CLSA Premium Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6877)

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022, PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION AND PROPOSED ADOPTION OF THE AMENDED AND RESTATED ARTICLES OF ASSOCIATION

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 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022** ***HK$'000***	2021 *HK$'000* (Restated)
CONTINUING OPERATIONS			
Sales of goods from healthcare business	*3*	**39,129**	–
Leveraged foreign exchange and other trading income	*3*	**1,262**	2,738
Fee and commission income	*3*	**–**	4
Reversal of provision for expected credit loss		**183**	131
Other income	*4*	**2,467**	6,156
Total income		**43,041**	9,029

	Notes	2022 HK$'000	2021 HK$'000 (Restated)
Cost of sales from healthcare business		**(31,961)**	–
Referral expenses and other charges		**(2,124)**	(629)
Staff costs		**(12,135)**	(18,707)
Depreciation – property, plant and equipment		**(711)**	(1,837)
Depreciation – right-of-use assets	*10*	**(1,878)**	(9,721)
Other operating expenses	*5*	**(23,444)**	(26,818)
Total expenses		**(72,253)**	(57,712)
Operating loss from continuing operations		**(29,212)**	(48,683)
Finance cost		**(209)**	(288)
Loss before tax from continuing operations		**(29,421)**	(48,971)
Income tax expense	*7*	**(97)**	–
Loss for the year from continuing operations		**(29,518)**	(48,971)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	*6*	**(1,534)**	(7,571)
Loss for the year		**(31,052)**	(56,542)
Other comprehensive expense			
Item that may be reclassified to profit or loss			
Currency translation difference		**(6,905)**	(7,757)
Other comprehensive expense for the year, net of tax		**(6,905)**	(7,757)
Total comprehensive loss for the year		**(37,957)**	(64,299)

	Notes	**2022**	2021
		HK$'000	*HK$'000*
			(Restated)
Loss attributable to:			
Continuing operations		**(29,518)**	(48,971)
Discontinued operations		**(1,534)**	(7,571)
		(31,052)	(56,542)
Total comprehensive loss attributable to:			
Continuing operations		**(31,853)**	(50,868)
Discontinued operations		**(6,104)**	(13,431)
		(37,957)	(64,299)
		HK cents	*HK cents*
Loss per share for loss attributable to the equity holders of the Company for the year			
Continuing operations		**(1.45)**	(2.41)
Discontinued operations		**(0.08)**	(0.37)
– Basic and diluted *(HK cents per share)*	*9*	**(1.53)**	(2.78)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**845**	1,656
Intangible assets		**–**	–
Right-of-use assets	*10*	**–**	9,494
Deposit	*13*	**–**	701
Total non-current assets		**845**	11,851
Current assets			
Inventories	*11*	**37,795**	–
Trade receivables	*12*	**17,991**	–
Other receivables, prepayments and deposits	*13*	**6,999**	6,527
Tax prepayment		**4**	4
Derivative financial instruments		**–**	4,579
Balances due from agents	*14*	**4,651**	33,963
Cash and bank balances and client trust bank balances	*15*	**216,025**	273,692
Total current assets		**283,465**	318,765
Total assets		**284,310**	330,616
EQUITY AND LIABILITIES			
Equity			
Share capital	*18*	**20,333**	20,333
Reserves	*18*	**210,467**	248,424
Total equity		**230,800**	268,757

	Notes	**2022**	2021
		HK$'000	*HK$'000*
Current liabilities			
Lease liabilities	*16*	**–**	3,399
Tax payable		**97**	–
Trade and other payables	*17*	**51,486**	9,496
Derivative financial instruments		**12**	458
Clients' balances		**1,915**	42,266
Total current liabilities		**53,510**	55,619
Non-current liabilities			
Lease liabilities	*16*	**–**	6,240
Total non-current liabilities		**–**	6,240
Total liabilities		**53,510**	61,859
Total equity and liabilities		**284,310**	330,616

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 2022

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 or prior accounting period:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021 (early adopted)
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

These new or amended HKFRSs that are effective from 1 January 2022 did not have any significant impact on the Group's accounting policies.

