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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

The board (the “Board”) of directors (the “Directors”) of Bright Smart Securities & Commodities Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2022 (the “Period”) together with the comparative figures for the six months ended 30 September 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022 — unaudited

(Expressed in Hong Kong dollars unless otherwise indicated)

		Six months ended	
		30 September	
		2022	2021
	<i>Note</i>	\$'000	\$'000
Revenue	4	436,239	566,523
Other income			
— Interest income calculated using effective interest rate method	5	46,745	11,591
— Interest income calculated using other method	5	19,082	28,204
— Others	5	54,588	67,895
Other net loss	6	(30,722)	(13,702)
		525,932	660,511

		Six months ended	
		30 September	
		2022	2021
	<i>Note</i>	\$'000	\$'000
Staff costs		(76,235)	(77,208)
Amortisation and depreciation		(37,531)	(39,779)
Net charges for expected credit losses		(1,149)	(845)
Other operating expenses	7(b)	(103,401)	(114,092)
Profit from operations		307,616	428,587
Finance costs	7(a)	(45,430)	(81,465)
Profit before taxation	7	262,186	347,122
Income tax	8	(31,102)	(52,211)
Profit for the period		231,084	294,911
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
— Exchange reserve		409	(68)
Total comprehensive income attributable to equity shareholders for the period		<u>231,493</u>	<u>294,843</u>
Earnings per share			
Basic (<i>cents</i>)	9	<u>13.61</u>	<u>17.38</u>
Diluted (<i>cents</i>)	9	<u>13.61</u>	<u>17.38</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022 – unaudited

(Expressed in Hong Kong dollars)

		At 30 September 2022 \$'000	At 31 March 2022 \$'000
Non-current assets			
Property, plant and equipment		118,015	136,198
Intangible assets		5,783	5,783
Deferred tax assets		3,769	1,820
Finance assets at amortised cost		—	1,443
Other receivables, deposits and prepayments		15,375	1,981
Other assets		45,514	79,978
		<hr/>	<hr/>
Total non-current assets		188,456	227,203
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Accounts receivable	11	7,744,545	8,915,867
Other receivables, deposits and prepayments		14,882	29,446
Financial assets at fair value through profit or loss		53,451	49,575
Financial assets at amortised cost		807	—
Tax recoverable		252	21,707
Cash and cash equivalents		570,738	524,716
		<hr/>	<hr/>
Total current assets		8,384,675	9,541,311
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Accounts payable	12	1,602,316	1,939,351
Accrued expenses and other payables		73,574	85,881
Bank loans	13	4,255,000	5,162,165
Lease liabilities		54,566	54,186
Current taxation		15,058	3,462
		<hr/>	<hr/>
Total current liabilities		6,000,514	7,245,045
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	At 30 September 2022 Note \$'000	At 31 March 2022 \$'000
Net current assets	2,384,161	2,296,266
Total assets less current liabilities	2,572,617	2,523,469
Non-current liabilities		
Accrued expenses and other payables	7,038	794
Lease liabilities	<u>32,445</u>	<u>51,304</u>
Total non-current liabilities	39,483	52,098
NET ASSETS	<u>2,533,134</u>	<u>2,471,371</u>
EQUITY		
Share capital	509,189	509,189
Share premium	738,020	738,020
Exchange reserve	457	48
Merger reserve	(20,000)	(20,000)
Retained profits	<u>1,305,468</u>	<u>1,244,114</u>
TOTAL EQUITY	<u>2,533,134</u>	<u>2,471,371</u>

NOTES:

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report for the six months period ended 30 September 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This interim financial report also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group.

- Amendments to HKAS 16, *“Property, plant and equipment: Proceeds before intended use”*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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 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 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

	Six months ended 30 September 2022			
	Commodities			
	Securities	and futures	Bullion	Total
	broking	broking	trading	
	\$'000	\$'000	\$'000	\$'000
Revenue from customers:				
— Brokerage commission	175,516	124,262	—	299,778
— Dealing income	—	—	3,509	3,509
— Interest income from margin financing	132,300	—	—	132,300
— Interest income from IPO financing	236	—	—	236
Reportable segment revenue	<u>308,052</u>	<u>124,262</u>	<u>3,509</u>	<u>435,823</u>
Interest income from cash clients	19,082	—	—	19,082
Other interest income	39,988	6,756	—	46,744
Handling and settlement fees	<u>43,108</u>	<u>6</u>	<u>—</u>	<u>43,114</u>
Reportable segment profit (EBIT)	<u>245,730</u>	<u>55,733</u>	<u>2,137</u>	<u>303,600</u>
Amortisation and depreciation	(8,575)	(2)	—	(8,577)
Finance costs	(49,228)	(1)	—	(49,229)
Additions to non-current segment assets during the period	<u>11,641</u>	<u>—</u>	<u>—</u>	<u>11,641</u>
	At 30 September 2022			
	Commodities			
	Securities	and futures	Bullion	Total
	broking	broking	trading	
	\$'000	\$'000	\$'000	\$'000
Reportable segment assets	7,380,493	1,248,050	28,512	8,657,055
Reportable segment liabilities	<u>(5,204,482)</u>	<u>(773,686)</u>	<u>(10,039)</u>	<u>(5,988,207)</u>

