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CLSA Premium Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6877)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “**Board**”) of directors (the “**Director(s)**”) of CLSA Premium Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) presents the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021 (“**2021 Interim Period**”), together with the comparative figures for the corresponding period in 2020 (“**2020 Interim Period**”). The condensed consolidated interim financial statements have not been audited but were reviewed by the Company’s audit committee (the “**Audit Committee**”) and approved by the Board.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
		2021	2020
	Notes	HK\$’000	HK\$’000
Leveraged foreign exchange and other trading income	2	1,290	2,225
Cash dealing income	2	–	755
Fee and commission income	2	28	44
Other income	2, 3	2,484	3,524
		<hr/>	<hr/>
Total income		3,802	6,548
		<hr/>	<hr/>
Referral expenses and other charges		(427)	(1,346)

		Unaudited	
		Six months ended 30 June	
		2021	2020
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
	Staff costs	(12,382)	(7,895)
	Depreciation – property, plant and equipment and amortisation of intangible assets	(1,192)	(1,389)
	Depreciation – right-of-use assets	8 (5,904)	(5,830)
	Other operating expenses	4 (15,133)	(17,622)
	Total expenses	<u>(35,038)</u>	<u>(34,082)</u>
	Operating loss	(31,236)	(27,534)
	Finance cost	<u>(130)</u>	<u>(379)</u>
	Loss before tax	(31,366)	(27,913)
	Income tax credit	5 1,385	6,711
	Loss for the period	<u>(29,981)</u>	<u>(21,202)</u>
	Other comprehensive expense		
	<i>Items that may be reclassified to profit or loss</i>		
	Currency translation difference	<u>(6,008)</u>	<u>(4,690)</u>
	Other comprehensive expense for the period, net of tax	<u>(6,008)</u>	<u>(4,690)</u>
	Total comprehensive expense for the period	<u>(35,989)</u>	<u>(25,892)</u>
	Loss per share for loss attributable to the equity holders of the Company for the period		
	– Basic and diluted (HK cents per share)	7 (1.47)	(1.04)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

			Unaudited	Audited
			30 June	31 December
			2021	2020
	<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS				
Non-current assets				
Property, plant and equipment			2,899	3,431
Intangible assets			–	–
Right-of-use assets	8		4,465	10,422
Deferred tax assets			–	855
			<hr/>	<hr/>
Total non-current assets			7,364	14,708
			<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets				
Other receivables, prepayments and deposits	9		8,101	8,631
Tax prepayment			4	4
Financial assets at fair value through profit and loss			3,075	3,056
Derivative financial instruments	10		8,486	5,914
Balances due from agents			44,600	47,827
Cash and bank balances and client trust bank balances	11		315,998	350,296
			<hr/>	<hr/>
Total current assets			380,264	415,728
			<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets			387,628	430,436
			<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
EQUITY AND LIABILITIES				
Equity				
Share capital	14		20,333	20,333
Reserves			276,734	312,723
			<hr/>	<hr/>
Total equity			297,067	333,056
			<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

		Unaudited	Audited
		30 June	31 December
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
Current liabilities			
Lease liabilities	<i>12</i>	3,929	9,365
Other payables and accrued liabilities	<i>13</i>	10,543	13,605
Derivative financial instruments	<i>10</i>	703	1,915
Clients' balances		74,670	68,918
		<hr/>	<hr/>
Total current liabilities		89,845	93,803
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Non-current liabilities			
Lease liabilities	<i>12</i>	716	1,334
Deferred tax liabilities		–	2,243
		<hr/>	<hr/>
Total non-current liabilities		716	3,577
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities		90,561	97,380
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Total equity and liabilities		387,628	430,436
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard 34, 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. 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 nature 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 product perspective.

Summary details of the business segments are as follows:

- (a) the margin dealing segments engage in the provision of leveraged foreign exchange, commodity and index trading services in Australia, Hong Kong and New Zealand;
- (b) the unleveraged cash dealing segment engages in the provision of non-leveraged foreign exchange trading services in New Zealand. Unleveraged cash dealing services were provided to corporate clients, in particular, those clients engaged in money changing business for the purpose of hedging their cash positions and meeting settlement obligations. The Group is rewarded by the spread between the price quoted to our clients and the price offered by our market makers. This business has already been ceased by December 2020; and
- (c) Unallocated segment engages in the provision of services other than margin dealing, and the operations of the investment holding companies.

