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CLSA Premium Limited
(Incorporated in the Cayman Islands with limited liability)
 (Stock Code: 6877)

**AUDITED RESULTS
 FOR THE YEAR ENDED 31 DECEMBER 2023**

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 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
CONTINUING OPERATIONS			
Sales of goods from healthcare business	3	191,170	39,129
Other income, net	4	<u>8,513</u>	<u>(4)</u>
Total income		<u>199,683</u>	<u>39,125</u>

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Cost of sales from healthcare business	<i>11</i>	(151,077)	(31,961)
Referral expenses and other charges		(3,642)	(516)
Staff costs		(1,934)	(2,305)
Depreciation – right-of-use assets		–	(757)
Other operating expenses	<i>5</i>	(28,455)	(14,372)
Total expenses		(185,108)	(49,911)
Operating profit/(loss) from continuing operations		14,575	(10,786)
Finance cost		–	(135)
Profit/(loss) before tax from continuing operations		14,575	(10,921)
Income tax expense	<i>7</i>	(1,745)	(97)
Profit/(loss) for the year from continuing operations		12,830	(11,018)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	<i>6</i>	(2,988)	(20,034)
Profit/(loss) for the year		9,842	(31,052)
Other comprehensive expense			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation difference		(777)	(6,905)
Other comprehensive loss for the year, net of tax		(777)	(6,905)
Total comprehensive income/(loss) for the year		9,065	(37,957)

	2023	2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Profit/(loss) attributable to:		
Continuing operations	12,830	(11,018)
Discontinued operations	<u>(2,988)</u>	<u>(20,034)</u>
	<u>9,842</u>	<u>(31,052)</u>
Total comprehensive income/(loss) attributable to:		
Continuing operations	12,012	(10,516)
Discontinued operations	<u>(2,947)</u>	<u>(27,441)</u>
	<u>9,065</u>	<u>(37,957)</u>
	<i>HK cents</i>	<i>HK cents</i>
Profit/(loss) per share for profit/(loss) attributable to the equity holders of the Company for the year		
Continuing operations	0.63	(0.54)
Discontinued operations	<u>(0.15)</u>	<u>(0.99)</u>
– Basic and diluted (<i>HK cents per share</i>)	9 <u><u>0.48</u></u>	<u><u>(1.53)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		388	845
Right-of-use assets	10	<u>—</u>	<u>—</u>
Total non-current assets		<u>388</u>	<u>845</u>
Current assets			
Inventories	11	11,916	37,795
Trade receivables	12	12,979	17,991
Other receivables, prepayments and deposits	13	2,914	6,999
Tax prepayment		4	4
Balances due from agents	14	—	4,651
Cash and bank balances and client trust bank balances	15	<u>223,574</u>	<u>216,025</u>
Total current assets		<u>251,387</u>	<u>283,465</u>
Total assets		<u>251,775</u>	<u>284,310</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	18	20,333	20,333
Reserves	18	<u>219,532</u>	<u>210,467</u>
Total equity		<u>239,865</u>	<u>230,800</u>

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current liabilities			
Income tax payable		1,842	97
Trade and other payables	<i>17</i>	8,909	51,486
Derivative financial instruments		–	12
Clients' balances		1,159	1,915
		<hr/>	<hr/>
Total current liabilities		11,910	53,510
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities		11,910	53,510
		<hr/>	<hr/>
Total equity and liabilities		251,775	284,310
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NOTES

1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The material 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 and amended HKFRSs – effective on or after 1 January 2023

The Group has applied the following standards and amendments for the first time for its annual reporting year commencing 1 January 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period. Except as stated below, new and amendments to HKFRSs listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future period.

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

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “Significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

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

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies.

(b) Amended HKFRSs that have been issued but are not yet effective

The following 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	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ¹
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> ^{1, 4}
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> ^{1, 4}
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> ¹
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹

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

² Effective for annual periods beginning on or after 1 January 2025

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

⁴ *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*

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.