Six months ended 30 September 2021

	Commodities			Total \$'000
	Securities broking \$'000	and futures broking \$'000	Bullion trading \$'000	
Revenue from customers:				
— Brokerage commission	253,366	93,001	—	346,367
— Dealing income	—	—	3,918	3,918
— Interest income from margin financing	177,908	—	—	177,908
— Interest income from IPO financing	37,290	—	—	37,290
Reportable segment revenue	<u>468,564</u>	<u>93,001</u>	<u>3,918</u>	<u>565,483</u>
Interest income from cash clients	28,204	—	—	28,204
Other interest income	10,533	1,057	—	11,590
Handling and settlement fees	<u>59,736</u>	<u>5</u>	<u>—</u>	<u>59,741</u>
Reportable segment profit (EBIT)	<u>393,957</u>	<u>27,646</u>	<u>2,424</u>	<u>424,027</u>
Amortisation and depreciation	(9,285)	(4)	—	(9,289)
Finance costs	(85,942)	—	—	(85,942)
Additions to non-current segment assets during the period	<u>7,293</u>	<u>—</u>	<u>—</u>	<u>7,293</u>

At 31 March 2022

	Commodities			Total \$'000
	Securities broking \$'000	and futures broking \$'000	Bullion trading \$'000	
Reportable segment assets	8,703,165	1,085,483	29,304	9,817,952
Reportable segment liabilities	<u>(6,562,238)</u>	<u>(636,323)</u>	<u>(12,615)</u>	<u>(7,211,176)</u>

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

	Six months ended	
	30 September	
	2022	2021
	\$'000	\$'000
Revenue		
Reportable segment revenue	435,823	565,483
Elimination	(189)	(256)
Unallocated corporate revenue	605	1,296
	<hr/>	<hr/>
Consolidated revenue	<u>436,239</u>	<u>566,523</u>
Profit		
Reportable segment profit (EBIT)	303,600	424,027
Finance costs	(45,430)	(81,465)
Unallocated corporate income	9,438	28,230
Unallocated corporate expenses	(5,422)	(23,670)
	<hr/>	<hr/>
Consolidated profit before taxation	<u>262,186</u>	<u>347,122</u>
	At	At
	30 September	31 March
	2022	2022
	\$'000	\$'000
Assets		
Reportable segment assets	8,657,055	9,817,952
Elimination	(291,145)	(223,715)
Unallocated corporate assets	207,221	174,277
	<hr/>	<hr/>
Consolidated total assets	<u>8,573,131</u>	<u>9,768,514</u>

	At 30 September 2022 \$'000	At 31 March 2022 \$'000
Liabilities		
Reportable segment liabilities	(5,988,207)	(7,211,176)
Elimination	1,239,632	1,151,688
Unallocated corporate liabilities	<u>(1,291,422)</u>	<u>(1,237,655)</u>
Consolidated total liabilities	<u><u>(6,039,997)</u></u>	<u><u>(7,297,143)</u></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:

	Six months ended 30 September	
	2022 \$'000	2021 \$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Brokerage commission	<u>299,589</u>	<u>346,111</u>
Revenue from other sources		
Dealing income from bullion trading	3,509	3,918
Dealing income from leveraged foreign exchange trading	605	1,296
Interest income from margin financing	132,300	177,908
Interest income from IPO financing	<u>236</u>	<u>37,290</u>
	<u>136,650</u>	<u>220,412</u>
	<u><u>436,239</u></u>	<u><u>566,523</u></u>

5 OTHER INCOME

	Six months ended	
	30 September	
	2022	2021
	\$'000	\$'000
Interest income from		
Financial assets carried at amortised cost		
— Authorised institutions	45,244	10,875
— Others	1,501	716
	<u>46,745</u>	<u>11,591</u>
Financial assets carried at fair value through profit or loss (“FVPL”)		
— Cash clients	19,082	28,204
	<u>65,827</u>	<u>39,795</u>
Handling and settlement fees	43,114	59,741
Dividend income	2,075	1,597
Government grants	2,615	640
Sundry income	6,784	5,917
	<u>120,415</u>	<u>107,690</u>

6 OTHER NET LOSS

	Six months ended	
	30 September	
	2022	2021
	\$'000	\$'000
Realised gain/(loss) from financial assets at fair value through profit or loss	1,387	(824)
Unrealised loss from financial assets at fair value through profit or loss	(17,206)	(20,798)
	(15,819)	(21,622)
Net foreign exchange (loss)/gain	(14,165)	8,718
Loss on disposals of property, plant and equipment	(67)	(31)
Error trades arising from dealings	(13)	(162)
Others	(658)	(605)
	(30,722)	(13,702)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended	
	30 September	
	2022	2021
	\$'000	\$'000
(a) Finance costs		
Interest expense on		
— Bank loans for IPO financing	106	26,225
— Other bank loans	41,340	52,761
— Lease liabilities	790	709
— Others	3,194	1,770
	45,430	81,465
(b) Other operating expenses		
Advertising and promotion expenses	7,233	11,279
Auditors' remuneration	800	791
Commission, handling and settlement expenses	51,948	59,077
Information and communication expenses	23,122	20,826
Legal and professional fees	856	854
Operating lease payments — property rentals	78	200
Rates and building management fees	2,187	2,129
Miscellaneous expenses	17,177	18,936
	103,401	114,092

