

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission File Number: 001-39006

AMTD IDEA GROUP

(Exact Name of Registrant as Specified in Its Charter)

N/A

(Translation of Registrant's Name into English)

Cayman Islands

(Jurisdiction of Incorporation or Organization)

23/F Nexxus Building

41 Connaught Road Central

Hong Kong

(Address of Principal Executive Offices)

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Securities registered or to be registered pursuant to Section 12 (b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
American depositary shares, each representing two Class A ordinary shares, par value US\$0.0001 per share Class A ordinary shares, par value US\$0.0001 per share* Class A ordinary shares, par value US\$0.0001 per share*	AMTD	New York Stock Exchange

* Not for trading, but only in connection with the listing of American depositary shares on the New York Stock Exchange.

Securities registered or to be registered pursuant to Section 12 (g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15 (d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 144,077,210 Class A ordinary shares, par value US\$0.0001 per share, and 233,526,979 Class B ordinary shares, par value US\$0.0001 per share, as of December 31, 2022.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No
Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer
Emerging Growth Company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

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INTRODUCTION

Our Corporate Structure

AMTD IDEA Group is a Cayman Islands holding company. Our operations are primarily conducted by our operating subsidiaries in Hong Kong, Singapore, the United States, France, and Italy. Investors in the ADSs thus are purchasing equity interest in a Cayman Islands holding company that has no substantive operations. As a holding company, AMTD IDEA Group may rely on dividends from our subsidiaries for cash requirements, including any payment of dividends to our shareholders. The ability of our subsidiaries to pay dividends to AMTD IDEA Group may be restricted by laws and regulations applicable to them or the debt they incur on their own behalf or the instruments governing their debt. For a detailed description, see “Part I—Our Corporate Structure.”

Although we do not have any material operations in Mainland China or any variable interest entities in place, the business operations of certain investee companies of ours are conducted in Mainland China. PRC laws do not currently prohibit direct foreign investment in our investee companies in Mainland China, and our investors could potentially own equity interests in our investee companies in Mainland China. Nonetheless, we, together with our investee companies in Mainland China face risks and uncertainties associated with the complex and evolving PRC laws and regulations, and PRC regulatory authorities could disallow the corporate structure through which we invest in our investee companies or hold our subsidiary, if any, in Mainland China, and could extend such prohibition to our Hong Kong operations, which could lead to a material change in our operations and/or a material change in the value of the ADSs, and could cause the value of the ADSs to significantly decline or become worthless. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in Mainland China and Hong Kong—The PRC government’s significant authority to intervene in or influence the Mainland China operations of an offshore holding company at any time could limit our ability to transfer or use our cash outside of PRC, and could otherwise result in a material adverse change to our business operations, including our Hong Kong operations and cause the ADSs to significantly decline in value or become worthless.”

Cash Transfers and Dividend Distribution

We conduct the majority of our operations in Hong Kong and maintain our bank accounts and balances primarily in licensed banks in Hong Kong and the United States. If needed, cash can be transferred between our holding company and subsidiaries through intercompany fund advances. In 2022, a total of HK\$355.8 million was transferred in the form of cash advances from our subsidiaries to our Cayman Islands holding company and a total of HK\$123.0 million was transferred from our Cayman Islands holding company to our subsidiaries. No material transfer of other assets was made between our holding company and subsidiaries in 2022 and we intend to settle amounts owed between our Cayman Islands holding company and Hong Kong subsidiaries to the extent required by our business operations. No dividends or distributions were made by a subsidiary to our holding company in the past, and no dividends or distributions are intended to be made by a subsidiary to our holding company in the near future. Our Cayman Islands holding company has not declared or made any dividend or other distribution to its shareholders, including U.S. investors, in the past, and no such dividends or distributions are intended to be made by our Cayman Islands holding company in the near future. See “Part I—Cash Transfers and Dividend Distribution.”

The Holding Foreign Companies Accountable Act

Pursuant to the Holding Foreign Companies Accountable Act, or the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in Mainland China and Hong Kong, including our auditor. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the

HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed Mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in Mainland China and Hong Kong, among other jurisdictions. If PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in Mainland China and Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in Mainland China and Hong Kong—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections,” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in Mainland China and Hong Kong—The ADSs may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act in the future if the PCAOB is unable to inspect or investigate completely auditors located in Mainland China and Hong Kong. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.”

Frequently Used Terms

In this annual report, unless otherwise indicated or unless the context otherwise requires:

- “ADRs” refers to the American depository receipts that evidence the ADSs;
- “ADSs” refers to our American depository shares, each of which represents two Class A ordinary shares;
- “AMTD,” “we,” “us,” or “our company” refers, prior to the restructuring which was completed in April 2019, to capital market solutions, and strategic investment businesses and, after the completion of the restructuring, to AMTD IDEA Group (formerly known as AMTD International Inc.), a Cayman Islands exempted company with limited liability, and its subsidiaries;
- “AMTD Assets” refers to AMTD Assets Group, a Cayman Islands exempted company with limited liability, and its subsidiaries;
- “AMTD Digital” refers to AMTD Digital Inc., a Cayman Islands exempted company with limited liability, and its subsidiaries;
- “AMTD Group” or “Controlling Shareholder” refers to AMTD Group Inc. (formerly known as AMTD Group Company Limited), a British Virgin Islands company;
- “China” or “PRC” refers to the People’s Republic of China including Hong Kong and Macau and excluding, for the purpose of this annual report only, Taiwan
- “Class A ordinary shares” refers to our Class A ordinary shares of par value US\$0.0001 each;
- “Class B ordinary shares” refers to our Class B ordinary shares of par value US\$0.0001 each;
- “HK\$” or “Hong Kong dollars” refers to the legal currency of Hong Kong;
- “HKSF” refers to the Securities and Futures Commission of Hong Kong;
- “HKSF” refers to the Securities and Futures Ordinance (Cap. 571) of Hong Kong;
- “L’Officiel” refers to L’Officiel Inc. SAS, a company incorporated in France, and its subsidiaries;

- “SG\$” refers to the legal currency of Singapore;
- “SEC” refers to the United States Securities and Exchange Commission;
- “SEHK” refers to the Stock Exchange of Hong Kong Limited;
- “SGX-ST” refers to the Singapore Exchange Securities Trading Limited;
- “shares” or “ordinary shares” refers to our Class A ordinary shares and Class B ordinary shares; and
- “US\$” or “U.S. dollars” refers to the legal currency of the United States.

