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CLSA Premium Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6877)

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Director(s)**") of CLSA Premium Limited (the "**Company**", together with its subsidiaries, the " **Group**") presents the audited consolidated annual results of the Group for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Leveraged foreign exchange and other trading income	*3*	**2,717**	3,832
Cash dealing income	*3*	**–**	785
Fee and commission income	*3*	**63**	91
Reversal of provision for expected credit loss		**390**	490
Other income	*4*	**5,010**	6,663
Total income		**8,180**	11,861
Referral expenses and other charges		**(1,110)**	(2,048)
Staff costs		**(24,705)**	(18,611)
Depreciation – property, plant and equipment		**(1,914)**	(3,120)
Depreciation – right-of-use assets	*9*	**(9,721)**	(11,723)
Other operating expenses	*5*	**(28,354)**	(56,924)
Total expenses		**(65,804)**	(92,426)

	Notes	**2021**	2020
		HK$'000	*HK$'000*
Operating loss		**(57,624)**	(80,565)
Finance cost		**(288)**	(593)
Loss before tax		**(57,912)**	(81,158)
Income tax credit	*6*	**1,370**	9,522
Loss for the year		**(56,542)**	(71,636)
Other comprehensive (expense)/income			
Item that may be reclassified to profit or loss			
Currency translation difference		**(7,757)**	13,680
Other comprehensive (expense)/income for the year, net of tax		**(7,757)**	13,680
Total comprehensive expense for the year		**(64,299)**	(57,956)
Loss per share for loss attributable to the equity holders of the Company for the year			
– Basic and diluted (HK cents per share)	*8*	**(2.78)**	(3.52)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,656**	3,431
Intangible assets		**–**	–
Right-of-use assets	*9*	**9,494**	10,422
Deposit	*10*	**701**	–
Deferred tax assets		**–**	855
Total non-current assets		**11,851**	14,708
Current assets			
Other receivables, prepayments and deposits	*10*	**6,527**	8,631
Tax prepayment		**4**	4
Financial assets at fair value through profit or loss		**–**	3,056
Derivative financial instruments		**4,579**	5,914
Balances due from agents	*11*	**33,963**	47,827
Cash and bank balances and client trust bank balances	*12*	**273,692**	350,296
Total current assets		**318,765**	415,728
Total assets		**330,616**	430,436
EQUITY AND LIABILITIES			
Equity			
Share capital	*15*	**20,333**	20,333
Reserves	*15*	**248,424**	312,723
Total equity		**268,757**	333,056

	Notes	**2021** HK$'000	2020 HK$'000
Current liabilities			
Lease liabilities	*13*	**3,399**	9,365
Other payables and accrued liabilities	*14*	**9,496**	13,605
Derivative financial instruments		**458**	1,915
Clients' balances		**42,266**	68,918
Total current liabilities		**55,619**	93,803
Non-current liabilities			
Lease liabilities	*13*	**6,240**	1,334
Deferred tax liabilities		**–**	2,243
Total non-current liabilities		**6,240**	3,577
Total liabilities		**61,859**	97,380
Total equity and liabilities		**330,616**	430,436

NOTES

1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements of the Company and its subsidiaries (together the "**Group**") have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") and applicable requirements of the Hong Kong Companies Ordinance (Chapter 622). In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared under the historical cost except for certain financial assets and financial liabilities (including derivative instruments) measured at fair value as explained in the accounting policies set out below.

2 ADOPTION OF NEW OR AMENDED HKFRSs

(a) Adoption of new or revised HKFRSs – effective on or after 1 January 2021

The Group has applied the following amendments to HKFRSs issued by The Hong Kong Institute of Certified Public Accountants to these financial statements for the current accounting period:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16,	Interest rate benchmark reform – phase 2
Amendment to HKFRS 16	COVID-19-related rent concessions beyond 30 June 2021

These new or amended HKFRSs that are effective from 1 January 2021 did not have any significant impact on the Group's accounting policies.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16: Interest rate benchmark reform – phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("**IBOR reform**").

The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to HKFRS 16: COVID-19-related rent concessions beyond 30 June 2021

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

As the Group has no rent concessions during the year ended 31 December 2021, the Company's directors considered that the effective of amendments to HKFRS 16 had no significant impact on the Group's consolidated financial statements.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Annual Improvements to HKFRS 2018-2020 Cycle	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments, HKFRS16 Leases and HKAS 41 Agriculture[1]

[1] *Effective for annual periods beginning on or after 1 January 2022*
[2] *Effective for annual periods beginning on or after 1 January 2023*
[3] *No mandatory effective date yet determined but available for adoption*

[4] *As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion*

Except for the impact mentioned below, the Company's directors anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Company's directors do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Company's directors anticipate that the application of these amendments may have an impact on the financial statements in future periods should such transaction arise.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current

The amendments clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted.

The Company's directors do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

The Company's directors do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The Company's directors do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Company's directors do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Annual Improvements to HKFRSs 2018-2020

The annual improvements amends a number of standards, including:

HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The Company's directors do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

3 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the executive directors and senior management of the Group. The Group's operating businesses are structured and managed separately according to the natures of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments. The Board of Directors considers the business from a geographical and product perspective.

