.

Despite a stellar stock market in Hong Kong, the economic fundamentals remained weak, showing a sharp contrast. Due to a slowdown in internal and external demand, coupled with government measures such as lockdown and strict social distancing, various business activities were forced to be put on hold, leading to a tougher business environment in Hong Kong. The gross domestic product (GDP) of Hong Kong recorded a negative growth in the first two quarters of 2020. Even though the economy showed signs of improvement in the second half of the year, the local GDP in 2020 shrank 6.1% in real terms from 2019. In addition, the unemployment rate in Hong Kong increased sharply, with the seasonally adjusted unemployment rate reaching 6.8% in the first quarter of 2021, up 2.6 percentage points from 4.2% recorded in the same period of last year. Various data show that Hong Kong’s economy was still facing a recession in the past year.

Across the globe, stock markets decoupled from the real economy in some countries. In major financial markets in the US, China, the UK, Germany, France and other countries and regions, stock market indices rose steadily, showing a sharp divergence from their economy. According to the International Monetary Fund (“IMF”), the world real GDP in 2020 fell 3.3% from a year earlier, with US GDP and Eurozone GDP down 3.5% and 6.6% respectively. Only 27 countries and regions, including China, Taiwan, Ireland and Vietnam, recorded an increase in real GDP. Among them, China, with its strict measures, brought the pandemic under control in a short time, accelerated the pace of economic recovery, and recorded real GDP growth of 2.3%.

As the economic challenge posed by COVID-19 cannot be underestimated, many governments and central banks have successively launched trillion-dollar bailout packages, aiming to boost the economy and increase liquidity through a range of monetary and fiscal policies, including interest rate cuts, tax cuts, subsidies, and refinancing. The US Federal Reserve not only lowered interest rates to a level close to zero, but also launched unlimited quantitative easing policies to support the normal operation of the financial market. It also suggests that monetary policy will remain loose in the coming years. It will consider raising interest rates after inflation reaches 2% and the labour market fully recovers. However, the two conditions are unlikely to be met before the end of 2022. In view of the Fed's moves, interest rates around the world are estimated to stay low in the next two years and that an increase in the money supply could lead to a flood of money and inflation.

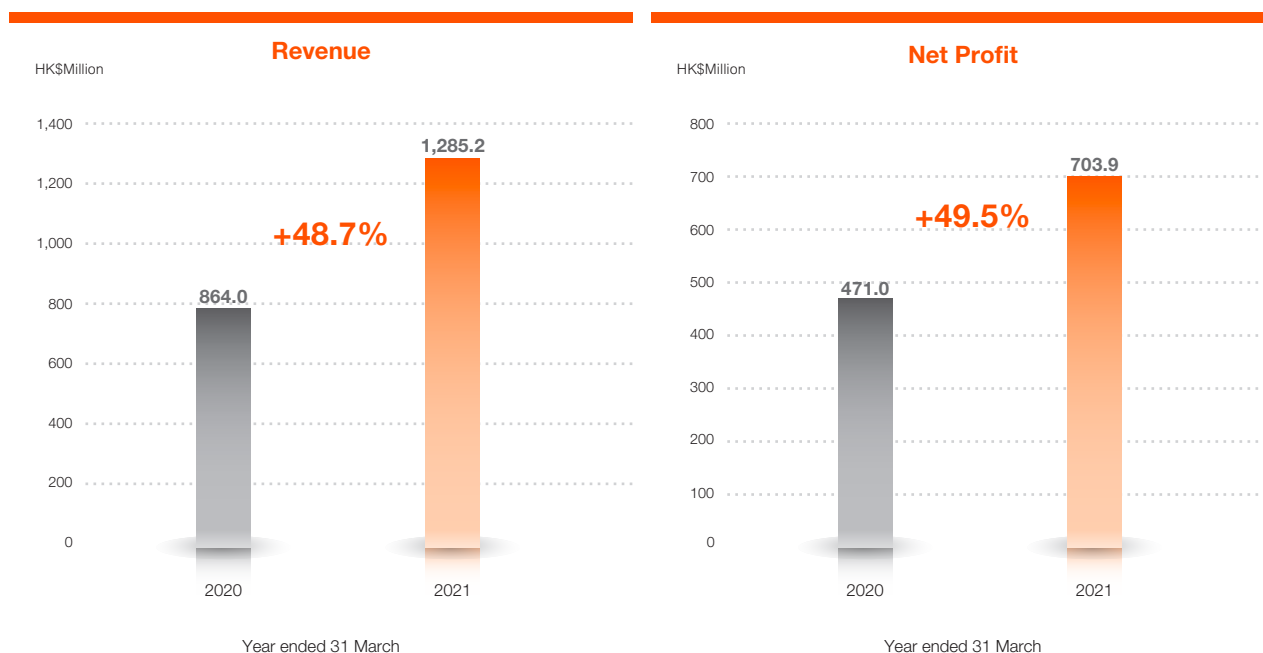
Stock markets went up as governments and central banks pumped money into asset markets. Risk aversion heated up amid geopolitical instability caused by elements, including US President Joe Biden's policy towards China, how to restore America's relations with its allies, the border clash between India and China, deteriorated relations between China and Australia, the Ukraine-Russian conflict and US-Iran conflict, which pushed up the prices of precious metals and cryptocurrencies. Gold prices have topped US\$2,000 per ounce in the year. Bitcoin rose even more dramatically, jumping nearly tenfold to more than US\$60,000 in the first quarter of 2021.

