

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CLSA Premium Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6877)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO (i) AUSTRALIAN SERVICE LEVEL AGREEMENT AND (ii) NEW INFORMATION TECHNOLOGY SERVICES AGREEMENT

AUSTRALIAN SERVICE LEVEL AGREEMENT

Australian Office

On 26 February 2020, CLSA Premium Pty, being an indirect wholly-owned subsidiary of the Company, entered into the Australian Service Level Agreement with for a term of three years commencing on 14 February 2020 and expiring on 13 February 2023 with CLSA Australia, being a wholly-owned subsidiary of CITIC Securities.

NEW INFORMATION TECHNOLOGY SERVICES AGREEMENT

Reference is made to the announcements of the Company dated (i) 28 December 2018 in relation to, among other things, the Previous Information Technology Services Agreement entered into with Banclogix and (ii) 6 August 2019 in relation to the injunction order obtained and writ of summons issued against service provider. Unless otherwise specified, capitalized terms used herein shall have the same meanings as those defined in the said announcements.

In view of the Company's on-going litigation with Banclogix regarding the Previous Information Technology Services Agreement which has been affecting the Company's normal business operations and the necessity for the Group to engage a new information technology service provider to replace Banclogix, the Company has entered into the New Information Technology Services Agreement for a term of three years commencing from 17 March 2020 and expiring on 16 March 2023 with CLSA Limited, which is a wholly-owned subsidiary of CITIC Securities.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CITIC Securities Overseas Investment is a controlling shareholder of the Company (as defined in the Listing Rules) and is beneficially interested in approximately 59.03% of the entire issued share capital of the Company. CITIC Securities Overseas Investment, CLSA Australia and CLSA Limited are wholly-owned subsidiaries of CITIC Securities and are therefore connected persons of the Company. Accordingly, the Australian Service Level Agreement and the New Information Technology Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Australian Service Level Agreement are aggregated with the transactions contemplated under the New Information Technology Services Agreement as they were entered into within a 12-month period with the same party or a connected party thereof.

Given that each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregate annual caps in relation to the continuing connected transactions under the Australian Service Level Agreement and the New Information Technology Services Agreement exceed 0.1% but are less than 5% on an annual basis, the continuing connected transactions thereunder are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements.

Reference is made to the announcement of the Company dated 28 December 2018 in relation to the Renewed Office Licence Agreement entered into between Company and KVB Holdings for a term of three years commencing from 1 January 2019 to 31 December 2021 and the announcement of the Company dated 2 March 2020 in relation to the termination of the Renewed Office Licence Agreement (collectively, the “**Announcements**”). Unless otherwise specified, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

(A) THE AUSTRALIAN SERVICE LEVEL AGREEMENT

As the Renewed Office Licence Agreement was terminated on 6 March 2020, to ensure the Group can continue its operations at the overseas location, the Company entered into the Australian Service Level Agreement on 26 February 2020 regarding the office sharing of the relevant premises as detailed below.

The principal terms of the Australian Service Level Agreement are set out below:

- Date:** 26 February 2020

- Parties:**
 - (1) CLSA Premium Pty; and

 - (2) CLSA Australia

- Term:** From 14 February 2020 to 13 February 2023, both dates inclusive

- Services:** CLSA Australia shall provide, or procure the provision of the following services to CLSA Premium Pty:
 - (1) sharing of office space and common use of certain facilities at Level 35, Grosvenor Place, 225 George Street, Sydney NSW 2000; and

 - (2) administrative services including utilities, kitchen consumables and receptionist services.

- Pricing:** a monthly service fees at AU\$10,000.

The basis of determining the prices for the transactions contemplated under the Australian Service Level Agreement has been made with reference to (i) the pro rata monthly rental of the entire premises leased by CLSA Australia based on the area to be shared with CLSA Premium Pty; and (ii) the historical occupancy expenses, including costs for utilities, cleaning, consumables and receptionist services.