Summary details of the business segments from geographical and product perspective are as follows:

(a) the margin dealing segments engage in the provision of leveraged foreign exchange, commodity and index trading services in Australia, Hong Kong and New Zealand; and

(b) the unleveraged cash dealing segment engages in the provision of non-leveraged foreign exchange trading services in New Zealand. Unleveraged cash dealing services were provided to corporate clients, in particular, those clients engaged in money changing business for the purpose of hedging their cash positions and meeting settlement obligations. The Group is rewarded by the spread between the price quoted to our clients and the price offered by our market makers. Since February 2020, the Group has not rendered any cash dealing services to its customers.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change in the basis during the years ended 31 December 2021 and 2020.

The segment information provided to the management for the reportable segments for the years ended 31 December 2021 and 2020 is as follows:

For the year ended 31 December 2021

	New Zealand margin dealing *HK$'000*	Hong Kong margin dealing *HK$'000*	Australia margin dealing *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Segment revenue and other income:					
Foreign exchange and other trading income earned from external customers	(21)	(72)	2,810	–	2,717
Inter-segment sales	–	260	(260)	–	–
Segment revenue	(21)	188	2,550	–	2,717
Fee and commission income	59	–	4	–	63
Reversal of provision for expected credit loss	259	29	7	95	390
Other income	1,266	(11)	573	3,182	5,010
Total revenue and other income	1,563	206	3,134	3,277	8,180
Segment loss	(8,942)	(14,888)	(11,583)	(22,499)	(57,912)
Loss before tax					(57,912)
Income tax credit					1,370
Loss for the year					(56,542)
Other segment information:					
Depreciation	77	619	1,939	9,000	11,635
Lease payments	314	–	772	42	1,128
Finance cost	–	–	95	193	288

For the year ended 31 December 2020

	New Zealand margin dealing *HK$'000*	Hong Kong margin dealing *HK$'000*	Australia margin dealing *HK$'000*	New Zealand cash dealing *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Segment revenue and other income:						
Foreign exchange and other trading income earned from external customers	7,371	(603)	(2,936)	785	–	4,617
Segment revenue	7,371	(603)	(2,936)	785	–	4,617
Fee and commission income	91	–	–	–	–	91
Reversal of provision for expected credit loss	–	–	–	–	490	490
Other income	343	457	2,089	–	3,774	6,663
Total revenue and other income	7,805	(146)	(847)	785	4,264	11,861
Segment profit/(loss)	(14,389)	(19,589)	(16,718)	785	4,264	(45,647)
Unallocated staff costs					(2,195)	(2,195)
Unallocated other operating expenses					(33,316)	(33,316)
Loss before tax						(81,158)
Income tax credit						9,522
Loss for the year						(71,636)
Other segment information:						
Depreciation	142	844	2,282	–	11,575	14,843
Lease payments	–	–	–	–	1,408	1,408
Finance cost	1	353	239	–	–	593

The Company is domiciled in Hong Kong. The Group's major income from external customers is derived from its operations in Australia and New Zealand.

	2021	2020
	HK$'000	*HK$'000*
Australia	**2,810**	(2,936)
New Zealand	**(21)**	8,156
Others	**(72)**	(603)
	2,717	4,617

The locations of its non-current assets (excluding deferred tax assets) are as follows:

	2021	2020
	HK$'000	*HK$'000*
Hong Kong	**10,314**	10,318
Australia	**1,465**	3,341
New Zealand	**72**	179
Mainland China	**–**	15
	11,851	13,853

None of the external customers contributes more than a majority of the Group's trading income individually in the respective years.

Information on segment assets and liabilities are not disclosed as this information is not presented to the Board of Directors as they do not assess performance of reportable segments using information on assets and liabilities.

4 OTHER INCOME

	2021	2020
	HK$'000	*HK$'000*
Interest income	**99**	1,034
Management fee income	**2,700**	2,538
Reversal of provision for audit fee	**–**	946
Government subsidies *(note)*	**264**	1,833
Net gain from financial assets at fair value through profit or loss	**159**	61
Overprovision of penalty *(Note 16)*	**1,266**	–
Others	**522**	251
	5,010	6,663

note:

Included in profit or loss is HK$264,000 (2020: HK$1,833,000) of government subsidies obtained from JobKeeper Scheme (the "**Scheme**") launched by the Australia Government to support the payroll of the Group's employees. Under the Scheme, the Group had to commit to spend these grants on payroll expenses for a specified period of time. The Group does not have other unfulfilled obligations relating to this program.

