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 2024

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 2024 (the "Year") together with the comparative figures for the year ended 31 March 2023 (the "Prior Year") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024
(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Revenue	*4*	**846,218**	881,733
Other income			
— Interest income calculated using effective interest rate method	*5*	**294,685**	196,721
— Interest income calculated using other method	*5*	**40,528**	36,481
— Others	*5*	**74,762**	92,955
Other net loss	*6*	**(19,971)**	(8,674)
		1,236,222	1,199,216
Staff costs	*7(b)*	**(139,415)**	(120,120)
Amortisation and depreciation		**(66,416)**	(74,488)
Net charges for expected credit losses		**(1,272)**	(752)
Other operating expenses	*7(c)*	**(164,216)**	(197,459)

	Note	2024 $'000	2023 $'000
Profit from operations		**864,903**	806,397
Finance costs	*7(a)*	**(259,855)**	(114,202)
Profit before taxation	*7*	**605,048**	692,195
Income tax	*8*	**(46,206)**	(71,600)
Profit for the year		**558,842**	620,595
Other comprehensive income for the year:			
Items that may be reclassified subsequently to profit or loss			
— Exchange reserve		**(333)**	285
Total comprehensive income attributable to equity shareholders for the year		**558,509**	620,880
Earnings per share			
Basic (cents)	*9*	**32.93**	36.56
Diluted (cents)	*9*	**32.93**	36.56

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024
(Expressed in Hong Kong dollars)

	Note	**2024**	2023
		$'000	*$'000*
Non-current assets			
Property, plant and equipment		**112,094**	88,667
Intangible assets		**5,783**	5,783
Deferred tax assets		**3,761**	801
Other receivables, deposits and prepayments		**15,530**	2,941
Other assets		**55,239**	41,843
Total non-current assets		**192,407**	140,035
Current assets			
Accounts receivable	*11*	**6,349,686**	6,971,713
Other receivables, deposits and prepayments		**20,338**	36,914
Financial assets at fair value through profit or loss		**51,578**	66,012
Financial assets at amortised cost		**162**	943
Tax recoverable		**23,010**	9,222
Cash and cash equivalents		**441,275**	504,531
Total current assets		**6,886,049**	7,589,335

	Note	2024 $’000	2023 $’000
Current liabilities			
Accounts payable	*12*	**1,702,548**	1,464,115
Accrued expenses and other payables		**47,595**	51,648
Bank loans	*13*	**3,775,000**	4,409,000
Lease liabilities		**50,789**	54,322
Current taxation		**1,499**	6,718
Total current liabilities		**5,577,431**	5,985,803
Net current assets		**1,308,618**	1,603,532
Total assets less current liabilities		**1,501,025**	1,743,567
Non-current liabilities			
Accrued expenses and other payables		**7,640**	608
Lease liabilities		**49,110**	8,545
Total non-current liabilities		**56,750**	9,153
NET ASSETS		**1,444,275**	1,734,414
EQUITY			
Share capital		**509,189**	509,189
Share premium		**388,020**	738,020
Exchange reserve		**—**	333
Merger reserve		**(20,000)**	(20,000)
Retained profits		**567,066**	506,872
TOTAL EQUITY		**1,444,275**	1,734,414

Notes:

1 MATERIAL 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 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. Material 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

(i) New and amended HKFRSs

The HKICPA has issued a number of new HKFRS and amendments to HKFRSs that are first effective for the current accounting period of the Group as follows:

— HKFRS 17, "*Insurance contracts*"

— Amendments to HKAS 8, "*Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*"

— Amendments to HKAS 1, "*Presentation of financial statements*" and HKFRS Practice Statement 2, "*Making materiality judgements: Disclosure of accounting policies*"

— Amendments to HKAS 12, "*Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*"

— Amendments to HKAS 12, "*Income taxes: International tax reform — Pillar Two model rules*"

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 annual report.

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

(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. However, it did not have a material impact on either the consolidated-level or company-level statement of financial position as at 31 March 2024 and 2023.

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

	2024			
	Securities broking *$'000*	**Commodities and futures broking** *$'000*	**Bullion trading** *$'000*	**Total** *$'000*
Revenue from customers:				
— Brokerage commission	**244,963**	**201,675**	**—**	**446,638**
— Dealing income	**—**	**—**	**6,284**	**6,284**
— Interest income from margin financing	**391,994**	**—**	**—**	**391,994**
— Interest income from IPO financing	**1,015**	**—**	**—**	**1,015**
Reportable segment revenue	**637,972**	**201,675**	**6,284**	**845,931**
Interest income from cash clients	**40,528**	**—**	**—**	**40,528**
Other interest income	**240,436**	**53,128**	**171**	**293,735**
Handling and settlement fees	**62,528**	**35**	**—**	**62,563**
Reportable segment profit (EBIT)	**725,705**	**123,562**	**3,783**	**853,050**
Amortisation and depreciation for the year	**(12,566)**	**—**	**—**	**(12,566)**
Finance costs	**(286,223)**	**(26)**	**—**	**(286,249)**
Additions to non-current segment assets during the year	**1,912**	**—**	**—**	**1,912**
Reportable segment assets	**6,999,067**	**958,205**	**21,122**	**7,978,394**
Reportable segment liabilities	**(5,429,811)**	**(628,198)**	**(9,271)**	**(6,067,280)**