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30 September	
	2022	2021
	\$'000	\$'000
Current tax — Hong Kong Profits Tax		
Provision for the period	33,051	54,675
Deferred tax		
Origination and reversal of temporary differences	<u>(1,949)</u>	<u>(2,464)</u>
Total tax charge for the period	<u>31,102</u>	<u>52,211</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2021: 16.5%) to the six months ended 30 September 2022, 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 2021.

9 EARNINGS PER SHARE

Basic earnings per share

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

	Six months ended 30 September	
	2022	2021
Earnings		
Profit for the period attributable to equity shareholders of the Company (<i>\$'000</i>)	<u>231,084</u>	<u>294,911</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>13.61</u>	<u>17.38</u>

Diluted earnings per share

There was no dilutive potential ordinary share during the period (six months ended 30 September 2021: nil) and diluted earnings per share is therefore equal to basic earnings per share.

10 DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

11 ACCOUNTS RECEIVABLE

	At 30 September 2022 \$'000	At 31 March 2022 \$'000
Accounts receivable		
Accounts receivable from:		
— Clearing houses	934,356	1,043,642
— Brokers and dealers	400,842	402,179
Less: Loss allowance	(2,484)	(2,539)
	<u>1,332,714</u>	<u>1,443,282</u>
Financial assets measured at amortised cost		
Accounts receivable from:		
— Cash clients	421,679	410,185
— Margin clients	5,990,152	7,062,400
	<u>6,411,831</u>	<u>7,472,585</u>
Financial assets measured at FVPL		
	<u><u>7,744,545</u></u>	<u><u>8,915,867</u></u>

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

	At 30 September 2022 \$'000	At 31 March 2022 \$'000
Current	168,821	73,861
Less than 1 month	38,635	166,477
1 to 3 months	99,257	79,541
More than 3 months	114,966	90,306
	<u>252,858</u>	<u>336,324</u>
	<u><u>421,679</u></u>	<u><u>410,185</u></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 30 September 2022, the total market value of their portfolios of securities was \$2,222,530,000 (31 March 2022: \$2,430,129,000). Based on past experience and current assessment, management believes that the balances are fully recoverable.

Margin clients are required to pledge securities collateral to the Group in order to obtain margin loans. When determining the fair value of the accounts receivable at the reporting date, management evaluate the margin loan portfolios on a fair value basis by primarily considering the value of collateral, which principally comprised listed securities, with reference to the quoted prices, to the extent of the outstanding loan amounts. At 30 September 2022, margin loans due from margin clients were current and repayable on demand except for \$2,307,000 (31 March 2022: \$146,000) where the margin loans were past due. \$2,121,000 (31 March 2022: \$14,000) were past due for less than 1 month. \$2,000 (31 March 2022: \$3,000) were past due for 1 to 3 months. \$73,000 (31 March 2022: \$11,000) were past due for 3 months to 1 year. \$111,000 (31 March 2022: \$118,000) were past due for over 1 year following the trading suspension of the pledged securities. At 30 September 2022, the total market value of securities pledged as collateral in respect of the loans to borrowing margin clients and all margin clients were \$12,453,300,000 and \$19,982,103,000 respectively (31 March 2022: \$16,880,241,000 and \$25,630,574,000 respectively). Margin loans that were past due were considered immaterial by management.

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.

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.

12 ACCOUNTS PAYABLE

	At 30 September 2022 \$'000	At 31 March 2022 \$'000
Accounts payable		
— Cash clients	202,586	450,682
— Margin clients	1,000,766	1,017,756
— Clearing houses	89,973	143,022
— Brokers	308,991	327,891
	<u>1,602,316</u>	<u>1,939,351</u>

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

13 BANK LOANS

	At 30 September 2022 \$'000	At 31 March 2022 \$'000
Secured loans		
— Bank loans	3,035,000	4,042,165
Unsecured loans		
— Bank loans	<u>1,220,000</u>	<u>1,120,000</u>
	<u>4,255,000</u>	<u>5,162,165</u>