5 OTHER OPERATING EXPENSES

	2021	2020
	HK$'000	*HK$'000*
Other office occupation expenses	**1,920**	2,643
Auditors' remuneration		
– Audit services	**2,840**	2,799
– Non-audit services	**278**	747
Information services expenses	**1,085**	3,459
Professional and consultancy fee	**11,835**	19,908
Repair and maintenance (including system maintenance)	**6,435**	7,183
Marketing, advertising and promotion expenses	**316**	35
Travelling expenses	**229**	463
Entertainment expenses	**89**	56
Insurance	**2,698**	1,824
Bank charges	**108**	262
Staff training	**58**	63
Impairment of property, plant and equipment	**–**	5
Impairment of intangible assets	**–**	2
Net foreign exchange (gain)/loss	**(3,586)**	9,630
Lease payments under land and building	**1,128**	1,408
Loss on disposal of property, plant and equipment	**698**	2
Others	**2,223**	6,435
	28,354	56,924

6 INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit during the years. Taxation on overseas profits has been calculated on the estimated assessable profit during the years at the rates of taxation prevailing in the countries in which the Group operates. The income tax expenses of the Group are charged at a tax rate of 28% (2020: 28%) in New Zealand, 30% (2020: 30%) in Australia and 25% (2020: 25%) in Mainland China in accordance with the local tax authorities.

	2021	2020
	HK$'000	*HK$'000*
Current tax:		
New Zealand Income Tax		
Tax concession *(note)*	**–**	(7,627)
Deferred tax:		
Credit for the year	**(1,370)**	(1,895)
Income tax credit	**(1,370)**	(9,522)

	2021	2020
	HK$'000	*HK$'000*
Loss before income tax	**(57,912)**	(81,158)
Tax at the Hong Kong statutory tax rate	**(9,555)**	(13,391)
Effect of different taxation rates in other countries	**(186)**	322
Income not subject to tax	**(507)**	(769)
Expenses not deductible for tax	**520**	3,987
Temporary differences not recognised	**9,728**	7,956
Tax concession *(note)*	**–**	(7,627)
Income tax credit	**–**	(9,522)

note:

Effective from 15 April 2020, a temporary tax loss carry-back measure that would allow a business that is or anticipate being in loss either the 2019–20 or 2020–21 tax year, to carry-back some or all of that loss to the immediately preceding income year, such measure forms part of the New Zealand Government's response to the impacts of the COVID-19 outbreak. A subsidiary of the Company had incurred tax loss for the year ended 31 December 2019, which tax loss is eligible to carry-back and thus obtained tax refund from the Inland Revenue of New Zealand.

7 DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

8 LOSS PER SHARE

The calculation of the basic and diluted losses per share attributable to the equity holders of the Company is based on the following data:

	2021	2020
	HK$'000	*HK$'000*
Loss attributable to equity holders of the Company	**(56,542)**	(71,636)

9 RIGHT-OF-USE ASSETS

(i) Amount recognised in the consolidated statement of financial position

	2021	2020
	HK$'000	*HK$'000*
Right-of-use assets		
Buildings	**9,494**	10,422
Lease liabilities		
Current	**3,399**	9,365
Non-current	**6,240**	1,334
	9,639	10,699

Additions to the right-of-use assets during the 2021 financial year were HK$8,891,000 (2020: Nil).

(ii) Amount recognised in the Consolidated Statement of Comprehensive Income

	2021	2020
	HK$'000	*HK$'000*
Depreciation charge of right-of-use assets		
Buildings	**9,721**	11,723
Interest expense (included in finance cost)	**288**	584
Expense relating to short-term leases (included in other operating expenses)	**1,128**	1,408

Total cash outflows for leases are as below:

	2021	2020
	HK$'000	*HK$'000*
Within operating cash flows	**1,128**	1,408
Within financing cash flows	**10,143**	12,337
	11,271	13,745

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 2 to 4 years (2020: 2 to 3 years).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

10 OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2021	2020
	HK$'000	*HK$'000*
Rental and utility deposits	**3,869**	3,392
Prepayments	**3,191**	4,225
Other receivables	**168**	1,018
Provision for expected credit loss	**–**	(4)
Total	**7,228**	8,631
Less: non-current portion	**(701)**	–
Current portion	**6,527**	8,631

The carrying amounts of the Group's other receivables and deposits approximate to their fair values.

11 BALANCES DUE FROM AGENTS

	2021	2020
	HK$'000	*HK$'000*
Balances due from agents	**34,154**	48,104
Provision for expected credit loss	**(191)**	(277)
Total	**33,963**	47,827

The balances represent margin deposits paid to hedging counterparties and the realised profit or loss from our trading activities under normal course of business. The majority of the balances due from agents are repayable on demand except for certain balance represent margin deposit required for our outstanding derivative contracts with the hedging counterparties. There is no interest bearing for the balances. The carrying amounts of the Group's balances due from agents approximate to their fair values.

12 CASH AND BANK BALANCES AND CLIENT TRUST BANK BALANCES

	2021	2020
	HK$'000	*HK$'000*
Cash and bank balances	**195,487**	287,093
Fixed deposits with banks	**38,980**	–
Client trust bank balances	**39,225**	63,517
Provision for expected credit loss	**–**	(314)
	273,692	350,296

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprises of the following:

	2021	2020
	HK$'000	*HK$'000*
Cash and bank balances	**195,487**	287,093
Fixed deposits with bank with original maturity within three months	**38,980**	–
	234,467	287,093

13 LEASE LIABILITIES

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of offices in Hong Kong and Australia. Under the office leases, the periodic rents are fixed over the lease term. The values in the table below reflect the current proportions of lease payments that are fixed.

