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## **CLSA Premium Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6877)**

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO (i) HONG KONG SERVICE LEVEL AGREEMENT AND (ii) SUPPLEMENTAL DEED OF GUARANTEE AND INDEMNITY**

#### **HONG KONG SERVICE LEVEL AGREEMENT**

Reference is made to the announcement of the Company dated 9 March 2020 in relation to the Australian Service Level Agreement and the New Information Technology Services Agreement (the “**Announcement**”). Unless otherwise specified, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

On 23 March 2020, CLSA Premium (HK), being an indirect wholly-owned subsidiary of the Company, entered into the Hong Kong Service Level Agreement for a term commencing on 26 March 2020 and expiring on 30 September 2021 with CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK), being the wholly-owned subsidiaries of CITIC Securities.

#### **SUPPLEMENTAL DEED OF GUARANTEE AND INDEMNITY**

On 20 March 2020, the Company and its indirect wholly-owned subsidiaries, namely Yorkcastle and CLSA Premium (HK) entered into the Supplemental Deed with, among others, the Landlord and CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK), both of which being the wholly-owned subsidiaries of CITIC Securities, in relation to the provision of services under the Hong Kong Service Level Agreement and the Tenancy Agreement of the Hong Kong Office.

## **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, CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK) are wholly-owned subsidiaries of CITIC Securities and are therefore connected persons of the Company. Accordingly, the Hong Kong Service Level 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 Service Level Agreements and the New Information Technology Services Agreement are aggregated with the transactions contemplated under the Supplemental Deed 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 Service Level Agreements 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.

### **(A) THE HONG KONG SERVICE LEVEL AGREEMENT**

In order to share the burden of its lease payment, on 23 March 2020, CLSA Premium (HK) entered into the Hong Kong Service Level Agreement with CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK).

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

**Date:** 23 March 2020

**Parties:** (1) CLSA Premium (HK);  
(2) CITIC Securities Brokerage (HK); and  
(3) CITIC Securities Futures (HK).

**Term:** From 26 March 2020 to 30 September 2021 both dates inclusive, subject to early termination by either party by giving the other party at least three (3) months' prior written notice.

**Services:**

CLSA Premium (HK) shall provide, or procure the provision of the following services to CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK):

- (1) sharing of office space and common use of certain facilities at Nos.7501 & 7507B-7508, Level 75, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong; and
- (2) administrative services including utilities, kitchen consumables and receptionist services.

**Pricing:**

- (a) a three-week free period from 26 March 2020 to 15 April 2020; and
- (b) thereafter, a monthly service fees at HK\$300,000 in total.

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

**(B) SUPPLEMENTAL DEED OF GUARANTEE AND INDEMNITY**

The provision of the services under the Hong Kong Service Level Agreement is subject to the permission of the Landlord. On 20 March 2020, the Company, Yorkastle and CLSA Premium (HK), entered into the Supplemental Deed with, among others, the Landlord, CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK).

The principal terms of the Supplemental Deed are set out below:

**Date:** 20 March 2020

**Parties:**

- (1) CLSA Premium (HK);
- (2) the Company;
- (3) Yorkastle;
- (4) CITIC Securities Brokerage (HK);
- (5) CITIC Securities Futures (HK) ; and
- (6) the Landlord.

**Premises:** Unit Nos. 7501 & 7507B-7508, Level 75, International Commerce Centre, 1 Austin Road, West Kowloon, Hong Kong.

**Terms of major guarantee and indemnity:** Pursuant to the terms of the Supplemental Deed:

- CLSA Premium (HK), the Company, Yorkastle, CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK) jointly and severally agree, confirm and undertake with the Landlord that (a) they shall jointly and severally observe and perform all the terms and conditions of the Tenancy Agreement, the 2018 G&I and the Supplemental Deed; and (b) should there be any breach of the Tenancy Agreement and/or 2018 G&I and/or the Supplemental Deed by the Company, Yorkastle, CITIC Securities Brokerage (HK) or CITIC Securities Futures (HK), then CLSA Premium (HK) shall be deemed to be in breach of the Tenancy Agreement, the 2018 G&I and the Supplemental Deed.

- CLSA Premium (HK), the Company, Yorkastle, CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK) unconditionally and irrevocably warrant and guarantee the payment of all the rent and other payments and the performance and observance of all the terms and conditions of the Tenancy Agreement.
- CLSA Premium (HK), the Company, Yorkastle, CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK) jointly and severally undertake to fully indemnify the Landlord and keep the Landlord fully indemnified from and against any loss, damages, demands, suits, actions, proceedings, costs and expenses arising out of or directly or indirectly connected with the breach of the Tenancy Agreement or the 2018 G&I or the Supplemental Deed, or the use and occupation of the Hong Kong Office by CLSA Premium (HK), the Company, Yorkastle, CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK) or any of them, or the breach of laws or regulations or commission of any offence of investigation by relevant authorities by the Company, Yorkastle, CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK).

## PROPOSED ANNUAL CAPS

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Service Level Agreements 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 under the Service Level Agreements and 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<br>(approximately HK\$633,443)            | AU\$120,000<br>(approximately HK\$720,000) | AU\$120,000<br>(approximately HK\$720,000) | AU\$14,465.75<br>(approximately HK\$86,795)            |

### Hong Kong Service Level Agreement

| For the period from 26 March 2020 to 31 December 2020 | For the period from 1 January 2021 to 30 September 2021 | For the year ending 31 December 2022 | For the period from 1 January 2023 to 25 March 2023 |
|---|---|--------------------------------------|---|
| HK\$2,558,000   | HK\$2,700,000   | N/A                                  | N/A   |

### 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\$5,613,443                        | HK\$6,924,000                        | HK\$4,798,000                                       |

### ***Basis for the Proposed Annual Caps***

The proposed annual caps under the Hong Kong Service Level Agreement were arrived at after taking into account the service fees payable under the Hong Kong Service Level Agreement.

