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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 2024

The board (the “**Board**”) of directors (the “**Directors**”) of CLSA Premium Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) presents the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2024 (the “**2024 Interim Period**”), together with the comparative figures for the corresponding period in 2023 (the “**2023 Interim Period**”). The condensed consolidated interim financial information has not been audited but was 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	
		2024	2023
	Notes	HK\$'000	HK\$'000
			(Restated)
CONTINUING OPERATIONS			
Sales of goods from healthcare business	2	50,687	138,108
Other income	2, 3	4,814	3,787
Total income		55,501	141,895

		Unaudited	
		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
			(Restated)
Cost of sales from healthcare business		(31,086)	(118,651)
Referral expenses and other charges		(1,305)	(1,086)
Staff costs		(1,630)	(1,117)
Depreciation – property, plant and equipment		(194)	–
Other operating expenses	4	(13,850)	(12,805)
Total expenses		(48,065)	(133,659)
Profit before tax from continuing operations		7,436	8,236
Income tax expense	6	(1,176)	(1,304)
Profit for the period from continuing operations		6,260	6,932
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations		–	(1,378)
Profit for the period		6,260	5,554
Other comprehensive expense			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation difference		(519)	(480)
Other comprehensive expense for the period, net of tax		(519)	(480)
Total comprehensive income for the period		5,741	5,074

	Unaudited	
	Six months ended 30 June	
	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Profit/(loss) attributable to		
Continuing operations	6,260	6,932
Discontinued operations	<u>–</u>	<u>(1,378)</u>
	<u>6,260</u>	<u>5,554</u>
Total comprehensive income/(expense)		
attributable to		
Continuing operations	5,741	6,935
Discontinued operations	<u>–</u>	<u>(1,861)</u>
	<u>5,741</u>	<u>5,074</u>
Profit/(loss) per share for profit/(loss)		
attributable to the equity holders of the		
Company for the period (HK cents per share)		
Continuing operations	0.31	0.34
Discontinued operations	<u>–</u>	<u>(0.07)</u>
– Basic and diluted	<u><u>0.31</u></u>	<u><u>0.27</u></u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		Unaudited 30 June 2024 <i>HK\$'000</i>	Audited 31 December 2023 <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		<u>194</u>	<u>388</u>
Total non-current assets		<u>194</u>	<u>388</u>
Current assets			
Inventories	<i>9</i>	9,123	11,916
Trade receivables	<i>10</i>	26,349	12,979
Other receivables, prepayments and deposits	<i>11</i>	1,414	2,914
Tax prepayment		4	4
Cash and bank balances and client trust bank balances	<i>12</i>	<u>225,013</u>	<u>223,574</u>
Total current assets		<u>261,903</u>	<u>251,387</u>
Total assets		<u>262,097</u>	<u>251,775</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	<i>14</i>	20,333	20,333
Reserves		<u>225,273</u>	<u>219,532</u>
Total equity		<u>245,606</u>	<u>239,865</u>

		Unaudited	Audited
		30 June	31 December
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Income tax payable		3,018	1,842
Trade and other payables	<i>13</i>	12,322	8,909
Clients' balances		1,151	1,159
		<hr/>	<hr/>
Total current liabilities		16,491	11,910
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities		16,491	11,910
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Total equity and liabilities		262,097	251,775
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NOTES TO THE INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2024 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 2023, which has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

Except as described below, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the critical accounting estimates and judgements were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

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 geographical and service/product perspective.

In 2022, the Group had ceased its margin dealing business in New Zealand and Australia. In 2023, the Group had 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 six months ended 30 June 2023 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 business 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 New Zealand, Australia and Hong Kong; and
- (c) unallocated segment engages in the provision of services other than margin dealing and healthcare businesses, and the operations of the investment holding companies.

As mentioned above, the operating results from the remaining margin dealing businesses in New Zealand, Australia and Hong Kong are combined and presented as discontinued operation for the six months ended 30 June 2023. As such, the segment information for the six months ended 30 June 2023 has been restated accordingly.