31 December 2021	**Lease contracts Number**	**Fixed payments per month**
		HK$'000
Office leases with fixed payments	2	326

The movements in lease liabilities:

	HK$'000
Balance as at 1 January 2020	22,249
Interest expense	584
Lease payments	(12,337)
Exchange adjustment	203
Balance as at 31 December 2020 and 1 January 2021	10,699
Additions	**8,891**
Interest expense	**288**
Lease payments	**(10,143)**
Exchange adjustment	**(96)**
Balance as at 31 December 2021	**9,639**

Future lease payments are due as follows:

	Future lease payments *HK$'000*	**Interest** *HK$'000*	**Present value** *HK$'000*
As at 31 December 2021			
Not later than one year	**3,796**	**(397)**	**3,399**
Later than one year and not later than two years	**2,504**	**(261)**	**2,243**
Later than two years and not later than five years	**4,174**	**(177)**	**3,997**
	10,474	**(835)**	**9,639**
As at 31 December 2020			
Not later than one year	9,547	(182)	9,365
Later than one year and not later than two years	1,362	(28)	1,334
	10,909	(210)	10,699

The present value of future lease payments are analysed as:

	2021	2020
	HK$'000	*HK$'000*
Current liabilities	**3,399**	9,365
Non-current liabilities	**6,240**	1,334
	9,639	10,699

14 OTHER PAYABLES AND ACCRUED LIABILITIES

		2021	2020
	notes	***HK$'000***	*HK$'000*
Other accruals		**4,482**	3,831
Accrued audit fees		**2,422**	1,776
Employee entitlements		**2,021**	1,273
Other payables	*(b)*	**345**	6,441
Commission payable		**226**	284
	(a)	**9,496**	13,605

notes:

(a) The carrying amounts of the Group's other payables and accrued liabilities approximate to their fair values.

(b) In 2020, other payables included approximately HK$5.6 million of provision for penalty imposed by Financial Markets Authority due to breach of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (the "**AML/CFT Act**") in New Zealand.

In 2021, a pecuniary penalty of New Zealand Dollar ("**NZD**") 770,000 had been imposed and settled. Details are set out in Note 16 of the consolidated financial statements. Over provision for penalty of NZD230,000 (equivalent to approximately HK$1,266,000) had been reversed and recognised as "other income" in Note 4 of the consolidated financial statements.

15 SHARE CAPITAL AND RESERVES

(a) Share capital

	31 December 2021		31 December 2020	
	Number of shares	***HK$'000***	*Number of shares*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**4,000,000,000**	**40,000**	4,000,000,000	40,000
Issued and fully paid:				
At beginning and end of the reporting period	**2,033,290,000**	**20,333**	2,033,290,000	20,333

(b) Reserves

Reserves includes capital reserves which represents the difference between the book value of the net assets of CLSA Premium New Zealand Limited, CLSA Premium Pty Limited and CLSA Premium International (HK) Limited over the par value of the shares issued by LXL Capital II Limited, LXL Capital III Limited and LXL Capital IV Limited in exchange for these subsidiaries as part of the reorganisation completed in 2012.

16 LITIGATIONS AND CONTINGENT LIABILITIES

Contingent liabilities from litigations with Banclogix System Co., Limited

On 6 May 2020, the Company received a writ of summons together with an indorsement of claim dated 6 May 2020 issued in the High Court of The Hong Kong Special Administrative Region by Banclogix System Co., Limited ("**Banclogix**", the Group's then IT service provider) against the Company and claims (i) that the termination of the IT service agreement by the Company was wrongful; (ii) alleged termination payment of HK$2.5 million, software maintenance fee of approximately HK$450,000 and IT infrastructure fee of HK$1.5 million; and (iii) alleged loss and damages to be assessed.

The above proceedings was heard together with the High Court legal action started in 2019 by the Company (joined subsequently by its three licensed subsidiaries as plaintiffs) against Banclogix claiming for, among others, repudiatory breach of the IT service agreement by Banclogix; return of the plaintiffs' data, costs and damages. The Company and Banclogix had a mediation on 23 June 2021. The parties did not reach an agreement.

These two legal proceedings with Banclogix are still ongoing at the end of the reporting period and while the outcome and the potential financial impact are subject to uncertainties and are not practically able to be estimated, the Company's directors consider that no provision is required at this stage of the proceedings as the legal adviser of the Company is cautiously optimistic about the outcome of the two cases with Banclogix. The Company has been contesting the claims made by Banclogix.