(B) THE NEW INFORMATION TECHNOLOGY SERVICES AGREEMENT

On 9 March 2020, the Company entered into the New Information Technology Services Agreement pursuant to which CLSA Limited agreed to provide certain information technology services to the Group. The principal terms of the New Information Technology Services Agreement are set out below:

- Date:** 9 March 2020
- Parties:** (1) the Company; and
(2) CLSA Limited.
- Term:** From 17 March 2020 to 16 March 2023, both dates inclusive.
- Services:** CLSA Limited shall provide (i) technology infrastructure design, implementation, monitoring, maintenance and remote support services; (ii) software development, implementation, monitoring, maintenance and remote support services; (iii) front office sales trading, dealing, execution system; (iv) website services; (v) market data databases and distribution platforms for all systems; (vi) system access account administration services and reporting, security monitoring, and security consulting services; and (vii) information technology service management services to the Group.
- Pricing:** The prices for the transactions contemplated under the New Information Technology Services Agreement are calculated as follows:
- a fixed annual fees at US\$115,000, determined with reference to the number of servers required to support the Group's operations, covering costs such as backups, system administration, network, power, data center charges and software;
 - a variable monthly fee based on actual usage of the relevant services, charged at US\$3,635 per user per annum which will comprise services for individual users such as security software, mail and voice services; and

- in respect of project management service, a fee charged by cost actually incurred as listed in the Statement of Work as agreed by the relevant Group Company and CLSA Limited prior to the start of the project. Unless otherwise specified in the Statement of Work, an amount will be charged at HK\$5,500 per man day.

PROPOSED ANNUAL CAPS

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Australian Service Level Agreement are aggregated with the transactions under the New Information Technology Services Agreement as they were entered into within a 12-month period as above.

The maximum aggregate amounts payable by CLSA Premium Pty to CLSA Australia under the Australian Service Level Agreement and by the Company to CLSA Limited under the New Information Technology Services Agreement are as follows:

Australian Service Level Agreement

For the period from 14 February 2020 to 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022	For the period from 1 January 2023 to 13 February 2023
AU\$105,573.77 (approximately HK\$633,443)	AU\$120,000 (approximately HK\$720,000)	AU\$120,000 (approximately HK\$720,000)	AU\$14,465.75 (approximately HK\$86,795)

New Information Technology Services Agreement

	For the period from 17 March 2020 to 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022	For the period from 1 January 2023 to 16 March 2023
	HK\$2,422,000	HK\$3,504,000	HK\$4,078,000	HK\$862,000
Aggregate annual caps	HK\$3,055,443	HK\$4,224,000	HK\$4,798,000	HK\$948,795

Basis for the Proposed Annual Caps

The proposed annual caps under the Australian Service Level Agreement were arrived at after taking into account (a) the service fees payable under the Australian Service Level Agreement; and (b) the anticipated fluctuation in the exchange rate of Australian Dollars as the monthly service fee under the Australian Service Level Agreement is stated to be in Australian Dollars.

The proposed annual caps under the New Information Technology Services Agreement were arrived at after taking into account (i) the services fees payable under the New Information Technology Services Agreement; (ii) the estimated demand of the Group for the services to be received and the growth and development of the business of the Group; (iii) the projected increase in the demand of information technology infrastructure project management and maintenance services of the Group; (iv) the increasing need of the Group to continuously develop and improve the software application to support the Group's core businesses; and; (v) the anticipated fluctuation in the exchange rate of US Dollars as the fixed annual fees and variable monthly fees under the New Information Technology Services Agreement are stated to be in US Dollars.

When determining the proposed annual caps under the New Information Technology Services Agreement, the Company has relied on the principal assumption that, during the term of the New Information Technology Services Agreement, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the business of the Group and/or CLSA Limited. The Board is of the view that the proposed annual caps are in line with the estimated latest development of the business of and the business plans of the Group, and are determined based on the principles of fairness and reasonableness.

The Group will satisfy the consideration of the transactions contemplated under the Australian Service Level Agreement and the New Information Technology Services Agreement from its internal resources.