The Group has commenced the healthcare business and established online stores through internationally renowned online sale platforms 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 six months ended 30 June 2024 and 2023.

The segment information provided to the management for the reportable segments for the six months period ended 30 June 2024 and 2023 is as follows:

For the six months ended 30 June 2024 (Unaudited)

	Continuing operations		Discontinued operations	
	Healthcare business	Unallocated	Margin dealing	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue from external customers	50,687	–	–	50,687
Other income	–	4,814	–	4,814
Total revenue and other income	50,687	4,814	–	55,501
Segment profit/(loss)	8,401	(965)	–	7,436
Income tax expense	(1,176)	–	–	(1,176)
Profit/(loss) for the period	7,225	(965)	–	6,260
Other segment information:				
Depreciation	–	194	–	194
Lease payments	–	173	–	173
Finance cost	–	–	–	–

For the six months ended 30 June 2023 (Unaudited) (restated)

	Continuing operations		Discontinued operations	
	Healthcare business	Unallocated	Margin dealing	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue from external customers	138,108	–	217	138,325
Other income	–	3,787	896	4,683
Total revenue and other income	<u>138,108</u>	<u>3,787</u>	<u>1,113</u>	<u>143,008</u>
Segment profit/(loss)	<u>8,597</u>	<u>(361)</u>	<u>(1,378)</u>	<u>6,858</u>
Income tax expense	<u>(1,304)</u>	<u>–</u>	<u>–</u>	<u>(1,304)</u>
Profit/(loss) for the period	<u>7,293</u>	<u>(361)</u>	<u>(1,378)</u>	<u>5,554</u>
Other segment information:				
Depreciation	–	–	236	236
Lease payments	–	431	236	667
Finance cost	<u>–</u>	<u>–</u>	<u>1</u>	<u>1</u>

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
<u>Continuing operations</u>		
Hong Kong	50,687	138,108
<u>Discontinued operations</u>		
Hong Kong	–	217
Total	<u>50,687</u>	<u>138,325</u>

Major customers

During the six months period ended 30 June 2024, the following external customers contributed more than 10% of the total revenue of the Group.

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	10,841	13,442
Customer B	8,699	23,797
Customer C	6,092	13,132
Customer D	–	28,000
Customer E	–	16,716
	<u> </u>	<u> </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.

3 OTHER INCOME

Other income of continuing operations:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	4,814	3,787
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

4 OTHER OPERATING EXPENSES

Other operating expenses of continuing operations:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
		(Restated)
Auditors' remuneration		
– Audit services	679	607
– Non-audit services	27	27
Marketing, advertising and promotion expenses	5,490	3,686
Professional and consultancy fee	3,895	2,956
Personal postal articles tax	1,659	1,599
Postage and courier expenses	1,064	906
Information services expenses	269	201
Short term lease payments under land and building	173	431
Bank charges	142	275
Repair and maintenance (including system maintenance)	123	17
Net foreign exchange loss/(gain)	19	(78)
Insurance	4	590
Gain on disposal of property, plant and equipment	(202)	–
Others	508	1,588
	<u>13,850</u>	<u>12,805</u>

5 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 had ceased its remaining margin dealing business in Hong Kong. The analysis of the results of discontinued operations is as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	<i>HK\$'000</i>
		(Restated)
Leverage foreign exchange and other trading income	–	217
Other income	–	896
	<u>–</u>	<u>896</u>
 Total income	 <u>–</u>	 <u>1,113</u>
 Referral expenses and other charges	 –	 (113)
Staff costs	–	(1,361)
Depreciation – property, plant and equipment	–	(236)
Other operating expenses	–	(780)
	<u>–</u>	<u>(2,490)</u>
 Total expenses	 <u>–</u>	 <u>(2,490)</u>
 Operating loss from discontinued operations	 –	 (1,377)
Finance cost	–	(1)
	<u>–</u>	<u>(1)</u>
 Loss before tax from discontinued operations	 –	 (1,378)
Income tax	–	–
	<u>–</u>	<u>–</u>
 Loss for the period from discontinued operations	 <u>–</u>	 <u>(1,378)</u>

Net cash flows from discontinued operations are as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Operating cash inflows	–	12,729
Investing cash inflows	–	896
	<hr/>	<hr/>
Total cash inflows	–	13,625
	<hr/> <hr/>	<hr/> <hr/>

6 INCOME TAX EXPENSE

Hong Kong profits tax on continuing operations has been provided for at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the period. 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% (2023: 28%) in New Zealand and 30% (2023: 30%) in Australia respectively in accordance with the local tax law.