The pandemic has posed serious challenges to the world, and the real economy, covering retail and catering, hospitality and tourism, transportation, culture and entertainment, and manufacturing, has been dealt a fatal blow. However, crisis and opportunity coexist. The pandemic has brought about a huge change in the consumption pattern of the public. Online consumption, transaction and payment have become a new trend, pushing all industries to accelerate the online transformation. The new economy sector has risen. Data from Statista showed that global retail e-commerce sales grew 27.6% year-on-year to US\$4.28 trillion in 2020. In China, online retail sales amounted to RMB11.8 trillion in 2020, and the figure rose 29.9% from the previous year to RMB2.8 trillion in the first quarter of 2021. In the Global Payments Report 2021, Worldpay from FIS forecasts that Hong Kong's e-commerce market is projected to grow rapidly over the next four years to US\$29 billion from US\$21 billion. In the meantime, the use of electronic payment in Hong Kong is also on the rise. According to data from the Hong Kong Monetary Authority (the "HKMA"), the Faster Payment System ("FPS") processed a total of 138 million transactions denominated in Hong Kong dollar in 2020, a surge of 2.16 times.

OPERATIONAL RESULTS

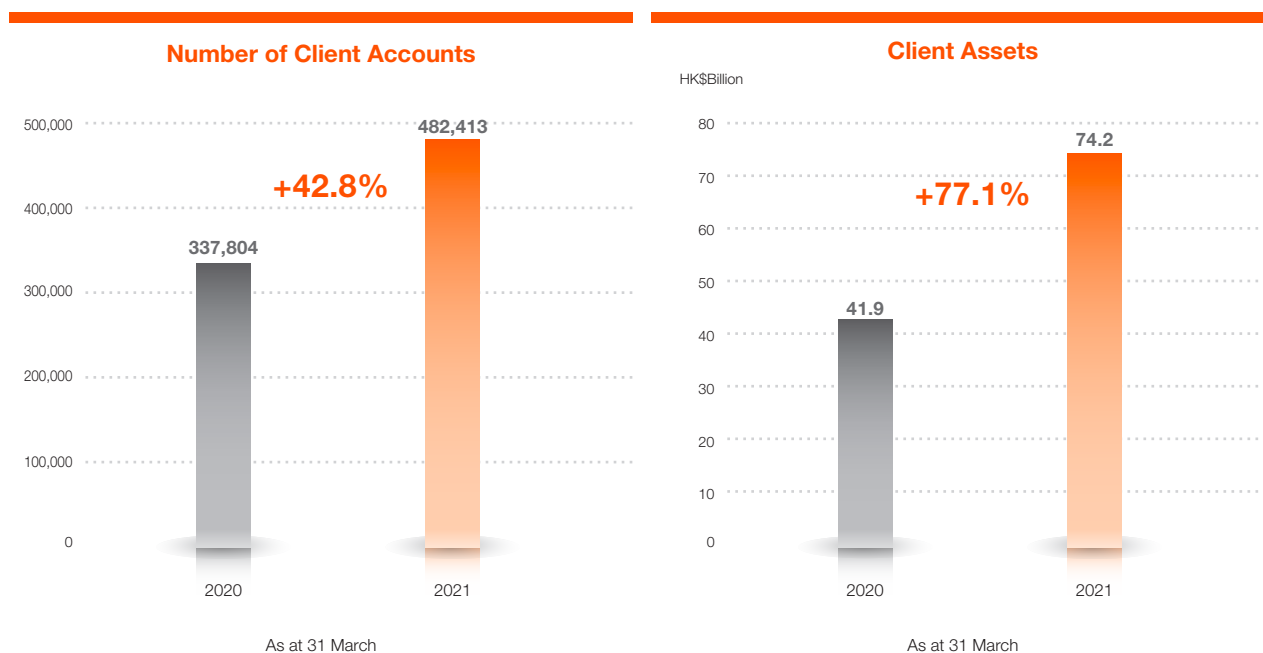
For the Year, the Group recorded revenue of HK\$1,285.2 million (2020: HK\$864.0 million), representing an increase of 48.7% as compared to that for the Prior Year. Profit for the Year was HK\$703.9 million (2020: HK\$471.0 million), representing an increase of 49.5% as compared to that for the Prior Year. Total comprehensive income attributable to equity shareholders amounted to HK\$703.6 million (2020: HK\$471.2 million), representing an increase of 49.3% as compared to that for the Prior Year. Basic and diluted earnings per share were 41.47 HK cents (2020: 27.75 HK cents). The board of directors (the “Board”) of the Company recommended the payment of a final dividend of 13.0 HK cents per share (2020: 28.0 HK cents per share) for the Year.

According to the statistics of HKEX, the average daily turnover for the Year was approximately HK\$155.06 billion, a significant increase of approximately 68.1% from approximately HK\$92.24 billion for the Prior Year. Market turnover rose sharply, pushing up the Group’s revenue. In view of changes in the market conditions, the Group adjusted its marketing and operating strategies in a timely and appropriate manner. Besides, the Group invested heavily in the research and development of one-stop mobile trading apps, BS Securities (Baobao) and BS Futures (Doudou), as it anticipated the rapid increase in investor demand for financial technology. With continuous improvement of their performance and remarkable results, the apps successfully drew hundred of thousands of downloads by mainland and Hong Kong investors. They raised the proportion of mainland clients in the Group’s clientele, marking a significant step in its expansion in the mainland market. The Group will continue to improve its trading platforms and services while upgrading its network security devices in order to strengthen the protection of its clients’ interests, be well-prepared for market fluctuations, overcome challenges and seize opportunities.