In 2022, the Group had ceased its margin dealing business in New Zealand and Australia. During the year, the Group has further suspended the remaining margin dealing operation in Hong Kong. In accordance with HKFRS 5, the segments of New Zealand, Australia and Hong Kong business for the years ended 31 December 2023 and 2022 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 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 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 discontinued operation. As such, the segment information for the year ended 31 December 2022 has been restated accordingly.

The Group has commenced the healthcare business and established an online store through internationally renowned online sale platform in 2022. The Group sells the healthcare products sourced from its suppliers to end-customers and wholesale customers. The healthcare 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 2023 and 2022.

The segment information provided to the management for the reportable segments for the years ended 31 December 2023 and 2022 is as follows:

For the year ended 31 December 2023

	Continuing operations	Discontinued operations	
	Healthcare business	Unallocated	Margin dealing
	HK\$'000	HK\$'000	Total HK\$'000
Segment revenue and other income:			
Segment revenue from external customers	191,170	–	218
Other income	612	7,901	1,587
	<u>191,782</u>	<u>7,901</u>	<u>1,805</u>
Total revenue and other income	<u>191,782</u>	<u>7,901</u>	<u>1,805</u>
	<u>13,432</u>	<u>1,143</u>	<u>(2,988)</u>
Segment profit/(loss)	<u>13,432</u>	<u>1,143</u>	<u>(2,988)</u>
	<u>(1,745)</u>	<u>–</u>	<u>–</u>
Income tax expense	<u>(1,745)</u>	<u>–</u>	<u>–</u>
	<u>11,687</u>	<u>1,143</u>	<u>(2,988)</u>
Profit/(loss) for the year	<u>11,687</u>	<u>1,143</u>	<u>(2,988)</u>
Other segment information:			
Depreciation	–	–	456
Lease payments	–	690	233
Finance cost	–	–	1
	<u>–</u>	<u>–</u>	<u>1</u>

For the year ended 31 December 2022 (Restated)

	Continuing operations		Discontinued operations	Total
	Healthcare business	Unallocated	Margin dealing	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue and other income:				
Segment revenue from external customers	39,129	–	1,292	40,421
Other (loss)/income	–	(4)	5,437	5,433
Total revenue and other income	<u>39,129</u>	<u>(4)</u>	<u>6,729</u>	<u>45,854</u>
Segment loss	<u>(1,619)</u>	<u>(9,302)</u>	<u>(20,058)</u>	<u>(30,979)</u>
Income tax (expense)/credit	<u>(10)</u>	<u>(87)</u>	<u>24</u>	<u>(73)</u>
Loss for the year	<u>(1,629)</u>	<u>(9,389)</u>	<u>(20,034)</u>	<u>(31,052)</u>
Other segment information:				
Depreciation	–	891	1,722	2,613
Lease payments	–	575	1,183	1,758
Finance cost	–	135	74	209

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Hong Kong	<u>191,170</u>	<u>39,129</u>
Discontinued operations		
Hong Kong	218	2,011
Australia	–	(750)
New Zealand	–	31
	<u>218</u>	<u>1,292</u>
	<u>191,388</u>	<u>40,421</u>

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Discontinued operations		
Hong Kong	357	740
Australia	31	87
New Zealand	–	18
	<u>388</u>	<u>845</u>

Major customers

During the year ended 31 December 2023 and 2022, the following external customers contributed more than 10% of the total revenue of the Group.