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Expense for the period	1,176	1,304
	<hr/>	<hr/>
Income tax expense	1,176	1,304
	<hr/> <hr/>	<hr/> <hr/>

7 DIVIDENDS

The Board has resolved not to declare any payment of dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

8 PROFIT PER SHARE

Basic profit per share is calculated by dividing the profit 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	
	2024	2023
	HK\$'000	HK\$'000
Profit from continuing operations	6,260	6,932
Loss from discontinued operations	<u>–</u>	<u>(1,378)</u>
Profit attributable to equity holders of the Company	<u>6,260</u>	<u>5,554</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>
	Unaudited	
	Six months ended 30 June	
	2024	2023
Basic and diluted profit/(loss) per share (HK cents)		
Continuing operations	0.31	0.34
Discontinued operations	<u>–</u>	<u>(0.07)</u>
Total basic and diluted profit per share (HK cents)	<u>0.31</u>	<u>0.27</u>

For the six months ended 30 June 2024 and 2023, basic profit per share is the same as diluted profit per share.

9 INVENTORIES

	Unaudited	Audited
	30 June	31 December
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finished goods – merchandise	<u>9,123</u>	<u>11,916</u>

The cost of goods recognised as cost of sales amounted to approximately HK\$31,086,000 for the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK\$118,651,000).

10 TRADE RECEIVABLES

	Unaudited	Audited
	30 June	31 December
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	26,349	12,979
Less: provision for impairment allowance	<u>–</u>	<u>–</u>
	<u>26,349</u>	<u>12,979</u>

The Group seeks to maintain strict control over its outstanding receivables and has a credit control team to minimise credit risk. Overdue balances are reviewed regularly by senior management.

An ageing analysis of trade receivables by invoice date as at the end of the reporting period is as follows:

	Unaudited		Audited	
	30 June 2024		31 December 2023	
	Balance	Percentage	Balance	Percentage
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Current	15,318	58.1	5,865	45.2
Less than 3 months past due	9,584	36.4	7,114	54.8
3-6 months past due	<u>1,447</u>	<u>5.5</u>	<u>–</u>	<u>–</u>
Total	<u>26,349</u>	<u>100.0</u>	<u>12,979</u>	<u>100.0</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 30 June 2024, none of the trade receivables (31 December 2023: nil) were impaired and the expected credit losses for the trade receivables balance are not significant. No provision was made as at 30 June 2024 (31 December 2023: nil).

Trade receivables are denominated in the following currencies:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
HK\$	16,744	4,167
RMB	8,179	8,812
USD	1,426	–
	<u>26,349</u>	<u>12,979</u>

All trade receivables' carrying amounts approximate to their fair values.

11 OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Interest receivables	839	902
Prepayments	328	1,771
Other receivables	148	145
Right-of-return assets	58	55
Rental and utility deposits	41	41
	<u>1,414</u>	<u>2,914</u>
Total	<u>1,414</u>	<u>2,914</u>

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

12 CASH AND BANK BALANCES AND CLIENT TRUST BANK BALANCES

	Unaudited	Audited
	30 June	31 December
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and bank balances	29,595	33,766
Fixed deposits with banks	194,255	188,620
Client trust bank balances	1,163	1,188
	<u>225,013</u>	<u>223,574</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 2024 and 31 December 2023, no bank balances are pledged to banks for banking facilities. No overdraft facility was utilised by the Group as at 30 June 2024 and 31 December 2023. None of the bank deposits are placed with market makers as collateral as at 30 June 2024 and 31 December 2023.

