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CLSA Premium Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6877)

RESIGNATION OF NON-EXECUTIVE DIRECTOR

The board (the “**Board**”) of directors (the “**Director(s)**”) of CLSA Premium Limited (the “**Company**”, which together with its subsidiaries are collectively referred to as the “**Group**”) announces that Mr. Stephen Gregory McCoy (“**Mr. McCoy**”) has tendered his resignation as the non-executive Director of the Company with effect from 9 March 2021. Mr. McCoy has been nominated by KVB Holdings Limited, which is the shareholder of Banclogix System Co. Limited (“**Banclogix**”), a company currently in litigation with the Group.

Mr. McCoy confirmed that except the matters set out the below, he has no other disagreement with the Board and there are no matters that need to be brought to the attention of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company’s shareholders (the “**Shareholder**”) in relation to his resignation.

- 1) Mr. McCoy considered the Company did not have sufficient operation under Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange. Mr. McCoy claimed that after the disengagement of clients as disclosed in the Company’s announcement dated 26 November 2019, the Company had not recorded a profit in any month of year 2020 and he had not seen any advancement in business opportunities over the past 12 months, including business growth and increasing customer numbers and he had concerns as to the validity and sustainability of the Company going forward.

The Board’s response: As set out in the Company’s interim report for the six months ended 30 June 2020 and the announcements dated 26 November 2019 and 15 May 2020, the Company has been actively carrying out a series of action to improve its business. The Company’s management expects that the financial performance of the Group would gradually be improved following the implementation of such business plan.

- 2) Mr. McCoy alleged that the Company has failed to “disclose inside information regarding the written-off of software developed or managed by Banclogix”. He stated that it was disclosed in the Company’s announcement dated 23 March 2020 in relation to the termination of IT services agreement with Banclogix (the “**Agreement**”) that the termination of the Agreement would not have any material adverse effect on the Group’s financial position. In the Company’s annual report for the year ended 31 December 2019, however, it was recorded an impairment of HK\$37.5 million for all the software developed or managed by Banclogix. Mr. McCoy thought that the Company should have disclosed such information at the time of the profit warning announcements dated 23 January 2020 and 30 January 2020.

The Board’s response: the reasons for the Group to record a substantial loss for the year ended 31 December 2019 was set out in the Company’s profit warning announcement dated 23 January 2020. In summary, revenue decline was the major cause for the loss. Even with such amount of asset impairment provision recorded in the total expenses for the year 2019, the Company still recorded a 53% of year-to-year decrease in total expenses in year 2019 as compared with year 2018 and the underlying factor for the loss was revenue decline and not increase in expenses, including the impairment loss. Therefore, the asset impairment provision was not mentioned in the profit warning announcement dated 23 January 2020 and 30 January 2020.

- 3) Mr. McCoy disagreed with the basis of the Company’s former auditor (the “**Former Auditor**”) issuing a disclaimer opinion for the Company. Mr. McCoy stated that at the time of approval of the unaudited results announcement of the Company for the year ended 31 December 2019, he was told by the Company’s management that the audit process had not been completed due to challenges arising from the COVID-19 pandemic. He said that in less than a month later when he was asked to approve an announcement regarding the update of the annual results for the year ended 31 December 2019, he was told that the disclaimer opinion was attributed to a wholly different reason, namely the failure to access certain data stored in the system maintained by Banclogix. Mr. McCoy was of the view that “one of these two announcements dated 30 March 2020 and 24 April 2020 was either false, or at the least incomplete”.

The Board’s response: The delay for audit completion and the auditors issuing a disclaimer opinion are two separate matters. Due to the COVID-19 pandemic, the audit process was delayed in New Zealand and in Hong Kong. On 4 March 2020, the Former Auditor wrote an email to the Company stating that its New Zealand counterparts indicated that “it was not feasible to meet the March announcement deadline”. On 16 March 2020, the Securities and Futures Commission and the Stock Exchange issued a joint statement in relation to results announcements in light of the COVID-19 pandemic (the “**Joint Statement**”), in which the two regulators rightly allowed an issuer to defer the publication of its annual report initially for up to 60 days from the date of the Joint Statement if the issuer had published, on or before 31 March 2020 its preliminary results subject to certain requirements being fulfilled. On 30 March 2020, the Company issued the Company’s unaudited 2019 results (the “**First Results Announcement**”) in compliant with the requirements stated in the Joint Statement.