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	22,117	8,333
Customer B	<u>28,000</u>	<u>N/A</u>

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, NET

Other income from continuing operations:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Interest income	7,770	1,329
Net foreign exchange gain/(loss)	743	(1,442)
Others	–	109
	<u>8,513</u>	<u>(4)</u>

5 OTHER OPERATING EXPENSES

Other operating expenses from continuing operations:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Auditors' remuneration		
– Audit services	1,342	1,068
– Non-audit services	30	30
Information services expenses	521	171
Professional and consultancy fees	7,177	3,260
Repair and maintenance (including system maintenance)	33	132
Marketing, advertising and promotion expenses	9,876	4,140
Travelling expenses	50	1
Insurance	591	2,047
Bank charges	452	192
Lease payments under land and building (note)	690	575
Storage expenses	244	605
Postage and courier expenses	3,744	909
Other office occupation expenses	–	106
Others	3,705	1,136
	<u>28,455</u>	<u>14,372</u>

Note: The office occupation expenses were included in lease payments under land and building.

6 DISCONTINUED OPERATIONS

In 2022, the Group had ceased its margin dealing business in New Zealand and Australia due to future uncertainties in this business. In 2023, the Group has ceased its remaining margin dealing business in Hong Kong. The analysis of the results of discontinued operations is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Leverage foreign exchange and other trading income	218	1,270
Fee and commission income	–	22
Other income	1,587	5,437
	<hr/>	<hr/>
Total income	1,805	6,729
	<hr/> <hr/>	<hr/> <hr/>
Referral expenses and other charges	(113)	(1,863)
Staff costs	(2,311)	(11,664)
Depreciation – property, plant and equipment	(456)	(735)
Depreciation – right-of-use assets	–	(1,121)
Other operating expenses	(1,912)	(11,330)
	<hr/>	<hr/>
Total expenses	(4,792)	(26,713)
	<hr/> <hr/>	<hr/> <hr/>
Operating loss from discontinued operations	(2,987)	(19,984)
Finance cost	(1)	(74)
	<hr/>	<hr/>
Loss before tax from discontinued operations	(2,988)	(20,058)
Income tax	–	24
	<hr/>	<hr/>
Loss for the year from discontinued operations	(2,988)	(20,034)
	<hr/> <hr/>	<hr/> <hr/>

Net cash flows from discontinued operations are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Operating cash (outflows)/inflows	(5,042)	928
Investing cash inflows	1,870	447
Financing cash outflows	(1)	(63,423)
Total cash outflows	<u>(3,173)</u>	<u>(62,048)</u>

7 INCOME TAX EXPENSE

Hong Kong profits tax on continuing operations has been provided at the rate of 16.5% (2022: 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 (2022: 28% in New Zealand; 30% in Australia and 25% in the People's Republic of China (the "PRC")) in accordance with the local tax law.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
Hong Kong income tax	<u>1,745</u>	<u>97</u>
Income tax expense	<u>1,745</u>	<u>97</u>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Profit/(loss) before income tax from continuing operations	<u>14,575</u>	<u>(10,921)</u>
Tax at the Hong Kong statutory tax rate	2,405	(1,802)
Tax effect of income not subject to tax	(1,539)	(362)
Tax effect of expenses not deductible for tax	955	2,261
Over-provision in prior years	<u>(76)</u>	<u>–</u>
Income tax expense	<u>1,745</u>	<u>97</u>

8 DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

9 PROFIT/(LOSS) PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Profit/(loss) from continuing operations	12,830	(11,018)
Loss from discontinued operations	<u>(2,988)</u>	<u>(20,034)</u>
Profit/(loss) attributable to equity holders of the Company	<u><u>9,842</u></u>	<u><u>(31,052)</u></u>
	No. of shares	No. of shares
Weighted average number of ordinary shares in issue	<u><u>2,033,290,000</u></u>	<u><u>2,033,290,000</u></u>
	2023 <i>HK cents</i>	2022 <i>HK cents</i>
Basic and diluted profit/(loss) per share (<i>HK cents</i>)		
Continuing operations	0.63	(0.54)
Discontinued operations	<u>(0.15)</u>	<u>(0.99)</u>
Total basic and diluted profit/(loss) per share (<i>HK cents</i>)	<u><u>0.48</u></u>	<u><u>(1.53)</u></u>

For the years ended 31 December 2023 and 2022, basic profit/(loss) per share is the same as diluted profit/(loss) per share.