	2023			
	Securities broking	Commodities and futures broking	Bullion trading	Total
	$'000	*$'000*	*$'000*	*$'000*
Revenue from customers:				
— Brokerage commission	348,578	250,032	—	598,610
— Dealing income	—	—	4,876	4,876
— Interest income from margin financing	276,863	—	—	276,863
— Interest income from IPO financing	777	—	—	777
Reportable segment revenue	626,218	250,032	4,876	881,126
Interest income from cash clients	36,481	—	—	36,481
Other interest income	168,229	28,468	—	196,697
Handling and settlement fees	76,169	23	—	76,192
Reportable segment profit (EBIT)	655,117	141,301	2,355	798,773
Amortisation and depreciation for the year	(17,229)	(2)	—	(17,231)
Finance costs	(132,927)	(1)	—	(132,928)
Additions to non-current segment assets during the year	15,306	—	—	15,306
Reportable segment assets	6,986,752	992,403	29,152	8,008,307
Reportable segment liabilities	(5,599,447)	(535,710)	(10,491)	(6,145,648)

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

	2024	2023
	$'000	*$'000*
Revenue		
Reportable segment revenue	**845,931**	881,126
Elimination	**(483)**	(341)
Unallocated corporate revenue	**770**	948
Consolidated revenue	**846,218**	881,733
Profit		
Reportable segment profit (EBIT)	**853,050**	798,773
Finance costs	**(259,855)**	(114,202)
Unallocated corporate income	**138,132**	117,481
Unallocated corporate expenses	**(126,279)**	(109,857)
Consolidated profit before taxation	**605,048**	692,195
Assets		
Reportable segment assets	**7,978,394**	8,008,307
Elimination	**(1,067,561)**	(404,685)
Unallocated corporate assets	**167,623**	125,748
Consolidated total assets	**7,078,456**	7,729,370
Liabilities		
Reportable segment liabilities	**(6,067,280)**	(6,145,648)
Elimination	**1,143,544**	1,168,476
Unallocated corporate liabilities	**(710,445)**	(1,017,784)
Consolidated total liabilities	**(5,634,181)**	(5,994,956)

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:

	2024	2023
	$'000	*$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Brokerage commission	**446,155**	598,269
Revenue from other sources		
Dealing income from bullion trading	**6,284**	4,876
Dealing income from leveraged foreign exchange trading	**770**	948
Interest income from financial assets carried at FVPL		
— Margin clients	**391,994**	276,863
— Subscriptions of news shares in IPO	**1,015**	777
	400,063	283,464
	846,218	881,733

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

	2024	2023
	$'000	*$'000*
Interest income from		
Financial assets carried at amortised cost		
— Authorised institutions	**276,443**	188,762
— Others	**18,242**	7,959
	294,685	196,721
Financial assets carried at FVPL		
— Cash clients	**40,528**	36,481
	335,213	233,202
Handling and settlement fees	**62,563**	76,192
Dividend income	**2,205**	2,083
Government grants	**37**	2,585
Sundry income	**9,957**	12,095
	409,975	326,157

6 OTHER NET LOSS

	2024	2023
	$'000	*$'000*
Realised (loss)/gain from		
— Financial assets at fair value through profit or loss	**(849)**	1,466
Unrealised loss from		
— Financial assets at fair value through profit or loss	**(14,269)**	(4,755)
	(15,118)	(3,289)
Net foreign exchange loss	**(4,494)**	(4,356)
Loss on disposals of property, plant and equipment	**(18)**	(69)
Error trades arising from dealings	**(13)**	(12)
Others	**(328)**	(948)
	(19,971)	(8,674)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2024	2023
	$'000	*$'000*
(a) Finance costs		
Interest expenses on		
— Bank loans for IPO financing	**—**	106
— Other bank loans	**240,811**	104,608
— Lease liabilities	**1,821**	1,444
— Others	**17,223**	8,044
	259,855	114,202
(b) Staff costs		
Salaries, allowances and benefits in kind	**99,933**	103,317
Discretionary bonuses	**36,459**	13,454
Contributions to Mandatory Provident Fund	**3,023**	3,349
	139,415	120,120
(c) Other operating expenses		
Advertising and promotion expenses	**11,640**	15,057
Auditors' remuneration	**1,805**	1,768
Commission, handling and settlement expenses	**74,266**	97,239
Information and communication expenses	**38,864**	44,721
Legal and professional fees	**2,075**	1,785
Operating lease payments — property rentals	**—**	87
Rates and building management fees	**5,851**	4,946
Miscellaneous expenses	**29,715**	31,856
	164,216	197,459

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	2024	2023
	$'000	*$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**49,165**	70,598
Under/(over)-provision in respect of prior years	**1**	(17)
	49,166	70,581
Deferred tax		
Origination and reversal of temporary differences	**(2,960)**	1,019
Total tax charge for the year	**46,206**	71,600

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 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 2023.