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 six months ended 30 June 2021 and 2020.

The segment information provided to the management for the reportable segments for the six months period ended 30 June 2021 and 2020 is as follows:

For the six months ended 30 June 2021 (Unaudited)

	New Zealand margin dealing HK\$'000	Hong Kong margin dealing HK\$'000	Australia margin dealing HK\$'000	Unallocated HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue and other income:						
Foreign exchange and other trading income earned from external customers	(40)	4	1,331	-	(5)	1,290
Segment revenue	(40)	4	1,331	-	(5)	1,290
Fee and commission income	28	-	-	-	-	28
Other income/(losses)	(97)	(30)	389	2,222	-	2,484
Total revenue and other income	<u>(109)</u>	<u>(26)</u>	<u>1,720</u>	<u>2,222</u>	<u>(5)</u>	<u>3,802</u>
Segment loss	<u>(5,182)</u>	<u>(8,397)</u>	<u>(5,417)</u>	<u>(12,370)</u>		<u>(31,366)</u>
Loss before tax						(31,366)
Income tax credit						<u>1,385</u>
Loss for the period						<u>(29,981)</u>
Other segment information:						
Depreciation and amortisation	60	407	1,198	5,431		7,096
Lease payments	131	-	395	22		548
Finance cost	-	-	57	73		130

For the six months ended 30 June 2020 (Unaudited)

	New Zealand margin dealing <i>HK\$'000</i>	Hong Kong margin dealing <i>HK\$'000</i>	Australia margin dealing <i>HK\$'000</i>	New Zealand cash dealing <i>HK\$'000</i>	PRC business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue and other income:								
Foreign exchange and other trading income earned from external customers	590	(43)	1,678	755	-	-	-	2,980
Segment revenue	590	(43)	1,678	755	-	-	-	2,980
Fee and commission income	44	-	-	-	-	-	-	44
Other income/(losses)	418	1,798	681	-	6	1,119	(498)	3,524
Total revenue and other income	<u>1,052</u>	<u>1,755</u>	<u>2,359</u>	<u>755</u>	<u>6</u>	<u>1,119</u>	<u>(498)</u>	<u>6,548</u>
Segment (loss)/profit	<u>(6,225)</u>	<u>(15,429)</u>	<u>(6,138)</u>	<u>(26)</u>	<u>(566)</u>	<u>471</u>		<u>(27,913)</u>
Loss before tax								(27,913)
Income tax credit								6,711
Loss for the period								<u>(21,202)</u>
Other segment information:								
Depreciation and amortisation	80	6,055	1,084	-	-	-		7,219
Lease payments	297	-	461	-	17	-		775
Finance cost	1	213	165	-	-	-		379

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Australia	1,331	1,678
New Zealand	(40)	1,345
Others	(1)	(43)
	<u>1,290</u>	<u>2,980</u>

None of the external customers contributes more than a majority of the Group's trading income individually in the respective period.

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.

3. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Interest income	53	1,178
Government subsidies (<i>Note</i>)	270	501
Management fee income	1,800	1,213
Unrealised gain from financial assets at fair value through profit and loss	82	–
Others	279	632
	<u>2,484</u>	<u>3,524</u>

Note:

Included in profit or loss is HK\$270,000 (for the six months ended 30 June 2020: HK\$501,000) of government subsidies obtained from JobKeeper Scheme (the “Scheme”) launched by the Australia Government to support the payroll of the Group’s employee. Under the Scheme, the Group had to commit to spend these grants in payroll expenses for a specific period of time. The Group does not have other unfulfilled obligations relating to this program.