TOTAL NUMBER OF CLIENT ACCOUNTS AND ASSETS

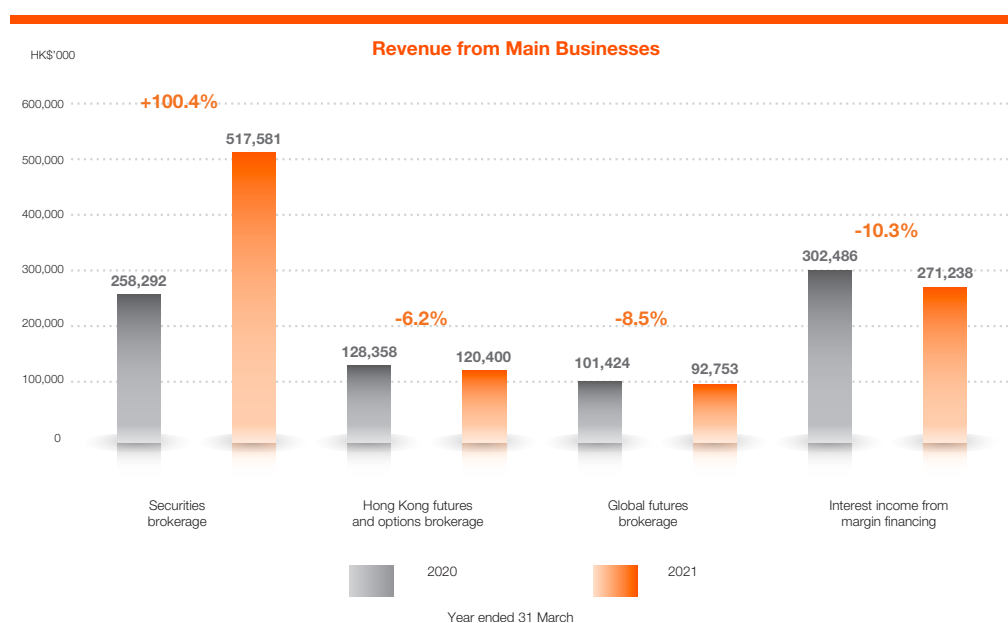
Although the COVID-19 pandemic has brought a huge impact on the real economy, under the loose monetary policies of global governments and central banks, the market liquidity is abundant and capital flows into the asset markets, which drives the stock markets to maintain steady growth. The Group that has made constant progress over the years, regardless of market conditions, has invested a lot of resources to provide clients with more comprehensive, better quality and more professional services. As at the end of March 2021, the Group, together with the Central Head Office, all branches and “Bright Smart Mobile Teaching Centre”, had a total of 14 outlets covering the core areas of Hong Kong, with most of them operating seven days a week, breaking the industry tradition. The mobile teaching centre improved client service quality and offered convenience to all clients. The Group’s proactive expansion successfully led to a steady growth in the total number of client accounts. During the Year, the number of new accounts (after deducting the number of client accounts closed) reached 144,609, increasing the total number of client accounts to 482,413, a growth of 42.8% as compared to 337,804 as at 31 March 2020. As at 31 March 2021, client assets (including cash, stocks and margin deposits) increased by 77.1% to approximately HK\$74.2 billion (31 March 2020: approximately HK\$41.9 billion).



REVENUE

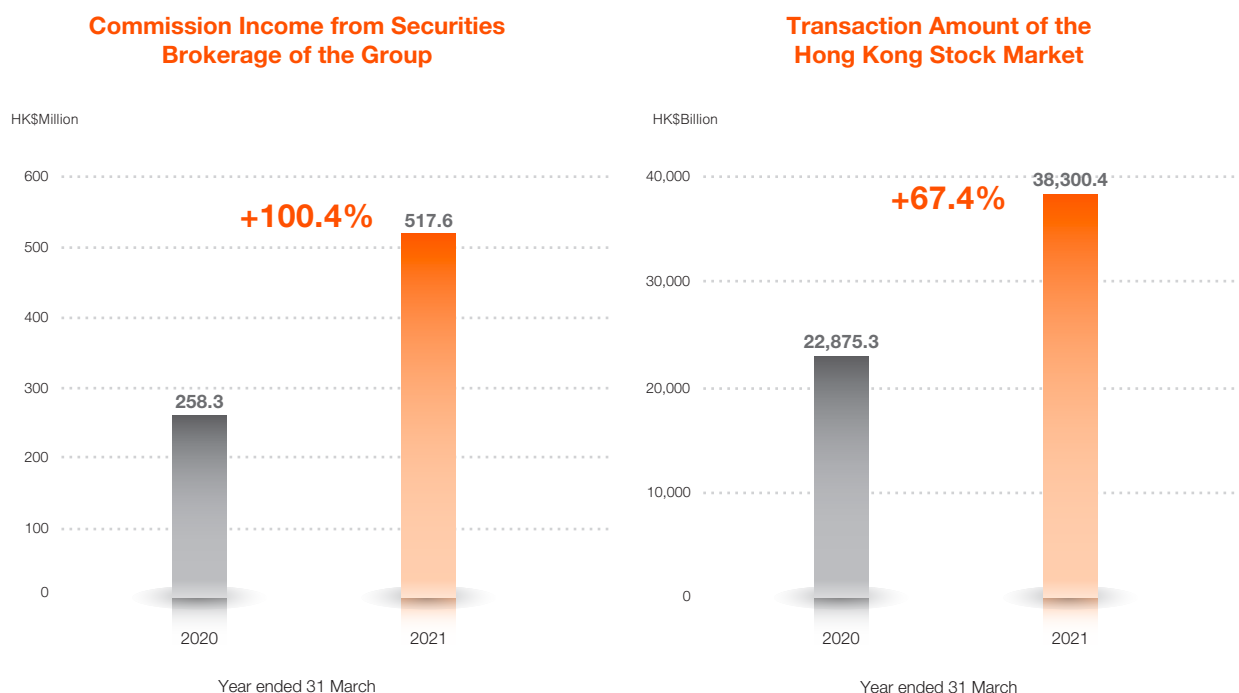
During the Year, the Group recorded revenue of HK\$1,285.2 million (2020: HK\$864.0 million), representing an increase of 48.7% as compared to that for the Prior Year. A summary of the Group's revenue by business divisions is set out below.