(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 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 *Effective for annual periods beginning on or after 1 January 2023*

2 *Effective for annual periods beginning on or after 1 January 2024*

3 *No mandatory effective date yet determined but available for adoption*

4 *As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, 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 to align the corresponding wording with no change in conclusion*

5 *As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023*

6 *An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17*

The Group'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.

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 service/product perspective.

During the year, the Group has ceased its margin dealing business in New Zealand and returned its derivatives issuer licence to the Financial Markets Authority of New Zealand (the "**FMA**"). In accordance with HKFRS 5, the segments of New Zealand business for the years ended 31 December 2022 and 2021 were presented as discontinued operations in the Group's consolidated financial statements.

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

(a) the healthcare products segment engages in the sales of healthcare products;

(b) the margin dealing segment engages in the provision of leveraged foreign exchange, commodity and index trading services in Australia, Hong Kong and New Zealand; and

(c) unallocated segment engages in the provision of services other than margin dealing and healthcare products business, and the operations of the investment holding companies.

As mentioned above, the operating results from the margin dealing businesses in Australia and Hong Kong are combined and presented as the margin dealing segment. As such, the segment information for the year ended 31 December 2021 has been restated accordingly.

The Group has commenced the healthcare products business and established an online store through internationally renowned online sale platform during the year. The Group sells the healthcare products sourced from its suppliers to end-customers and wholesale customers. The healthcare products business was organically grown and not as result of a business combination.

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 2022 and 2021.

The segment information provided to the management for the reportable segments for the years ended 31 December 2022 and 2021 is as follows:

For the year ended 31 December 2022

	Continuing operations			Discontinued operations	
	Healthcare products	**Margin dealing**	**Unallocated**	**Margin dealing**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue and other income:					
Segment revenue from external customers	**39,129**	**1,262**	**–**	**30**	**40,421**
Reversal of provision for expected credit loss	**–**	**183**	**–**	**–**	**183**
Other (loss)/income	**(170)**	**2,391**	**246**	**2,965**	**5,432**
Total revenue and other income	**38,959**	**3,836**	**246**	**2,995**	**46,036**
Segment loss	**(1,619)**	**(18,450)**	**(9,352)**	**(1,558)**	**(30,979)**
Income tax (expense)/credit	**(10)**	**(87)**	**–**	**24**	**(73)**
Loss for the year	**(1,629)**	**(18,537)**	**(9,352)**	**(1,534)**	**(31,052)**
Other segment information:					
Depreciation	**–**	**1,698**	**891**	**24**	**2,613**
Lease payments	**–**	**993**	**575**	**190**	**1,758**
Finance cost	**–**	**74**	**135**	**–**	**209**

For the year ended 31 December 2021 (Restated)

	Continuing operations			Discontinued operations	
	Healthcare products	Margin dealing	Unallocated	Margin dealing	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue and other income:					
Segment revenue from external customers	–	2,742	–	38	2,780
Reversal of provision for expected credit loss	–	36	95	259	390
Other income	–	3,356	2,800	2,439	8,595
Total revenue and other income	–	6,134	2,895	2,736	11,765
Segment loss	–	(26,472)	(22,499)	(8,941)	(57,912)
Income tax credit	–	–	–	1,370	1,370
Loss for the year	–	(26,472)	(22,499)	(7,571)	(56,542)
Other segment information:					
Depreciation	–	2,558	9,000	77	11,635
Lease payments	–	772	42	314	1,128
Finance cost	–	95	193	–	288

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

	2022	2021
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong	**41,141**	(72)
Australia	**(750)**	2,814
	40,391	2,742
Discontinued operations		
New Zealand	**30**	38
	40,421	2,780

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

	2022	2021
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong	**740**	10,314
Australia	**87**	1,465
	827	11,779
Discontinued operations		
New Zealand	**18**	72
	845	11,851

Major customer

During the year ended 31 December 2022, the following external customer contributed more than 10% of the total revenue of the Group.

	2022	2021
	HK$'000	*HK$'000*
Customer A	**8,333**	N/A*

The corresponding customer did not contribute more than 10% of the total revenue of the Group during the year ended 31 December 2021.