4. OTHER OPERATING EXPENSES

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Other office occupation expenses	1,180	1,169
Auditors’ remuneration		
– Audit services	1,010	1,492
– Non-audit services	56	144
Information services expenses	604	1,480
Professional and consultancy fee	7,188	12,903
Repair and maintenance (including system maintenance)	4,305	3,472
Marketing, advertising and promotion expenses	242	19
Travelling expenses	135	346
Entertainment expenses	39	19
Insurance	407	313
Net foreign exchange gain	(1,674)	(5,457)
Short term lease payments under land and building	548	775
Staff training	30	52
Others	1,063	895
	<u>15,133</u>	<u>17,622</u>

5. INCOME TAX CREDIT

No provision for Hong Kong profits tax was made as the Group had no estimated assessable profits arising in or derived from Hong Kong for each of the respective periods. Taxation on overseas profits has been calculated on the estimated assessable profit for the respective periods 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% (2020: 28%) in New Zealand, 30% (2020: 30%) in Australia and 25% (2020: 25%) in PRC respectively in accordance with the local tax authorities.

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current tax:		
Credit for the period	–	–
Others	–	7,335
	<hr/>	<hr/>
Total current tax credit	–	7,335
	<hr/>	<hr/>
Deferred tax:		
Decrease in deferred tax assets	(853)	(624)
Decrease in deferred tax liabilities	<u>2,238</u>	<u>–</u>
	<hr/>	<hr/>
Total deferred tax expenses/(benefit)	<u>1,385</u>	<u>(624)</u>
	<hr/>	<hr/>
Income tax credit	<u>1,385</u>	<u>6,711</u>
	<hr/>	<hr/>

6. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

7. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Loss attributable to equity holders of the Company	<u>(29,981)</u>	<u>(21,202)</u>
	Number	Number
	of shares	of shares
Weighted average number of ordinary shares in issue	<u>2,033,290,000</u>	<u>2,033,290,000</u>
Basic and diluted loss per share (HK cents)	<u>(1.47)</u>	<u>(1.04)</u>

8. RIGHT-OF-USE ASSETS

(i) Amount recognised in the Consolidated Statement of Financial Position

	Unaudited	Audited
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Right-of-use assets		
Buildings	<u>4,465</u>	<u>10,422</u>
Lease liabilities		
Current	<u>3,929</u>	<u>9,365</u>
Non-current	<u>716</u>	<u>1,334</u>
	<u>4,645</u>	<u>10,699</u>

There is no additions to the right-of-use assets during the six months ended 30 June of 2021 and 2020.

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Depreciation charge of right-of-use assets		
Buildings	<u>5,904</u>	<u>5,830</u>
Interest expense (included in finance cost)	130	370
Expense relating to short-term leases (included in other operating expenses)	<u>548</u>	<u>775</u>

The total cash outflow for leases for the period ended 30 June 2021 was HK\$6,133,000 (for the period ended 30 June 2020: HK\$6,236,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices and warehouse. Rental contracts are typically made for fixed periods of 2 to 3 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

9. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Unaudited	Audited
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Rental and utility deposits	3,359	3,392
Prepayments	3,833	4,225
Other receivables	913	1,018
Provision for expected credit loss	<u>(4)</u>	<u>(4)</u>
Total	<u>8,101</u>	<u>8,631</u>

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

10. DERIVATIVE FINANCIAL INSTRUMENTS

	Unaudited	Audited
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Current assets		
Derivative contracts	8,486	5,914
Current liabilities		
Derivative contracts	<u>(703)</u>	<u>(1,915)</u>
Total	<u>7,783</u>	<u>3,999</u>

The Group trades in foreign currencies, commodities and other products through its margin trading business. In order to protect against their exposures to fluctuations in foreign exchange rates and commodity prices, the Group has entered into a number of derivative contracts with the Group's counterparties in the normal course of business.

The notional principal amounts of the outstanding forward foreign exchange contracts at 30 June 2021 and 31 December 2020 are HK\$564,183,000 and HK\$362,106,000 respectively.

11. CASH AND BANK BALANCES AND CLIENT TRUST BANK BALANCES

	Unaudited	Audited
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Cash and bank balances	253,374	287,093
Client trust bank balances	62,932	63,517
Provision for expected credit loss	<u>(308)</u>	<u>(314)</u>
	<u>315,998</u>	<u>350,296</u>

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The Group is not allowed to use the clients' monies to settle its own obligations in the ordinary course of business, and therefore they are not included as cash and cash equivalents in the condensed consolidated interim statement of cash flows.

As at 30 June 2021 and 31 December 2020, there is no bank balances are pledged to banks for banking facilities. No overdraft facility was utilised by the Group as at 30 June 2021 and 31 December 2020. None of the bank deposits are placed with market makers as collateral as at 30 June 2021 and 31 December 2020.

