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BRIGHT SMART SECURITIES & COMMODITIES GROUP LIMITED

耀才證券金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1428)

CONNECTED TRANSACTION SURRENDER AGREEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated 3 January 2019 and the circular (the “**Circular**”) of the Company dated 11 January 2019 in relation to, among other matters, the renewal of Tak Lee Building Tenancy Agreement. Unless otherwise defined, capitalized terms used herein shall have the same meanings as defined in the Circular.

SURRENDER AGREEMENT

On 24 September 2019 (after trading hours), Ideal Magic Limited (a wholly-owned subsidiary of the Company) entered into the Surrender Agreement with Resultever Limited (a company wholly-owned by Mr. Yip) to surrender the Surrendered Premises under the existing Tak Lee Building Tenancy Agreement.

Pursuant to the Surrender Agreement, Ideal Magic Limited shall surrender the Surrendered Premises to Resultever Limited on 30 September 2019, thereby the existing Tak Lee Building Tenancy Agreement shall cease and be absolutely terminated and both parties shall release each other from all liabilities and obligations thereunder.

Details of the existing Tak Lee Building Tenancy Agreement are as follows:

- (a) *Date*
3 January 2019

(b) *Parties*

- (i) Ideal Magic Limited, as tenant; and
- (ii) Resultever Limited, a company wholly-owned by Mr. Yip, as landlord. The principal business of Resultever Limited is property investment.

(c) *Premises let*

Shop No.7 (formerly Shop No. 995A) on Ground Floor & Cockloft and Cockloft Nos. 1-6, Tak Lee Building, No. 993 King's Road, Hong Kong.

(d) *Term*

Three years commencing from 1 April 2019 to 31 March 2022 (both days inclusive).
(The tenancy will be terminated in advance on 30 September 2019)

(e) *Rental*

HK\$218,000 per month (exclusive of Government rent and rates, management fee and other charges such as water and electricity charges), payable in advance on the first day of each calendar month.

(f) *Option to renew*

The tenant has an option to renew the tenancy for a further term of 3 years immediately after expiry of the term at the prevailing market rental.
(The option to renew will be no longer valid following the termination of the tenancy)

REASON FOR ENTERING INTO SURRENDER AGREEMENT

The Group is reorganising its service network to upgrade the flagship branch in the vicinity by merging the Quarry Bay Branch into the North Point branch. Thus the Surrender Agreement is entered into for the surrender of the Quarry Bay Branch. Meanwhile, the Group is now actively pursuing a better branch location to provide a more customer-centric and comprehensive services to its customers.

The Directors (including the independent non-executive Directors but excluding Mr. Yip and Mr. Chan) consider that the terms of the Surrender Agreement are on normal commercial terms and are fair and reasonable, and the Surrender Agreement is in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors but excluding Mr. Yip and Mr. Chan) further consider that the termination of the existing Tak Lee Building Tenancy Agreement would have no material adverse impact on the business operation of the Group.

Mr. Yip, being the chairman of the Board, an executive Director and the controlling Shareholder, and the ultimate beneficial owner of the Landlord, and for good corporate governance, Mr. Chan, being an executive Director and a nephew of Mr. Yip, both abstained from voting on the resolutions of the Board to approve the Surrender Agreement and the transaction contemplated thereunder.

INFORMATION ABOUT THE GROUP

The principal activity of the Company is investment holding, while the principal activity of the Group is the provision of financial services, including securities broking, margin financing, commodities & futures broking, bullion trading and forex trading. The Tenant is a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company. The principal activity of the Tenant is the provision of administrative services to the Group.

INFORMATION ABOUT THE LANDLORD

The Landlord is a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Yip. The principal business of the Landlord is property investment.

LISTING RULES IMPLICATIONS

The Landlord is a company wholly-owned by Mr. Yip, the chairman of the Board, an executive Director and the controlling Shareholder. As such, the Landlord is a connected person of the Company under Listing Rules and accordingly the Surrender Agreement constitutes a connected transaction for the Company.

Upon entering into the Surrender Agreement, the tenancy of the existing Tak Lee Building Tenancy Agreement is to be terminated in advance. Accordingly, the Company is subject to the announcement requirement under the Note to Rule 14A.35 of the Listing Rules.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Bright Smart Securities & Commodities Group Limited, a company incorporated in the Cayman Islands whose shares are listed and traded on the Main Board of the Stock Exchange under stock code 1428
“connected person”	has the meaning ascribed to such term in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Ideal Magic Limited”	a company incorporated in Hong Kong, a wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Wing Shing, Wilson, an executive Director and a nephew of Mr. Yip
“Mr. Yip”	Mr. Yip Mow Lum, the chairman of the Board, an executive Director and the controlling Shareholder
“Resultever Limited” or “Landlord”	a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Yip
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surrender Agreement”	The surrender agreement dated 24 September 2019 entered into between Ideal Magic Limited and Resultever Limited in relation to the surrender of the Surrendered Premises under the existing Tak Lee Building Tenancy Agreement
“Surrendered Premises” or “Quarry Bay Branch”	Shop No.7 (formerly Shop No. 995A) on Ground Floor & Cockloft and Cockloft Nos.1–6, Tak Lee Building, No. 993 King’s Road, Hong Kong
“Tak Lee Building Tenancy Agreement”	the conditional tenancy agreement dated 3 January 2019 entered into between Ideal Magic Limited as tenant and Resultever Limited as landlord for the leasing of Shop No.7 (formerly Shop No. 995A) on Ground Floor & Cockloft and Cockloft Nos.1–6, Tak Lee Building, No.993 King’s Road, Hong Kong

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

Hong Kong, 24 September 2019

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.