Only until 6 April 2020, the Former Auditor first indicated that the audit opinion would likely to be a modified opinion. On 17 April 2020, the Former Auditor confirmed that they were going to issue a disclaimer opinion. On 23 April 2020, the Company's audit committee held a meeting to review the disclaimer opinion issued by the Former Auditor and on 24 April 2020, a Board meeting was held to approve the announcement on the update on the annual results for the year ended 31 December 2019 (the "**Disclaimer Opinion Announcement**").

The wordings of the Disclaimer Opinion Announcement was reviewed and agreed by the Former Auditor. The Board has also reviewed and approved the First Results Announcement and the Disclaimer Opinion Announcement. The Former Auditor issuing a disclaimer opinion was due to reasons stated in the Disclaimer Opinion Announcement, which is a completely separate matter to the delay of the publication of the audited results due to COVID-19.

The Board considers Mr. McCoy's allegation is without substance.

- 4) Mr. McCoy stated that on 29 July 2019, the Company had published an announcement that stated in part "as a result of Mr. Liu's departure, the Company has established a sub-committee to review Mr. Liu's performance during his time as chief executive officer and executive Director of the Company" (the "**Review**"). Mr. McCoy stated that "the Review had been going on for 15 months and at significant cost, however the only report (verbal) had made to the Board was in relation to the Company's announcement dated 24 January 2020 which stated, in part "Based on the Investigation conducted so far, which is still ongoing, the Company has identified material that raises concerns about the conduct of Mr. Liu". Mr. McCoy alleged that when he had asked the Company's management the details about what material concerns were, he was told that the (independent) committee did not believe it should be shared amongst the Board. He said that while he asked when an update on the investigation would be reported to the Board, he was being told that the investigation was still ongoing and the Board would be advised in due course. He alleged that "no official report had been given to the Board since the committee and the investigation was formed".

Further, Mr. McCoy stated that on 24 June 2020 a special board meeting was held to discuss a statement of claim filed by the Financial Markets Authority ("**FMA**") of New Zealand in the High Court of New Zealand for alleged breaches of Anti-Money Laundering and Counter-Financing Terrorism Act by CLSA Premium New Zealand Limited ("**CLSAP NZ**"). He said that the Board was referred to the media release issued by the FMA notifying of the proceedings. Mr. McCoy alleged that he was told that the proceedings only affected a few clients and the Company's management was looking after the matter. He complained that the Board was not given a copy of the statement of claims filed by the FMA nor was it given any further update.

The Board's response: The Company's management had reported the status of the investigation to the independent investigation committee on 22 January 2020, 19 May 2020 and 24 November 2020. Where there were progress or matters that require to be reported to the Board, the Board was informed. The Review was only concluded in late November 2020. The results was reported to the independent investigation committee of the Company and the Board on 24 November 2020. Mr. McCoy was absent in that Board meeting due to his own reasons.

For the FMA's action against CLSAP NZ, a confidentiality order was imposed by FMA. After the confidentiality order was lifted on 10 August 2020, CLSAP NZ is still subject to the privacy obligations it owes to the customers referred to in the statement of claims under the New Zealand Privacy Act. The Board considers that the nature and essence of the FMA's action has been fully disclosed in the Company's announcement dated 24 June 2020 and accepted that given the nature of the allegations, the statement of claims should not be shared with anyone unless strictly necessary. Also, Mr. McCoy has never raised any requests for the statement of claims or any other documents or information regarding this proceedings. The Board do not consider Mr. McCoy's allegation is justified.

Save for the above, there are no other matters that the Board believes need to be brought to the attention of Stock Exchange and the Shareholders in relation to Mr. McCoy's resignation.

Mr. McCoy resigned on his own accord.

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

Hong Kong, 24 December 2020

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

Executive Directors

Mr. Yuan Feng (*Deputy Chief Executive Officer*)
Mr. Wu Fei

Independent non-executive Directors

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

Non-executive Directors

Mr. Li Jiong (*Chairman*)
Mr. Stephen Gregory McCoy
Mr. Xu Jianqiang