For the purposes of the condensed consolidated interim statement of cash flows, cash and cash equivalents comprises of the followings:

	Unaudited	Audited
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Cash and bank balances	253,374	287,093

12. LEASE LIABILITIES

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties in Hong Kong and Australia. Under the property lease, the periodic rents are fixed over the lease term. The values in the table below reflect the current proportions of lease payments that are fixed.

30 June 2021	Lease contracts Number	Fixed payments per month HK\$'000
Properties lease with fixed payments	2	1,020

The movements in lease liabilities:

	<i>HK\$'000</i>
Balance as at 1 January 2020	22,249
Interest expense	584
Lease payments	(12,337)
Exchange adjustment	203
Balance as at 31 December 2020 (audited) and 1 January 2021	10,699
Interest expense	130
Lease payments	(6,133)
Exchange adjustment	(51)
Balance as at 30 June 2021 (unaudited)	4,645

Future lease payments are due as follows:

	Future lease payments <i>HK\$'000</i>	Interest <i>HK\$'000</i>	Present value <i>HK\$'000</i>
As at 30 June 2021 (Unaudited)			
Not later than one year	4,002	(73)	3,929
Later than one year and not later than two years	721	(5)	716
	<u>4,723</u>	<u>(78)</u>	<u>4,645</u>

As at 31 December 2020 (Audited)

Not later than one year	9,547	(182)	9,365
Later than one year and not later than two years	1,362	(28)	1,334
	<u>10,909</u>	<u>(210)</u>	<u>10,699</u>

The present value of future lease payments are analysed as:

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Current liabilities	3,929	9,365
Non-current liabilities	716	1,334
	<u>4,645</u>	<u>10,699</u>

13. OTHER PAYABLES AND ACCRUED LIABILITIES

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
	<i>Notes</i>	
Accrued audit fees	817	1,776
Other accruals	2,651	3,831
Commission payable	197	284
Employee entitlements	1,084	1,273
Other payables	(b) <u>5,794</u>	<u>6,441</u>
	(a) <u>10,543</u>	<u>13,605</u>

Notes:

- (a) The carrying amounts of the Group's other payables and accrued liabilities approximate to their fair values.
- (b) Other payables included approximately HK\$5.4 million (31 December 2020: approximately HK\$5.6 million) of provision for penalty imposed by Financial Markets Authority due to breach of the Anti-Money Laundering and Countering Financial of Terrorism Act 2009 (the "AML/CFT Act") in New Zealand.

For details, please refer to Note 15.

14. SHARE CAPITAL AND RESERVES

(a) Share Capital

	Unaudited 30 June 2021		Audited 31 December 2020	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each (2020: same)	<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><u>2,033,290,000</u></u>	<u><u>20,333</u></u>	<u><u>2,033,290,000</u></u>	<u><u>20,333</u></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.

15. 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 indorsement of claim dated 6 May 2020 issued in the High Court of The Hong Kong Special Administrative Region by Banclogix System Co., Limited ("Banclogix", the Group's then IT service provider) against the Company and claims (i) that the termination of the IT service agreement by the Company was wrongful; (ii) alleged termination payment of HK\$2.5 million, software maintenance fee of approximately HK\$450,000 and IT infrastructure fee of HK\$1.5 million; and (iii) alleged loss and damages to be assessed.

The above proceedings will 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. These two legal proceedings with Banclogix are still ongoing up to the date of the consolidated financial statements and the outcome is subject to uncertainties. The Company's directors consider that no provision is required at this stage of the proceedings as the legal adviser of the Company is cautiously optimistic about the outcome of the two cases with Banclogix. The Company has been contesting the claims made by Banclogix.

The Company and Banclogix had a mediation on 23 June 2021. The parties did not reach an agreement.

Provision for penalty to be imposed by Financial Markets Authority

On 23 June 2020, CLSA Premium New Zealand Limited ("CLSAP NZ"), a subsidiary of the Company, received a statement of claim filed by the Financial Markets Authority ("FMA") of New Zealand. The FMA has filed on the High Court to impose a financial penalty against CLSAP NZ for alleged breaches of the AML/CFT Act for certain transactions occurred between April 2015 and November 2018. The FMA alleges four causes of action against CLSAP NZ under the AML/CFT Act: failure to conduct standard and enhanced client due diligence; failure to terminate business relationships; failure to submit suspicious transaction reports or suspicious activity reports; and failure to keep records. CLSAP NZ has filed an Notice of Admission and an Agreed Statement of Facts with FMA.