	Year ended 31 March				
	2021		2020		Increment/ (decrement)
	Proportion of total revenue	Proportion of total revenue	Proportion of total revenue	Proportion of total revenue	
HK\$'000	%	HK\$'000	%	%	
Revenue from:					
— Securities brokerage	517,581	40.3%	258,292	29.9%	100.4%
— Hong Kong futures and options brokerage	120,400	9.4%	128,358	14.9%	(6.2%)
— Global futures brokerage	92,753	7.2%	101,424	11.7%	(8.5%)
— Bullion trading	15,177	1.2%	10,423	1.2%	45.6%
— Leveraged foreign exchange trading	3,305	0.2%	1,385	0.2%	138.6%
— Stock option brokerage	16,167	1.3%	12,445	1.4%	29.9%
— IPO brokerage	46,919	3.6%	15,730	1.8%	198.3%
Interest income from IPO financing	201,661	15.7%	33,474	3.9%	502.4%
Interest income from margin financing	271,238	21.1%	302,486	35.0%	(10.3%)
	1,285,201	100.0%	864,017	100.0%	48.7%



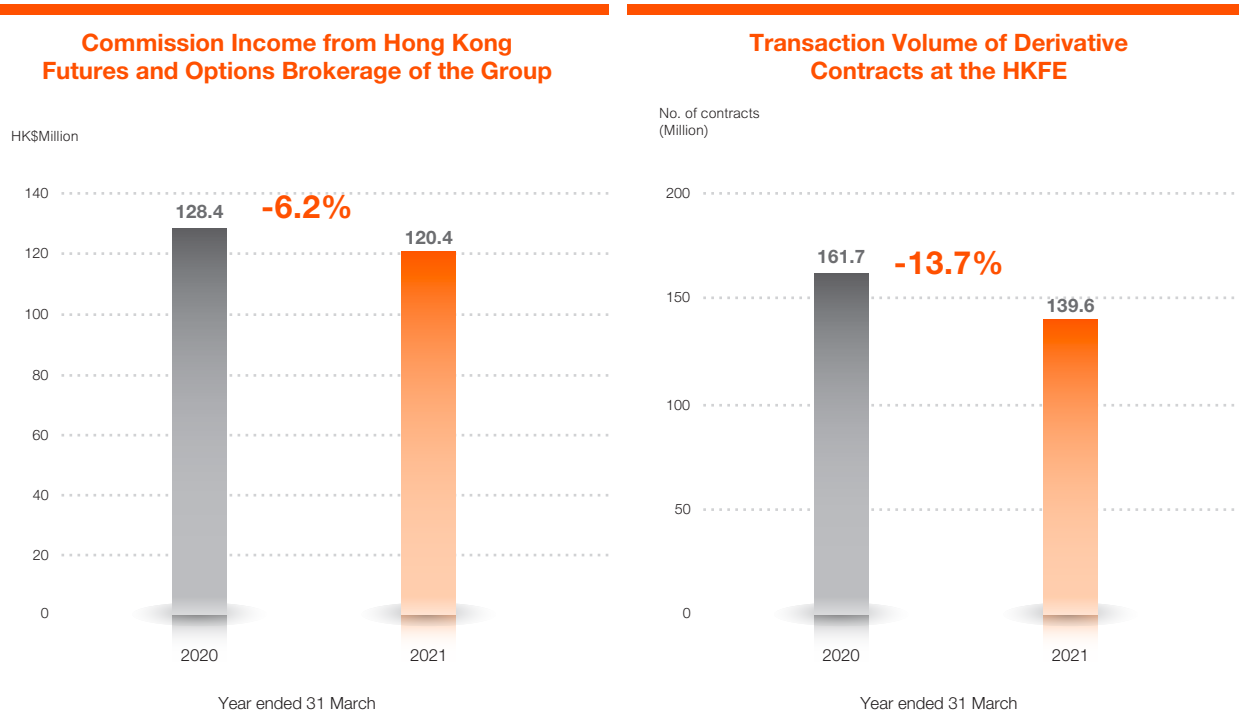
I. Securities brokerage

The total turnover of securities on HKEX for the Year was HK\$38,300.4 billion, a year-on-year increase of 67.4% (2020: HK\$22,875.3 billion). The surge in turnover of Hong Kong stocks boosted the performance of the Group's securities brokerage business. Commission income from the Group's securities brokerage business amounted to HK\$517.6 million (2020: HK\$258.3 million) and accounted for 40.3% (2020: 29.9%) of the total revenue, a rise of 100.4% as compared with the Prior Year.