Provision for penalty to be imposed by Financial Markets Authority

On 23 June 2020, CLSA Premium New Zealand Limited ("**CLSAP NZ**"), a subsidiary of the Company, received a statement of claim filed by the Financial Markets Authority ("**FMA**") of New Zealand. The FMA had filed on the High Court to impose a financial penalty against CLSAP NZ for alleged breaches of the AML/CFT Act for certain transactions occurred between April 2015 and November 2018. The FMA alleged four causes of action against CLSAP NZ under the AML/CFT Act: failure to conduct standard and enhanced client due diligence; failure to terminate business relationships; failure to submit suspicious transaction reports or suspicious activity reports; and failure to keep records. CLSAP NZ had filed an Notice of Admission and an Agreed Statement of Facts with the FMA.

The penalty hearing had taken place on 5 July 2021. On 10 September 2021, the judgment is entered against CLSAP NZ for the four civil liability acts and a pecuniary penalty of NZD770,000 has been imposed.

As disclosed in Note 14 of the consolidated financial statements, the Group had recognised NZD1 million (approximately HK$5.6 million) as provision for the penalty during the year ended 31 December 2020. The claim has been settled during the current year after the penalty has been paid in October 2021.

17 COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified, to conform with the current year's presentation and disclosures. The Company's directors consider that such presentation would better reflect the financial performance and position of the Group.

During the current year, loss on disposal of property, plant and equipment of approximately HK$698,000 was classified as "other operating expenses". The comparative amounts of approximately HK$2,000 for the year ended 31 December 2020 was reclassified from "other income" to "other operating expenses" in the consolidated statement of comprehensive income to conform with the current year presentation.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

During the year ended 31 December 2019, the Group's information technology ("**IT**") related systems, databases and servers (together the "**Legacy Systems**") were utilised to process transactions and calculate the leveraged foreign exchange and other trading income, fee and commission income as well as the related referral expenses. As such, the occurrence, accuracy and completeness of the transaction data maintained were highly dependent on the integrity of the Legacy Systems. However, since August 2019, the Group were only able to gain restricted access to the data stored in and documentation relating to the Legacy Systems. From December 2019 the Group utilised new IT related systems, database and servers to process and store the data for the relevant business transactions executed since December 2019.

In light of the denial of access to the Group's Legacy Systems, the predecessor auditor placed significant reliance on obtaining confirmations directly from third parties as an alternative audit procedure that aimed to provide sufficient appropriate audit evidence about the relevant assertions associated with the Group's leveraged foreign exchange and other trading transactions. However, the predecessor auditor were unable to obtain a sufficient level of confirmation replies. There were no other alternative procedures that they could perform to obtain sufficient appropriate audit evidence, the predecessor auditor disclaimed their opinion on the Group's consolidated financial statements for the year ended 31 December 2019.

The Group's restricted access to the Legacy Systems meant we were also unable to obtain sufficient appropriate evidence that we considered necessary to substantiate the existence, accuracy and completeness of certain financial statement line items disclosed in the consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2019 and, accordingly, we were unable to determine whether adjustments in respect of the retained earnings as at 1 January 2020 were necessary.

Any adjustments to the Group's clients' balances, derivative financial instruments asset and derivative financial instruments liability as at 1 January 2020 found necessary might impact the leveraged foreign exchange and other trading income of HK$3,832,000 and the referral expenses and other charges of HK$2,048,000 for the year ended 31 December 2020 reported in the consolidated statement of comprehensive income, the presentation in the consolidated statement of cash flows and the related disclosures included in the consolidated financial statements for the year ended 31 December 2020. Our audit opinion on the Group's consolidated financial statements for the year ended 31 December 2020 was qualified accordingly.

Our audit opinion on the consolidated financial statements for the year ended 31 December 2021 is also modified because of the possible effects of this matter on the comparability of the related 2021 figures and the 2020 figures in the consolidated financial statements for the year ended 31 December 2021.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL PERFORMANCE

Business review

During the year under review, the Group recorded continuous growth in client trading volume in Australia and Hong Kong. The trading volume from Australian clients has increased by 11% amid the strictly tightened regulations, while the trading volume from Hong Kong clients has increased by 190 times, driven by the newly launched bullion products. The products with the highest trading volume were AUD/US$, Gold and US$/CNH.

Following the launch of new products such as crude oil, US dollar index, Volatility Index and major stock indexes in 2020, the Group further introduced new instruments covering commodities, foreign exchange, European stock indexes, Australian and US single stocks, enriching the product line on our one-stop multi-asset trading platform.

In Australia, 2021 was a challenging year with comprehensive regulatory reforms regarding over-the-counter ("**OTC**") derivative products for retail clients. In particular, the new regulations limit the maximum leverage for different underlying asset classes, enhance protection for retail clients and define rules for product design and distribution. These regulations not only increased the operating costs, but also reduced client trading volume because Australian retail clients need 3 to 6 times more initial capital to maintain the same trade size. Notwithstanding these challenges, the Company's management welcomes these reforms.