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

Other income of continuing operations:

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
Interest income	**1,765**	99
Management fee income	**–**	2,700
Government subsidies *(note)*	**–**	264
Net gain from financial assets at fair value through profit or loss	**–**	159
Net foreign exchange gain	**514**	2,412
Others	**188**	522
	2,467	6,156

note:

Included in profit or loss for the year ended 31 December 2021 was HK$264,000 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

Other operating expenses of continuing operations:

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
Other office occupation expenses	**484**	1,887
Auditors' remuneration		
– Audit services	**1,793**	1,905
– Non-audit services	**54**	36
Information services expenses	**741**	964
Professional and consultancy fee	**4,485**	10,009
Repair and maintenance (including system maintenance)	**3,093**	6,097
Marketing, advertising and promotion expenses	**4,698**	315
Travelling expenses	**174**	197
Entertainment expenses	**4**	28
Insurance	**3,133**	2,531
Bank charges	**264**	91
Staff training	**29**	56
Lease payments under land and building	**1,568**	814
Loss on disposal of property, plant and equipment	**35**	602
Others	**2,889**	1,286
	23,444	26,818

6 DISCONTINUED OPERATIONS

During the year ended 31 December 2022, the Group ceased its margin dealing business in New Zealand due to future uncertainties in this business. In June 2022, the Group has returned its derivatives issuer licence to the FMA. The analysis of the results of discontinued operations is as follows:

	2022	2021
	HK$'000	*HK$'000*
Leverage foreign exchange and other trading income	**8**	(21)
Fee and commission income	**22**	59
Reversal of provision for expected credit loss	**–**	259
Other income	**2,965**	2,439
Total income	**2,995**	2,736
Referral expenses and other charges	**(254)**	(481)
Staff costs	**(1,834)**	(5,998)
Depreciation – property, plant and equipment	**(24)**	(77)
Other operating expenses	**(2,441)**	(5,121)
Total expenses	**(4,553)**	(11,677)
Operating loss from discontinued operations	**(1,558)**	(8,941)
Finance cost	**–**	–
Loss before tax from discontinued operations	**(1,558)**	(8,941)
Income tax	**24**	1,370
Loss for the year from discontinued operations	**(1,534)**	(7,571)

Net cash flows from discontinued operations are as follows:

	2022	2021
	HK$'000	*HK$'000*
Operating cash inflows/(outflows)	**8,055**	(20,389)
Investing cash inflows	**–**	68
Financing cash outflows	**(49,901)**	–
Total cash outflows	**(41,846)**	(20,321)

7 INCOME TAX EXPENSE

Hong Kong profits tax on continuing operations has been provided at the rate of 16.5% (2021: 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% in New Zealand and 30% in Australia (2021: 28% in New Zealand; 30% in Australia and 25% in Mainland China) in accordance with the local tax law.

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
Current tax:		
Hong Kong income tax	**97**	–
Income tax expense	**97**	–
Loss before income tax from continuing operations	**(29,421)**	(48,971)
Tax at the Hong Kong statutory tax rate	**(4,854)**	(8,080)
Effect of different taxation rates in other countries	**(1,520)**	843
Income not subject to tax	**(421)**	(80)
Expenses not deductible for tax	**2,174**	513
Temporary differences not recognised	**4,718**	6,804
Income tax expense	**97**	–

8 DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2022 (2021: Nil).

9 LOSS PER SHARE

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

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
Loss from continuing operations	**(29,518)**	(48,971)
Loss from discontinued operations	**(1,534)**	(7,571)
Loss attributable to equity holders of the Company	**(31,052)**	(56,542)
	No. of shares	No. of shares
Weighted average number of ordinary shares in issue	**2,033,290,000**	2,033,290,000

	2022	2021
		(Restated)
Basic and diluted losses per share *(HK cents)*		
Continuing operations	**(1.45)**	(2.41)
Discontinued operations	**(0.08)**	(0.37)
Total basic and diluted losses per share *(HK cents)*	**(1.53)**	(2.78)

For the years ended 31 December 2022 and 2021, basic loss per share is the same as diluted loss per share.