II. Hong Kong futures and options brokerage

Due to the growing market volatility, investors tend to “avoid risks”, resulting in a reduction in the transaction volume of derivative products the number of derivative contracts traded on the Hong Kong Futures Exchange Limited (the “HKFE”) for the Year decreased by 13.7% to 139.6 million (2020: 161.7 million), commission income from the Group’s Hong Kong futures and options brokerage business went down by 6.2% to HK\$120.4 million for the Year as compared to that for the Prior Year (2020: HK\$128.4 million), accounting for 9.4% (2020: 14.9%) of the total revenue.



III. Global futures brokerage

With the repeated outbreak of COVID-19, the global market situation has become even more unstable, leading to higher investment risks and a tendency to be cautious among investors. Commission income from global futures brokerage for the Year decreased by 8.5% to HK\$92.8 million as compared to that for the Prior Year (2020: HK\$101.4 million), accounting for 7.2% (2020: 11.7%) of the total revenue.

IV. Bullion trading

Geopolitical instability this year led to an increased risk aversion in the market and drove the gold price higher and higher. Income from the Group’s bullion trading business for the Year rose by 45.6% to HK\$15.2 million as compared to that for the Prior Year (2020: HK\$10.4 million), accounting for 1.2% (2020: 1.2%) of the total revenue.

V. Leveraged foreign exchange trading

Income from the Group's leveraged foreign exchange trading business for the Year increased by 138.6% to HK\$3.3 million as compared to that for the Prior Year (2020: HK\$1.4 million), accounting for 0.2% (2020: 0.2%) of the total revenue.

VI. Stock options brokerage

Commission income from the Group's stock options brokerage business for the Year went up by 29.9% to HK\$16.2 million as compared to that for the Prior Year (2020: HK\$12.4 million), accounting for 1.3% (2020: 1.4%) of the total revenue. As stock options are highly leveraged investment products, the Group carefully monitors the margin level of stock option accounts and makes adjustments according to market conditions in order to properly control risks.

VII. IPO brokerage and IPO financing

With the reform of the mechanism of HKEX and the thawing of Sino-US relations, more Chinese concept stocks are listed in Hong Kong, driving a surge in IPOs. Commission income from the Group's IPO brokerage business for the Year increased substantially by 198.3% to HK\$46.9 million as compared to that for the Prior Year (2020: HK\$15.7 million). Interest income from IPO financing surged by 502.4% correspondingly to HK\$201.7 million (2020: HK\$33.5 million).

VIII. Margin financing

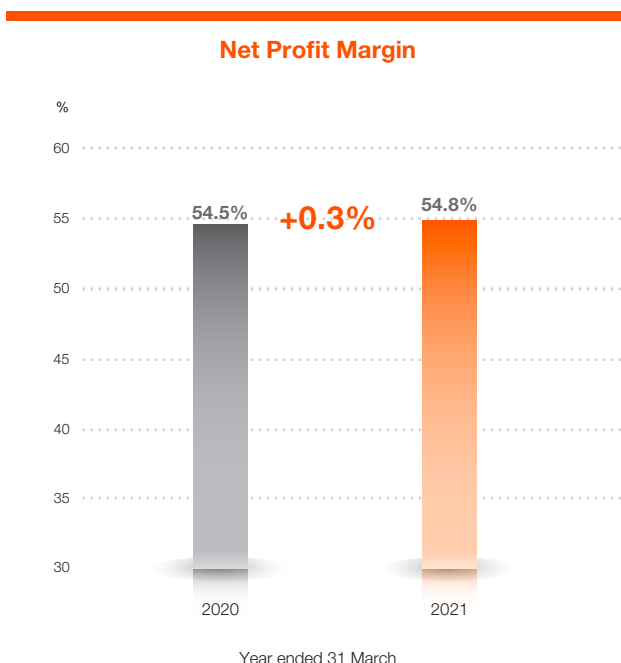
During the Year, the Group's average daily margin lending increased by 34.0% to HK\$7.84 billion (2020: HK\$5.85 billion). Due to the decline in HIBOR, the Group's interest income from margin financing for the Year amounted to HK\$271.2 million (2020: HK\$302.5 million), representing a year-on-year decline of 10.3%, and accounting for 21.1% (2020: 35.0%) of the total revenue. The Group implements effective credit control procedures and recorded no bad debts in the past few years.

INVESTMENT RETURNS

In order to enhance its financial performance, the Group held Hong Kong-listed securities and futures contracts as investments during the Year. As at 31 March 2021, the carrying value of equity investments and futures investments stood at HK\$70.6 million (2020: HK\$48.5 million). During the Year, the investment returns from financial assets at fair value through profit or loss was HK\$10.1 million (2020: loss of HK\$2.1 million).

OPERATING EXPENSES AND NET PROFIT MARGIN

Operating expenses of the Group for the Year increased by 34.3% to HK\$744.3 million as compared to that for the Prior Year (2020: HK\$554.3 million). Nevertheless, net profit margin of the Group rose to 54.8% (2020: 54.5%).