In Hong Kong, the business has achieved substantial growth in 2021 from launching the bullion trading service. Based on the best practices in the industry, guidelines from global regulators and our experience in Australia and New Zealand, the bullion products are designed to provide clients with fair and transparent pricing, low latency order execution and real-time auto-cut functions. We are also one of a few local brokers who provide protection to client funds by segregating client money into trust accounts at local banks. Given the valuable and positive feedback from Hong Kong clients, the Company's management believes the bullion products will expand the market share in 2022.

Regarding the New Zealand business, since the imposition of the additional licence conditions by the Financial Market Authority ("**FMA**") in 2020, CLSA Premium New Zealand Limited (the Company's subsidiary in New Zealand, "**CLSAP NZ**") has been fully cooperative with the FMA and had engaged independent legal and compliance advisers to mitigate failures and fulfil regulatory requirements. Despite our best effort throughout 2021, it remains uncertain as to whether or not, and by when, the additional licence conditions can be removed. As disclosed in the Company's announcement dated 25 January 2022, after reviewing such uncertainties, the operating and financial challenges faced by CLSAP NZ, the Board has decided to suspend the operation of CLSAP NZ. The Company's management expects the suspension will materially reduce the operating loss of CLSAP NZ, and the process may take approximately one year. The plan is to reallocate available resources to explore other business developments.

In the foreseeable future, the Company's management expects that the FX and CFD margin trading industry is still under intense competition, and operating costs will increase with the regulatory requirements. In the long run, it is expected that clients will eventually choose brokers with sufficient capital and a good reputation, licensed by prudential regulators, for their long-term investment. This trend is advantageous to the Group. The Company's management trusts that by restlessly improving client experience and enhancing the quality of our services, the Group can achieve steady and sustainable development and fulfil the commitments to our shareholders.

Total income

The total income of the Group decreased by approximately 31% to approximately HK$8.18 million for the year ended 31 December 2021 from approximately HK$11.86 million for the year ended 31 December 2020.

A. Leveraged foreign exchange and other trading income

The leveraged foreign exchange and other trading income of the Group decreased by approximately 29% to approximately HK$2.72 million for the year ended 31 December 2021 from approximately HK$3.83 million for the year ended 31 December 2020. This was mainly due to the 99.8% decrease in New Zealand client trading volume during the year ended 31 December 2021 as compared to the year ended 31 December 2020.

B. Fee and commission income

The fee and commission income of the Group decreased to approximately HK$63,000 for the year ended 31 December 2021 from approximately HK$91,000 for the year ended 31 December 2020. This was mainly due to the decrease in commission earning as a result of the lower trading volume.

C. Other income

The other income of the Group decreased by approximately 25% to approximately HK$5.01 million for the year ended 31 December 2021 from approximately HK$6.66 million for the year ended 31 December 2020. We have received approximately HK$0.26 million during 2021 and HK$1.83 million during 2020 of government subsidies from the JobKeeper Scheme granted by Australia Government for supporting the payroll of the Group's employees. The management fee income in relation to rental reimbursement was increased to approximately HK$2.70 million for the year ended 31 December 2021 from approximately HK$2.54 million for the year ended 31 December 2020. Moreover, there was a reversal of provision for the FMA penalty of approximately HK$1.27 million during 2021. The interest income decreased to approximately HK$99,000 for the year ended 31 December 2021 from approximately HK$1.03 million for the year end 31 December 2020.

Total expenses

The total expense of the Group decreased by approximately 29% to approximately HK$65.80 million for the year ended 31 December 2021 from approximately HK$92.43 million for the year ended 31 December 2020.

Referral expenses and other charges

The referral expenses and other charges of the Group decreased by approximately 46% to approximately HK$1.11 million for the year ended 31 December 2021 from approximately HK$2.05 million for the year ended 31 December 2020. The decrease was mainly due to the lower trading volume from the customers referred by services providers and decreased transaction fees paid to remittance channels.

Staff costs

The staff costs of the Group increased by approximately 33% to approximately HK$24.71 million for the year ended 31 December 2021 from approximately HK$18.61 million for the year ended 31 December 2020. Since the second half of 2020, the Group has been recruiting talents to help improve service quality and develop our global business.

Depreciation & amortisation

Depreciation of property, plant and equipment decreased to approximately HK$1.91 million for the year ended 31 December 2021 from approximately HK$3.12 million for the year ended 31 December 2020.

Depreciation – right-of-use assets

Depreciation for right-of-use assets decreased to approximately HK$9.72 million for the year ended 31 December 2021 from approximately HK$11.72 million for the year ended 31 December 2020. The drop was mainly due to the moving of office in Hong Kong.

Other operating expenses

The other operating expenses of the Group decreased to approximately HK$28.35 million for the year ended 31 December 2021 from approximately HK$56.92 million for the year ended 31 December 2020. This was mainly due to combined effect of the decrease of professional and consultancy fees of HK$8.07 million, the provision for the FMA penalty of HK$5.06 million during the year end 31 December 2020 and the foreign exchange gain of HK$3.59 million during the year ended 31 December 2021 as opposed to foreign exchange loss of HK$9.63 million during the year ended 31 December 2020.