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

The bank loans as at 30 September 2022 and 31 March 2022 were interest-bearing. Securities collateral deposited by the Group's margin clients was re-pledged to banks to secure these loan facilities. Such banking facilities were utilised to the extent of \$3,035,000,000 (31 March 2022: \$4,042,165,000). The fair value of the collateral repledged to banks as at 30 September 2022 amounted to \$7,107,709,000 (31 March 2022: \$9,093,292,000).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Throughout 2022, the world has been going through troubled times as the COVID-19 pandemic continued. The Russo-Ukrainian War has been intensifying, while the energy crisis in Europe was imminent. The United States continued to raise interest rates to curb inflation, which has produced a series of aftereffects, triggering a crisis of currency devaluation in various countries and a sharp drop in the exchange rate of RMB, while the Sino-US disputes carried on. Hong Kong was subject to numerous uncertainties in foreign countries and local difficulties. In the wave of migration, talents have left continuously over the past two years. Under the lock-down and pandemic prevention policies, there has been a lack of visitors to cities in South China and business travels from other regions to stimulate consumption. In the first half of the year, the number of visitors to Hong Kong was only 76,000, representing an increase of 125% compared with the previous year, being less than 1% of the pre-pandemic level of almost 35 million visitors in the first half of 2019. In a closed market, the retail sector relied on the support of domestic demand, which was obviously limited. Total retail sales in the first seven months of the year decreased by 1.7% as compared with the corresponding period of last year. The GDP of Hong Kong fell year-on-year by 3.9% in the first quarter and by 1.3% in the second quarter. The actual GDP growth rate in the year is expected to be adjusted downward to -0.5% to 0.5%. Fortunately, the local inflation did not become worse. In September, the consumer price index rose by 4.4% year-on-year, which was higher than the increase of 1.9% in August. If the one-off government bailouts were excluded, the basic inflation rate in September would return to 1.8%. With the increase in inflation in the United States, the Federal Reserve sped up interest rate hikes, with a total increase of 3% from January to September. Under the pressure, the banks in Hong Kong raised the prime rate. Residential property prices were subject to a wave of interest rate hikes and a wave of migration. As a result, the price of many blue chip estates fell.

The property market was weakened, and the performance of Hong Kong stocks in the first three quarters was even more shocking. Such drop within the year has put Hong Kong in the top three of the world's worst-performing stock markets, with all data showing unsatisfactory performance: the Hang Seng Index dropped by approximately 50% from a high to a low since 2021. According to the data of the Stock Exchange, the daily average trading amount of Hong Kong stocks fell to HK\$92.9 billion in September, representing a decrease of nearly 28% compared with January; Hang Seng Index dropped below 15,000, hitting a 13-year low, returning to the level before the 1997 handover, which broke the heart of investors. The IPO market also went into eclipse during the year. According to the statistics of a large accounting firm, the number of companies listed in Hong Kong for financing in the first half of the year decreased by 48% year-on-year to 24, and the financing amount dropped significantly by 92% to HK\$17.8 billion year-on-year, causing Hong Kong to drop to the 9th place on a global ranking of initial public offering. The firm also lowered its IPO fundraising amount forecast for the year to no less than HK\$110 billion. With the successful convening of the 20th National Congress of the Communist Party of China in mainland China and the election of a new leadership lineup, the National Bureau of Statistics immediately announced that the GDP of mainland China grew by 3.9% year-on-year in the third quarter, representing a significant rebound as compared with 0.4% in the previous quarter, and indicated that the economy was improving in the third quarter, with continuous improvement in production demand, stable employment and prices, guaranteeing the steady development of people's livelihood.

Countries all over the world have opened up to revitalize the weak economy regardless of the COVID-19 outbreak. Immigration gateways are wide opened, especially Singapore, a neighbouring country, was quite active in attracting talents, enterprises and capital. Upon the implementation of "0+3" quarantine arrangements in Hong Kong in October, the flows of visitors and capital did not demonstrate significant improvement, but stimulated Hong Kong people who had been stayed in the city for long to visit overseas and spend money. As such, the internal consumption power was emptied, and the retail industry fell into an abyss of depression once again. There was no recovery momentum in all industries. The securities industry was also in a worse situation, with Hong Kong stocks under-performing, leading to the outflow of funds. With the strong momentum of the United States dollar and the linked exchange rate system, the bank balance in Hong Kong fell below HK\$100 billion, depressing the trading and investment in Hong Kong stocks. This, together with the fierce competition in the securities industry, made some small and medium-sized brokerage companies with limited capital, technology, labour force and strengths unable to withstand the impact of the recession, thus worsening the wave of closing down. As a leader in the securities industry, the Group has always kept pace with the times and made unremitting efforts to improve itself. Despite the pandemic lasting for more than three years, the Group has remained in a steady position, continuously optimized its trading platforms, products and services, and maintained services of physical stores across Hong Kong Island, Kowloon and New Territories. The Group provided allround, one-stop and 24-hour services to investors online and offline, so as to retain customers with the "most considerate and professional" service quality. As a result, the Group has been able to continuously achieve excellent results despite the adverse market conditions.