The basis for the proposed annual caps in respect of the Australian Service Level Agreement and the New Information Technology Services Agreement is set out in the Company's announcement dated 9 March 2020.

### **RELATIONSHIP BETWEEN THE CONNECTED PARTIES**

CLSA Premium (HK) is a wholly-owned subsidiary of the Company, meanwhile CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK) are both 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, CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK) are both connected persons of the Company according to the Listing Rules. Therefore, the transactions under the Hong Kong Service Level 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**

The office space currently leased by the Group in the premises under the Hong Kong Service Level Agreement is not fully used to its maximum capacity. By entering into the Hong Kong Service Level Agreement, the Group can better utilize the unused office capacity in the premises. In return, the Group will receive regular service fees and make full use of the lease.

The abovementioned continuing connected transactions as contemplated under the Hong Kong Service Level 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 Service Level Agreements, the New Information Technology Services Agreement and the Supplemental Deed 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 Hong Kong Service Level Agreement and the Supplemental Deed due to their directorship in the subsidiaries of CITIC Securities (in particular, Mr. Xu Jianqiang is a director of CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK) respectively) and were therefore required to abstain from voting on the relevant Board resolutions in relation to the Hong Kong Service Level Agreement and the Supplemental Deed; 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 Hong Kong Service Level Agreement and the Supplemental Deed) are of the view that the Hong Kong Service Level Agreement and the Supplemental Deed 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.

CITIC Securities Brokerage (HK) is principally engaged in dealing in securities (Type 1) and advising on securities (Type 4) regulated activities in Hong Kong (under CE No. AAE879), and offers securities dealing and advisory services to its clients and is a wholly-owned subsidiary of CITIC Securities.

CITIC Securities Futures (HK) is principally engaged in dealing in futures contract and is a wholly-owned subsidiary of CITIC Securities.



## **Yorkastle**

Yorkastle is principally engaged in investment holding and is an indirect wholly-owned subsidiary of the Company.

## **The Landlord**

The Landlord is principally engaged in property investment.

## **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 Hong Kong Service Level Agreement and the Supplemental Deed 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 Hong Kong Service Level Agreement and the Supplemental Deed and the transactions contemplated thereunder, and they were required to abstain and had abstained from voting on the relevant Board resolutions approving the Hong Kong Service Level Agreement and the Supplemental Deed and the transactions contemplated thereunder. Mr. Yuan Feng and Mr. Wu Fei have abstained from voting on the relevant Board resolutions approving the respective Hong Kong Service Level Agreement and the Supplemental Deed and the transactions contemplated thereunder although they were not considered by the Board to be materially interested in the Hong Kong Service Level Agreement and the Supplemental Deed as explained above.

In the event that the aggregate amount of fees payable under the Hong Kong Service Level Agreement in any period or year exceeds the relevant proposed caps, or there is any material change to the terms of the Hong Kong Service Level 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:

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| “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;  |
| “Board”                                | the board of Directors;  |
| “CITIC Securities Brokerage (HK)”      | CITIC Securities Brokerage (HK) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CITIC Securities;  |
| “CITIC Securities Futures (HK)”        | CITIC Securities Futures (HK) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CITIC Securities;  |
| “CITIC Securities”                     | CITIC Securities Company Limited, a joint stock, a company incorporated in the People’s Republic of China with limited liability, whose H shares and A shares are listed on the 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 Premium (HK)”                    | CLSA Premium International (HK) Limited (formerly known as” KVB Kunlun International (HK) Limited”), a company incorporated in Hong Kong 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;  |

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| “connected person(s)”                           | has the meaning ascribed thereto under the Listing Rules;  |
| “Director(s)”                                   | the director(s) of the Company;  |
| “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;   |
| “Hong Kong Office”                              | Unit Nos.7501 & 7507B-7508, Level 75, International Commerce Centre, 1 Austin Road, West Kowloon, Hong Kong;   |
| “HK\$”  | Hong Kong dollars, the lawful currency of Hong Kong;   |
| “Hong Kong Service Level Agreement”             | the Service Level Agreement entered into between CLSA Premium (HK) and CITIC Securities Brokerage (HK) and CITIC Securities Futures (HK) on 23 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;  |
| “Landlord”                                      | City Lion Investment Limited, an independent third party which entered into the Tenancy Agreement with CLSA Premium (HK) as the landlord in respect of the Hong Kong Office; |
| “Listing Rules”                                 | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;  |
| “New Information Technology Services Agreement” | the Information Technology Services Agreement entered into between the Company and CLSA Limited on 9 March 2020;   |
| “Service Level Agreements”                      | means collectively the Australian Service Level Agreement and the Hong Kong Service Level Agreement;   |
| “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;  |
| “Supplemental Deed”          | the Supplemental Deed of Guarantee and Indemnity entered into among CLSA Premium (HK), the Company, Yorkcastle, CITIC Securities Brokerage (HK), CITIC Securities Futures (HK) and the Landlord on 20 March 2020;                   |
| “Tenancy Agreement”          | the Tenancy Agreement dated 28 October 2018 entered into by the Landlord and CLSA Premium (HK) in respect of the Hong Kong Office for a term of three (3) years commencing on the 1 October 2018 and expiring on 30 September 2021; |
| “Yorkcastle”                 | Yorkcastle Capital Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;   |
| “2018 G&I”                   | the Guarantee and Indemnity dated 2 October 2018 entered into by the Landlord, CLSA Premium (HK), Yorkcastle and the Company  |
| “%”                          | per cent.   |

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

Hong Kong, 23 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