No share option was granted during the years ended 31 December 2022 and 2021. The Company's outstanding share options have no dilution effect for the years ended 31 December 2022 and 2021 because the exercise price of the Company's share options were higher than the average market price of the share for the years.

10 RIGHT-OF-USE ASSETS

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

	2022	2021
	HK$'000	*HK$'000*
Right-of-use assets		
Buildings	**–**	9,494
Lease liabilities		
Current	**–**	3,399
Non-current	**–**	6,240
	–	9,639

There is no addition to the right-of-use assets in 2022. Additions to the right-of-use assets in 2021 were HK$8,891,000.

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

	2022	2021
	HK$'000	*HK$'000*
Depreciation charge on right-of-use assets		
Buildings	**1,878**	9,721
Interest expense (included in finance cost)	**161**	288
Expense relating to short-term leases (included in other operating expenses)	**1,758**	1,128

Total cash outflows for leases are as below:

	2022	2021
	HK$000	*HK$000*
Within operating cash flows	**1,758**	1,128
Within financing cash flows	**2,233**	10,143
	3,991	11,271

(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 1 year (2021: 2 to 4 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.

11 INVENTORIES

	2022	2021
	HK$000	*HK$000*
Finished goods – merchandise	**37,795**	–

The cost of goods recognised as cost of sales amounted to approximately HK$31,961,000 for the year ended 31 December 2022 (2021: nil).

12 TRADE RECEIVABLES

	2022	2021
	HK$000	*HK$000*
Trade receivables	**17,991**	–
Less: provision for impairment allowance	**–**	–
	17,991	–

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

An aging analysis of the trade receivables based on invoice date is as follows:

	2022	2021
	HK$000	*HK$000*
Current	**9,686**	–
Less than 3 months past due	**5,821**	–
3-6 months past due	**1,047**	–
Over 6 months past due	**1,437**	–
	17,991	–

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables.

Trade receivables past due but not impaired represents balance that the Group considered to be fully recoverable based on the past experience. As at 31 December 2022, none of the trade receivables (2021: nil) were impaired and the expected credit losses for the trade receivables balance are not significant. No provision was made as at 31 December 2022 (2021: nil).

Trade receivables are denominated in the following currencies:

	2022	2021
	HK$000	*HK$000*
RMB	**9,876**	–
HK$	**8,115**	–
	17,991	–

All trade receivables' carrying amounts approximate their fair values.

13 OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2022	2021
	HK$'000	*HK$'000*
Prepayments	**3,264**	3,191
Right-of-return assets	**2,587**	–
Interest receivables	**978**	–
Other receivables	**129**	168
Rental and utility deposits	**41**	3,869
Total	**6,999**	7,228
Less: non-current portion	**–**	(701)
Current portion	**6,999**	6,527

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

14 BALANCES DUE FROM AGENTS

	2022	2021
	HK$'000	*HK$'000*
Balances due from agents	**4,651**	34,154
Provision for expected credit loss	**–**	(191)
Total	**4,651**	33,963

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.

15 CASH AND BANK BALANCES AND CLIENT TRUST BANK BALANCES

	2022	2021
	HK$'000	*HK$'000*
Cash and bank balances	**13,228**	195,487
Fixed deposits with banks	**198,563**	38,980
Client trust bank balances	**4,234**	39,225
	216,025	273,692

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

	2022	2021
	HK$'000	*HK$'000*
Cash and bank balances	**13,228**	195,487
Fixed deposits with bank with original maturity within three months	**198,563**	38,980
	211,791	234,467

16 LEASE LIABILITIES

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of offices mainly in Hong Kong and Australia. Under the office leases, the periodic rents are fixed over the lease term.