Rounding and Currency

Any discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

Our reporting currency is Hong Kong dollars. This annual report on Form 20-F contains translations from Hong Kong dollars to U.S. dollars solely for the convenience of the reader. Unless otherwise stated, all translations from Hong Kong dollars to U.S. dollars were made at a rate of HK\$7.8015 to US\$1.00, which was the certified noon buying rate in effect as of December 30, 2022, as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. We make no representation that any Hong Kong dollar amounts referred to in this annual report on Form 20-F could have been, or could be, converted to U.S. dollars at any particular rate, or at all.

FORWARD-LOOKING INFORMATION

This annual report contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify these forward-looking statements by words or phrases such as “may,” “might,” “will,” “would,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to,” “potential,” “continue,” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, and financial needs. These forward-looking statements include, but are not limited to, statements about:

- our goals and strategies;
- our future business development, financial condition, and results of operations;
- the trends in, expected growth and market size of our industries;
- expected changes in our revenues, costs or expenditures;
- our expectations regarding demand for and market acceptance of our products and services;
- competition in our industries;
- our proposed use of proceeds;
- government policies and regulations relating to our industries;
- fluctuations in general economic and business conditions in Hong Kong, Mainland China, and globally, and
- assumptions underlying or related to any of the foregoing.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in “Item 3. Key Information—D. Risk Factors,” “Item 4. Information on the Company—B. Business Overview,” “Item 5. Operating and Financial Review and Prospects,” and other sections in this annual report. You should read thoroughly this annual report and the documents that we refer to in this annual report with the understanding that our actual future results may be materially different from and worse than what we expect. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

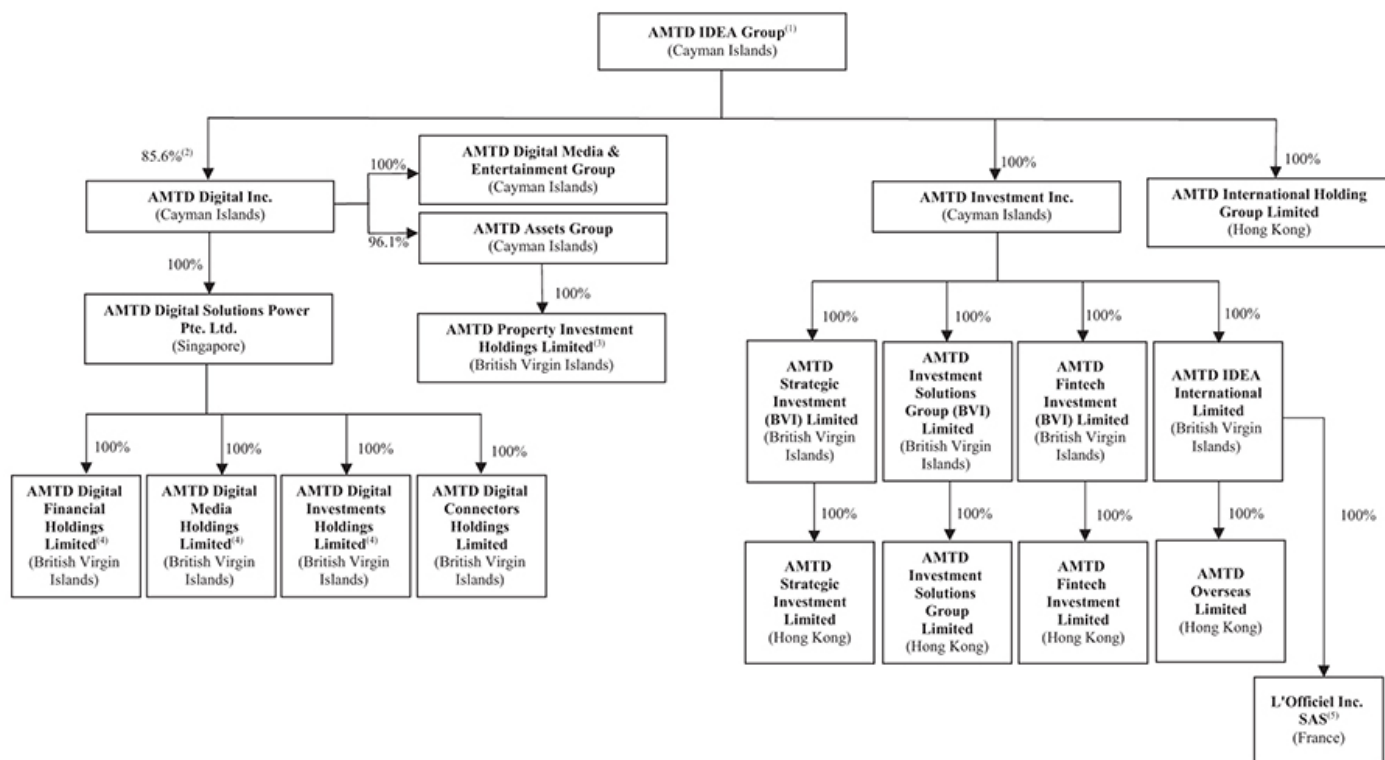
This annual report contains certain data and information that we obtained from industry publications and reports generated by third-party providers of market intelligence. We have not independently verified the accuracy or completeness of the data and information contained in these publications and reports. Statistical data in these publications also include projections based on a number of assumptions. Our industries may not grow at the rate projected by market data, or at all. Failure of these markets to grow at the projected rate may have a material and adverse effect on our business and the market price of the ADSs or our Class A ordinary shares. If any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions.