RELATIONSHIP BETWEEN THE CONNECTED PARTIES

CLSA Premium Pty is a wholly-owned subsidiary of the Company, meanwhile CLSA Australia and CLSA Limited all are wholly-owned subsidiaries of CITIC Securities which in turn is a controlling shareholder of the Company through its holding in its wholly-owned subsidiary, CITIC Securities Overseas Investment. For this reason, CLSA Australia and CLSA Limited are both connected persons of the Company according to the Listing Rules. Therefore, the transactions under the Australian Service Level Agreement and the New Information Technology Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

REASONS FOR ENTERING INTO AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

As the Renewed Office Licence Agreement was terminated on 6 March 2020, by entering into the Australian Service Level Agreement, the Group will benefit by being able to continue its operations at the overseas location as it needs a new location. In addition, the Group can minimize its operating lease commitments by paying a lower service fees at the new location in Australia for use of an office, thereby improving its financial performance by controlling its expenses.

Reference is made to the Announcements in relation to the injunction order obtained and writ of summons issued against Banclogix, the service provider under the Previous Information Technology Services Agreement. In view of such ongoing litigation with Banclogix which has been affecting the Company's normal business operations, it is necessary for the Company to engage a new service provider to provide information technology services to the Group in its ordinary course of business. The services provided under the New Information Technology Services Agreement can be utilised by the Group to evaluate and rebuild the information technology infrastructures of the Group and to support the operations of the Group. For example, the software development services can help develop and modify the Group's software applications while technology maintenance services can ensure proper operation of the relevant software and minimises possible service interruptions or other negative consequences.

The abovementioned continuing connected transaction as contemplated under the Australian Service Level Agreement and the New Information Technology Services Agreement will occur on a regular and continuing basis in the ordinary and usual course of business of the Group.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios for the proposed aggregated annual caps of the transactions contemplated under the Australian Service Level Agreement and the New Information Technology Services Agreement exceed 0.1% but are less than 5% on an annual basis, the transactions are only subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements.

The Directors (excluding (i) Mr. Li Jiong, being the chairman of the Board and a non-executive Director and Mr. Xu Jianqiang, being a non-executive Director, who are considered to have a material interest in the Australian Service Level Agreement and the New Information Technology Services Agreement due to their directorship in the subsidiaries of CITIC Securities and were therefore required to abstain from voting on the relevant Board resolutions in relation to the Australian Service Level Agreement and the New Information Technology Services Agreement; and (ii) Mr. Yuan Feng, being an executive Director and deputy chief executive officer of the Company, who holds a position in CITIC Securities, and Mr. Wu Fei, an executive Director and general manager of the Group, who holds positions in CITIC Securities and its subsidiary, both

have abstained from voting on the relevant Board resolutions in relation to the Australian Service Level Agreement and the New Information Technology Services Agreement; and (iii) Mr. Stephen Gregory McCoy who is not considered to have a material interest and had abstained from voting on the relevant Board resolutions approving the New Information Technology Services Agreement) are of the view that the Australian Service Level Agreement and the New Information Technology Services Agreement have been entered into on an arm's length basis and in the ordinary and usual course of business, and that the transactions contemplated thereunder and the relevant annual caps are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES AND THE CONNECTED PERSONS

The Group

The Group is principally engaged in leveraged foreign exchange and other trading, cash dealing business, and other services.

CITIC Securities and its subsidiaries

CITIC Securities is principally engaged in securities brokerage (for areas other than Shandong Province, Henan Province, Tiantai and Cangnan Counties of Zhejiang Province); securities investment consulting; financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship; securities proprietary business; securities asset management; margin financing and securities lending; securities investment fund sales agency; provision of intermediate referral services for futures companies; distribution of financial products; and stock options market making. CITIC Securities is a shareholder of CITIC Securities Overseas Investment, which holds 59.03% of the issued share capital of the Company as at the date of this announcement.

CLSA Australia is principally engaged in providing equity research, broking, corporate finance and capital markets services to corporates and investors and is wholly-owned by CITIC Securities.

CLSA Limited is principally engaged in institutional equities' research, sales and execution and is wholly-owned by CITIC Securities.