OPERATING RESULTS

For the six months ended 30 September 2022 (the “Period”), Bright Smart Securities & Commodities Group Limited (the “Company”) and its subsidiaries (collectively known as the “Group”) recorded revenue of HK\$436.2 million (2021: HK\$566.5 million), a year-on-year decrease of 23.0%. Profit for the Period was HK\$231.1 million (2021: HK\$294.9 million), a year-on-year decline of 21.6%. Its total comprehensive income attributable to equity shareholders amounted to HK\$231.5 million (2021: HK\$294.8 million), a year-on-year decline of 21.5%. Basic and diluted earnings per share were 13.61 HK cents (2021: 17.38 HK cents). The board of directors of the Company (the “Board”) does not recommend the payment of any interim dividend for the Period (2021: Nil).

According to the statistics of Hong Kong Exchanges and Clearing Limited (“HKEX”), the average daily turnover for the Period was approximately HK\$113.01 billion, representing a decrease of approximately 28.7% as compared with approximately HK\$158.54 billion for the same period of last year. In view of changes in 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 investors. The Group will continuously 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

Regardless of market conditions, the Group has always been dedicated to providing clients with more comprehensive, better quality and more professional services. As at the end of September 2022, the Group, together with the Central Head Office, all branches and “Bright Smart Mobile Teaching Centre” travelling around the Hong Kong Island, Kowloon and New Territories, 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 Group is committed to improving client service quality. Together with online client services, it allows investors to flexibly open accounts, deposit money, trade financial products, browse information and make inquiries without time and geographical restrictions, bringing convenience to clients. The Group’s proactive expansion successfully led to a steady growth in the total number of client accounts. During the Period, the number of new accounts reached 27,672 (after deducting the number of client accounts closed), increasing the total number of client accounts to 538,629, a growth of 5.4% as compared to 510,957 as at 30 September 2021. Besides, with the decline in the stock market, client assets (including cash, stocks and margins) as at 30 September 2022 decreased by 22.6% to approximately HK\$53.0 billion (30 September 2021: approximately HK\$68.5 billion).

REVENUE

During the Period, the Group recorded revenue of HK\$436.2 million (2021: HK\$566.5 million), a year-on-year drop of 23.0%. A summary of the Group's revenue by business divisions is set out below:

	Six months ended 30 September				
	2022		2021		Increment/ (decrement)
	<i>HK\$'000</i>	Proportion of total revenue %	<i>HK\$'000</i>	Proportion of total revenue %	
Revenue from:					
— Securities brokerage	166,273	38.1%	233,969	41.3%	(28.9%)
— Hong Kong futures and options brokerage	63,969	14.7%	58,220	10.3%	9.9%
— Global futures brokerage	60,104	13.8%	34,525	6.1%	74.1%
— Bullion trading	3,509	0.8%	3,918	0.7%	(10.4%)
— Leveraged foreign exchange trading	605	0.1%	1,296	0.2%	(53.3%)
— Stock option brokerage	7,147	1.6%	7,425	1.3%	(3.7%)
— IPO brokerage	2,096	0.5%	11,972	2.1%	(82.5%)
Interest income from IPO financing	236	0.1%	37,290	6.6%	(99.4%)
Interest income from margin financing	132,300	30.3%	177,908	31.4%	(25.6%)
	<u>436,239</u>	<u>100.0%</u>	<u>566,523</u>	<u>100.0%</u>	<u>(23.0%)</u>

Securities brokerage

The total turnover of securities on HKEX for the Period was HK\$13,899.8 billion, a year-on-year drop of 29.3% (2021: HK\$19,659.1 billion). The Group's commission income from securities brokerage was HK\$166.3 million (2021: HK\$234.0 million), a year-on-year decrease of 28.9%, and accounted for 38.1% (2021: 41.3%) of its total revenue.

Hong Kong futures and options brokerage

Hong Kong stocks fluctuated significantly, and the trading volume of futures market in Hong Kong has increased, benefiting the Group's commission income from Hong Kong futures and options brokerage. The trading volume of derivative contracts at the Hong Kong Futures Exchange Limited ("HKFE") was 80.7 million (2021: 62.7 million) during the Period, representing an increase of 28.7%. The Group posted commission income of HK\$64.0 million (2021: HK\$58.2 million) from Hong Kong futures and options brokerage for the Period, a year-on-year increase of 9.9%, accounting for 14.7% (2021: 10.3%) of its total revenue.

Global futures brokerage

During the year, the trading in global futures market was active due to the significantly fluctuated market condition. Under such circumstances, the commission income from global futures brokerage increased by 74.1% year-on-year to HK\$60.1 million (2021: HK\$34.5 million) during the Period, accounting for 13.8% (2021: 6.1%) of its total revenue.

IPO brokerage and IPO financing

Due to the significant contraction of the IPO financing market in Hong Kong this year, commission income from the Group's IPO brokerage business for the Period decreased by 82.5% to HK\$2.1 million as compared to that for the same period of last year (2021: HK\$12.0 million). Interest income from IPO financing also decreased by 99.4% correspondingly to HK\$236,000 (2021: HK\$37.3 million).

