

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)

FULFILMENT OF THE RESUMPTION GUIDANCE AND RESUMPTION OF TRADING

This announcement is made by CLSA Premium Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the Company’s announcements dated (i) 13 April 2023 in relation to the decision of the Listing Committee of the Stock Exchange, (ii) 25 April 2023 in relation to the suspension of trading in the Company’s shares, (iii) 17 May 2023 in relation to the resumption guidance for the Company as set out in a letter from the Stock Exchange (the “**Resumption Guidance Announcement**”), and (iv) 24 July 2023, 24 October 2023, 24 January 2024 and 24 April 2024 in relation to the quarterly update on progress of resumption (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as in the Announcements.

RESUMPTION GUIDANCE

As disclosed in the Resumption Guidance Announcement, the Stock Exchange has set out the Resumption Guidance for the Company, including:

- (i) demonstrate its compliance with Rule 13.24; and
- (ii) inform the market of all material information for the Shareholders and investors to appraise the Company's position.

FULFILMENT OF THE RESUMPTION GUIDANCE

The Board is pleased to announce that all the Resumption Guidance have been fulfilled as at the date of this announcement, details of which are set out below.

1. Resumption Guidance (i) – demonstrate its compliance with Rule 13.24

Financial performance

Since the establishment of the Healthcare Business in 2022, the Healthcare Business has undergone substantial development under the diligent management and efforts of the Group's management and staff. It has evolved into a profitable business with significant growth potential, including the introduction of its ODM Products.

According to the Group's audited consolidated results for the year ended 31 December 2023, the Healthcare Business displayed exceptional performance and demonstrated its substance, viability, and sustainability. As disclosed in the Group's 2023 Annual Results, the Group recorded:

- (a) revenue of approximately HK\$191.4 million for Year 2023, as compared to approximately HK\$40.4 million for Year 2022; and
- (b) net profit of approximately HK\$9.8 million for Year 2023, as compared to a net loss of approximately HK\$31.1 million for Year 2022.

Furthermore, according to the Group’s unaudited management accounts for the three months ended 31 March 2024 (“**2024 Q1**”), the Group recorded:

- (a) revenue of approximately HK\$24.7 million for 2024 Q1; and
- (b) net profit of approximately HK\$1.5 million for 2024 Q1.

The table below sets out the Group’s gross profit margin for the four e-commerce stores operated by the Group under the B2C business model and the gross profit margin for the B2B business model for Year 2023 and 2024 Q1:

	For the three months ended 31 March 2024 (unaudited)	For the year ended 31 December 2023 (audited)
E-Commerce Store A	79%	79%
E-Commerce Store B	54%	55%
E-Commerce Store C	62%	31%
E-Commerce Store D	72%	76%
B2B Business Model	12%	7%

B2C Business Model

As part of its B2C business model, the Group currently operates four e-commerce stores on two globally renowned e-commerce platforms. In 2023, the four e-commerce stores achieved remarkable milestones in terms of both website traffic and sales, demonstrating significant growth compared to the previous year of 2022. Through the Group’s dedicated efforts, the Group have not only accumulated a customer base of over 100,000 but also achieved over 3 million unique visitors to its four e-commerce stores, further solidifying the Group’s brand presence and reach. The major category of products sold on the e-commerce stores were Chinese healthcare products, fish oil products, vitamins and supplements.

The key marketing strategy for the B2C business involves engaging Key Opinion Leaders (“KOLs”) to showcase the Group’s products. Through meticulous analysis of data such as KOLs’ fan demographics, their product offerings on social media, and sales performance, the Group identified KOLs whose image aligns with the Group’s products. The Group then contacted these KOLs to engage them for marketing and sales of the Group’s product through live streaming on social media.

In 2023, there were 2,886 live streaming showcases by KOLs for the Group’s products, reaching an audience of approximately 50 million. This resulted in about 3 million clicks on product links and over 80,000 sales orders worth approximately HK\$18 million in revenue. These figures demonstrate the success of the Group’s marketing and sales strategy on social media. With the rise of Generation Z consumers, mobile content has become an integral part of their daily lives. Leveraging KOLs allows the Group to effectively promote the Group’s products to this demographic and attract a substantial user base. The key to this success lies in the Group’s careful selection of suitable KOLs and offering quality products.

B2B Business Model

Under the B2B business model, the Group purchases products in bulk from its suppliers and sells it to its wholesale customers, which, in turn, on-sell to end consumers.

The Group has successfully obtained the Wholesaler Licence in Proprietary Chinese Medicines issued by the Chinese Medicines Traders Committee in 2022 and the Wholesale Dealer Licence issued by the Drug Office of the Department of Health in 2023. These licenses enable the Group to engage in the wholesale distribution of Chinese medicine and regulated pharmaceutical products. The major category of products sold through the Group’s B2B sales channel includes Chinese healthcare products, fish oil products, vitamins and supplements, ginseng products, and bird’s nest products.

