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CLSA Premium Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6877)

BUSINESS UPDATE ANNOUNCEMENT

Reference is made to (i) the business update announcement (the “**Announcement**”) of CLSA Premium Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 26 November 2019 in connection with the business update of the Group; (ii) the announcement (the “**Unaudited Results Announcement**”) of the Company dated 30 March 2020 in relation to the unaudited annual results (“**Unaudited Annual Results**”); and (iii) the annual report (the “**Annual Report**”) of the Company for the year ended 31 December 2019. Capitalized terms used herein shall have the same meanings as those defined in the Business Update Announcement and the Unaudited Results Announcement unless otherwise specified.

The board of directors of the Company (the “**Board**”) would like to provide an update to the Announcement, inter alia, (i) the latest business and operation of the Group; and (ii) updated implementation status of the business plan.

BUSINESS PLAN IMPLEMENTATION STATUS

1. Maintaining our existing retail clients base

- (a) Rebranding – the Group has rebranded its corporate images to raise market positioning by the followings:
 - The Company has changed its name to CLSA Premium Limited, which became effective on 31 October 2019. The name of each of the Company’s Licensed Corporations have also subsequently been changed. The Company is also setting up a new corporate image under CITIC Securities Company Limited (“**CITIC Securities**”), the controlling shareholder of the Company, which is the largest investment bank in the PRC. The management of the Company believe that linking

the name of the Company's Licensed Corporations with "CLSA", which is a well-known international brand, will project a positive image to the Company and the Company's Licensed Corporations as well as the new company image under "CITIC Securities" would help to build investors' trust in the credibility and financial backing of the Group.

- On 13 December 2019, the Company launched its new websites and the Company's licensed Corporations with the new brands and logos.
- (b) The Company launched an incentive trading scheme (the "**Scheme**") in February 2020 to certain valued Australian clients and received positive feedback. The Company plans to continue the Scheme in the second half of 2020 and expand the Scheme and offer it to clients in New Zealand.
- (c) The Company has been providing "high-touch" services, which include providing market commentaries and dedicated sales trading service, to certain valued clients since February 2020.
- (d) On 21 December 2019, the Group has successfully migrated the trading system to Metatrader 5 (MT5) trading system, which is one of the most popular trading platforms in financial market. The Group's clients are now able to access different products within one single platform due to the multi-asset class trading capabilities of MT5. Since such migration, the Group has doubled its product offering to include extra currency pairs (e.g. emerging market/exotic pairs), commodity as well as Index contract for differences (CFDs).
- (e) Visits to clients – the Group has paid visit to certain clients before the lockdown in Australia and New Zealand. It is planned that the Group will resume visiting the remaining clients after the lockdown is lifted.

2. Diversify client base to other market participants

The focus of the Group in 2020 is to expand its client base to institutional clients such as other retail FX and CFD brokers. These clients generally want to have more liquidity to facilitate the dealings with their clients. The Group targets to act as a liquidity provider to them via Application Programming Interface (API) trading solutions.

The Group currently plans to onboard institutional clients in the second half of 2020 if the circumstances allow, subject to overall business environment due to the outbreak of coronavirus and the progress of implementation of IT upgrades.

3. Marketing activities

- (a) In November 2019, the Group engaged a third party media intelligence provider to monitor public opinion, calculate and analyse company exposure and/or related news (negative or positive) in the markets, as well as to monitor competitors' activities.
- (b) In March 2020, the Group launched a digital marketing campaign to optimize the brand's exposure on the key internet search engines. Also, the Group is enhancing the content of its website to integrate multiple functions, such as online account opening with demo and tutorial. The Group expects the new website will be completed by end of 2020.
- (c) In the coming year, the Group plan to connect with the leading local media in New Zealand to build an annual marketing program.

4. Recruitment of staff

Since October 2019, the Group has engaged new staff for back office support (either by employment or secondment), which includes 4 IT staff, 1 account staff, 1 risk manager, 1 compliance officer, 1 operation staff, 1 dealer and 1 settlement officer.

From December 2019, the Group had recruited the Head of Products & Dealing in Australia to oversee the forex trading business of the Group. Following the appointment, the Group had commenced the review and redefine the product offering, dealing platform, relationship with clients and liquidity provider and the risk book of the Group with the new dealing team. The Group also hired a business development manager in New Zealand who has rich experience in foreign exchange broking and dealing, and has years of experience as an investment adviser and wealth manager. The Business Development Manager is principally responsible for building the revenue of CLSA Premium New Zealand Limited. The Group will also expand the scope of services to immigration investment, portfolio management and share broking by leveraging on her investment advisory and wealth management background.

The Group has been seeking suitable candidate to fill the position of chief executive officer of the Group and business development manager for CLSA Premium International (HK) Limited. The Group started interviewing candidates for the position of business development manager in April 2020 and the Group has constantly been seeking for a suitable candidate.

5. Upgrading of IT system

As disclosed in Company's announcement dated 9 March 2020, the Group has engaged CLSA Limited to be the IT service provider of the Group to provide (i) technology infrastructure, design, implementation, monitoring, maintenance and remote support services; (ii) software development, implementation, monitoring, maintenance and remote support services; (iii) front office sales trading, dealing, execution system; (iv) website services; (v) market data databases and distribution platforms for all systems; (vi) system access account administration services and reporting, security monitoring, and security consulting services; and (vii) information technology service management services to the Group. With such strong support from CLSA Limited, the Group is expected to be able to offer high quality services to clients at a very low costs:

- (a) the Group has migrated the trading system to MT5 in October 2019. In addition to access to a diverse range of products on one single platform, the clients are now able to trade from their mobile devices.
- (b) The Group is now working with an external technology vendor to develop an on-line client portal via CRM (Client relationship-management) system. The system will offer a powerful tool to the clients and assist them to monitor live positions, margin status, transaction details also with daily administration task such as deposit/withdrawal and password change. The CRM system is estimated to be completed in July 2020.
- (c) The IT Department (including the trade support team) are constantly monitoring the system stability, server capacity and cyber security. They are developing an algorithmic order routing system to achieve best execution result for the clients.

Funding requirements

The Company expects to allocate in aggregate of approximately HK\$7 million for the implementation of the business plans above. The funding will be satisfied by the Group's internal resources. With reference to the Annual Report, the Group had cash and cash equivalents (included fixed deposits with bank with original maturity within 3 months) of approximately HK\$295.5 million as at 31 December 2019. The Group does not consider the above business plans require substantial capital as the Group already have all the licenses and key capabilities required for ongoing business operations. The Group consider teamwork, creativity and understanding clients' needs and value added service are more important at this stage to bring success to the Group.

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

Hong Kong, 15 May 2020

As at the date of this announcement, the directors of the Company are as follows:

Executive directors

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

Mr. Wu Fei

Non-executive directors

Mr. Li Jiong (*Chairman*)

Mr. Stephen Gregory McCoy

Mr. Xu Jianqiang

Independent non-executive directors

Mr. Wu Jianfeng

Mr. Christopher Wesley Satterfield

Ms. Hu Zhaoxia