No share option was granted during the years ended 31 December 2023 and 2022. The Company's outstanding share options have no dilution effect for the years ended 31 December 2023 and 2022 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Right-of-use assets		
Buildings	—	—
Lease liabilities		
Current	—	—
Non-current	—	—
	<u>—</u>	<u>—</u>

During the year ended 31 December 2022, right-of-use assets of HK\$7,567,000 were disposed of. There were no additions to the right-of-use assets during the years ended 31 December 2023 and 2022.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Depreciation charge on right-of-use assets		
Buildings	—	1,878
Interest expense (included in finance cost)	—	161
Expense relating to short-term leases (included in other operating expenses)	—	1,758
	<u>—</u>	<u>1,758</u>

Total cash outflows for leases are as below:

	2023	2022
	<i>HK\$000</i>	<i>HK\$000</i>
Within operating cash flows	–	1,758
Within financing cash flows	–	2,072
	<u>–</u>	<u>2,072</u>
	<u>–</u>	<u>3,830</u>

(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.

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

	2023	2022
	<i>HK\$000</i>	<i>HK\$000</i>
Finished goods – merchandise	<u>11,916</u>	<u>37,795</u>

The cost of goods recognised as cost of sales amounted to approximately HK\$151,077,000 for the year ended 31 December 2023 (2022: HK\$31,961,000).

12 TRADE RECEIVABLES

	2023	2022
	<i>HK\$000</i>	<i>HK\$000</i>
Trade receivables	12,979	17,991
Less: provision for impairment allowance	–	–
	<u>12,979</u>	<u>17,991</u>

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:

	2023	2022
	<i>HK\$000</i>	<i>HK\$000</i>
Current	5,865	9,686
Less than 3 months past due	7,114	5,821
3-6 months past due	–	1,047
Over 6 months past due	–	1,437
	<u>12,979</u>	<u>17,991</u>

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 2023, none of the trade receivables (2022: nil) were impaired and the expected credit losses for the trade receivables balance are not significant. No provision was made as at 31 December 2023 (2022: nil).

Trade receivables are denominated in the following currencies:

	2023	2022
	<i>HK\$000</i>	<i>HK\$000</i>
RMB	8,812	9,876
HK\$	4,167	8,115
	<u>12,979</u>	<u>17,991</u>

All trade receivables carrying amounts approximate their fair values.

13 OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments	1,771	3,264
Interest receivables	902	978
Other receivables	145	129
Right-of-return assets	55	2,587
Rental and utility deposits	41	41
	<hr/>	<hr/>
Total	2,914	6,999
	<hr/> <hr/>	<hr/> <hr/>

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

14 BALANCES DUE FROM AGENTS

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balances due from agents	–	4,651
	<hr/>	<hr/>
Total	–	4,651
	<hr/> <hr/>	<hr/> <hr/>

The balances represented 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 were 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 approximated to their fair values.

15 CASH AND BANK BALANCES AND CLIENT TRUST BANK BALANCES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cash and bank balances	33,766	13,228
Fixed deposits with banks	188,620	198,563
Client trust bank balances	<u>1,188</u>	<u>4,234</u>
	<u><u>223,574</u></u>	<u><u>216,025</u></u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cash and bank balances	33,766	13,228
Fixed deposits with bank with original maturity within three months	<u>188,620</u>	<u>198,563</u>
	<u><u>222,386</u></u>	<u><u>211,791</u></u>

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:

	<i>HK\$'000</i>
Balance as at 1 January 2022	9,639
Interest expense	161
Lease payments	(2,072)
Disposal	(7,675)
Exchange adjustment	<u>(53)</u>
Balance as at 31 December 2022, 1 January 2023 and 31 December 2023	<u><u>–</u></u>