The movements in lease liabilities:

	HK$'000
Balance as at 1 January 2021	10,699
Additions	8,891
Interest expense	288
Lease payments	(10,143)
Exchange adjustment	(96)
Balance as at 31 December 2021 and 1 January 2022	9,639
Interest expense	**161**
Lease payments	**(2,072)**
Disposal	**(7,675)**
Exchange adjustment	**(53)**
Balance as at 31 December 2022	**–**

Future lease payments are due as follows:

	Future lease payments *HK$'000*	Interest *HK$'000*	Present value *HK$'000*
As at 31 December 2022			
Not later than one year	–	–	–
Later than one year and not later than two years	–	–	–
Later than two years and not later than five years	–	–	–
	–	–	–
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

The present value of future lease payments are analysed as:

	2022 ***HK$'000***	2021 *HK$'000*
Current liabilities	–	3,399
Non-current liabilities	–	6,240
	–	9,639

17 TRADE AND OTHER PAYABLES

	notes	2022	2021
		HK$'000	*HK$'000*
Trade payables	*(b)*	**41,486**	–
Refund liabilities		**2,676**	–
Contract liabilities		**2,412**	–
Other accruals		**2,415**	4,482
Accrued audit fees		**1,972**	2,422
Employee entitlements		**–**	2,021
Other payables		**525**	345
Commission payable		**–**	226
	(a)	**51,486**	9,496

notes:

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

(b) The credit terms of merchandise payables granted by the suppliers are usually current to 90 days. At 31 December 2022, the aging analysis of the merchandise payables based on invoice date is as follows:

	2022	2021
	HK$'000	*HK$'000*
Within 30 days	**–**	–
30 to 90 days	**41,486**	–
90 to 180 days	**–**	–
Over 180 days	**–**	–
	41,486	–

18 SHARE CAPITAL AND RESERVES

(a) Share capital

	31 December 2022		31 December 2021	
	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.

19 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 endorsement 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 is to be 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 FMA. 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 a 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.

The Group had accrued NZD1 million (approximately HK$5.6 million) as provision for the penalty during the year ended 31 December 2020. The claim was settled after the penalty was paid in October 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL PERFORMANCE

Business review

Margin Dealing Business

In the past years, the Group's business performance has been adversely affected by legacy issues and further impacted by the prolonged COVID-19 pandemic. To restore profitability and improve the Group's overall financial position, the management has been striving to reconstruct the margin dealing business and explore new business opportunities in the "new normal" environment. During the year under review, the management has decided to (i) explore business opportunities in the healthcare industry, (ii) suspend the operation in Australia and New Zealand and (iii) continue the cost reduction measures. These combined efforts have simultaneously increased the total income and decreased total expenses, reducing the net loss of the Group by 45% as compared with the year ended 31 December 2021.

In 2022, the margin dealing segment has achieved a 20% growth in overall client trading volume compared with 2021. In particular, while client trading volume in Australia and New Zealand has collectively decreased by 33% compared with 2021 due to the suspension of business, bullion clients have contributed an impressive 849% growth of trading volume. In 2022, the trading income of the bullion business increased by 900% to approximately HK$2.0 million compared with 2021.

CLSA Premium New Zealand Limited ("CLSAP NZ")

On 25 January 2022, the Group announced a plan to decide to suspend the margin dealing business in New Zealand and to change CLSAP NZ as a dormant company until there is any further decision to be made. It could enable the Group to better utilise its resources in its other segments. In June 2022, CLSAP NZ has returned its derivatives issuer licence to the Financial Markets Authority of New Zealand. CLSAP NZ has returned the client money in the segregation account to the client. Thus, the operation of CLSAP NZ was classified as discontinued operation as it has completed all necessary procedure of cessation process and is no longer included in the note for operating segment information.

CLSA Premium Pty Limited (“CLSAP AU”)

In November 2022, the Australian Financial Services Licence of CLSAP AU was cancelled by the Australian Securities and Investments Commission. CLSAP AU was in the process of returning the client money and has not yet completed as at 31 December 2022. The operation of CLSAP AU was thus classified as continuing operation as all necessary procedure of cessation of business is still ongoing.

Regarding the Australian and New Zealand operation, as announced previously, the Group has decided to suspend the operations due to regulatory and financial challenges in both countries. The suspension has significantly reduced the total operation costs by HK$16.3 million and HK$5.9 million for the Australian and New Zealand entity respectively, contributing to a reduction of the total expense of the Group of approximately HK$24.5 million in 2022.