The provision for Hong Kong Profits Tax for 2024 is taken into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2023–24 subject to a maximum reduction of $3,000 for each business (2023: a maximum reduction of $6,000 was granted for the year of assessment 2022–23 and was taken into account in calculating the provision for 2023).

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

	2024	2023
	$'000	*$'000*
Profit before taxation	**605,048**	692,195
Notional tax on profit before taxation calculated at the rates applicable to profits in the countries concerned	**99,668**	114,058
Tax effect of non-deductible expenses	**4,808**	2,246
Tax effect of non-taxable revenue	**(55,199)**	(43,617)
Tax effect of unused tax losses not recognised	**987**	272
Utilisation of tax loss previously not recognised	**(9)**	(25)
Under/(over)-provision in respect of prior years	**1**	(17)
Others	**(4,050)**	(1,317)
Total tax charge for the year	**46,206**	71,600

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.

	2024	2023
Earnings		
Profit for the year attributable to owners of the Company *($'000)*	**558,842**	620,595
Number of shares		
Weighted average number of ordinary shares in issue *(in thousands)*	**1,697,296**	1,697,296
Basic earnings per share *(cents)*	**32.93**	36.56

Diluted earnings per share

There was no dilutive potential ordinary share during the year (2023: 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:

	2024	2023
	$'000	*$'000*
Final dividend proposed of 33.0 cents (2023: 50.0 cents) per ordinary share for a total of 1,697,296,308 issued shares in 2024 (2023: 1,697,296,308 issued shares) by the Group	**560,108**	848,648
Special dividend paid of 70.0 cents per ordinary share for a total of 1,697,296,308 issued shares in 2023	**—**	1,188,107

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:

	2024	2023
	$'000	*$'000*
Final dividend in respect of previous financial year, approved and paid during the year, of 50.0 cents (2023: 10.0 cents) per ordinary share for a total of 1,697,296,308 issued shares in 2024 (2023: 1,697,296,308 issued shares)	**848,648**	169,730

11 ACCOUNTS RECEIVABLE

	2024	2023
	$'000	*$'000*
Accounts receivable from:		
— Clearing houses	**876,687**	857,424
— Brokers and dealers	**297,021**	267,855
Less: Loss allowance	**(2,053)**	(2,011)
Financial assets measured at amortised cost	**1,171,655**	1,123,268
Accounts receivable from:		
— Cash clients	**368,470**	382,430
— Margin clients	**4,809,561**	5,466,015
Financial assets measured at FVPL	**5,178,031**	5,848,445
	6,349,686	6,971,713

(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:

	2024	2023
	$'000	*$'000*
Current	**37,418**	47,804
Less than 1 month	**146,697**	142,317
1 to 3 months	**49,293**	118,071
More than 3 months	**135,062**	74,238
	331,052	334,626
	368,470	382,430

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 2024, the total market value of their portfolios of securities was $2,091,511,000 (2023: $2,176,486,000).

Margin clients are required to pledge securities as 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 31 March 2024, margin loans due from margin clients were current and repayable on demand except for $197,000 (2023: $166,000) where the margin loans were past due. $49,000 (2023: $5,000) were past due for less than 1 month. $1,000 (2023: $7,000) were past due for 1 to 3 months. $3,000 (2023: $34,000) were past due for 3 months to 1 year. $144,000 (2023: $120,000) were past due for over 1 year following the trading suspension of the pledged securities. At 31 March 2024, the total market value of securities pledged as collateral in respect of the loans to borrowing margin clients and all margin clients were $11,340,040,000 and $19,883,253,000 respectively (2023: $13,431,769,000 and $22,710,446,000 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.

(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.

12 ACCOUNTS PAYABLE

	2024	2023
	$'000	*$'000*
Accounts payable		
— Cash clients	**233,369**	447,948
— Margin clients	**934,506**	892,294
— Clearing houses	**129,411**	1,288
— Brokers	**405,262**	122,585
	1,702,548	1,464,115

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

No ageing analysis in respect of accounts payable is disclosed as the ageing analysis does not give additional value in view of the business nature.

13 BANK LOANS

	2024	2023
	$'000	*$'000*
Secured loans		
— Bank loans	**3,175,000**	3,465,000
Unsecured loans		
— Bank loans	**600,000**	944,000
	3,775,000	4,409,000