PART I

Our Corporate Structure

AMTD IDEA Group is a Cayman Islands holding company. Our operations are primarily conducted by our operating subsidiaries in Hong Kong, Singapore, the United States, France, and Italy. Investors in the ADSs thus are purchasing equity interest in a Cayman Islands holding company that has no substantive operations. As a holding company, AMTD IDEA Group may rely on dividends from our subsidiaries for cash requirements, including any payment of dividends to our shareholders. The ability of our subsidiaries to pay dividends to AMTD IDEA Group may be restricted by laws and regulations applicable to them or the debt they incur on their own behalf or the instruments governing their debt. For a detailed description, see “Part I—Selected Consolidated Financial Data.” In addition, our strategic investment business is subject to liquidity risks, and we may need additional financing but may not be able to obtain it on favorable terms or at all, all of which may impose liquidity risks on us and adversely affect our ability to pay dividends to our shareholders.

The following diagram generally illustrates our corporate structure, including our principal subsidiaries as of the date of this annual report. For details, see “Item 4. Information on the Company—C. Organizational Structure.



Notes:

- (1) Our shareholders include (i) holders of our ordinary shares such as AMTD Group and Infinity Power Investments Limited, and (ii) public investors. For details relating to our share ownership, see “Item 4. Information on the Company—E. Share Ownership.”
- (2) The other shareholders of AMTD Digital mainly include third party investors, one of our employees and public investors.
- (3) AMTD Property Investment Holdings Limited has six subsidiaries in Cayman Islands, British Virgin Islands and Hong Kong.
- (4) AMTD Digital Financial Holdings Limited has eleven subsidiaries in British Virgin Islands, Singapore and Hong Kong. AMTD Digital Media Holdings Limited has one subsidiary in Hong Kong. AMTD Digital Investments Holdings Limited has twelve subsidiaries in British Virgin Islands, Hong Kong and Singapore.
- (5) L’Officiel Inc. SAS has eight subsidiaries in the United States, France, Italy, Singapore and Malaysia.

As used in this annual report, “AMTD,” “we,” “us,” “our company,” or “our” refers, prior to the restructuring which was completed in April 2019, to our capital market solutions, and strategic investment businesses and,

after the completion of the restructuring, to AMTD IDEA Group (formerly known as AMTD International Inc.), a Cayman Islands exempted company with limited liability, and its subsidiaries.

Although we do not have any material operations in Mainland China or any variable interest entities in place, the business operations of certain investee companies of ours are conducted in Mainland China. PRC laws do not currently prohibit direct foreign investment in our investee companies in Mainland China, and our investors could potentially own equity interests in our investee companies in Mainland China. Nonetheless, we, together with our investee companies in Mainland China face risks and uncertainties associated with the complex and evolving PRC laws and regulations, and PRC regulatory authorities could disallow the corporate structure through which we invest in our investee companies or hold our subsidiary, if any, in Mainland China, and could extend such prohibition to our Hong Kong operations, which could lead to a material change in our operations and/or a material change in the value of the ADSs, and could cause the value of the ADSs to significantly decline or become worthless. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in Mainland China and Hong Kong—The PRC government’s significant authority to intervene in or influence the Mainland China operations of an offshore holding company at any time could limit our ability to transfer or use our cash outside of PRC, and could otherwise result in a material adverse change to our business operations, including our Hong Kong operations and cause the ADSs to significantly decline in value or become worthless.”

Risks Relating to Doing Business in Mainland China and Hong Kong

We face various legal and operational risks and uncertainties relating to our operations. Although we do not have any material operations in Mainland China or any variable interest entities in place, we and certain investee companies of ours whose business operations are primarily conducted in Mainland China face risks and uncertainties associated with the complex and evolving PRC laws and regulations and as to whether and how the PRC government statements and regulatory developments, such as those relating to regulatory approvals on offshore offerings, anti-monopoly regulatory actions, oversight on cybersecurity and data privacy, and variable interest entities, would apply to us or our investee companies. Should these statements or regulatory actions apply to our investee companies or to ourselves, including our Hong Kong operations, in the future, or if we expand our business operations into Mainland China such that we become subject to them to a greater extent, our ability to conduct our business, invest into or maintain our investment in Mainland China as foreign investments or accept foreign investments, or list on a U.S. or other overseas exchange may be restricted. For example, PRC regulators have been increasingly focused on regulation in areas of data security and data protection and the PRC regulatory requirements regarding cybersecurity are constantly evolving. Various regulatory bodies in China, including the Cyberspace Administration of China, have enforced data privacy and protection laws and regulations with varying and evolving standards and interpretations. As of the date of this annual report, we do not have any material operation in Mainland China and we have not collected, stored, or managed any personal information in Mainland China. Our management have conducted an analysis of the status and scope of our operations, including data compliance, and have concluded that currently we do not expect that PRC laws and regulations on data security, data protection or cybersecurity to be applied to us or that the oversight of the Cyberspace Administration of China will be extended to our operations outside of Mainland China. However, we still face uncertainties regarding the interpretation and implementation of these laws and regulations in the future and if the recent PRC regulatory actions on data security or other data-related laws and regulations were to apply to us, we could become subject to certain cybersecurity and data privacy obligations, including the potential requirement to conduct a cybersecurity review for our public offerings at a foreign stock exchange, and the failure to meet such obligations could result in penalties and other regulatory actions against us and may materially and adversely affect our business and results of operations. These risks could result in a material adverse change in our operations and the value of the ADSs, significantly limit or completely hinder our ability to continue to offer securities to investors, or cause the value of such securities to significantly decline. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in Mainland China and Hong Kong—We may be subject to a variety of laws and other obligations, including those regarding cybersecurity and data protection, and failure to comply with any of them may result in proceedings against us by government authorities or others and harm our public image and reputation, which could materially and adversely affect our business, financial condition, and results of operations.”