On the condition that there shall be no adverse effect on the business as a whole, the Group has continued to take actions to streamline operations and enhance efficiency. Apart from the cost savings derived from the suspension of the Australian and New Zealand operations, the Group has reduced (i) approximately HK$7.8 million on the depreciation on right-of-use assets which is related to office rent mainly due to the relocation of the Hong Kong office, (ii) approximately HK$3.0 million in repair and maintenance mainly after negotiating a new agreement with IT services provider and (iii) approximately HK$6.4 million in professional and consultancy expenses in the 2022 compared with the 2021.

Healthcare Products Business

The tightened regulatory requirements and COVID-19 pandemic have hindered the business development of the Group’s existing Margin Dealing Business. While the Group is actively reviewing and monitoring the Margin Dealing Business, the Group has been evaluating other business opportunities available, including the Healthcare Products Business and has reviewed industry reports and researches relating to the medicines and healthcare products trading. Pursuant to industry reports, the pharmaceutical ecommerce has an extensive growth of 25% from 2020 to 2021. After due consideration, the Group decided in April 2022 to pursue and commence the Healthcare Products Business and to monitor the on-going development of the pharmaceutical e-commerce business.

In order to develop the Healthcare Products Business, the Group engaged an industry expert, who has more than 20 years of experience in retail management of medicine and operations of medicine and healthcare products manufacturing, and appointed a specialist as a director in subsidiary level. Both of them acted as part of the core management team to lead the Healthcare Products Business.

In August 2022, the Group successfully obtained the Wholesaler Licence in Proprietary Chinese Medicines issued by the Chinese Medicines Traders Committee pursuant to the Chinese Medicine Ordinance (Cap. 549 of the Laws of Hong Kong). The licence enables the Group to expand its sales networks to both individual customers online via the e-commerce stores (the "**B2C Model**") and wholesale customers offline (the "**B2B Model**").

Under the B2C Model, the Group purchases products from suppliers, manages cross-border supply chains, identifies target customers, and sells products to individual customers in Mainland China through online e-commerce stores operated by the Group. The Group manages the entire operation of the e-commerce stores, including merchandise operation, digital marketing, customer services and logistics management. Under the B2B model, the Group sells the products sourced from its suppliers to its wholesale customers, which, in turn, on-sell to end users.

The healthcare products segment has successfully achieved approximately HK$7.60 million and HK$31.5 million of total sales revenue respectively in the first half and second half of 2022.

The aforementioned efforts have allowed the Group to significantly increase the total income and reduce the operating expenses (excluding cost of sales). As a result, the operating loss for the continuing operations has decreased by 40% from HK$48.7 million in 2021 to HK$29.2 million in 2022.

Total income

The total income of the Group for the continuing operations has increased by approximately 377% to approximately HK$43.0 million for the year ended 31 December 2022 from approximately HK$9.0 million for the year ended 31 December 2021.

A. Sales of goods

The sales of goods of the Group for the continuing operations was approximately HK$39.1 million in 2022, driven by the growth of newly established healthcare products business.

B. Leveraged foreign exchange and other trading income

The leveraged foreign exchange and other trading income of the Group for the continuing operations has decreased by approximately 52% to HK$1.3 million in 2022 from HK$2.7 million in 2021. The bullion trading business has recorded approximately HK$2.0 million of trading income in 2022, offset by approximately HK$0.8 million of trading loss in Australia.

C. Fee and commission income

The fee and commission income of the Group has decreased by approximately 65% to HK$22,000 in 2022 from HK$63,000 in 2021, mainly due to suspension of stock trading business in New Zealand. The operation in New Zealand is discontinued during the year.

D. Other income

The other income of the Group for the continuing operations has decreased by approximately 60% to HK$2.5 million in 2022 from HK$6.2 million in 2021. In particular, management fee income previously derived from services provided to a related party has ceased from October 2021 therefore management fee income is zero in 2022 (2021: HK$2.7 million). Government subsidies is zero in 2022 (2021: HK$0.2 million as the JobKeeper Payment Scheme launched by the Australian Government has ended in April 2021). Interest income has increased by approximately 1700% to HK$1.8 million in 2022 from HK$0.1 million in 2021, mainly driven by the increased interest from bank deposits.