Margin financing

During the Period, the Group's average daily margin borrowings decrease by 36.7% to HK\$6.84 billion (2021: HK\$10.8 billion), interest income from margin financing amounted to HK\$132.3 million (2021: HK\$177.9 million), a year-on-year decrease of 25.6%, and accounted for 30.3% (2021: 31.4%) of the total revenue. The Group is committed to implementing effective credit control procedures to avoid any bad debts.

INVESTMENT LOSS

As at 30 September 2022, the Group held Hong Kong-listed securities and futures contracts as investments and the book value of equity and futures investments stood at HK\$54.3 million (31 March 2021: HK\$51.0 million). During the Period, the investment losses from financial assets at fair value through profit or loss were HK\$15.8 million (2021: loss of HK\$21.6 million).

OPERATING EXPENSES AND NET PROFIT MARGIN

The Group's operating expenses for the Period fell 15.8% year-on-year to HK\$263.7 million (2021: HK\$313.4 million), and with effective cost control, its net profit margin slightly increased to 53.0% (2021: 52.1%).

A breakdown of operating expenses is as follows:

	2022	2021	Increment/ (decrement)
	HK\$'000	HK\$'000	%
Staff cost	76,235	77,208	(1.3%)
Amortisation and depreciation	37,531	39,779	(5.7%)
Net charges for expected credit losses	1,149	845	36.0%
Finance costs	45,430	81,465	(44.2%)
Advertising and promotion expenses	7,233	11,279	(35.9%)
Auditors' remuneration	800	791	1.1%
Commission, handling and settlement expenses	51,948	59,077	(12.1%)
Information and communication expenses	23,122	20,826	11.0%
Rental, rates and building management fees	2,265	2,329	(2.7%)
Legal and professional fee	856	854	0.2%
Miscellaneous expenses	17,177	18,936	(9.3%)
	<u>263,746</u>	<u>313,389</u>	<u>(15.8%)</u>

FUTURE PLANS

The Group expects that the aftereffects of the Federal Reserve's interest rate hikes, the geopolitics, the RMB exchange rate and the pandemic prevent and control in mainland China will continue to affect Hong Kong in the fourth quarter of the year and the next year. These problems cannot be solved in a short time. It is not easy for Hong Kong to navigate a path when it is in the midst of these difficulties. The government previously proposed to mainland China the "reverse quarantine" plan that Hong Kong residents should complete their quarantine in Hong Kong before entry into mainland China, and then enter Shenzhen in the form of a closed-loop, with the quarantine facilities in Lok Ma Chau Loop as a pilot site. Currently, it is expected that the reopening of the border between Hong Kong and mainland China will begin with this plan. The global fight against the pandemic is coming to an end. Subject to economic recovery, getting Hong Kong to return to normality becomes an inevitable topic. If Hong Kong continues to stand still, its status of Hong Kong as an international financial center, which has been painstakingly established for many years, will be given away. It is imperative and urgent to fully reopen Hong Kong. Meanwhile, with the weak performance of stock in the year, Hong Kong lagged behind global active stock markets, stunning Hong Kong stock investors around the world. How to regain the lost ground? How to rebuild investors' confidence? Undoubtedly, it is necessary for government to work in hands with the Stock Exchange to come up with strategies to attract investors from all over the world to return to the Hong Kong stock market. A new policy indicates that Hong Kong will strive to attract talents, enterprises and foreign investment in the future. In the securities industry, competing for "talents, technology and capital" is the key to success. With a strong capital strength, the Group will definitely continue to be "people-oriented" in the future, strengthen its core financial technology and properly provide one-stop investment services online and offline, with an aim to become the best investment partner for global investors.

For many years, as a pioneer in financial technology in Hong Kong, the Group has long been aware that online trading of investors will certainly become the main trading method in the future, and saw the trend of investors' demand for transactions via mobile phones and information, as well as the concern of investors about cyber security. Therefore, each year, the Group invests huge resources to expand various online trading channels. The Group fully understands that investors must have stable and reliable trading channels to avoid "crash" during trading. Therefore, the Group has developed its trading system with a anti-disruption function. After opening an account, a customer will have access to four major trading systems, namely BS Securities (Baobao), Bright Smart Securities (MH), computer trading system (web version) and computer trading system (PC version). Customers can trade at any time via any of such trading systems. The above functions are pioneering in Hong Kong.

Moreover, the Group will regularly enhance the functions of the BS Baobao and BS Doudou apps and improve the speed of placing an order. Meanwhile, the Group will continuously optimise and improve the branch network and provide investors with professional and considerate investment services with the existing 14 outlets including Bright Smart Mobile Teaching Centre that travels across Hong Kong, covering all over Hong Kong Island, Kowloon and the New Territories. The Group will continue to identify sites at prime locations with high pedestrian traffic to set up new branches for sales network expansion. The Group also understands the principle of “sow in the off season, and harvest in the boom season”, therefore, regardless of adverse or favorable circumstances, the Group will hold regular job fairs to attract talents with potential, facilitating the enhancement of service quality as well as taking up the responsibility to nurture the next generation of elites for the industry.