Risks and uncertainties arising from the legal system in Mainland China, including risks and uncertainties regarding the enforcement of laws and quickly evolving rules and regulations in Mainland China, could result in a material adverse change in our operations and the value of our Class A ordinary shares and the ADSs. For more details, see “Item 3. Key Information—D. Risk Factors—Risk Factors—Risks Relating to Doing Business in Mainland China and Hong Kong—Uncertainties arising from the legal system in China, including uncertainties regarding the interpretation and enforcement of PRC laws and the possibility that regulations and rules can change quickly with little advance notice, could hinder our ability to offer or continue to offer the ADSs, result in a material adverse change to our business operations, and damage our reputation, which would materially and adversely affect our financial condition and results of operations and cause the ADSs to significantly decline in value or become worthless”.

The PRC government has significant authority to regulate, influence or intervene in the Mainland China operations of an offshore holding company at any time. It also oversees and controls and may exert more control over offerings conducted outside China by, and foreign investment in, China-based issuers. We cannot assure you that such oversight and control will not be extended to companies operating in Hong Kong such as us. These risks, together with uncertainties in the PRC legal system and the interpretation and enforcement of PRC laws, regulations, and policies, could hinder our ability to offer or continue to offer the ADSs, result in a material adverse change to our business operations, and damage our reputation, which could cause the ADSs to significantly decline in value or become worthless. For a detailed description of risks relating to doing business in Mainland China and Hong Kong, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in Mainland China and Hong Kong.”

The Holding Foreign Companies Accountable Act

Pursuant to the Holding Foreign Companies Accountable Act, or the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in Mainland China and Hong Kong, including our auditor. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed Mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in Mainland China and Hong Kong, among other jurisdictions. If PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in Mainland China and Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in Mainland China and Hong Kong—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections,” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in Mainland China and Hong Kong—The ADSs may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act in the future if the PCAOB is unable to inspect or investigate completely auditors located in Mainland China and Hong Kong. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.”

Permissions Required from the PRC Authorities for Our Operations

As of the date of this annual report, we do not have any subsidiary or material operation in Mainland China and we have not collected, stored, or managed any personal information in Mainland China. We have not offered any products or services to Mainland Chinese consumers and we do not have any offices in Mainland China or any staff located in Mainland China. As such, we believe we are not required to obtain any permission from PRC authorities to operate and issue our securities to foreign investors as of the date of this annual report, including permissions from the China Securities Regulatory Commission, or the CSRC, or the Cyberspace Administration of China, or the CAC. As of the date of this annual report, we have not been denied any permission or approval from the CSRC or the CAC.

Notwithstanding the foregoing, if (i) we do not receive or maintain any permission or approval required of us, (ii) we inadvertently concluded that certain permissions or approvals have been acquired or are not required, or (iii) applicable laws, regulations, or interpretations thereof change and we become subject to the requirement of additional permissions or approvals in the future, we may have to expend significant time and costs to procure them. If we are unable to do so, on commercially reasonable terms, in a timely manner or otherwise, we may become subject to sanctions imposed by the PRC regulatory authorities, which could include fines and penalties, proceedings against us, and other forms of sanctions, and our ability to conduct our business, invest into Mainland China as foreign investments or accept foreign investments, or list on a U.S. or other overseas exchange may be restricted, and our business, reputation, financial condition, and results of operations may be materially and adversely affected. See also “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in Mainland China and Hong Kong—The PRC government’s significant authority to intervene in or influence the Mainland China operations of an offshore holding company at any time could limit our ability to transfer or use our cash outside of PRC, and could otherwise result in a material adverse change to our business operations, including our Hong Kong operations and cause the ADSs to significantly decline in value or become worthless,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in Mainland China and Hong Kong—Uncertainties arising from the legal system in China, including uncertainties regarding the interpretation and enforcement of PRC laws and the possibility that regulations and rules can change quickly with little advance notice, could hinder our ability to offer or continue to offer the ADSs, result in a material adverse change to our business operations, and damage our reputation, which would materially and adversely affect our financial condition and results of operations and cause the ADSs to significantly decline in value or become worthless,” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in Mainland China and Hong Kong—If we were to be required to obtain any permission or approval from or complete filing with the CSRC, the CAC, or other PRC authorities in connection with our overseas offering under PRC law, we may be fined or subject to other sanctions, and our business, reputation, financial condition, and results of operations may be materially and adversely affected.”

Selected Consolidated Financial Data

The following selected consolidated financial data should be read in conjunction with our audited consolidated financial statements and related notes and “Item 5. Operating and Financial Review and Prospects” in this annual report. The selected consolidated statements of profit or loss and other comprehensive income data for the years ended December 31, 2020, 2021 and 2022 and the selected consolidated statements of financial position data as of December 31, 2021 and 2022 have been derived from our audited consolidated financial statements, which are included in this annual report beginning on page F-1. The selected consolidated statements of profit or loss and other comprehensive income data for the years ended December 31, 2018 and 2019 and the selected consolidated statements of financial position data as of December 31, 2018, 2019 and 2020 are derived from our audited consolidated financial statements that have not been included herein. Our consolidated financial statements are prepared and presented in accordance with the International Financial Reporting Standards, or IFRS, issued by the International Accounting Standard Board, or IASB.