17 TRADE AND OTHER PAYABLES

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Trade payables	<i>(b)</i>	6,536	41,486
Accrued audit fees		1,405	1,972
Other accruals		604	2,415
Contract liabilities		216	2,412
Refund liabilities		141	2,676
Other payables		<u>7</u>	<u>525</u>
	<i>(a)</i>	<u>8,909</u>	<u>51,486</u>

Notes:

- (a) The carrying amounts of the 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 2023 and 2022, the aging analysis of the merchandise payables based on invoice date is as follows:

	2023 HK\$'000	2022 <i>HK\$'000</i>
30 to 90 days	<u>6,536</u>	<u>41,486</u>

18 SHARE CAPITAL AND RESERVES

(a) Share capital

	31 December 2023		31 December 2022	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.01 each	<u>4,000,000,000</u>	<u>40,000</u>	<u>4,000,000,000</u>	<u>40,000</u>
Issued and fully paid:				
At beginning and end of the reporting period	<u>2,033,290,000</u>	<u>20,333</u>	<u>2,033,290,000</u>	<u>20,333</u>

(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 Company has been contesting the claims made by Banclogix.

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 as at the date of this announcement, and the trial has been fixed for January 2026. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL PERFORMANCE

Business review

In recent years, the healthcare business industry has experienced significant growth, driven by advancements in technology, increasing focus on preventive care, and a growing aging population. In 2023, the healthcare products industry was projected to continue its upward trajectory. This growth was attributed to several factors, including the increasing demand for personalized healthcare solutions, rising healthcare expenditure, and the adoption of advanced technologies.

Three years of the COVID-19 pandemic have made huge impacts to consumer's value and lifestyle which has also shifted the dynamics in the healthcare value chain globally. In the post-COVID-19 era, consumers are more concerned over their wellbeing. People are more health conscious and willing to spend on healthcare products in order to stay well.

China remains the bellwether of the e-commerce sector with one of the largest digital buyer population in the world. Technology has also brought about changes to the sectors as live streaming and the rapid courier services, the Group is expecting a positive outcome in both the customer experience and also the business profitability. Management believes there could be more opportunities in the future in the sector.

In 2023, the Group successfully expanded its B2C model by establishing a presence on a popular short-form video hosting platform in the People's Republic of China (the "**PRC**"). This expansion resulted in approximately HK\$18 million in revenue for the year. In the upcoming year, our plan is to broaden the reach of our popular products by expanding to additional platforms.

As disclosed in the Company's announcement dated 24 October 2023, in order to expand the Group's business, the Group had entered into a strategic cooperation agreement with Beijing Tong Ren Tang (Hong Kong) Limited ("**TRT International**") and 中科分子生物(廣東)股份有限公司 (CasMo Bio-tech (Guangdong) Co., Ltd.*, "**CBC**") for an original equipment manufacturing/original design manufacturing ("**OEM/ODM**") business. Under the stream of OEM/ODM business, TRT International provides brand support while CBC provides the product development suggestions and ultimately organizes production according to the Group's requirements and orders. The Group responsible for packaging design and arranges the sales of the products through its B2B and B2C distribution channels.

* *for identification purpose only*

On 27 November 2023, the Drug Office of the Department of Health of The Government of the Hong Kong Special Administrative Region granted the wholesale dealer licence to the Group. With the licence, the Group could expand the business line under the wholesale dealer licence.

Benefited from the above-mentioned strategies, the Healthcare Business achieved promising results for the year 2023, with revenue from the healthcare business amounting to over HK\$190 million, when compared to HK\$39.1 million from the healthcare business for the year 2022. Under the business models as mentioned above, the Group had recorded the net profit of HK\$9.8 million for the year 2023.

Total income

With the significant growth in healthcare business, the total income of the Group for the continuing operations has increased by approximately 4 times to approximately HK\$200.0 million for the year ended 31 December 2023 from approximately HK\$39.1 million for the year ended 31 December 2022.