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 2024 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 $3,175,000,000 (2023: $3,465,000,000). The fair value of the collateral re-pledged to banks as at 31 March 2024 amounted to $5,933,698,000 (2023: $7,155,583,000).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The global market was an ever-changing landscape when looking back on this year. Although the three-year COVID-19 pandemic has finally come to an end, its aftermath, hidden worries and unforeseen effects have really worried the governments of various countries. The supply chains of many countries were interrupted during the pandemic, causing costs to rise in all sectors and resources to be stretched thin, resulting in soaring prices and worsening the inflation problem. In order to suppress the unprecedented inflation, the U.S. had no alternatives but to raise interest rates continuously to curb it. The persistently high interest rates did, on the surface, alleviate the inflation, but behind the scenes, there was an impact on banks' lending business due to the high interest rates and therefore a significant adjustment in the prices of various types of bonds, or even default. In particular, the situation was relatively serious in the case of Mainland real estate corporate bonds, causing series of bond defaults, and governments became cautious about the economic outlook as they worried about recurrence of the Lehman Brothers incident in 2008. Moreover, misfortunes never come single, not only that the war between Russia and Ukraine, which had been raging for a long period of time, seems to have no sign of a ceasefire, but also the Middle East issue, which has been a source of frustration for global investors for nearly half a century, has become tense with the sudden collapse of the Iran-Iraq relations at the beginning of this year, and has driven the gold price to a high level amidst all the political uncertainty. Also, the energy prices showed no signs of decline in the midst of war, therefore adding to the headwinds of a recovering global economy.

The overall economy of Hong Kong has been plunged into an unprecedented predicament and the path to economic recovery after the pandemic has not been as smooth as expected at all since the Hong Kong government officially announced the full lifting of all pandemic prevention measures and the resumption of more commercial and economic activities, and the opportunities presented in the reopening of the border between Mainland China and Hong Kong have not been as satisfactory as expected. The inflation problem in Hong Kong has continued to worsen as a result of the persistently high interest rates. The catering and retail industries, which have all along been playing an important role in Hong Kong's economy, have seen a continuous wave of close-down due to rising costs and high rents, as well as the trend of Hong Kong people's northbound spending spree, resulting in vacant commercial buildings and shops everywhere. As for the property market which has always been supporting Hong Kong economy, the property prices have once undergone deep downward adjustments due to persistently high interest rates in Hong Kong which was caused by the successive interest rate hikes in the United States, resulting in an increase in the interest cost of mortgage repayment, coupled with the recession in all industries. Despite the fact that the Hong Kong government has decided to revoke the harsh measures on the property market with repeated urge from the public, it is yet to be tested by time as to whether it can really salvage the persistently weak property market or whether it is just a temporary reversal of the downward trend. However, with the uncertain global economic and geopolitical outlook, the risk appetite for corporate investment, business expansion and personal consumption is expected to remain conservative in the near future.

The relationship between China and the U.S. has always been the biggest global concern over the past decade. On many issues such as policies, economy and geopolitics, there are serious disputes between China and the U.S.. Joe Biden, the current President of the U.S., has not improved relations between the two countries during his term of office but rather escalating the sanctions against China. He has been more assertive than his predecessor on trade and technology issues, as evidenced by the Douyin and chip issues alone, showing that he is a trouble maker, and he has even repeatedly signed executive orders restricting U.S. companies from investing in key areas of the Chinese and Hong Kong economy, creating unnecessary friction and disputes between the two sides. As for geopolitics, the Taiwan Question, the Indo-Pacific strategy, and the Korean Peninsula all have been highly controversial issues in recent years. It is believed that the relations between China and the U.S. will never be improved unless the U.S. side changes its provocative behavior. Given these problems, if any should go wrong, the global economy will be affected, and Hong Kong is not immune.

The Hong Kong securities market faced unprecedented difficulties during the Year. The Hang Seng Index, in the absence of capital inflow, dipped below 15,000 points to as low as 14,794 points, and even hit a 14-month low, which was even worse than the most severe situation in the pandemic; and the continued weakness of the Hong Kong stock market had led to the continuous shrinkage of turnover. Besides the fact that the investment atmosphere in Hong Kong was not at all conducive and turnover has not improved, the Hang Seng Index even recorded sluggish data in the previous year. Apart from the fact that the United States and Japan markets has already exceeded far ahead in terms of the trend, even the Taiwan stock market, which has all along been regarded as a non-dominant market, has also overtaken the Hang Seng Index in terms of the number of points, and the Hong Kong market, which has all along been ranked in the top three in the world in terms of IPOs, was even squeezed out of the top five last year and could only be placed in the sixth place, unfortunately being surpassed by India, which is not an encouraging situation at all.

Hong Kong stocks continue to be in dire straits because, in addition to the continued weakness of the Renminbi exchange rate amidst the prolonged high interest rate in the United States, Hong Kong stocks, which have all along been relying on the southbound capital from the Mainland China to further strengthen it, are obviously deprived of an important source of support; the chain of problems fermenting in the domestic housing market in the Mainland China has led to a lot of uncertainties about the economic growth rate of various provinces and municipalities. Moreover, with the United States repeatedly imposing unjustified and unnecessary sanctions on China, the foreign investments in the Hong Kong stocks market and Mainland China stocks market have also dropped drastically in terms of intensity and willingness last year to a record low level that has never been seen before. The securities industry in Hong Kong is facing unprecedented difficulties in its operation under the adverse internal and external circumstances. According to the information from HKEX, more than 40 securities firms have closed down between January 2023 and the end of March 2024, and it is believed that the problem of closure of securities firms will continue in view of the uncertain outlook.