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
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and bank balances	29,595	33,766
Fixed deposits with banks with original maturity within three months	194,255	188,620
	<u>223,850</u>	<u>222,386</u>

13 TRADE AND OTHER PAYABLES

		Unaudited	Audited
		30 June	31 December
		2024	2023
		HK\$'000	HK\$'000
Trade payables	(b)	11,091	6,536
Accrued audit fees		716	1,405
Other accruals		381	604
Refund liabilities		128	141
Contract liabilities		–	216
Other payables		6	7
		<u>6</u>	<u>7</u>
	(a)	12,322	8,909
		<u>12,322</u>	<u>8,909</u>

notes:

- (a) The carrying amounts of the Group's 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 30 June 2024, the aging analysis of the merchandise payables based on invoice date is as follows:

	Unaudited		Audited	
	30 June 2024		31 December 2023	
	Balance	Percentage	Balance	Percentage
	HK\$'000	%	HK\$'000	%
30-90 days	11,091	100.0	6,536	100.0
	<u>11,091</u>	<u>100.0</u>	<u>6,536</u>	<u>100.0</u>

14 SHARE CAPITAL AND RESERVES

(a) Share capital

	Unaudited 30 June 2024		Audited 31 December 2023	
	<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 (2023: 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>2,033,290,000</u>	<u>20,333</u>	<u>2,033,290,000</u>	<u>20,333</u>

note: As at the date hereof, the Company does not hold any treasury shares (whether in the Central Clearing and Settlement System, or otherwise).

(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 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 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.

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. For details, please refer to Note 2.

17 SUBSEQUENT EVENT

On 12 July 2024, the Company received notification from its controlling shareholder, CITIC Securities International Company Limited, regarding its intention to transfer a portion of the shares in the Company through a public solicitation process. This transfer encompasses a range of 569,321,200 to 813,316,000 shares, which constituting approximately 28% to 40% of the Company's total issued share capital. Further details could be referred to the Company's announcement dated 15 July 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance and Business Review

Financial Performance

Significant financial information for the period ended 30 June

Consolidated profit and loss analysis

Items	Six months	Six months	Percentage changes over the corresponding period of last year
	ended 30 June 2024 <i>HK\$'000</i>	ended 30 June 2023 <i>HK\$'000</i> (Restated)	
Operating results			
Total income	55,501	143,008	-61%
– Continuing operations	55,501	141,895	
– Discontinued operations	–	1,113	
Profit/(loss) before tax	7,436	6,858	8%
– Continuing operations	7,436	8,236	
– Discontinued operations	–	(1,378)	
Profit/(loss) for the period attributable to equity holders of the Company	6,260	5,554	13%
– Continuing operations	6,260	6,932	
– Discontinued operations	–	(1,378)	
Net cash used in operating activities	(2,879)	(2,652)	-9%
Profit/(loss) per share (HK cents/share)			
Basic and diluted profit/(loss) per share ^{note}	0.31	0.27	15%
– Continuing operations	0.31	0.34	
– Discontinued operations	–	(0.07)	

Consolidated financial position analysis

Items	30 June 2024 HK\$'000	31 December 2023 HK\$'000	Percentage changes over the end of last year
Financial position			
Total assets	262,097	251,775	4%
Total equity	245,606	239,865	2%
Total equity attributable to equity holders of the Company	245,606	239,865	2%
Total issued share capital (in thousand shares)	2,033,290	2,033,290	–
Net assets attributable to equity holders of the Company per share (HK\$/share) ^{note}	0.1208	0.1180	2%
Gearing ratio	<u>Nil</u>	<u>Nil</u>	<u>N/A</u>

note: The denominator is the weighted average number of the Company's ordinary shares in issue.

Analysis on changes in owner's equity

Items	2024 HK\$'000	2023 HK\$'000
Balance at 1 January	239,865	230,800
Profit for the period	6,260	5,554
Other comprehensive expense	<u>(519)</u>	<u>(480)</u>
Total equity balance as at 30 June	<u>245,606</u>	<u>235,874</u>

The 2024 Interim Period compared with the 2023 Interim Period

Total income

The total income of the Group was approximately HK\$55.50 million for the 2024 Interim Period when compared with HK\$143.01 million for the 2023 Interim Period.