Our historical results do not necessarily indicate results expected for any future periods.

	For the Year Ended December 31,					
	2018	2019	2020	2021	2022	
	HK\$	HK\$	HK\$	HK\$	HK\$	US\$
(in thousands, except for share, per share and per ADS data)						
Selected Consolidated Statements of Profit or Loss and Other Comprehensive Income Data						
Revenue						
Capital market solutions services income	367,538	580,006	607,263	680,478	581,933	74,592
Digital solutions and other services income	—	—	—	—	183,573	23,530
Fashion and luxury media advertising and marketing services	—	—	—	—	59,679	7,650
Dividend and gain related to disposed investments	99,228	100,552	171,027	173,823	223,343	28,628
Sub-total	466,766	680,558	778,290	854,301	1,048,528	134,400
Net fair value changes on investments, stock loan and derivatives	256,460	523,616	340,250	543,543	323,353	41,448
Total revenue	723,226	1,204,174	1,118,540	1,397,844	1,371,881	175,848
Other income	15,393	22,090	111,867	125,538	141,462	18,133
Other gain	—	—	—	—	153,488	19,674
Impairment losses under expected credit loss model on financial assets	—	—	(17,109)	—	(3,920)	(502)
Other operating expenses, staff costs and finance costs	(129,654)	(237,010)	(219,643)	(192,206)	(314,559)	(40,320)
Net fair value changes on derivative financial liability	—	—	7,765	—	13,347	1,711
Profit before tax	608,965	989,254	1,001,420	1,331,176	1,361,699	174,544
Income tax (expense)/credit	(83,840)	(158,350)	137,541	(109,295)	(104,984)	(13,457)
Profit for the year	525,125	830,904	1,138,961	1,221,881	1,256,715	161,087
Other comprehensive income for the year						
Profit and other comprehensive income attributable to:			1,022	739	1,792	230
—Ordinary shareholders	468,061	938,272	1,060,996	1,096,896	1,113,283	142,701
—Holders of perpetual securities	—	—	78,987	125,743	122,971	15,763
Non-controlling interests	57,064	(107,368)	—	(19)	22,253	2,853
Total comprehensive income for the year	525,125	830,904	1,139,983	1,222,620	1,258,507	161,317
Class A ordinary shares:						
Profit per share attributable to ordinary shareholders						
Basic	—	4.34	4.34	4.81	3.71	0.48
Diluted	—	4.34	4.22	4.81	3.71	0.48
Weighted average number of ordinary shares used in per share calculation						
Basic	—	16,113	57,474	62,328	138,491	138,491
Diluted	—	16,117	58,966	62,328	138,491	138,491
Class B ordinary shares:						
Profit per share attributable to ordinary shareholders						
Basic	2.34	4.34	4.34	4.81	3.71	0.48
Diluted	2.34	4.34	4.34	4.81	3.71	0.48
Weighted average number of ordinary shares used in per share calculation						
Basic	200,000	200,149	186,987	165,666	160,960	160,960
Diluted	200,000	200,205	186,987	165,666	160,960	160,960

	As of December 31,					
	2018	2019	2020	2021	2022	
	HK\$	HK\$	HK\$	HK\$	HK\$	US\$
	(in thousands)					
Selected Consolidated Statements of Financial Position Data						
Total non-current assets	15,302	15,202	2,209,103	2,801,265	2,338,092	299,698
Total current assets	7,091,887	8,255,491	8,317,188	3,885,573	5,933,200	760,520
Total assets	7,107,189	8,270,693	10,526,291	6,686,838	8,271,292	1,060,218
Total non-current liabilities (interest-bearing)	—	116,810	116,233	125,723	3,569	457
Total non-current liabilities (non-interest-bearing)	163,357	242,914	—	—	25,786	3,305
Total current liabilities (interest-bearing)	322,000	317,722	232,280	388,871	156,910	20,113
Total current liabilities (non-interest-bearing)	3,427,430	764,752	453,602	383,371	268,399	34,404
Total liabilities	3,912,787	1,442,198	802,115	897,965	454,664	58,279
Share capital and capital reserve	1,312,960	4,551,380	4,551,380	4,551,376	7,734,752	991,444
Treasury shares	—	—	—	(5,000,000)	(7,500,000)	(961,354)
Exchange reserve	—	—	1,023	1,467	4,742	608
Retained profits	1,338,842	2,277,115	3,337,088	4,449,490	5,559,498	712,619
Total ordinary shareholders' equity	2,651,802	6,828,495	7,889,491	4,002,333	5,798,992	743,317
Non-controlling interests	542,600	—	—	15,496	247,242	31,692
Holders of perpetual securities	—	—	1,834,685	1,771,044	1,770,394	226,930
Total equity	3,194,402	6,828,495	9,724,176	5,788,873	7,816,628	1,001,939
Total liabilities and equity	7,107,189	8,270,693	10,526,291	6,686,838	8,271,292	1,060,218

Cash Transfers and Dividend Distribution

We conduct the majority of our operations in Hong Kong and maintain our bank accounts and balances primarily in licensed banks in Hong Kong and the United States. Out of our total bank balances of HK\$1,078.4 million (US\$138.2 million) as of December 31, 2022, none was maintained in China. If needed, cash can be transferred between our holding company and subsidiaries through intercompany fund advances, and there are currently no restrictions of transferring funds between our Cayman Islands holding company and subsidiaries in Hong Kong.

The following table sets forth the material cash transfers in the form of cash advances in both directions that occurred between our Cayman Islands holding company and our subsidiaries in 2022.