GENERAL

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the Australian Service Level Agreement and the New Information Technology Services Agreement and the transactions contemplated thereunder, save for Mr. Li Jiong and Mr. Xu Jianqiang as described above. Accordingly, Mr. Li Jiong and Mr. Xu Jianqiang are considered having a material interest in the Australian Service Level Agreement and the New Information Technology Services Agreement and the transactions contemplated thereunder, and they were required to abstain and had abstained from voting on the relevant Board resolutions

approving the Australian Service Level Agreement and the New Information Technology Services Agreement and the transactions contemplated thereunder. Mr. Yuan Feng and Mr. Wu Fei have abstained from voting on the relevant Board resolutions approving the Australian Service Level Agreement and the New Information Technology Services Agreement and the transactions contemplated thereunder although they were not considered by the Board to be materially interested in the Australian Service Level Agreement and the New Information Technology Services Agreement as explained above. In addition, Mr. Stephen Gregory McCoy had also abstained from voting on the relevant Board resolutions approving the New Information Technology Services Agreement.

In the event that the aggregate amount of fees payable under the Australian Service Level Agreement and the New Information Technology Services Agreement in any period or year exceeds the relevant proposed caps, or there is any material change to the terms of the Australian Service Level Agreement and the New Information Technology Services Agreement, the Company will comply with the reporting, announcement and independent shareholders' approval requirements (as the case may be) under Chapter 14A of the Listing Rules accordingly.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“AU\$ or “Australian Dollars”	Australian dollars, the lawful currency of Australia;
“Australian Service Level Agreement”	the Service Level Agreement entered into between CLSA Premium Pty and CLSA Australia on 26 February 2020;
“Banclogix”	Banclogix System Co., Limited, a company incorporated in Hong Kong with limited liability;
“Board”	the board of Directors;
“CITIC Securities”	CITIC Securities Company Limited, a joint stock company incorporated in the People’s Republic of China with limited liability, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively, being a shareholder of CITIC Securities Overseas Investment and of the shares of which are listed on the Main Board;

“CITIC Securities Overseas Investment”	CITIC Securities Overseas Investment Company Limited, a whole-owned subsidiary of CITIC Securities, being one of the substantial and controlling shareholders of the Company;
“CLSA Australia”	CLSA Australia Services Pty Ltd, a company incorporated in Australia and a wholly-owned subsidiary of CITIC Securities;
“CLSA Limited”	CLSA Limited, a whole-owned subsidiary of CITIC Securities, being one of the substantial and controlling shareholders of the Company;
“CLSA Premium Pty”	CLSA Premium Pty Limited (formerly known as “KVB Kunlun Pty Limited”), a company incorporated in Australia and an indirect wholly-owned subsidiary of the Company;
“Company”	CLSA Premium Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the Main Board;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“New Information Technology Services Agreement”	the Information Technology Services Agreement entered into between the Company and CLSA Limited on 9 March 2020;
“independent third party(ies)”	party or parties independent of, and not connected with, the Company and its connected persons and their respective associates;
“KVB Holdings”	KVB Kunlun Holdings Limited, a company incorporated in the BVI, being one of the substantial shareholders of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;

“Previous Information Technology Services Agreement”	the Renewed Information Technology Services Agreement entered into between the Company and Banclogix on 28 December 2018 which would expire on 31 December 2021;
“Renewed Office Licence Agreement”	the Renewed Office Licence Agreement entered into between the Company and KVB Holdings on 28 December 2018 which would expire on 31 December 2021 and subsequently terminated on 6 March 2020;
“Shareholder(s)”	holders of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	substantial shareholders defined under rule 1.01 of the Listing Rules;
“US\$” or “US Dollars”	United States dollars, the lawful currency of the United States;
“%”	per cent.

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

Hong Kong, 9 March 2020

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

Executive Directors

Mr. Yuan Feng (*Deputy Chief Executive Officer*)
Mr. Wu Fei

Non-executive Directors

Mr. Li Jiong (*Chairman*)
Mr. Stephen Gregory McCoy
Mr. Xu Jianqiang

Independent Non-executive Directors

Mr. Wu Jianfeng
Mr. Christopher Wesley Satterfield
Ms. Hu Zhaoxia
Mr. Jin Shaoliang