Net loss

Loss for the year of the Group reduced by approximately 21% to approximately HK$56.54 million for the year ended 31 December 2021 from approximately HK$71.64 million for the year ended 31 December 2020.

LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, the operations of the Group were financed principally by equity capital, cash generated by the Group's business operations and cash and bank deposits.

As at 31 December 2021, cash and bank balances held by the Group amounted to HK$234.5 million (2020: HK$287.1 million).

GEARING RATIO

The gearing ratio calculated on the basis of net debts (lease liabilities) over the total shareholders' equity as at 31 December 2021 was approximately 3.6% (2020: approximately 3.2%).

TREASURY POLICIES

The Group generally financed its operations with internally generated resources and funds. All other financing methods will be considered as long as such methods are beneficial to the Company. Bank deposits mainly are in US$, AUD, NZD and RMB.

FOREIGN CURRENCY EXPOSURE

During the year under review, the Group recorded a net foreign exchange gain of approximately HK$3.6 million (2020: net foreign exchange loss of approximately HK$9.6 million). This was mainly due to the year-end translation of assets denominated in foreign currency (mainly US dollar) into local reporting currency by the Company's subsidiaries in Australia and New Zealand. In addition, the Group recorded a currency translation loss of approximately HK$7.8 million (2020: currency translation profit of approximately HK$13.7 million), mainly due to the year-end translation of net assets (denominated in local currency) of the Australia and New Zealand subsidiaries, into the Group's reporting currency (HK dollar). These contributed to approximately HK$4.2 million exchange loss in total for the year under review (2020: approximately HK$4.1 million exchange profit in total). The foreign currency risk is managed proactively by regular reviews of the currency positions in the basket of currency mix. To minimize the risk exposure, the Group has a hedging strategy based on prevailing market conditions and working capital requirements of subsidiaries.

CAPITAL STRUCTURE

During the year under review, the Group's capital structure consists of equity attributable to owners of the Company, comprising issued share capital and reserves.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES DURING THE YEAR UNDER REVIEW

During the year ended 31 December 2021, the Group did not have any significant investments held, material acquisitions and disposals.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group engaged a total of 35 employees (2020: a total of 35). Total staff costs including Directors' remuneration for the year under review amounting to approximately HK$24.71 million (2020: approximately HK$18.6 million). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees. The Group provides retirement benefits in accordance with the relevant laws and regulations in the place where the staff is employed.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2021, there was no bank balance of the Group used to secure the banking facilities (as at 31 December 2020: Nil).

CONTINGENT LIABILITIES

Details of the Group's contingent liabilities as at 31 December 2021 are set out in Note 16 to the consolidated financial statements.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company established an audit committee (the "**Audit Committee**") on 18 December 2012 with written terms of reference in compliance with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

As at the date of this announcement, the Audit Committee currently comprises three independent non-executive Directors, namely, Ms. Hu Zhaoxia, Mr. Wu Jianfeng and Mr. Christopher Wesley Satterfield. Ms. Hu Zhaoxia is the chairman of the Audit Committee.

The Audit Committee meets at least twice a year to review (i) the annual and interim results and the accompanying auditor's reports, (ii) the accounting policies and practices adopted by the Company, and (iii) the financial reporting matters, risk management and internal control systems of the Company.

The Audit Committee had reviewed the Group's audited consolidated financial statements for the year ended 31 December 2021 and had submitted its views to the Board.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this announcement.

SOLUTIONS TO ADDRESS THE DISCLAIMER OF AUDIT OPINION MADE BY THE INDEPENDENT AUDITOR IN THE 2019 ANNUAL REPORT

As disclosed in the Company's announcement dated 24 April 2020 (the "**Announcement**"), the fundamental reason for the disclaimer of audit opinion made by the independent auditor for the year ended 31 December 2019 was due to denial of the auditor's access to the evidence relating to the Group's Legacy Systems (as defined in the Announcement) and the data contained in the databases and servers maintained by Banclogix System Co., Limited ("**Banclogix**", the Group's then IT service provider) which are necessary for the purpose of the audit. To tackle the issues mentioned, the Board had spent tremendous effort to migrate the IT platform completely from Banclogix to CLSA Limited ("**CLSA**", the new IT service provider) since August 2019. The Board had adopted and accomplished different measures of IT platform migration including (i) shared drives and file servers migration (completed in December 2019); (ii) trading servers migration (completed in December 2019); and (iii) e-mail migration (completed in October 2019). Also as disclosed in the Company's announcements dated 9 March 2020 and 23 March 2020, the Company had terminated a renewed information technology services agreement with Banclogix and entered into a new information technology services agreement with CLSA which had taken effect on 17 March 2020. The Board, including the Audit Committee, believed that the above solutions already addressed the issues raised by the auditor under the disclaimer of opinion and there was no material carry forward effect on the financial statements for the year ended 31 December 2020 as the issues had already been resolved by the new IT service provider.