Subsidiaries	To Holding Company HK\$ (in million)	From Holding Company HK\$ (in million)
AMTD Global Markets Limited ⁽¹⁾	355.8	123.0

Note:

- (1) AMTD Global Markets Limited is no longer a subsidiary of ours after we transferred our subsidiary AMTD Securities Limited, which directly held 100% of equity interest in AMTD Global Markets Limited, to certain independent purchasers in December 2022.

No material transfer of other assets was made between our holding company and subsidiaries in 2022.

We intend to settle amounts owed between our Cayman Islands holding company and our subsidiaries to the extent required by our business operations.

There are no significant tax consequences when our subsidiaries make any dividends or distributions to our holding company. No such dividends or distributions were made by a subsidiary to our holding company in the past, and no dividend or distribution is intended to be made by a subsidiary to our holding company in the near future.

Our board of directors will review and consider whether to distribute earnings from time to time. If our board of directors decides to pay dividends, the form, frequency, and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, and other factors that the board of directors may deem relevant.

AMTD IDEA Group is a holding company incorporated as an exempted company with limited liability under the Cayman Islands law, and our ability to pay dividends depends upon dividends paid by our subsidiaries. The ability of our subsidiaries to pay dividends to us may be restricted by laws and regulations applicable to them or the debt they incur on their own behalf or the instruments governing their debt. One of our subsidiaries AMTD Risk Solutions Group Limited, a licensed insurance intermediary under the Insurance Ordinance (Cap. 41) of Hong Kong, is subject to minimum paid-up capital requirements under relevant rules.

Our Cayman Islands holding company has not declared or made any dividend or other distribution to its shareholders, including U.S. investors, in the past, and no such dividend or distribution is intended to be made by our Cayman Islands holding company in the near future. U.S. investors will not be subject to Cayman Islands or Hong Kong taxation and no withholding will be required on the payment of dividends or distributions to them while they may be subject to U.S. federal income tax. See ‘Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Dividends.’

There are no other significant restrictions and limitations on our ability to distribute earnings from our businesses, including our subsidiaries, to the parent company and U.S. investors or our ability to settle amounts owed, and there are no significant foreign exchange and fund transfer restrictions on cash transfers between entities within our group, across borders, and to U.S. investors.

The foregoing notwithstanding, the PRC government has significant authority to intervene or influence the Mainland China operations of an offshore holding company at any time, and such oversight may also extend to companies operating in Hong Kong like us. We cannot assure you that the PRC government will not prevent us from transferring the cash we maintain in Hong Kong outside of PRC, or restrict our ability to deploy our cash into business or to pay dividends. We could also be subject to limitations on the transfer or the use of our cash if we expand our business operations into Mainland China or conduct our operations in some other ways such that we become subject to PRC laws that regulate these activities. Any limitation on our ability to transfer or use our cash could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in Mainland China and Hong Kong—The PRC government’s significant authority to intervene in or influence the Mainland China operations of an offshore holding company at any time could limit our ability to transfer or use our cash outside of PRC, and could otherwise result in a material adverse change to our business operations, including our Hong Kong operations and cause the ADSs to significantly decline in value or become worthless.”

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

An investment in the ADSs involves significant risks. Below is a summary of material risks that we face, organized under relevant headings. These risks are discussed more fully in “Item 3. Key Information—D. Risk Factors.”

Risks Relating to Doing Business in Mainland China and Hong Kong

- The PRC government’s significant authority to intervene in or influence the Mainland China operations of an offshore holding company at any time could limit our ability to transfer or use our cash outside of PRC, and could otherwise result in a material adverse change to our business operations, including our Hong Kong operations and cause the ADSs to significantly decline in value or become worthless.
- Uncertainties arising from the legal system in China, including uncertainties regarding the interpretation and enforcement of PRC laws and the possibility that regulations and rules can change quickly with little advance notice, could hinder our ability to offer or continue to offer the ADSs, result in a material adverse change to our business operations, and damage our reputation, which would materially and adversely affect our financial condition and results of operations and cause the ADSs to significantly decline in value or become worthless.
- The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections.
- The ADSs may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act in the future if the PCAOB is unable to inspect or investigate completely auditors located in Mainland China and Hong Kong. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.
- We may be subject to a variety of laws and other obligations, including those regarding cybersecurity and data protection, and failure to comply with any of them may result in proceedings against us by government authorities or others and harm our public image and reputation, which could materially and adversely affect our business, financial condition, and results of operations.

- If we were to be required to obtain any permission or approval from or complete filing with the CSRC, the CAC, or other PRC authorities in connection with our overseas offering under PRC law, we may be fined or subject to other sanctions, and our business, reputation financial condition, and results of operations may be materially and adversely affected.