A. Revenue from healthcare business

The revenue from healthcare business of the Group was approximately HK\$50.69 million for the 2024 Interim Period when compared with HK\$138.11 million for the 2023 Interim Period.

B. Leveraged foreign exchange and other trading income

The margin dealing business was discontinued in 2023 and there is no leveraged foreign exchange and other trading income for the six months ended 30 June 2024.

C. Other income

The other income of the Group increased by approximately 3% to HK\$4.81 million for the 2024 Interim Period from HK\$4.68 million for the 2023 Interim Period. The increase is mainly due to the increase in interest income for the 2024 Interim Period.

Cost of sales

The cost of sales of the Group was HK\$31.09 million for the 2024 Interim Period when compared with HK\$118.65 million for the 2023 Interim Period, which has included the cost of sales of the healthcare products.

Referral expenses and other charges

The referral expenses and other charges of the Group increased to HK\$1.31 million for the 2024 Interim Period from HK\$1.20 million for the 2023 Interim Period. The increase was mainly due to the increase in business activities in the healthcare business.

Staff costs

The staff costs of the Group decreased by approximately 34% to HK\$1.63 million for the 2024 Interim Period from HK\$2.48 million for the 2023 Interim Period. The decrease was mainly driven by the redundancy of staff following the suspension of the margin dealing business in Hong Kong.

Depreciation – property, plant and equipment

Depreciation of property, plant and equipment decreased to approximately HK\$0.19 million for the 2024 Interim Period from approximately HK\$0.24 million for the 2023 Interim Period. The depreciation expense in the 2024 Interim Period is less than that of the 2023 Interim Period as some of the assets became fully depreciated in 2023.

Other operating expenses

The other operating expenses of the Group increased by approximately 2% to HK\$13.85 million for the 2024 Interim Period from HK\$13.59 million for the 2023 Interim Period. This was mainly due to the combined effect of the increase of professional and consultancy fee of HK\$0.83 million and the increase of marketing and promotional expenses of HK\$1.80 million when compared to that of the 2023 Interim Period.

Net profit

The Group had a net profit of HK\$6.26 million for the 2024 Interim Period, compared with a net profit of HK\$5.55 million for the 2023 Interim Period, mainly due to the reasons set forth above and the increase in gross profit in healthcare business as the Group focus more on the high margin B2C business.

Significant investments, material acquisitions and disposals of subsidiaries

During the 2024 Interim Period, the Group did not have any significant investments held, material acquisitions and disposals.

Liquidity and financial resources

During the 2024 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 2024, cash and bank balances (including fixed deposits with banks with original maturity within three months) held by the Group amounted to HK\$223.85 million (as at 31 December 2023: HK\$222.39 million).

Gearing ratio

The gearing ratio calculated on the basis of net debts over the total shareholders' equity as at 30 June 2024 was zero (as at 31 December 2023: zero).

Foreign currency exposure

During the 2024 Interim Period, the Group recorded an exchange loss of HK\$0.02 million (the 2023 Interim Period: gain of HK\$0.62 million). In addition, the Group recorded a currency translation loss of approximately HK\$0.5 million (the 2023 Interim Period: currency translation loss of approximately HK\$0.5 million), 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 Australia and New Zealand. The foreign currency risk is managed proactively by regular reviews of the currency positions in the basket of currency mix. To minimise the risk exposure, the Group has a hedging strategy based on prevailing market conditions and working capital requirements of subsidiaries.

Capital structure

During the 2024 Interim Period, the Group's capital structure consists of equity attributable to owners of the Company, comprising issued share capital and reserves.

New products and services

During the 2024 Interim Period, save as disclosed under Business Review section, no other new products or services was launched.

Charges on the Group's assets

As at 30 June 2024, there were no charge on the Group's assets (as at 31 December 2023: nil).

Contingent liabilities

Details of the Group's contingent liabilities as at 30 June 2024 are set out in Note 15 of the Notes to the interim financial information.