As disclosed, due to the predecessor auditor's disclaimer of audit opinion on the consolidated financial statements for the year ended 31 December 2019, the Company's auditor expressed a qualified opinion on the consolidated financial statements for the year ended 31 December 2020 in relation to (i) the opening balances on the consolidated financial position of the Group as at 31 December 2020; (ii) corresponding figures in the consolidated financial statements for the year ended 31 December 2020; and (iii) the related disclosures included in the consolidated financial statements of the Group for the year ended 31 December 2020.

The Company's auditor expressed a qualified opinion on the consolidated financial statements for the year ended 31 December 2021 in relation to the possible effects of the matters described in the basis for qualified opinion on the comparability of the related 2021 figures and the 2020 figures in the consolidated financial statements for the year ended 31 December 2021 (the "**Audit Qualification**").

The Audit Qualification is a consequential result arising from the qualified opinion expressed by the Company's auditor, containing the qualification in respect of (i) the opening balances on the consolidated financial position of the Group as at 31 December 2020; (ii) corresponding figures in the consolidated financial statements for the year ended 31 December 2020; and (iii) the related disclosures included in the consolidated financial statements of the Group for the year ended 31 December 2020, the details of which have been set out in the auditor's report for 2020 Financial Statements dated 16 March 2021.

The Board and the Audit Committee agree with the auditor's view in respect of the Audit Qualification. The Audit Committee has reviewed the management's position on the major judgement areas and there is no disagreement by the Audit Committee with the management's position on the qualified opinion issued by the Company's auditor.

The Audit Committee had further discussed with the Company's auditor the impact of the Audit Qualification in subsequent financial year and agreed that the Audit Qualification would likely be removed for the financial year 2022 as the possible effects of the items do not affect the results of the Group for the year ended 31 December 2021 and will not recur.

FUTURE PLANS FOR MATERIAL INVESTMENTS, CAPITAL ASSETS AND BUSINESS DEVELOPMENT

The Group plans to:

1. Diversify customer base to include both Chinese speaking and non-Chinese speaking individuals and high net worth customers globally;

2. Develop institutional client segment by providing competitive liquidity solutions;

3. Expand the range of our financial services and products; and

4. Continuously strengthen cybersecurity and information technology capability to improve customer experience.

DIRECTORS' COMPETING INTERESTS

As at 31 December 2021, none of the Directors and their respective associates (as defined under the Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 (2020: Nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules throughout the year ended 31 December 2021 and as at the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the CG Code contained in Appendix 14 of the Listing Rules in a whole year of 2021. The Board will continue to review and monitor the Company's corporate governance practices to ensure compliance with the CG Code.

The Directors acknowledge their responsibility for the preparation of the Company's financial statements and that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. It is also the responsibility of the Directors to ensure the timely publication of the Company's financial statements. During the year, the Company's management has provided sufficient explanation and information to the Board to enable it to make an informed assessment of the financial and other information put before it for approval including the monthly updates on the Company's performance, position and prospects.

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

For the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules (the "**Model Code**") during the year ended 31 December 2021 as the code of conduct regarding transactions in securities of the Company by the Directors.

Having made specific enquiry with the Directors, all the Directors confirmed that they had complied with the Model Code during the year ended 31 December 2021.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B (1) OF THE LISTING RULES

As disclosed in the Company's announcement dated 24 December 2020, Mr. Stephen Gregory McCoy tendered his resignation as a non-executive Director with effect from 9 March 2021.

On 12 April 2021, Mr. Yuan Feng has been appointed as a director of CITIC Securities Overseas Investment Company Limited, a controlling shareholder of the Company.

The director service agreement entered into between Mr. Li Jiong and the Company has been renewed on 21 May 2021 with a term of service for three years and subject to rotational retirements under the Company's articles of association. Mr. Li is entitled to receive a remuneration of HK$120,000 for each year.

The director service agreement entered into between Mr. Xu Jianqiang and the Company has been renewed on 21 May 2021 with a term of service for three years and subject to rotational retirements under the Company's articles of association. Mr. Xu is entitled to receive a remuneration of HK$120,000 for each year.

As disclosed in the Company's announcement dated 5 July 2021, Mr. Wu Fei tendered his resignation as an executive Director and the general manager of the Group with effect from 5 July 2021 and Mr. Chung Cheuk Fan Marco has been appointed as the executive Director and the Head of Legal and Compliance with effect from 5 July 2021.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this announcement.

PUBLICATION OF ANNUAL REPORT

The Company's 2021 annual report will be despatched to the Company's shareholders and published on the respective websites of the Company (www.clsapremium.com) and the Stock Exchange (www.hkexnews.hk) in due course.

By Order of the Board
CLSA Premium Limited
Yuan Feng
Executive Director

Hong Kong, 14 March 2022

As at the date of this announcement, the Directors are as follows:

Executive Directors
Mr. Yuan Feng *(Deputy Chief Executive Officer)*
Mr. Chung Cheuk Fan Marco

Non-executive Directors
Mr. Li Jiong *(Chairman)*
Mr. Xu Jianqiang

Independent non-executive Directors
Mr. Wu Jianfeng
Mr. Christopher Wesley Satterfield
Ms. Hu Zhaoxia