Risks Relating to Our Business and Industries

- We have a relatively short operating history of our current businesses compared to some of our globally established competitors and face numerous risks and challenges as we continue to expand our business in a rapidly evolving market, which makes it difficult to effectively assess our future prospects.
- Unfavorable financial markets and economic conditions in Asia and elsewhere in the world could materially and adversely affect our business, financial condition, and results of operations.
- The financial services industry is intensely competitive. If we are unable to compete effectively, we may lose our market share and our results of operations and financial condition may be materially and adversely affected.
- Our businesses depend on key management executives and professional staff, and our business may suffer if we are unable to recruit and retain them.
- Any negative publicity with respect to us, our directors, officers, employees, shareholders, or other beneficial owners, our peers, business partners, or our industry in general, may materially and adversely affect our reputation, business, and results of operations.
- We may be subject to litigation and regulatory investigations and proceedings and may not always be successful in defending ourselves against such claims or proceedings.
- We make strategic investments using our own capital, and may not be able to realize any profits from these investments for a considerable period of time, or may lose some or all of the principal amounts of these investments.
- Our strategic investment business is subject to liquidity risks.
- Our results of operations and financial condition may be materially affected by fluctuations in the fair value of our equity investments in our investee companies.
- Our investments are subject to liquidity, concentration, regulatory, credit and other risks.
- Our capital market solutions business depends on our ability to identify, execute, and complete projects successfully and is subject to various risks associated with underwriting and financial advisory services, the overall market sentiment and macroeconomic conditions. We cannot assure you that the income level of our capital market solutions business can be sustained.
- We have undertaken and may in the future undertake acquisitions, investments, joint ventures, or other strategic alliances, which could present unforeseen integration difficulties or costs and may not enhance our business as we expect.
- We face risks and challenges associated with the recent changes to our businesses.
- Our subsidiary AMTD Digital operates in the emerging, dynamic, and competitive digital financial services industry, which makes it difficult for investors to evaluate its future prospects, and we cannot assure you that its current or future strategies will be successfully implemented or will generate sustainable profit.
- AMTD Digital and our Controlling Shareholder have a limited operating history and experience in the newly developed digital banking business in Asia, which makes it difficult to evaluate the business of

AMTD Digital. We cannot assure you that the digital banking initiatives of our Controlling Shareholder and AMTD Digital will develop or succeed as expected.

- The digital financial services business is subject to intense competition, and our subsidiary AMTD Digital may fail to compete successfully against existing or new competitors, which may reduce demand for its services, reduce operating margins, and further result in loss of market share, departures of qualified employees, and increased capital expenditures.
- Our subsidiary L'Officiel operates in a highly competitive industry and faces significant competition for advertising spending from operators of new and traditional advertising channels. If L'Officiel cannot successfully compete, our results of operations would be materially and adversely affected.
- The hospitality market is highly competitive, and our subsidiary AMTD Assets may be unable to compete successfully with its current or future competitors.
- Our hospitality services are subject to the business, financial, and operating risks inherent to the hospitality industry, any of which could reduce our revenue and limit opportunities for growth.
- We are subject to extensive and evolving regulatory requirements, non-compliance with which may result in penalties, limitations, and prohibitions on our future business activities or suspension or revocation of our licenses, and consequently may materially and adversely affect our business, financial condition, and results of operations. In addition, we may, from time to time, be subject to regulatory inquiries and investigations by relevant regulatory authorities or government agencies in Hong Kong or other applicable jurisdictions.
- Our revenue and profits are highly volatile, and fluctuate significantly from quarter to quarter, which may result in volatility of the price of the ADSs or our Class A ordinary shares.

Risks Relating to Our Relationship with our Controlling Shareholder

- We have limited experience operating as a stand-alone public company.
- Our financial information included in this annual report may not be representative of our financial condition and results of operations if we had been operating as a stand-alone company.
- We may not continue to receive the same level of support from our Controlling Shareholder.
- Our agreements with our Controlling Shareholders or any of its controlling shareholders may be less favorable to us than similar agreements negotiated between unaffiliated third parties. In particular, our non-competition agreement with our Controlling Shareholder limits the scope of business that we are allowed to conduct.
- We may have conflicts of interest with our Controlling Shareholders or any of its controlling shareholders and, because of our Controlling Shareholder's controlling ownership interest in our company, we may not be able to resolve such conflicts on terms favorable to us.

Risks Relating to the ADSs and Our Ordinary Shares

- The trading price of the ADSs or Class A ordinary shares may be volatile, which could result in substantial losses to you.
- An active public market may not develop for the ADSs on the NYSE or our Class A ordinary shares on the SGX-ST, and you may not be able to resell the ADSs or Class A ordinary shares at or above the price you paid, or at all.
- The characteristics of the U.S. capital markets and the Singapore capital markets are different.
- You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions against us or our directors and officers named in the annual report based on foreign laws.

Risks Relating to Doing Business in Mainland China and Hong Kong

The PRC government's significant authority to intervene in or influence the Mainland China operations of an offshore holding company at any time could limit our ability to transfer or use our cash outside of PRC, and could otherwise result in a material adverse change to our business operations, including our Hong Kong operations, and cause the ADSs to significantly decline in value or become worthless.

Our business, prospects, financial condition, and results of operations may be influenced to a significant degree by political, economic, and social conditions in Mainland China and in Hong Kong generally. The PRC government has significant authority to intervene or influence the Mainland China operations of an offshore holding company at any time, as the government deems appropriate to advance regulatory and social objectives and policy positions. For instance, the PRC government has recently published new policies that significantly affected certain industries. We cannot assure you that the oversight of the PRC government will not be extended to companies operating in Hong Kong like us or that new policies will not be introduced to regulate our industries. The PRC government may also prevent us from transferring the cash we maintain in Hong Kong outside of PRC, or restrict our ability to deploy our cash into business or to pay dividends. Any such action could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business, and could result in a material adverse change to our business operations, including our Hong Kong operations, our prospects, financial condition, and results of operations, require us to seek additional permission to continue our operations, and damage our reputation, which could cause the ADSs to significantly decline in value or become worthless. See also “—We may be subject to a variety of laws and other obligations, including those regarding cybersecurity and data protection, and failure to comply with any of them may result in proceedings against us by government authorities or others and harm our public image and reputation, which could materially and adversely affect our business, financial condition, and results of operations.”

Uncertainties arising from the legal system in China, including uncertainties regarding the interpretation and enforcement of PRC laws and the possibility that regulations and rules can change quickly with little advance notice, could hinder our ability to offer or continue to offer the ADSs, result in a material adverse change to our business operations, and damage our reputation, which would materially and adversely affect our financial condition and results of operations and cause the ADSs to significantly decline in value or become worthless.