In addition, to take up an important role in investors’ education, the Group became the first to launch a live streaming channel “Bright Smart Finance Channel”, through which it produces financial programmes on each trading day to provide investors with real-time information and answer their questions. Besides, various complimentary investment seminars and stock and futures investment simulation competitions will be organised. For instance, the Group partnered with HKEX, the Chicago Mercantile Exchange, the Singapore Exchange and other world-renowned stock exchanges, as well as renowned financial institutions and top industry experts to provide all investors in Hong Kong with comprehensive, reliable, latest and free wealth management information, online and offline, so as to enhance their knowledge about financial products and economic trends across the world and broaden their investment choices. The Group believes that investors’ education opportunities should be open for all. So there is a need to enhance the financial literacy of the public via different channels and assist them in developing good wealth management habits and investment behaviours.

Developing diversified global financial products

The Group has found that investors have growing interest in global financial products by regularly conducting public opinion surveys and client data analysis. In view of this, it constantly innovates to provide more diversified investment 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, HKEX’s USD Gold Futures, leveraged foreign exchange products, iron ore futures, IPO share subscription and margin financing. It will continuously seek and broaden the scope of global investment products so as to cater to the needs of different clients. In the

year, the market conditions of Hong Kong stocks continuously fluctuated with unclear prospects and the continuously sluggish turnover. However, futures trading was very popular, with increasing turnover. In light of this, Bright Smart expanded its achievements by launching “one for five” account for futures, allowing investors to trade in Hong Kong futures products with a margin of 20%, which is a piece of great news for futures investors. Since the launch in June, it has been gaining popularity among investors with enthusiastic response.

Promoting digital investment services

As the Group took the lead in anticipating that the development of fintech will change the investment habits of its clients, it engages in digitalising investment services early by making substantial investments and spending half year in developing two mobile trading apps, namely BS Securities (Baobao) and BS Futures (Doudou). They are equipped with AI 3.0 features (such as behavioural authentication, shareholding 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 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 notifications of real time information. In addition, as the Group saw clients have increasing interest in and more understanding of the US stocks, leading to a significant increase in trading volume in the US stock market, it added the function of pre-market trading of the US stocks to BS Securities (Baobao) app to enable clients to trade the US stocks earlier than 4pm, Hong Kong time. Moreover, in order to bring investors closer to the global market, the Group launched “24-hour Electronic Direct Debit Authorisation (eDDA) Service” approved by the Hong Kong Monetary Authority with renowned banks in Hong Kong. This service allows clients to deposit money and trade stocks and futures anytime and anywhere regardless of time differences and Hong Kong holidays restrictions after going through a simple registration procedure with any bank account on Baobao and Doudou apps, showcasing a breakthrough from the industry tradition.

The Group kept pace with the times and invested a substantial amount of money to constantly upgrade existing hardware and software. This enhanced clients’ confidence in the brands, services and trading systems of the Group. It has won the praises from the industry and media. The Group has won numerous awards over the years. In the year, the Group won seven “tops” rated by HKEX. Specifically, the Group once again won five “Top Broker” awards, including “Top Broker — Listed Bond Market, Top Broker — Equity Index Futures & Options, Top Broker — Stock Futures & Options, Top Broker — Weekly Index Options, Top Active Trader — Futures & Options — After-Hours Trading.” The Group also won two

awards, namely the Top Breakthrough Exchange Participant — L&I Product Turnover and the Top Breakthrough Broker — MSCI Taiwan Index Futures & Options. The number of awards won by the Group hit a record high. The Group has gained a lot in the above awards ceremonies for three consecutive years, and has been the broker with the largest number of awards, outperforming other brokers, reflecting its extraordinary strength. Meanwhile, the Group was awarded the “Excellent Brand in Greater China” by East Week, being the only securities trader to win such award. In the year, Baobao and Doudou apps, two popular mobile apps of the Group, once again won the “Outstanding One-Stop Mobile Application for Securities and Futures Trading” by The Chamber of Hong Kong Computer Industry and Metro Broadcast, in recognition of their outstanding performance, fully proving that the Group’s online trading systems are fast, stable, safe and reliable, and has been widely trusted and welcomed by customers.

Enhancing online trading security

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

Therefore, the Group has invested plentiful resources in improving the efficiency and capacity of its online trading systems to meet clients’ needs. In order to offer more convenient and stable online trading platforms, the Group has also made huge investment in improving 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. In terms of network security, the Group has used the two-factor authentication as a security measure in all trading systems. The move is in response to regulatory requirements and therefore, it has been recognised in network security and enables clients to feel safe and secured when trading.

Furthermore, when clients log into the trading systems via different electronic channels for the first time each day, or once the placed orders are completed, the Group will automatically send an email through its computer system or deliver a push message on Baobao and Doudou apps to notify the clients, so as to ensure that clients clearly understand the status of their personal accounts and trading systems. 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 strengthen client education on online trading security and enhance their awareness and skills of risk prevention.