Having sought legal advices, the directors believe that the provision for penalty to be imposed by FMA of NZ\$1 million (equivalent to approximately HK\$5.6 million) incurred in 2020 is adequate.

The penalty hearing has taken place on 5 July 2021 and the Group will provide update once the court provides a judgment for confirming the penalty amount.

16. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified, to conform with the current year's presentation and disclosures. The Company's directors consider that such presentation would better reflect the financial performance and position of the Group.

During the current period, net foreign exchange gain of HK\$1,674,000 (For the period ended 30 June 2020: HK\$5,457,000) were regrouped from "other income" to "other operating expenses"; and the lease payments under land and building of HK\$548,000 (For the period ended 30 June 2020: HK\$775,000) were regrouped to "other operating expenses" in the consolidated statement of comprehensive income. The comparatives figures had been regrouped to conform with the current year presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

Significant financial information for the period ended 30 June

Consolidated profit and loss analysis

Items	Six months ended 30 June 2021 <i>HK\$'000</i>	Six months ended 30 June 2020 <i>HK\$'000</i>	Percentage changes over the corresponding period of last year
Operating results			
Total income	3,802	6,548	-42%
Total expenses	(35,038)	(34,082)	3%
Loss before tax	(31,366)	(27,913)	12%
Loss for the period attributable to shareholders of the Company and holders of other equity instruments	(29,981)	(21,202)	41%
Net cash (used in)/from operating activities	(21,927)	38,888	-156%
Loss per share (HK cents/share)			
Basic and diluted loss per share ^{note}	(1.47)	(1.04)	41%

Consolidated financial position analysis

Items	30 June 2021 <i>HK\$'000</i>	31 December 2020 <i>HK\$'000</i>	Percentage changes over the end of last year
Financial position			
Total assets	387,628	430,436	-10%
Total equity	297,067	333,056	-11%
Total equity attributable to equity holders of the Company	297,067	333,056	-11%
Total issued share capital (in thousand shares)	2,033,290	2,033,290	
Net assets attributable to equity holders of the Company per share (HKD/share) ^{note}	0.15	0.16	-6%
Gearing ratio	1.6%	3.2%	-50%

Note: The denominator is weighted average number of the Company's ordinary shares.

Analysis on changes in owner's equity

Items	2021 HK\$'000
Balance at 1 January	333,056
Share based payment transaction	–
Loss for the period	(29,981)
Other comprehensive expense	(6,008)
	<hr/>
Total equity balance as at 30 June	297,067
	<hr/> <hr/>

2021 Interim Period compared with 2020 Interim Period

Total Income

The total income of the Group decreased by approximately 42% to HK\$3.80 million for the 2021 Interim Period from HK\$6.55 million for the 2020 Interim Period.

A. Leveraged foreign exchange and other trading income

The leveraged foreign exchange and other trading income of the Group decreased by approximately 42% to HK\$1.29 million for the 2021 Interim Period from HK\$2.23 million for the 2020 Interim Period, mainly caused by the reduced profit opportunities under the low market volatility.

B. Fee and commission income

The fee and commission income of the Group decreased by approximately 36% to HK\$28,000 for the 2021 Interim Period from HK\$44,000 for the 2020 Interim Period, due to decreased trading volume in New Zealand.

C. Other income

The other income of the Group decreased by approximately 30% to HK\$2.48 million for the 2021 Interim Period from HK\$3.52 million for the 2020 Interim Period. The change was mainly driven by the interest income which decreased to HK\$53,000 for the 2021 Interim Period from HK\$1,178,000 for the 2020 Interim Period.

Referral expenses and other charges

The referral expenses and other charges of the Group decreased to HK\$427,000 for the 2021 Interim Period from HK\$1,346,000 for the 2020 Interim Period. The decrease was mainly due to the decrease in trading volume referred by service providers.

Staff costs

The staff costs of the Group increased by approximately 57% to HK\$12.38 million for the 2021 Interim Period from HK\$7.90 million for the 2020 Interim Period. Since the second half of 2020, the Group has been recruiting professionals to help improve service quality and develop our global business.