Since the commencement of the Healthcare Business in 2022, the Group have recruited and cultivated a team of management and staff with extensive experience in the healthcare industry and international trade. This dedicated team brings a wealth of expertise to support the operations and growth of the B2B sales channel. Apart from the strength of its human capital, the Group's strong financial resources enable it to purchase products in bulk, which gives the Group an advantage in negotiating better credit terms and lower prices with suppliers. This grants the Group superior bargaining power compared to the Group's B2B customers, resulting in lower per-unit costs and improved credit terms for the Group's procurement, surpassing what the Group's B2B customer could achieve on their own. As a result, the Group's B2B customers will often find themselves obtaining better prices than they could bargain for with the Group's suppliers directly. These factors serve as entry barriers for smaller market players, granting the Group a competitive advantage over its competitors.

Strategic Cooperation Agreement

Since the establishment of the Healthcare Business in 2022, the Group has achieved a significant milestone in its strategic plan for the Healthcare Business by entering into the strategic cooperation agreement with Beijing Tong Ren Tang (Cayman) Limited ("**TRT International**") as disclosed by the Company in the announcement dated 18 November 2022. Pursuant to the Strategic Cooperation Agreement, the parties agreed that the cooperation between the Group and TRT International will include, among other things, the following:–

- (i) Technical assistance – TRT International to provide assistance to the Group in healthcare product specialty, procurement channel, product development and Chinese medicine application.
- (ii) Training – TRT International to provide training to the Group on the healthcare business and Chinese medicine.
- (iii) Secondment – TRT International to second staff with healthcare experience to the Group.
- (iv) Network-building – the Group and TRT International shall provide introduction of their own network and personnel in the healthcare business (including Chinese medicine) reciprocally in order to enhance, among others, network building.

- (v) Further collaboration – the Group and TRT International may respectively consider a possible or reciprocal funding or support to each other, subject to the development of healthcare business collaboration and market condition.
- (vi) License in selling Chinese medicines – given the Group has the Wholesaler Licence in Proprietary Chinese Medicines, it should provide reasonable assistance and channel to TRT International to distribute Chinese medicines in the Greater China region.

The Group has benefited through the strategic cooperation with TRT International in ways such as sharing of expertise and industry insights. TRT International is a renowned and reputable brand in the traditional Chinese medicine industry. Being part of the CITIC Group, the Group is synonymous with credibility widely recognised in the PRC. By aligning with TRT International, the Group has gained a strong market presence and brand recognition. These affiliations work together to enhance both the credibility and reliability of the Group, which led to increased consumer trust and loyalty, resulting in a boost in sales and revenue for the Group.

Introduction of ODM Product

Having achieved remarkable results from the sales of healthcare products through its B2B and B2C operation model in 2023, the Group recognised the promising growth potential in its Healthcare Business. In order to expand the Healthcare Business, the Group had entered into a strategic cooperation agreement with TRT International and CBC in August 2023 as disclosed in the Announcements.

Pursuant to the said agreement, the Group assumes the role of designing the ODM Products and serving as the global distributor. Drawing upon the Group's market knowledge, established distribution channels, and seasoned marketing and sales team, it oversees the distribution and marketing of the ODM Products worldwide. This responsibility encompasses establishing distribution channels, driving product promotion, and ensuring the availability of the products to customers in both Hong Kong and the PRC.

After conducting extensive market research, product design, preparation and production planning, the first batch of the Group’s ODM Products was launched in February 2024 through its B2B and B2C sales channel. The lineup of ODM Products consists of 11 items that incorporate traditional Chinese medicine formulas. These products are formulated as instant powders and make use of CBC’s research on Plant Low-temperature Extraction & Efficient Separation Integration Technology (PLEESIT). Notable examples among these products include “人參猴頭菇分子精華飲” (Molecular Essence Drink with Ginseng and Hericium Monkey Head Mushroom), “人參黃精分子精華飲” (Molecular Essence Drink with Ginseng and Cordyceps), “菊花藍莓分子精華飲” (Molecular Essence Drink with Chrysanthemum and Blueberry), “靈芝葛根枳椇分子精華飲” (Molecular Essence Drink with Lingzhi, Pueraria Root, and Chinese Wolfberry), and “黃芪人參分子精華飲” (Molecular Essence Drink with Astragalus and Ginseng).