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 30 June 2024, the Group engaged a total number of 13 staff (including employees, consultants and directors).

Business Review

Healthcare Business

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 original design manufacturing (“ODM”) products.

Introduction of ODM products

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 Beijing Tong Ren Tang (Hong Kong) Limited and 中科分子生物(廣東)股份有限公司 (CasMo Bio-tech (Guangdong) Co., Ltd.*, “CBC”) as disclosed in the Company's announcement dated 24 October 2023. 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 People's Republic of China (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).

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 evaluates market segments and identifies products with great potential. Marketing campaigns will be conducted on virtual platforms in collaboration with Key Opinion Leaders (“KOL”) 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. Recognising 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 products team by recruiting talents in such domain. Over the next few years, the Group expects this trend of spending continue to boost the market share of its ODM products in the healthcare market.

Updates on the decision of the Stock Exchange on Rule 13.24 of the Listing Rules

References are made to the Company's announcements dated 13, 24 April, 17 May, 24 July, 24 October 2023, 24 January and 24 April 2024 (the "**Announcements**") in relation to, among others, (i) the decision of the Listing Committee to suspend trading in the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"); (ii) the suspension of trading in the Company's shares; (iii) the resumption guidance for the Company as set out in a letter from the Stock Exchange; and (iv) the quarterly updates on progress of resumption. Capitalised terms used herein shall have the same meanings as those defined in the Announcements, unless otherwise specified.

As disclosed in the Announcements, the Listing Committee was of the view that the Company failed to maintain a sufficient level of operations and assets of sufficient value to support its operations as required under Rule 13.24 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange. Trading in the Company's shares on the Stock Exchange had been suspended with effect from 9:00 a.m. on Tuesday, 25 April 2023. Then the Stock Exchange had set out the Resumption Guidance for the Company.

Referring to the Company's announcement dated 18 July 2024, as the conditions set out in the Resumption Guidance have been fully fulfilled to the Stock Exchange's satisfaction, trading in the Company's shares has been resumed at 9:00 a.m. on 19 July 2024.

Subsequent event

On 12 July 2024, the Company received notification from its controlling shareholder, CITIC Securities International Company Limited, regarding its intention to transfer a portion of the shares in the Company through a public solicitation process. This transfer encompasses a range of 569,321,200 to 813,316,000 shares, which constituting approximately 28% to 40% of the Company's total issued share capital. Further details could be referred to the Company's announcement dated 15 July 2024.

INTERIM DIVIDEND

The Board has resolved not to declare any payment of dividend for the 2024 Interim Period (for the 2023 Interim Period: nil).

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

During the 2024 Interim Period, neither the Company nor any of its subsidiaries has 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 contained in Appendix C1 of the Listing Rules throughout the 2024 Interim Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "**Model Code**") as the code of conduct regarding Directors' dealings in securities of the Company. In response to a specific enquiry by the Company, all the Directors have confirmed that they have complied with the Model Code at all applicable times during the 2024 Interim Period.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Group was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the 2024 Interim Period or at any time during such period.

BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

The emoluments of Directors are determined by the Board based on the recommendation from the Company's remuneration committee with reference to the performance and profitability of the Company as well as their personal performance, remuneration benchmark in the industry and the prevailing market conditions and will be reviewed from time to time.

The basis for determining the Directors' emoluments (including bonus payments) remained unchanged during the six months ended 30 June 2024.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee comprises three independent non-executive Directors, namely, Ms. Hu Zhaoxia, Mr. Wu Jianfeng and Mr. Ma Anyang. Ms. Hu Zhaoxia is the chairman of the Audit Committee. The Audit Committee has 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 2024 Interim Period and has provided advice and comments thereon.

PUBLICATION OF INTERIM REPORT

The Company's 2024 interim report containing all the financial and other related information of the Company as required by the Listing Rules will be available on the websites of the Company (www.clsapremium.com) and the Stock Exchange (www.hkexnews.hk) and printed copies will be despatched to the Shareholders in due course.

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

Hong Kong, 26 August 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