OPERATIONAL RESULTS

The Board announces that the Group recorded revenue of HK$846.2 million (2023: HK$881.7 million) for the Year, representing a decrease of 4.0% compared to that for the Prior Year despite market adversity. Net profit after tax attributable to shareholders amounted to HK$558.5 million (2023: HK$620.9 million) representing a decrease of 10.0% as compared to that for the Prior Year. Earnings per share for the Year was 32.93 HK cents (2023: 36.56 HK cents). In contrast, according to the statistics of HKEX, the aggregate turnover of the market for the Year was approximately HK $23,781.7 billion, representing a drop of approximately 19.6% as compared to the aggregate turnover of approximately HK$29,586.1 billion in the Prior Year, demonstrating that the Group's profitability outperformed the market.

In addition to the long term support and trust of our customers and shareholders, the Group's earnings have been able to remain resilient under the fluctuating economy in Hong Kong during the Year. Therefore, the Board recommends the payment of a final dividend of 33.00 HK cents (2023: 50.00 HK cents) per share for the Year to express gratitude to shareholders for their continued support over the years. The Board believes that the payment of the final dividend will not have any adverse effect on the underlying assets, business, operations, financial position or cash flows of the Group.

TOTAL NUMBER OF CLIENT ACCOUNTS AND ASSETS

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 customers demand for financial technology. With continuous improvement of their performance and remarkable results, since its launch, the apps successfully drew hundreds of thousands of downloads by customers. The Group will continue to invest substantial resources and 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.

The Group has made constant progress over the years, and has invested a lot of resources regardless of market conditions to provide clients with more comprehensive, high-quality and more professional services. As at the end of March 2024, the Group, together with the Central Head Office and all branches and "Bright Smart Mobile Teaching Centre", had a total of 13 outlets, covering the core areas of Hong Kong, some of which operate 7 days a week, breaking the industry tradition, to improve the quality of client service and bring convenience to our 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 14,813, increasing the total number of client accounts to 562,555, representing a growth of 2.7% as compared to 547,742 as at 31 March 2023. Client assets (including cash, stocks and margin deposits) recorded on 31 March 2024 decreased by 14.2% to approximately HK$50.2 billion (31 March 2023: approximately HK$58.5 billion).

REVENUE

During the Year, the Group recorded revenue of HK$846.2 million (2023: HK$881.7 million), representing a decrease of 4.0% 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				
	2024		2023		
		Proportion of total revenue		Proportion of total revenue	Increment/ (decrement)
	HK$'000	**%**	*HK$'000*	%	%
Revenue from：					
— Securities brokerage	**231,898**	**27.4%**	331,551	37.6%	(30.1%)
— Hong Kong futures and options brokerage	**121,880**	**14.4%**	135,206	15.3%	(9.9%)
— Global futures brokerage	**79,312**	**9.4%**	114,485	13.0%	(30.7%)
— Bullion trading	**6,284**	**0.8%**	4,876	0.5%	28.9%
— Leveraged foreign exchange trading	**770**	**0.1%**	948	0.1%	(18.8%)
— Stock option brokerage	**12,055**	**1.4%**	14,641	1.7%	(17.7%)
— IPO brokerage	**1,010**	**0.1%**	2,386	0.3%	(57.7%)
Interest income from IPO financing	**1,015**	**0.1%**	777	0.1%	30.6%
Interest income from margin financing	**391,994**	**46.3%**	276,863	31.4%	41.6%
	846,218	**100.0%**	881,733	100.0%	(4.0%)

Securities brokerage

The total turnover of securities on HKEX for the Year was HK$23,781.7 billion, representing a year-on-year decrease of 19.6% (2023: HK$29,586.1 billion). Commission income from the Group's securities brokerage business amounted to HK$231.9 million (2023: HK$331.6 million) and accounted for 27.4% (2023: 37.6%) of the total revenue, representing a decrease of 30.1% as compared with the Prior Year.

Hong Kong futures and options brokerage

The number of derivative contracts traded on the Hong Kong Futures Exchange Limited ("HKFE") for the Year increased by 5.6% to 189.0 million (2023: 179.0 million). The commission income from the Group's Hong Kong futures and options brokerage decreased by 9.9% to HK$121.9 million for the Year as compared to that for the Prior Year (2023: HK$135.2 million), accounting for 14.4% (2023: 15.3%) of the total revenue.

Global futures brokerage

As investment sentiment has declined due to the unstable external environment, commission income from global futures brokerage for the Year decreased by 30.7% to HK$79.3 million as compared to that for the Prior Year (2023: HK$114.5 million), accounting for 9.4% (2023: 13.0%) of the total revenue.

Stock options brokerage

Commission income from the Group's stock options brokerage for the Year decreased by 17.7% to HK$12.1 million as compared to that for the Prior Year (2023: HK$14.6 million), accounting for 1.4% (2023: 1.7%) 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.