A. *Revenue from healthcare business*

The revenue from healthcare business of the Group was approximately HK\$191.1 million for the year ended 31 December 2023, driven by the growth of the healthcare business, representing an increase of approximately 380% from approximately HK\$39.1 million for the year ended 31 December 2022. Each of the B2B and B2C channels have recorded growth of more than 200%. The strong financial performance has proven that the healthcare business is a profitable and sustainable business with substance.

B. *Leveraged foreign exchange and other trading income*

The leveraged foreign exchange and other trading income for the discontinued operations of the Group decreased by approximately 83% to HK\$0.2 million for the year ended 31 December 2023 from HK\$1.3 million for the year ended 31 December 2022.

C. *Other income*

The other income for the continuing operations of the Group was approximately HK\$8.5 million for the year ended 31 December 2023 when compared with other loss of HK\$4 million for the year ended 31 December 2022. The increase is mainly due to the increase in interest income from HK\$1.3 million for the year ended 31 December 2022 to HK\$7.8 million for the year ended 31 December 2023.

Cost of sales

The cost of sales for the continuing operations of the Group was HK\$151.1 million for the year ended 31 December 2023 when compared to HK\$32.0 million for the year ended 31 December 2022, which includes the cost of sales of the healthcare products. The increase is due to the increase of business activities of the healthcare business.

Total expenses

The total expense of the continuing operations of the Group excluding the cost of sales was approximately HK\$34.0 million for the year ended 31 December 2023, increased by approximately 90% from HK\$18.0 million for the year ended 31 December 2022.

Referral expenses and other charges

The referral expenses and other charges for the continuing operations of the Group increased to HK\$3.6 million for the year ended 31 December 2023 from HK\$0.5 million for the year ended 31 December 2022. The increase was mainly due to the increase in business activities in the healthcare business.

Depreciation – property, plant and equipment

Depreciation of property, plant and equipment for the Group decreased to approximately HK\$0.4 million for the year ended 31 December 2023 from approximately HK\$0.7 million for the year ended 31 December 2022. The depreciation expense has decreased as some of the assets became fully depreciated in 2023.

Depreciation – right-of-use assets

Depreciation for right-of-use of assets for the continuing operations decreased to nil for the year ended 31 December 2023 from approximately HK\$0.8 million for the year ended 31 December 2022. The decrease was mainly due to the office relocation in 2022 and there are no more right-of-use assets as at 31 December 2022 and 2023.

Other operating expenses

Consistent with the growth of healthcare business, the other operating expenses for the continuing operations of the Group increased by approximately 98% to HK\$28.5 million for the year ended 31 December 2023 from HK\$14.4 million for the year ended 31 December 2022. This was mainly due to the increase in marketing, advertising and promotion expenses, professional and consultancy fee (see below for further details) and postage and courier expenses for the continuing operations for HK\$5.7 million, HK\$3.9 million and HK\$2.8 million respectively when compared to that of the year ended 31 December 2022.

The increase in professional and consultancy fee was mainly attributed to the service incurred for running of the healthcare business such as maintaining e-commerce stores design, conducting marketing promotions, and handling customer service. The rise in marketing, advertising and promotion expenses, and postage and courier costs corresponds to the increased level of activity in the healthcare business.

Net profit

Our healthcare business experienced a significant turning point in 2023. The Group recorded consolidated net profit of approximately HK\$9.8 million, as compared with the audited consolidated net loss of approximately HK\$31.1 million for the year ended 31 December 2022. The increased net profit was mainly attributable to the significant growth of healthcare business in the year 2023 with revenue from sales of healthcare products exceeding 3 times that of year 2022.

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 2023, cash and bank balances held by the Group amounted to HK\$222.4 million (2022: HK\$211.8 million).

GEARING RATIO

The gearing ratio calculated on the basis of net debts (lease liabilities) over the total shareholders' equity as at 31 December 2023 was zero (2022: zero).

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 loss of approximately HK\$0.2 million (2022: net foreign exchange gain of approximately HK\$3.5 million). In addition, the Group recorded a currency translation loss of approximately HK\$0.8 million (2022: currency translation loss of approximately HK\$6.9 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). 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 2023, the Group did not have any significant investments held, material acquisitions and disposals.