A breakdown of operating expenses is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	Increment/ (decrement) %
Staff cost	152,895	127,472	19.9%
Amortisation and depreciation	79,519	89,635	(11.3%)
Finance costs	239,223	138,178	73.1%
Advertising and promotion expenses	34,979	15,595	124.3%
Auditors' remuneration	1,703	1,704	(0.1%)
Commission, handling and settlement expenses	143,997	88,593	62.5%
Information and communication expenses	47,512	46,740	1.7%
Rental, rates and building management fees	4,772	5,733	(16.8%)
Legal and professional fee	2,133	2,783	(23.4%)
Miscellaneous expenses	37,579	37,906	(0.9%)
	744,312	554,339	34.3%

FUTURE PLANS

Looking ahead, the COVID-19 pandemic and political factors will continue to affect the development of global economy and financial markets. Variants of the virus continue to spread in many countries, but the availability of vaccines is expected to bring the pandemic under control. Markets look forward to economic recovery. Global trade and production activities have begun to resume, and demand for commodities and energy such as oil and metals will be stronger. Traditional sectors, such as retail, tourism, aviation and manufacturing, are expected to rebound after the pandemic eases. On the contrary, the new economy sector saw amazing growth in the past year, and its valuation grew rapidly. If there is an increase in debt and interest rates, the development of new economy stocks may be hindered, and market funds may frequently rotate between the old and new economy sectors. Meanwhile, geopolitical issues cannot be ignored. In recent years, the contradiction between China and the US has intensified, with the two countries competing with each other in technology, economy, national defence, etc. The US policy towards China will also increase market volatility and affect investment sentiment. Under the complex and volatile political and economic situation, investors should always remain prudent and manage risks well.

However, regardless of changes in market conditions, the Group will continue to adopt an aggressive development strategy and also introduce new products, services and market offers to expand its clientele. Apart from continuing to optimise and improve all online trading channels and regularly enhancing the functions of the Baobao and Doudou apps and improving the speed to place an order, the Group will also establish a complete branch network that will cover the 14 outlets in the core areas of Hong Kong, in a bid to provide investors with professional and considerate investment services. Moreover, it will continuously identify sites at prime geographical locations with high pedestrian flow to set up new branches to support the business development, and will also hold regular job fairs to attract a large number of talents with an aim of enhancing the service quality as well as taking up the responsibility to nurture the next generation of elites for the industry.

Meanwhile, to take up an important role in investors' education, the Group launched a broadcasting channel "Bright Smart Finance Channel", through which it makes a financial programme on each trading day to provide investors with instant information and answer their questions. Besides, it will organize various investment seminars free of charge and stock and futures investment simulation competitions. For instance, the Group partnered with world-renowned stock exchanges, financial institutions and top industry experts to provide investors with comprehensive, reliable and free wealth management information so as to enhance their knowledge about financial products and economic trends across the world and broaden their investment choices. It believes that investors' education should be open for all, easy to understand and diversified so as to enhance the financial literacy of the public via different channels and assist them in developing responsible financial habits, behaviours and decisions.

DEVELOP DIVERSIFIED GLOBAL FINANCIAL PRODUCTS

The Group has thoroughly studied investors' habits, behaviour and investment trends, and analysed them according to client data and surveys. In view of the rising attention to and popularity of global financial products, investors have growing interest in such products. The Group has connected its online securities and futures trading platforms as well as mobile apps to markets around the world, providing comprehensive and professional brokerage services and bringing together Hong Kong stocks, US stocks, Shanghai-Hong Kong Stock Connect A shares, Shenzhen-Hong Kong Stock Connect A shares, China B shares, Japanese stocks, Taiwanese stocks, Singaporean stocks, Australian stocks, UK stocks, Hong Kong futures, Hang Seng Index options, Hong Kong stock options, Dow Jones Futures, A50 Futures, foreign exchange futures, gold futures, oil futures, copper futures, HKEX's CNH Gold Futures, USD Gold Futures, leveraged foreign exchange products, iron ore futures, IPO share subscription and margin financing. It will continuously seek and expand global investment products so as to cater to the needs of different clients. The Group believes that investors' interest in global financial products is growing. Therefore, it will continue to develop more global financial products to meet market demands.

PROMOTE DIGITALISED INVESTMENT SERVICES

As the Group anticipates that the development of fintech will significantly change the investment habits of its clients, it actively engaged in digitalising investment services by making substantial investments in half a year of time to develop two mobile trading apps, namely BS Securities (Baobao) and BS Futures (Doudou). They are equipped with AI3.0 features (such as behavioural authentication, news tracking and personalised portfolio monitoring). The Group's mobile apps can fulfil all the investment needs of its clients, enabling them to open accounts, trade global financial products and read global financial news right away at anytime and anywhere. Since the Group always strives for excellence and invests substantially in fintech and software and hardware support, new features were developed and added to the Baobao and Doudou apps with a view to satisfying market needs. For example, the Baobao app now allows users to check the gain or loss of their positions, sell odd lots automatically, browse trading records within a month, search for warrants and Callable Bull/Bear Contracts (CBBC), check the amount of CBBC in public hand, and receive push message. In order to bring investors closer to the global market, the Group launched "24-hour Electronic Direct Debit Authorisation (eDDA) Services" approved by the HKMA with famous banks in Hong Kong. This service allows clients to deposit money and trade stocks and futures anytime, anywhere regardless of time differences and Hong Kong holidays after going through a simple registration procedure with any bank account on Baobao and Doudou apps.

The Group keeps pace with the times and spends substantial costs to upgrade existing hardware and software. It has increased clients' confidence in the Group's brand, services and trading systems and won praises from the industry and media, including the Outstanding Stock and Futures Trading App Award by CAPITAL for two straight years, the award for outstanding securities and futures trading app by Sky Post, the Outstanding Securities Trading Mobile APP award by The Chamber of Hong Kong Computer Industry and Metro Broadcast, and the Best Securities Mobile Apps in Greater China Award by Metro Daily, in recognition of the Group's outstanding results in the development of the Baobao and Doudou apps. This demonstrates the popularity of its online trading systems amongst the clients, the industry and the media for its fast speed, stability, security and reliability.