IPO brokerage and IPO financing

Given the uncertainties in the global market, the persistently high interest rate environment in the U.S., as well as the conflicts between the two major powers, namely, China and the U.S., which have been escalating in recent years, and the frequent occurrence of sanctions against each other; As a result, the sluggishness of the Hong Kong stock market has been fully exposed and the investment atmosphere is believed to be the worst since Hong Kong's return, and with the shrinking turnover of active market trading, the Hong Kong new stock market, which used to be the most powerful one in the world, has also become gloomy and dull. According to HKEX statistics, the number of new listings in Hong Kong stock market continued to decline in 2023, with 73 companies successfully listed in Hong Kong in 2023, hitting a record low since 2014 and a decrease of more than 60% compared to the peak number of IPOs in 2018; the total amount of IPO proceeds raised in 2023 was approximately HK$46.29 billion, representing a sharp decrease of nearly 55.8% year-on-year and reaching a record low since 2013, with a dramatic drop. It is not uncommon for the share price to fall through below issue price on the first day of listing, and overall investor sentiment towards subscriptions of new shares in IPOs has fallen to a low point. Commission income from the Group's IPO brokerage business for the Year decreased by 57.7% to HK$1.0 million as compared to that for the Prior Year (2023: HK$2.4 million). Interest income from IPO financing increased by 30.6% correspondingly to HK$1.0 million (2023: HK$0.8 million).

Margin financing

During the Year, the Group's average daily margin lending decreased by 9.8% to HK$5.43 billion (2023: HK$6.02 billion). Driven by the rise in Hong Kong Interbank Offered Rate ("HIBOR"), the Group's interest income from margin financing amounted to HK$392.0 million (2023: HK$276.9 million), representing a year-on-year increase of 41.6%, and accounting for 46.3% (2023: 31.4%) of the total revenue. The Group implements effective credit control procedures to avoid any bad debts.

PERFORMANCE OF PROPRIETARY INVESTMENTS

The Group held Hong Kong-listed securities, bonds and futures contracts as investments during the Year. As at 31 March 2024, the book value of investment portfolio stood at HK$51.7 million (2023: HK$67.0 million), which included Hong Kong-listed securities amounted to HK$51.6 million (2023: HK$66.0 million). During the Year, the investment loss from financial assets at fair value through profit or loss was HK$15.1 million (2023: loss of HK$3.3 million).

OPERATING EXPENSES AND NET PROFIT MARGIN

The operating expenses of the Group for the Year increased by 24.5% to HK$631.2 million as compared to that for the Prior Year (2023: HK$507.0 million), and net profit margin of the Group slightly decreased to 66.0% (2023: 70.4%).

A breakdown of operating expenses is as follows:

	2024	2023	Increment／(decrement)
	HK$'000	*HK$'000*	%
Staff cost	**139,415**	120,120	16.1%
Amortisation and depreciation	**66,416**	74,488	(10.8%)
Net charges for expected credit losses	**1,272**	752	69.1%
Finance costs	**259,855**	114,202	127.5%
Advertising and promotion expenses	**11,640**	15,057	(22.7%)
Auditors' remuneration	**1,805**	1,768	2.1%
Commission, handling and settlement expenses	**74,266**	97,239	(23.6%)
Information and communication expenses	**38,864**	44,721	(13.1%)
Rental, rates and building management fees	**5,851**	5,033	16.3%
Legal and professional fee	**2,075**	1,785	16.2%
Miscellaneous expenses	**29,715**	31,856	(6.7%)
	631,174	507,021	24.5%

OUTLOOK

It is undeniable that Hong Kong has always been backed by its motherland, both economically and geographically, and has been able to get out of its predicament many times over the years thanks to its motherland's aids. Since last year, the Chinese Government has repeatedly introduced measures to salvage the economy and has even introduced numerous policies. The People's Bank of China has repeatedly lowered the reserve requirement ratio in the hope of revitalizing the liquidity of capital in the market, thereby further stimulating the investment needs of enterprises and the willingness of residents to spend money, and assisting the real estate market in accelerating the stabilization, laying the foundation for a solid and pragmatic economic operation, as well as enhancing the liquidity and flexibility of the capital market; after the introduction of a series of policies and measures, it can be witnessed that the Chinese economy has shown a definite upturn. China's economy showed an obvious recovery in the first 3 months of 2024. National Bureau of Statistics of China reported that China's gross domestic product grew by 5.3% in the first quarter compared to the same period last year, exceeding market expectations. As the inflationary pressures in the U.S. continued to ease, in last December, the Federal Reserve also expected to start reducing interest rates after the middle of this year. The Federal Reserve is expected to continue to reduce interest rates in 2024, subject to further improvement in inflationary pressures. Inflation in Europe continues to run at high levels, and the European economy fell inevitably into recession in 2023 and may stabilise in 2024 as inflationary pressures in the U.S. ease. China's services trade deficit is expected to widen significantly in the new year as China will further open up travel outside its borders. All these factors have caused China decision makers to focus on domestic demand.

In the year 2024, it is believed that our country will mainly continue to promote economic and trade exchanges and development between China and the countries along the route in 2023 and begin to develop mutual enhancement and linkages with regional economic cooperation mechanisms. This combination may frequently occur between China and the Gulf States, China and Africa, and China and Latin America. It is likely that the Shanghai Cooperation Organisation will shift from a pure security cooperation mechanism to a dual security and economic cooperation mechanism. The Belt and Road Initiative will create some kind of economic interaction, thus enabling the Belt and Road project to be implemented as a multilateral cooperation to counteract the impact of geopolitical tension. It will also speed up the progress of RMB digitisation, which will better stabilise China's financial system and bolster the Hong Kong economy.