Depreciation & amortisation

Depreciation and amortisation of property, plant and equipment decreased to approximately HK\$1.19 million for the 2021 Interim Period from approximately HK\$1.39 million for the 2020 Interim Period.

Depreciation – right-of-use assets

Depreciation for right of use of assets had no significant change which were HK\$5.90 million in 2021 Interim Period and HK\$5.83 million in 2020 Interim Period.

Other operating expenses

The other operating expenses of the Group decreased by approximately 14% to HK\$15.13 million for the 2021 Interim Period from HK\$17.62 million for the 2020 Interim Period. This was mainly due to the combined effect of the decrease of professional and consultancy fees of HK\$5.72 million and the decrease of net foreign exchange gain of HK\$3.78 million.

Net loss

For the reasons set forth above, the Group had a net loss of HK\$29.98 million for the 2021 Interim Period, compared with a net loss of HK\$21.20 million for the 2020 Interim Period.

Significant investments, material acquisitions and disposals of subsidiaries

During the 2021 Interim Period, the Group did not have any significant investments held, material acquisitions and disposals.

Liquidity and financial resources

During the 2021 Interim Period, 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 30 June 2021, cash and bank balances held by the Group amounted to HK\$253.37 million (as at 31 December 2020: HK\$287.09 million).

Gearing ratio

The gearing ratio calculated on the basis of net debts (financial lease obligation and amounts due to other related parties) over the total shareholders' equity as at 30 June 2021 was approximately 1.6% (as at 31 December 2020: approximately 3.2%).

Foreign currency exposure

During the 2021 Interim Period, the Group recorded an exchange gain of HK\$1.67 million (2020 Interim Period: gain of HK\$5.46 million). This was mainly due to the half year end translation of monetary assets denominated in foreign currency into local reporting currency by the Company's subsidiaries in Australian and New Zealand. The foreign currency risk is managed proactively by regular review of the currency positions in the basket of currency mix. In order to minimize the exposure of the Group to risk, the Group has hedge strategy based on prevailing market conditions and working capital requirements of subsidiaries.

Capital structure

During the 2021 Interim Period, the Group's capital structure consisted of equity attributable to owners of the Company, comprising issued share capital and reserves.

New products and services

During the 2021 Interim Period, save as disclosed, there was no new products or services launched.

Charges on group's assets

As at 30 June 2021, there were no charge on the Group's assets (as at 31 December 2020: nil).

Contingent liabilities

Details of contingent liabilities of the Group as at 30 June 2021 are set out in Note 15 to the interim financial information.

Employees and remuneration policies

As at 30 June 2021, the Group engaged a total of 36 employees (as at 31 December 2020: a total of 35). Total staff costs including Directors' remuneration for the 2021 Interim Period amounting to HK\$11.92 million (2020 Interim Period: HK\$7.58 million). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees. The Group provides retirement benefits in accordance with the relevant laws and regulations in the place where the staff is employed. The Company has adopted a share option scheme pursuant to which the Directors and employees of the Group are entitled to participate.

BUSINESS REVIEW

In the 2021 Interim Period, the COVID-19 variants continue to be challenging to our major markets - Australia and New Zealand. However, due to our efforts to improve customer experience and satisfaction, the Group has successfully maintained the growth of the customer trading volume. As compared to the 2020 Interim Period, customer trading volume increased by 10% in the 2021 Interim Period. The products with the highest trading volume were Gold, AUD/USD and USD/CNH.

The increase in customer trading volume mainly came from the Australian business. In the 2021 Interim Period, Australian customers have increased their trading volume by more than 110% to 2.1 times that of the same period in 2020. As the New Zealand business was unable to resume usual operations due to the additional conditions on the license imposed by the local regulator, Australian customers currently account for more than 90% of the Group's total customer trading volume.

Following the launch of new products such as crude oil, U.S. dollar index, Volatility Index and major stock indexes in 2020, the Group further introduced new instruments covering commodities, foreign exchange and European stock indexes during the 2021 Interim Period. The Group also plans to launch additional core products in the second half of 2021 to enrich the product line and provide customers with genuine one-stop multi-asset trading services.