Conclusion

The Group, with the “client-oriented and service-first” philosophy and the “value-for-money and fast” market positioning, adopted both competitive and conservative strategies at the moment. 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 keep brand exposure, attracting more investors from Hong Kong and mainland China to open accounts and trade products through the Group. As the Group will continuously optimise all kinds of online order placement channels and always pay attention to clients’ needs for trading systems, some of its branches cover an area that can be regarded as comprehensive. In the future, the Group will further optimise its branch network, actively look for potential locations to establish new footholds, and reach a wider range of target clients, in order to expand its market share and strengthen its brand competitiveness.

The Group’s present achievements 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 care 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 mainly financed by shareholders’ equity, cash generated from operations and bank borrowings.

The Group maintained a strong cash position with total bank deposits, bank balances and cash amounted to HK\$570.7 million as at 30 September 2022 (31 March 2022: HK\$524.7 million). The Group had total bank borrowings of HK\$4,255.0 million as at 30 September 2022 (31 March 2022: HK\$5,162.2 million) which bore interest primarily at floating rates. The bank borrowings were primarily collateralised by its margin clients’ securities pledged to the Group. As at 30 September 2022, unutilised banking facilities amounted to HK\$17,825.1 million (31 March 2022: HK\$16,048.8 million). The Group’s gearing ratio (total bank borrowings excluding IPO financing divided by the total shareholders’ equity) was 168.0% (31 March 2022: 208.9%). As at 30 September 2022, the net current assets of the Group increased by 3.8% to HK\$2,384.2 million (31 March 2022: HK\$2,296.3 million). As at 30 September 2022, the Group’s current ratio (current assets divided by current liabilities) was 1.4 times (31 March 2022: 1.3 times).

CAPITAL MANAGEMENT

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 each of the subsidiaries maintains liquidity adequate to support the level of activities with a sufficient buffer to accommodate potential increases in the level of business activities. During the Period, all the licensed subsidiaries have complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules (“FRR”).

CHARGES ON ASSETS

None of the Group’s assets were subject to any charges as at 30 September 2022 and 31 March 2022.

CONTINGENT LIABILITIES

As at the end of the Period, corporate guarantees provided by the Company in respect of banking facilities granted by authorised institutions to its subsidiaries engaging in securities and futures brokerage amounted to HK\$16,492.8 million (31 March 2022: HK\$15,724.5 million). As at 30 September 2022, the subsidiaries of the Company have utilised HK\$3,525.0 million of these aggregate banking facilities (31 March 2022: HK\$4,063.7 million).

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 credit risk is monitored on an ongoing basis.

In respect of amounts due from clients, individual credit evaluations are performed on all clients (including cash and margin clients) based on the underlying collaterals. Cash clients are required to place deposits as prescribed in the Group’s credit 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 recoverable, and in view of 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 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 have 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 it 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 ensuring compliance with FRR. The Group's policies are to regularly monitor its liquidity requirement and its compliance with loan covenants, and to ensure that it maintains sufficient cash reserves 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 to 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 bank deposits, and financial liabilities, such as bank loans and amount due to a related company, bear interest primarily at floating rates. The interest-bearing assets and liabilities, such as margin loans and bank loans, are mainly priced based on HIBOR rate. The Group mitigates its interest rate risk by monitoring market interest rate movements and revising the interest rates offered to its customers on an ongoing basis in order to limit potential adverse effects of interest rate movements on net interest income. The Group regularly calculates the impact on profit or loss of a possible interest rate shift on its portfolio of bank borrowings, margin loans receivable and interest-bearing bank deposits.

Foreign currency risk

The Group is exposed to currency risk primarily arising from financial instruments that are denominated in United States dollars (“USD”), Renminbi (“RMB”), Australian dollars, Singapore dollars, Japanese Yen and British pound. 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 other currencies, 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 foreign currency positions on a daily basis.

Price risk

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

The Group’s equity investments are listed on HKEX while its investment in futures contracts are traded on HKFE. Listed investments held in the portfolio of financial assets at fair value through profit or loss 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group had a work force of 217 employees (31 March 2022: 262 employees). 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, competitive, and in line with market trends. The Group has put in place a bonus scheme for its executives and employees in order to provide competitive remuneration packages 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 skills and personal effectiveness.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to ensuring high standards of corporate governance practices. During the Period, the Company fully complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 14 to the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).

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. The Company has made specific enquiry with each Director and has confirmed that all the Directors have fully complied with the required standard set out in the Model Code during the Period.

REVIEW OF INTERIM FINANCIAL INFORMATION

The principal duties of the Audit Committee of the Company include the review and supervision of the financial reporting processes and internal control procedures of the Company. The Audit Committee, together with the external auditor of the Group, KPMG, had reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters concerning the unaudited consolidated results of the Group for the six months ended 30 September 2022 and the review of this interim report.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at <https://www.hkexnews.hk> and the website of the Company at <https://www.bsgroup.com.hk>. The Interim Report 2022/23 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, 25 November 2022

As at the date of this announcement, the Board comprises Mr. Yip Mow Lum (Chairman), Mr. Hui Yik Bun (Chief Executive Officer), 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.