Total expenses

The total expense of the Group for the continuing operations has increased by approximately 25% to approximately HK$72.3 million in 2022 from approximately HK$57.7 million in 2021, mainly driven by the inclusion of the cost of sales of approximately HK$32.0 million for the healthcare products business. Excluding the cost of sales, the total expense was approximately HK$40.3 million in 2022, decreased by approximately 30% from 2021.

Referral expenses and other charges

The referral expenses and other charges of the Group for the continuing operations has increased to HK$2.1 million in 2022 from HK$0.6 million in 2021. The increase was mainly driven by the increase in trading volume from clients referred by business partners and client rewards and the commision expense for healthcare products business.

Staff costs

The staff costs of the Group for the continuing operations has decreased by approximately 35% to approximately HK$12.1 million for the year ended 31 December 2022 from approximately HK$18.7 million for the year ended 31 December 2021.

Depreciation & amortisation

Depreciation of property, plant and equipment for the continuing operations has decreased to approximately HK$0.7 million for the year ended 31 December 2022 from approximately HK$1.8 million for the year ended 31 December 2021.

Depreciation – right-of-use assets

Depreciation for right-of-use assets for the continuing operations has decreased to approximately HK$1.9 million for the year ended 31 December 2022 from approximately HK$9.7 million for the year ended 31 December 2021. The drop was mainly due to the office relocation in Hong Kong.

Other operating expenses

The other operating expenses of the Group for the continuing operations has decreased to approximately HK$23.4 million for the year ended 31 December 2022 from approximately HK$26.8 million for the year ended 31 December 2021. This was mainly due to combined effect of the decrease of professional and consultancy fees of HK$5.5 million, decrease of repair and maintence of HK$3.0 million, and partially offset by the increase of marketing, advertising and promotion expense of HK$4.4 million.

Net loss

Loss for the year of the Group for the continuing operations has reduced by approximately 40% to approximately HK$29.5 million for the year ended 31 December 2022 from approximately HK$49.0 million for the year ended 31 December 2021.

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 2022, cash and bank balances held by the Group amounted to HK$211.8 million (2021: HK$234.5 million).

GEARING RATIO

The gearing ratio calculated on the basis of net debts (lease liabilities) over the total shareholders' equity as at 31 December 2022 was zero (2021: approximately 3.6%).

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 HK$, US$, AUD, NZD and RMB.

FOREIGN CURRENCY EXPOSURE

During the year under review, the Group recorded a net foreign exchange gain of approximately HK$3.5 million (2021: net foreign exchange gain of approximately HK$3.6 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$6.9 million (2021: currency translation loss of approximately HK$7.8 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$3.4 million exchange loss in total for the year under review (2021: approximately HK$4.2 million exchange loss 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 2022, the Group did not have any significant investments held, material acquisitions and disposals.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group engaged a total of 8 employees (2021: 35). Total staff costs including Directors' remuneration for the year under review amounting to approximately HK$14.0 million (2021: approximately HK$24.7 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 2022, there was no bank balance of the Group used to secure the banking facilities (as at 31 December 2021: Nil).

CONTINGENT LIABILITIES

Details of the Group's contingent liabilities as at 31 December 2022 are set out in Note 19 of this announcement.

SUBSEQUENT EVENTS

Save as disclosed, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2022 and up to the date of this announcement.

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 2022 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 2022 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 2022. 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.

FUTURE PLANS FOR MATERIAL INVESTMENTS, CAPITAL ASSETS AND BUSINESS DEVELOPMENT

For margin dealing Business, subject to market conditions and local laws and regulations, the Group will consider expanding the bullion trading business by covering other commodities, including crypto-currency products, and by enhancing the VIP scheme according to on-going customer feedbacks.

With (i) the relaxation of social distancing measures and travel restrictions in China and Hong Kong; and (ii) the implementation of improvements and enhancements based on feedbacks received from the VIP scheme, the Group expects its Hong Kong's bullion trading business will keep growing. The Group will continue to monitor the operation of the bullion trading business and, subject to the market condition and market opportunities, explore ways to expand the bullion trading business further.