The Stock Connect is a mechanism that has been implemented for many years and links the stock markets of Shanghai, Shenzhen and Hong Kong, allowing Mainland investors to directly trade Hong Kong stocks and Hong Kong investors to directly trade Shanghai and Shenzhen A-shares. The southbound channel of capital flow is Hong Kong Stock Connect, while the northbound channels of capital flow are Shanghai Stock Connect and Shenzhen Stock Connect, respectively. With the introduction of these measures, Hong Kong's stock market has enjoyed tremendous opportunities since Hong Kong's return, and the achievements were there for all to see. With the southward flow of capital from the north, it brings unlimited impetus to the turnover of HKEX; The Cross-boundary WMC, which was launched by the governments of Hong Kong and mainland China this year, is one of the key initiatives of the connect mechanism of the capital markets in Mainland China, Hong Kong and Macao. The initial Cross-boundary WMC, which was launched in September 2021, eligible residents from the Mainland cities and Hong Kong and Macau in Greater Bay Area can invest in wealth management products distributed by the banks from each other through the closed-loop funding channels established by the Mainland banking system or vice versa. The breakthrough of the Cross-boundary WMC lies in providing a formal and convenient channel, allowing retail investors to directly open and operate investment accounts across borders for the first time, with greater autonomy to choose their own wealth management products. In January 2024, the relevant financial authorities and regulators of the three jurisdictions issued enhancements to the Cross-boundary WMC to optimise the entry conditions for Mainland investors, expand the number of participating institutions to include securities firms that meet the requirements, broaden the scope of eligible investment products, and appropriately increase the quota for individual investors, and further optimise the promotional and sales arrangements. As financial reforms will be deepened continuously and more ties with other markets will be established in Mainland China, Hong Kong will continue to be an important gateway to the Mainland market for international companies and investors. The further expansion of the market connect plans (including the implementation of Cross-boundary WMC, the inclusion of ETFs in the Stock Connect mechanism, and the rapid development of the Greater Bay Area) will bring about tremendous new opportunities for investors and the industry. This will increase the capital flow to Hong Kong, which is believed to bring opportunities to the capital markets and unlimited business opportunities to the Group.

Developing diversified global financial products

The Group has always seized every opportunity in the market and adopted an aggressive and courageous business philosophy. Over the past nearly 30 years since its inception, the Group has always been concerned about Hong Kong and committed to moving forward alongside Hong Kong people to provide quality services to our customers. As the application of financial technology in wealth management business becomes more mature, the Group has been promoting the digitalisation and intelligence of clients' trading services by combining online and offline marketing and business operating strategies, utilising financial technology towards the objectives of reducing costs, increasing efficiency, expanding client base and enhancing client experience, so as to further strengthen its core competitiveness. The Group 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 increasingly growing. Therefore, the Group will continuously develop more global financial products to meet market demands, thus consolidating our leading position in the industry.

Promoting digital investment services

The Group has always adopted a proactive business model and all of its trading systems are already connected to major financial markets around the world, allowing customers to trade anytime and anywhere through BS Baobao and Doudou APPs and all online trading channels, and the Group also regularly optimises and improves all online trading functions and the speed to place an order; and continuously promotes 24-hour eDDA service approved by the Hong Kong Monetary Authority. This service allows clients to deposit money and trade financial products anytime, anywhere regardless of time differences and Hong Kong holidays after going through a simple registration procedure with any bank account. The Group has always been keeping client's demand in mind. In addition to providing real-time quotes on U.S. stocks market for our clients earlier, the Group has once again broken the industry tradition by providing real-time streaming quotes on Hong Kong stocks market (LV1) to all our clients, which is the first of its kind in the industry, despite the decline in turnover in Hong Kong stocks market during the current year.

Laying a solid foundation and strengthening the sales network

The Group perpetuated the expansion of its offline network. Together with the Bright Smart Mobile Teaching Centre that travels around the Hong Kong, the Group now has a total of 13 outlets. To cater for the needs of our customers, some branches now open seven days a week, in a bid to provide clients with considerate services. The Group will capitalise on market opportunities timely and further refine this branch network to provide customers with considerate personal services.

To play an important role in investors' education over years, the Group launched the first 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 organised various investment seminars and stock and futures investment simulation competitions free of charge. 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. The Group believes that investors' education should be open for all, easy to understand and diversified so as to enhance the financial literacy and abilities of the public via different channels and assist them in developing responsible financial habits, behaviours and decisions.

Enhancing online trading security

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 previously 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 trading 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 view of the fact that cybersecurity has become an indispensable part of the public concern, the Group regularly engages a world-renowned cybersecurity company to conduct cybersecurity tests for all systems; and are munificent on the cost of regularly upgrading the security equipment of all systems, so that all customers can feel safe and secure during the transactions. In addition, customers will receive SMS or email alerts from the Group once trading is completed. The Group will continue to enhance the capacity and speed of the trading system, conduct regular tests in order to provide fast and reliable trading platform for our customers to invest with reassurance.