As the application of fintech in the wealth management industry matures, the Group plans to promote digitalised and smart trading services amongst its clients, combine online and offline marketing and operating strategies, reduce costs, enhance its efficiency, expand its clientele and enhance their experience using fintech, in a bid to strengthen its core competitiveness and leadership position in the industry.

ENHANCE ONLINE TRADING SECURITY

At the same time, the Group has invested substantial resources in improving the efficiency and capacity of its online trading systems to meet clients' needs. In order to offer a more convenient and stable online trading platform, the Group has also made huge investment in upgrading its trading systems, relocated its central computer system to the centralised data centre of HKEX in Tseung Kwan O, and conducted large-scale tests on all transaction systems, including regular simulated tests involving a trading volume exceeding five times of the existing peak volume on HKEX, so as to continuously enhance the efficiency and stability of the existing securities and futures trading platforms. As for network security, the Group has implemented the "dual password" security measure and authentication by which two different passwords are required for logging into the trading systems and conducting transactions. Furthermore, an email will be delivered instantly or a push message will be sent on Baobao and Doudou apps to notify the clients of any login or any transaction conducted electronically through their accounts in accordance with the regulatory requirements. In addition, the Group also closely monitors and counteracts any unrelated fake website. If any such website is identified, the Group will notify the clients and take legal actions against the website in order to prevent its clients from suffering unnecessary loss. The Group will keep abreast of the latest market developments and study the need and room for capacity expansion of its trading systems. It will also step up client education on online trading security and enhance their awareness and skills of risk prevention.

TAP INTO MAINLAND MARKET

In recent years, the mainland has been actively reforming and widening the opening-up of its capital market, as a gradual move towards internationalisation. The mainland is gradually lifting the restrictions on foreign ownership of mainland-based financial institutions, such as futures and securities firms and mutual funds. It means that Hong Kong investors can also wholly own the shares of mainland-based securities firms. With a huge population, the mainland enjoys enormous potential in terms of consumption power, productivity and investment capacity. In addition, the mainland's GDP grew 2.3% in 2020 despite the epidemic, demonstrating the strong resilience of its economy. Therefore, the Group is determined to tap into the potential and forward-looking mainland market. It will raise its brand awareness and establish a unique brand image in the mainland via its online and offline hardware and software support, professional and considerate client service team and up-to-date promotional and marketing strategies.

CONCLUSION

The Group, with the “client-oriented and service-first” philosophy and the “value-for-money” market positioning, adopted both aggressive and defensive strategies at the moment when the real economy went downhill. On the one hand, it has been committed to optimising the performance of Baobao and Doudou apps to improve user experience. On the other hand, it allocated more resources on various online and offline platforms for publicity and promotion and increasing brand exposure, attracting more investors from Hong Kong and mainland China to open accounts and trade products through Bright Smart Securities. As demand in the regions where some of its branches are located is almost saturated, the Group has further optimised its branch network, actively looks for potential locations to establish new footholds, and reaches a wider range of target clients, in order to expand its market share and strengthen its brand competitiveness. The Group's achievements today depend on the long-standing support, trust, recognition and loyalty of its clients. The Group will be dedicated to providing clients with better services and developing safer, more stable, faster and more convenient trading platforms in the future, so as to reward clients for their love and support and make them feel at home. The Group will meanwhile develop more diversified businesses, recruit talents from different sectors and seize every valuable opportunity, so as to enhance its operation efficiency and seek higher returns for shareholders.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group's operations were financed by shareholders' equity, cash generated from operation and bank borrowings.

The Group maintains sufficient liquidity with total bank deposits, bank balances and cash amounting to HK\$418.5 million as at 31 March 2021 (2020: HK\$477.7 million). The Group had bank borrowings of HK\$11,436.0 million as at 31 March 2021 (2020: HK\$2,858.8 million) which bore interest primarily at floating rate. The bank borrowings were primarily collateralised by its margin clients' securities pledged to the Group. As at 31 March 2021, unutilised banking facilities amounted to HK\$9,183.4 million (2020: HK\$18,049.6 million). The Group's gearing ratio (total bank borrowings excluding IPO financing divided by the total shareholders' equity) was 425.7% (2020: 150.3%). As at 31 March 2021, the Group had net current assets of HK\$1,943.9 million (2020: HK\$1,708.3 million) and a current ratio (current assets divided by current liabilities) of 1.1 times (2020: 1.4 times).

The Group actively and regularly reviews and manages its capital structure and makes adjustments in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures that each of the subsidiaries maintains a liquidity level adequate to support the level of activities with a sufficient buffer to accommodate increases in liquidity requirements arising from potential increases in the level of business activities. During the Year, all the licensed subsidiaries complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules (Cap. 571N of the Laws of Hong Kong, "FRR").

CHARGES ON ASSETS

No asset of the Group was subject to any charge as at 31 March 2021 and 2020.

CONTINGENT LIABILITIES

As at 31 March 2021, corporate guarantees provided by the Company in respect of banking facilities granted by authorised institutions to its subsidiaries engaging in securities and futures broking amounted to HK\$14,917.2 million (2020: HK\$15,947.5 million). As at 31 March 2021, the subsidiaries of the Company have utilised HK\$7,535.0 million of these aggregate banking facilities (2020: HK\$2,334.0 million).

As at 31 March 2021, the directors did not consider that any claim would be made against the Group under any of the guarantees.

CAPITAL COMMITMENTS

The capital commitments as at 31 March 2021 were approximately HK\$2.3 million (2020: HK\$2.7 million).