Suppliers

The table below set forth the types of products purchased by and proportion of total purchase from the top five suppliers of the Healthcare Business for the Year 2023:

	Years of supplier relationship	Proportion of total purchase in Year 2023	Types of product purchased
Beijing Tong Ren Tang Chinese Medicine Company Limited (“ TRTCM ”) <i>(Note 1)</i>	2	55.9%	Chinese healthcare products
Supplier B <i>(Note 2)</i>	2	27.1%	Fish oil products
Supplier C	2	4.0%	Vitamins and supplements
Supplier D	2	6.9%	Korean ginseng products
Supplier E	2	3.2%	Bird’s nests products
		97.1%	

Notes:

- (1) The Group is one of the authorised distributors of TRTCM, enabling it to directly procure products in large quantities from TRTCM at a lower cost.
- (2) The Group has its exclusive distribution rights for a branded product line of Supplier B in Mainland China, Hong Kong and Macau. Supplier B is one of Europe's leading branded consumer health companies with a diverse portfolio of products including supplements and healthcare solutions.

Customers

The Group has approximately 20 major B2B customers for Year 2023. The table below set forth the proportion of total sales to the top five B2B customers of the Healthcare Business for the Year 2023:

	Years of customer relationship	Proportion of total sales in FY2023
Customer A	2	14.6%
Customer B	2	11.6%
Customer C	2	10.1%
Customer D	2	9.5%
Customer E	2	8.7%
		<hr/>
		54.5%
		<hr/> <hr/>

Future Development of the Healthcare Business

Expansion of existing business in order to scale up its operations

The Group plans to scale up its Healthcare Business by allocating further resources in various areas such as staff costs, marketing initiatives, inventory management, and logistics. This expansion also involves increasing the supplier network to offer a wider range of products, which will require an increase in inventory levels. Additionally, the Group aims to expand its customer network through targeted marketing efforts in the B2C sector, aiming to become a trusted healthcare product provider and attract more customers to its e-commerce platforms. In the B2B sector, the Group will collaborate with distributors to secure bulk purchases and further expand its customer base.

Targeted Campaign to Boost Market Share

The Group acknowledges the need for improvement in market share in the PRC, despite recent successes. To address this, the Group constantly evaluating market segments and identifying products with great potential. Marketing campaigns will be conducted on virtual platforms in collaboration with KOLs who specialise in promoting the Group's healthcare products. These KOLs will create engaging content, provide product reviews, and increase brand awareness among their followers.

Expansion of ODM business

To further boost the Group's ODM business, which is a relatively new line of business with a promising future, the Group plans to allocate more resources to this area. Recognizing that the Group's key value proposition in the ODM Products lies in its market research, identifying consumer demand gaps, and developing tailored ODM formulas to bridge such gaps, the Group's plan is to expand its ODM product team by recruiting talents in such domain. Over the next few years, the Group expects this trend of spending to continue in order to boost the market share of its ODM Products in the healthcare market.

Sufficiency of Assets

As disclosed in the Group's 2023 Annual Results, the Group recorded:

- (a) total assets of approximately HK\$251.8 million as at 31 December 2023, as compared to approximately HK\$284.3 million as at 31 December 2022;
- (b) net assets of approximately HK\$239.9 million as at 31 December 2023, as compared to approximately HK\$230.8 million as at 31 December 2022; and
- (c) cash and cash equivalents of approximately HK\$222.4 million, as compared to approximately HK\$211.8 million as at 31 December 2022.

In light of the above, the Board is of the view that the Group has a sufficient level of business operations and has assets of sufficient value to support its operations to meet the requirements under Rule 13.24 of the Listing Rules and warrant the continued listing of the Shares on the Stock Exchange.

In view of the above, the Board is of the view that the Company has adequately fulfilled Resumption Guidance (i).

2. Resumption Guidance (ii) – inform the market of all material information for the Shareholders and investors to appraise the Company's position.

Since the suspension of trading in the Company's shares on the Stock Exchange on 25 April 2023, the Company has, in accordance with Rules 13.09(2) and 13.24A of the Listing Rules, published various announcements to keep its shareholders and other investors informed of all material situation and development of the Company as disclosed in (i) the Announcements as mentioned above; (ii) the announcements dated 12 May 2023, 14 August 2023 and 11 March 2024; (iii) the 2023 Interim Report and 2023 Annual Report; and (iv) this announcement.

Save as disclosed and as of the date of this announcement, the Board is not aware of any other material information of the Group which ought to be disclosed to keep its shareholders and potential investors informed of the situation and development of the Company. Accordingly, the Board is of the view that the Company has adequately fulfilled Resumption Guidance (ii).

RESUMPTION OF TRADING

Trading in the Company's shares on the Stock Exchange has been suspended since 9:00 a.m. on Tuesday, 25 April 2023. As all the Resumption Guidance have been satisfied, the Company has made an application to the Stock Exchange for the resumption of trading in the Company's shares on the Stock Exchange with effect from 9:00 a.m. on 19 July 2024.

Shareholders and potential investors are advised to exercise caution when dealing in the shares and/or securities of the Company.

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

Hong Kong, 18 July 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 Anyang