Internet technology and mobile communication technology have become an indispensable part of our daily lives, and with the rapid development of online financing, the issue of online trading security has also arisen. Investors are becoming increasingly vigilant of risks and are paying more and more attention to the safety of online trading. The Group understands that the online trading security is a top concern of investors and is committed to ensuring sound and secured trading. The Group has developed an anti-disruption system, with four trading platforms for trading global stocks, namely BS Securities (Baobao), Bright Smart Securities (MH), computer (web version) and computer (professional version). The platforms can support and complement each other to provide clients with four-fold protection. Furthermore, the Group has set up three futures and two leveraged foreign exchange trading platforms, on which global futures and leveraged foreign exchange products can be traded. The platforms can complement each other to avoid disruptions, which ensure unimpeded and convenient investments without crashes. Nine-fold protection measures aim at significantly improving security.

Conclusion

The Hong Kong market has shown strong resilience in the face of unprecedented challenges. The Group firmly believes that despite Hong Kong's economy being faced with unprecedented hardships, Hong Kong remains the most resilient and capable of overcoming and resolving crises, and its position as an international financial center remains irreplaceable. During the past period of adversity, the Group is particularly grateful for the long-term support and trust of our shareholders and the dedication of our staff, which have brought many important results to the Group. All of our employees have not only shown perseverance but have also been able to adapt to rapid change, so as to carry out the Group's missions with determination, and to meet and exceed exacting standards in the process. This will continue to be the Group's top priority as it strives to maintain strict compliance with the regulatory system in Hong Kong and to build market and public confidence through the performance of its daily duties and the implementation of effective cost control measures. The Group would also like to express its gratitude to the members of the Board for their continued guidance and support to the Group.

The Group firmly believes that only by keeping abreast of the needs of clients can it stands out in the fierce competition. For the Year, the Group, with the "client-oriented and service-first" philosophy, adopted both aggressive and defensive strategies at the moment when the real economy went downhill. On the one hand, it has been strived to optimizing the performance of all trading systems, and on the other hand, it introduced products of great interest to the market, with a view to enhance customer experience at all times, so that customers can have access to the most advantageous financial products in the world; in terms of the promotion strategy, it will allocate more resources on various online and offline platforms for publicity and promotion and increasing brand exposure, attracting more investors to open accounts and trade products through Bright Smart Securities. The Group plans to 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 achievements today depend on the long-standing support and trust 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 give back clients for their love and support and make them feel at home. Meanwhile, the Group will develop more diversified businesses, recruit talents from different sectors and seize every valuable opportunity, so as to enhance our 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$441.3 million as at 31 March 2024 (2023: HK$504.5 million). The Group had bank borrowings of HK$3,775.0 million as at 31 March 2024 (2023: HK$4,409.0 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 2024, unutilised banking facilities amounted to HK$17,609.9 million (2023: HK$17,637.2 million). The Group's gearing ratio (total bank borrowings excluding IPO financing divided by the total shareholders' equity) was 261.4% (2023: 254.2%). As at 31 March 2024, the Group had net current assets of HK$1,308.6 million (2023: HK$1,603.5 million) and a current ratio (current assets divided by current liabilities) of 1.2 times (2023: 1.3 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 2024 and 2023.

CONTINGENT LIABILITIES

As at 31 March 2024, 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$15,983.2 million (2023: HK$16,494.2 million). As at 31 March 2024, the subsidiaries of the Company have utilised HK$2,965.0 million of these aggregate banking facilities (2023: HK$3,579.0 million).

As at 31 March 2024, 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 2024 were approximately HK$0.2 million (2023: HK$0.6 million).

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2024, the Group had a work force of 196 employees (2023: 206 employees). Staff costs, excluding directors' emoluments, amounted to approximately HK$105.4 million for the Year (2023: HK$94.7 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 2024 and up to the date of this report, 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 credit 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 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 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 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 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, 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 ad 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 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 Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 DIVIDEND

To reward all shareholders of the Company for their continued support over the years, the Board recommended the payment of a final dividend of 33.00 HK cents per share for the year ended 31 March 2024, subject to the approval of the proposed final dividend by the Company's shareholders at the forthcoming annual general meeting ("AGM") to be held on Monday, 19 August 2024. If approved, the final dividend will be paid to the Company's shareholders on Monday, 9 September 2024. Shareholders whose names appear on the register of members of the Company on Monday, 26 August 2024 will be entitled to the proposed final dividend.

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 Tuesday, 13 August 2024 to Monday, 19 August 2024 (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 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong for registration, not later than 4:30 p.m. on Monday, 12 August 2024. The AGM will be held on Monday, 19 August 2024.

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

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to the proposed final dividend, from Friday, 23 August 2024 to Monday, 26 August 2024 (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 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong for registration, not later than 4:30 p.m. on Thursday, 22 August 2024.

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 of Hong Kong Limited (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 four 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 2023/24 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, 24 June 2024

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, Mr. Ling Kwok Fai, Joseph and Ms. Wong Ting Ting, Priscilla as Independent Non-executive Directors.