Regarding the trading system, the Group has recorded zero outages and achieved 100% system uptime during the 2021 Interim Period. At the same time, the Group has also upgraded cybersecurity measures to ensure that the trading system fulfils the latest regulatory requirements and industry standards.

In addition, the Group has established an “institutional-grade” trading system, completed all system connections with institutional customers and officially launched the institutional business in June 2021. The Company's management (the “**Management**”) recognises business opportunities in the institutional space and believes institutional customers will bring continued growth to the Group.

In the second half of 2021, subject to the development of the COVID-19 pandemic, the Group will continue to expand its business, strengthen online and offline marketing efforts, and enhance brand recognition to attract potential investors from retail space to institutional perspective. The Group is recruiting talents with extensive experience and knowledge in leveraged products and marketing to help promote service quality and rapidly expand our global business.

BUSINESS DEVELOPMENT UPDATE AND PROGRESS ON BUSINESS PLAN

After months of development, the Group has started to provide Australian customers with new trading products, including the US and Australian single stocks and Australian corporate bonds, in July 2021. After the launch, the Group is proud to provide retail and institutional customers with foreign exchange, precious metals, stocks, stock index and bond products in a one-stop multi-asset trading platform. In the future, the Group will continue to develop new products and expand multi-asset trading services to other regions in compliance with local regulatory requirements.

The Management believes that in the short term, the Australian business development plan may be affected by the repeating COVID-19 pandemic (for example, Sydney and Melbourne were in lockdown in July 2021, where Melbourne's lockdown is the 3rd time this year). However, the Management has confidence in the continued development of the local business and plan to build up better human resources in Australia to support the business growth.

In addition, the Group has launched leveraged bullion trading services in Hong Kong in July 2021. In the same month, the trading volume of bullion products accounted for approximately 10% of the total customer trading volume. With the experience of Australian and New Zealand businesses under the requirements and guidelines of local regulators, the Group will provide Hong Kong customers with flexible, transparent and fair trading conditions, and client money protection. The Management believes that the adequate capital and good reputation of the Group will reinforce its competitiveness in the local bullion trading industry and allow the new business to generate growth for the Group.

The Group will restlessly improve service quality, including providing financial market information and investment educational materials through various media, and optimizing the customer relationship management system to allow customers to comfortably manage accounts and transactions. Where circumstances allow, the Group will promote offline marketing activities to enhance brand image and awareness.

INTERIM DIVIDEND

The Board does not declare the payment of any dividend for the 2021 Interim Period (for the 2020 Interim Period: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the 2021 Interim Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited throughout the 2021 Interim Period.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the 2021 Interim Period or at any time during such period.

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

On 12 April 2021, Mr. Yuan Feng has been appointed as a director of CITIC Securities Overseas Investment Company Limited, a controlling shareholder of the Company.

On 21 May 2021, Mr. Li Jiong and Mr. Xu Jianqiang both have renewed the director's service contract with the Company respectively under the same terms and conditions of the one which expired on 20 May 2021.

The basis for determining the Directors' emoluments (including bonus payments) remained unchanged during the six months ended 30 June 2021.

Save as disclosed, during the six months ended 30 June 2021, 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.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee comprises three independent non-executive Directors, namely, Ms. Hu Zhaoxia, Mr. Wu Jianfeng and Mr. Christopher Wesley Satterfield. Ms. Hu Zhaoxia is the chairman of the Audit Committee. The Audit Committee had reviewed and expressed no disagreement with the accounting treatment adopted by the Company in preparing the unaudited condensed consolidated interim results of the Group for the 2021 Interim Period and has provided advice and comments thereon.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding transactions in the Company’s securities by the Directors and the directors or employees of the Company’s subsidiaries who are likely to possess the Group’s inside information.

Having made specific enquiry with the Directors, all the Directors confirmed that they had complied with the Model Code during the 2021 Interim Period. Besides, no incident of non-compliance of the Model Code by the employees was noted by the Company.

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

Hong Kong, 16 August 2021

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

Executive Directors

Mr. Yuan Feng (*Deputy Chief Executive Officer*)
Mr. Chung Cheuk Fan Marco

Non-executive Directors

Mr. Li Jiong (*Chairman*)
Mr. Xu Jianqiang

Independent non-executive Directors

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