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2021, the Group had a work force of 260 employees (2020: 263 employees). Staff costs, excluding directors' emoluments, amounted to approximately HK\$127.1 million for the Year (2020: HK\$112.7 million). The Group's remuneration policy aims to offer competitive remuneration packages to recruit, retain and motivate competent employees. The Group believes that the remuneration packages are reasonable and competitive and in line with market trends. The Group has put in place a bonus scheme for its executives and employees as a measure to provide a competitive remuneration package for the Group's long-term growth and development. The Group also provides appropriate training and development programmes to its employees to enhance the staff's work ability and personal efficiency.

SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the Year, the Group did not make any significant acquisitions or disposals of subsidiaries.

LITIGATION

As at 31 March 2021 and up to the date of this announcement, the Group has not been involved in any litigation of significance.

RISK MANAGEMENT

Credit risk

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

In respect of amounts due from clients, individual evaluations are performed on all clients (including cash and margin clients) based on the underlying collateral. Cash clients are required to place deposits as prescribed in the Group's policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within a few days from the trade date. Because accounts receivable from cash clients relate to a wide range of customers for whom there was no recent history of default, there has not been a significant change in credit quality and the balances are considered fully recoverable, and the prescribed deposit requirements and the short settlement period involved, the credit risk arising from the amounts due from cash clients is considered low. The Group normally obtains liquid securities and/or cash deposits as collateral for providing financing to its cash and margin clients and has policy to manage these exposures on a fair value basis. Margin loans due from margin clients are repayable on demand. For commodities and futures brokerage, an initial margin is required prior to opening transaction. Market conditions and adequacy of securities collateral and margin deposits of each cash account, margin account and futures account are monitored by the management on a daily basis. Margin calls and forced liquidation are made where necessary.

In respect of amounts receivable from brokers and clearing houses, credit risks are considered low as the Group normally enters into transactions with brokers and clearing houses which are registered with regulatory bodies and enjoy sound reputation in the industry.

The Group has no significant concentration of credit risk as credits are granted to a large population of clients.

The Group does not provide any other guarantees which would expose the Group to credit risk.

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, and to ensure compliance with FRR. The Group's policy is to regularly monitor its current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long terms.

Interest rate risk

The Group charges interest on its margin clients and cash clients with outstanding loan amounts on the basis of its cost of funding plus a mark-up. Financial assets (such as margin loans and deposits with banks) and financial liabilities (such as bank loans) are primarily at floating rates. The Group's income and operating cash flows are not subject to significant interest rate risk.

Foreign exchange risk

The Group is exposed to currency risk primarily arising from financial instruments that are denominated in United States dollars ("USD"), Renminbi ("RMB"), Singapore dollars ("SGD"), Japanese Yen ("JPY"), Australian dollars ("AUD") and British pound ("GBP"). As the Hong Kong dollar ("HKD") is pegged to the USD, the Group considers the risk of movements in exchange rates between the HKD and the USD as insignificant. In respect of financial instruments denominated in other currencies, the Group ensures that the net exposure is kept at an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The management monitors all the foreign currency positions on a daily basis.

Price risk

The Group is exposed to price changes arising from listed equity investments, futures contracts and accounts receivable classified as financial assets at fair value through profit or loss.

The Group's equity investments are listed on the SEHK while investment in futures contracts are traded on HKFE. Listed investments held in the financial assets at fair value through profit or loss portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Accounts receivable from margin, cash and IPO clients expose the Group to price risk as their fair value is made with reference to the fair value of collaterals, capped by the principal amount and accrued interest, without discounting.

FINAL DIVIDENDS

The Board recommended the payment of a final dividend of 13.0 HK cents per share for the Year, subject to the approval of the final dividend by the Company's shareholders at the forthcoming annual general meeting (the "AGM") to be held on Wednesday, 18 August 2021. If approved, the final dividend will be paid to the Company's shareholders on Thursday, 9 September 2021. Shareholders whose names appear on the register of members of the Company on Thursday, 26 August 2021 will be entitled to the proposed final dividend. Notice of the AGM will be sent to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to attend and vote at the AGM, from Thursday, 12 August 2021 to Wednesday, 18 August 2021 (both days inclusive), during this 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on Wednesday, 11 August 2021. The AGM will be held on Wednesday, 18 August 2021.

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 Tuesday, 24 August 2021 to Thursday, 26 August 2021 (both days inclusive), during this period no transfer of shares will be registered. In order to qualify for the proposed final dividend, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on Monday, 23 August 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the Year.

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. Having made specific enquiries of each Director, all the Directors have confirmed that they have complied with the Model Code throughout the Year.

REVIEW OF ANNUAL RESULTS

The annual results for the Year had been reviewed by the audit committee of the Company, which comprises the three independent non-executive Directors of the Company.

SCOPE OF WORK OF KPMG

The figures in respect of the preliminary announcement of the Group's results for the Year had been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the HKEX (<https://www.hkexnews.hk>) and the website of the Company (<https://www.bsgroup.com.hk>). The Annual Report 2020/21 and the notice of AGM will be despatched to the shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 28 June 2021

As at the date of this announcement, the Board comprises Mr. Yip Mow Lum (Chairman), Mr. Hui Yik Bun (Chief Executive Officer) and Mr. Chan Wing Shing, Wilson as Executive Directors; and Mr. Yu Yun Kong, Mr. Szeto Wai Sun and Mr. Ling Kwok Fai, Joseph as Independent Non-executive Directors.