For healthcare products business, given the encouraging results to the date of this announcement, the Group will continue to expand its healthcare products business. It is expected that the healthcare products business will continue to grow based on the current market.

Regarding online sales, under the B2C Model the Group will focus on streamlining the newly established business operation and the expansion of its product line-up. The Group will allocate more resources to establish more online shops via other famous e-commerce marketplace, making use of different promotion channels and marketing partners to raise brand awareness as well as sourcing unique healthcare products directly from the manufacturers. The Group will coordinate its marketing and promotion activities with the brand owners' own marketing and positioning strategies. In addition, the Group plans to conduct additional marketing and promotional activities on the Internet, paying for more favourable screen space on the relevant e-commerce portals, doing live broadcast and adopting other search engine optimization measures so as to increase the visibility and web traffic of the online stores to consumers and capture a wider customer base.

Apart from the existing business as described above, the Group has decided to further expand its business model in trading various healthcare products through obtaining a Wholesale Dealer Licence under the Drug Office of the Department of Health in Hong Kong. This could expand the product offerings of the Group from Chinese medicines to other renowned healthcare products from Japan, Europe, North America and other countries around the globe.

In addition to distributing products of third-party brands, the Group is also exploring opportunities to produce healthcare products under the original design manufacturing (ODM) model. The Group considers that this will be an invaluable opportunity as ODM products will not only expand the Group's products offering to its customers (under both B2C Model and the B2B Model) but also increase profit margins of the Group.

DIRECTORS' COMPETING INTERESTS

As at 31 December 2022, 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 2022 (2021: 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 2022 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 2022. 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 2022, 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 2022 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 2022.

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

Since 1 June 2022, Mr. Xu Jianqiang has been appointed as the Head of Asset Management of CLSA.

On 27 June 2022, Mr. Yuan Feng, Mr. Christopher Wesley Satterfield, Mr. Wu Jianfeng and Ms. Hu Zhaoxia have renewed the director's service contract with the Company accordingly under the same terms and conditions of the one which expired on 26 June 2022. The basis for determining the Directors' emoluments (including bonus payments) remained unchanged during the year ended 31 December 2022.

On 10 March 2023, the Company received notices from Mr. Li Jiong, Mr. Xu Jianqiang and Mr. Yuan Feng accordingly for waiving the director's fee (the director's fee for Mr. Li Jiong and Mr. Xu Jianqiang both are HK$120,000 for each year and for Mr. Yuan Feng is HK$20,000 per month) with effect from 1 April 2023 till the termination of the appointment as the Company's non-executive Director/executive Director.

Save as disclosed, during the year ended 31 December 2022 and up to the date of this announcement, there were no other changes to the Directors' information that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PUBLICATION OF ANNUAL REPORT

The Company's 2022 annual report will be despatched to the shareholders of the Company (the "**Shareholders**") and published on the respective websites of the Company (www.clsapremium.com) and the Stock Exchange (www.hkexnews.hk) in due course.

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION AND PROPOSED ADOPTION OF THE AMENDED AND RESTATED ARTICLES OF ASSOCIATION

The Board announces that it proposed to amend the existing articles of association of the Company (the "**Articles**") and to adopt the amended and restated articles of association of the Company incorporating the amendments (the "**Amended and Restated Articles of Association**") for the purpose of, among others, (i) clarifying the powers of the Shareholders and the Board; (ii) bringing the Articles in line with the Core Shareholders Protection Standards as set out in Appendix 3 to the Listing Rules effective from 1 January 2022; and (iii) allowing all general meetings to be held by physical, electronic or hybrid meetings. Other minor amendments to the Articles are also made for corresponding as well as housekeeping changes.

The proposed amendments and the adoption of the Amended and Restated Articles of Association are subject to the approval of the Shareholders by way of a special resolution at the forthcoming annual general meeting of the Company (the "**AGM**"). A circular containing, among other things, particulars relating to the proposed amendments to the existing Articles brought about by the adoption of the Amended and Restated Articles of Association together with a notice convening the AGM will be despatched to the Shareholders on or around 12 April 2023.

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

Hong Kong, 13 March 2023

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

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