EMPLOYEES AND REMUNERATION POLICIES

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. As at 31 December 2023, the Group engaged a total number of 13 staff (including employees, consultants and directors).

CHARGES ON THE GROUP’S ASSETS

As at 31 December 2023, there was no bank balance of the Group used to secure the banking facilities (as at 31 December 2022: Nil).

CONTINGENT LIABILITIES

Details of the Group’s contingent liabilities as at 31 December 2023 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 2023 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 C1 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. Ma Xufei. 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 2023 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 2023 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 2023. 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

In the aftermath of the COVID-19 pandemic, there has been a notable shift in consumer behavior towards prioritizing personal well-being. People are now more health-conscious and inclined to allocate their resources towards purchasing healthcare products as a means to safeguard their health. The pandemic has made huge impacts to consumer's value and lifestyle which has also shifted the dynamics in the healthcare value chain globally. With the robust partnerships and positive relationships with other stakeholders in the industry, the Group is confident in the future sustainability of the Healthcare Business.

In 2024, the Group will endeavor to develop its Healthcare Business as it did in 2023. The Group will take advantage of Hong Kong's unique position as a global supply chain center and its strong relation with the PRC. Together with our strong bonding with our business partners and our experience in the healthcare industry, we will identify appropriate products globally with local characteristics of each country for our target customers. In the future, the healthcare business will offer products including but not limited to American ginseng slices, Arctic cod maw, Indonesian and Malaysian bird's nests. In addition, the Group targets to extend its business via famous offline channels in the PRC and will launch of its ODM products in the PRC and Hong Kong.

After the extension of business via the famous channel in the PRC having become mature, the Group will adopt that business model with other offline domestic sales channels.

The ODM products will be sold through the established e-commerce cross-border channels. It is also expected that in 2024, the products will be distributed in the Hong Kong market through various sales channels such as online channels, self-platforms and offline distributors.

As mentioned, the Group is in possession of all necessary wholesale licenses. In 2024, as obtained the wholesale dealer licence issued by the Drug Office of the Department of Health in Hong Kong, the Group is planning to cooperate with the medicine enterprises in Japan and will distribute the relevant medicine in its e-commerce sales channels. In the meantime, the Group is planning to launch other ODM products in its e-commerce sales channels, with an aim to expand its product range.

The Group is also in negotiations with local famous chain stores for cooperation. It is contemplated that a counter will be set up in the offline stores, which will sell the Group's products in the counter. The cooperation is expected to be realized before 2025.

The Group plans to set up official accounts on popular social media sites to promote its products. The Group plans to set up official accounts on popular social media sites in Hong Kong to promote our products locally in 2024. Additionally, given the Group's success in leveraging on Key Opinion Leaders (“**KOLs**”) to generate revenue in the PRC, the Group plans to extend this business model in Hong Kong to endorse and promote our products in the local market.

With such efforts, the Group is confident in its success in the future healthcare product market. With the rise of awareness of wellbeing amongst people, the Company believes that it is on the right track of a sustainable business with substance.

DIRECTORS' COMPETING INTERESTS

As at 31 December 2023, 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 2023 (2022: 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 2023 and as at the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the CG Code contained in Appendix C1 of the Listing Rules in a whole year of 2023. 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 2023, 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 C3 to the Listing Rules (the “**Model Code**”) during the year ended 31 December 2023 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 2023.

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

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 2023 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 2023 annual report will be despatched to the shareholders of the Company and published on the respective websites of the Company (www.clsapremium.com) and the Stock Exchange (www.hkexnews.hk) in due course.

CONTINUED SUSPENSION OF TRADING

Trading in the Company's shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 25 April 2023 and shall remain suspended until further notice. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules.

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

Hong Kong, 11 March 2024

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
Ms. Hu Zhaoxia
Mr. Ma Xufei