We are subject to uncertainties arising from the legal system in China, and we may also be affected directly or indirectly by laws and regulations in Mainland China. The legal system in China is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases may be cited for reference but have less precedential value. The laws, regulations, and legal requirements in China are quickly evolving and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to you and us. In addition, we cannot predict the effect of future developments in the PRC legal system, particularly with regard to new economies, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all. As a result, we may not be aware of our potential violation of these policies and rules. In addition, any administrative and court proceedings in China may be protracted and result in substantial costs and diversion of resources and management attention.

New laws and regulations may be enacted from time to time and substantial uncertainties exist regarding the interpretation and implementation of current and any future PRC laws and regulations applicable to our operations, including our Hong Kong operations. In particular, the PRC government authorities may continue to promulgate new laws, regulations, rules, and guidelines governing new economy companies with respect to a wide range of issues, such as intellectual property, unfair competition and antitrust, privacy and data protection, and other matters. Compliance with these laws, regulations, rules, guidelines, and implementations may be costly, and any noncompliance or associated inquiries, investigations, and other governmental actions may divert

significant management time and attention and our financial resources, bring negative publicity, subject us to liabilities or administrative penalties, or materially and adversely affect our business, financial condition, results of operations, and the value of the ADSs.

The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Our auditor is located in China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. As a result, we and investors in the ADSs were deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we and investors in the ADSs would be deprived of the benefits of such PCAOB inspections again, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

The ADSs may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act in the future if the PCAOB is unable to inspect or investigate completely auditors located in Mainland China and Hong Kong. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in Mainland China and Hong Kong and our auditor was subject to that determination. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F for the fiscal year ended December 31, 2022.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the Securities and Exchange Commission, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the

over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. If our shares and the ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for the ADSs will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase the ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of the ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition and prospects.

We may be subject to a variety of laws and other obligations, including those regarding cybersecurity and data protection, and failure to comply with any of them may result in proceedings against us by government authorities or others and harm our public image and reputation, which could materially and adversely affect our business, financial condition, and results of operations.

We may be subject to a variety of cybersecurity, data privacy, data protection, and other laws and regulations related to data, including those relating to the collection, use, sharing, retention, security, disclosure, and transfer of confidential and private information, such as personal information and other data. These laws and regulations apply not only to third-party transactions, but also to transfers of information within our organization. These laws and regulations may restrict our business activities and require us to incur increased costs and efforts to comply, and any breach or noncompliance may subject us to proceedings against us, damage our reputation, or result in penalties and other significant legal liabilities, and thus may materially and adversely affect our business, financial condition, and results of operations.

In some jurisdictions, including Mainland China where we do not have material operations, the cybersecurity, data privacy, data protection, or other data-related laws and regulations are relatively new and evolving, and their interpretation and application may be uncertain. For example, on December 28, 2021, the CAC, the National Development and Reform Commission, or the NDRC, the Ministry of Industry and Information Technology, or the MIIT, and several other PRC government authorities jointly issued the Cybersecurity Review Measures, which took effect on February 15, 2022 and further restates and expands the applicable scope of the cybersecurity review in effect. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services and network platform operators engaging in data processing activities must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further stipulates that network platform operators holding personal information of over one million users must apply to the Cybersecurity Review Office for a cybersecurity review before a foreign listing. Although our securities have been listed on the New York Stock Exchange, given that the Cybersecurity Review Measures was recently promulgated, there are substantial uncertainties as to its interpretation, application, and enforcement. On July 30, 2021, the state council promulgated the Regulations on Protection of Critical Information Infrastructure, which became effective on September 1, 2021. Pursuant to the Regulations on Protection of Critical Information Infrastructure, critical information infrastructure shall mean any important network facilities or information systems of the important industry or field such as public communication and information service, energy, transportation, water conservation, finance, public services, e-government affairs and national defense science, which may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage. In addition, relevant administration departments of each critical industry and sector, or Protection Departments, shall be responsible to formulate eligibility criteria and determine the critical information infrastructure operator in the respective industry or sector. The operators shall be informed about the final determination as to whether they are categorized as critical information infrastructure operators. As of the date of this annual report, no detailed rules or implementation have been issued by any authority and the exact scope of "critical information infrastructure operators" under the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws. On November 14, 2021, the CAC released the Regulations on the Network Data Security (Draft for Comments), or the Draft Data Security Regulations. The Draft Data Security Regulations provides that data processors refer to individuals or organizations that autonomously determine the

purpose and the manner of processing data. In accordance with the Draft Data Security Regulations, data processors shall apply for a cybersecurity review for the following activities: (i) merger, reorganization or division of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests to the extent that affects or may affect national security; (ii) listing abroad of data processors which process over one million users' personal information; (iii) the listing of data processors in Hong Kong which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. However, there have been no clarifications from the authorities as of the date of this annual report as to the standards for determining such activities that "affects or may affect national security." There is also no timetable as to when the Draft Data Security Regulations will be enacted. As such, it remains unclear whether the final version adopted in the future will have any further material changes, and it is uncertain how the draft regulations will be enacted, interpreted, or implemented and how they will affect us. It remains uncertain whether future regulatory changes in China would impose additional restrictions on companies like us. We cannot predict the impact of these future regulatory changes, if any, at this stage, and we will closely monitor and assess any development in the rule-making process. If future regulatory updates mandate clearance of cybersecurity review and other specific actions to be completed by companies operating in Hong Kong like us, we face uncertainties as to whether such clearance can be timely obtained, or at all. As of the date of this annual report, we do not have any material operation in Mainland China. We have not collected, stored, or managed any personal information in Mainland China. As such, we currently do not expect the Cybersecurity Review Measures, the Draft Data Security Regulations or other recent regulations will have an impact on our business or results of operations, and we believe that we are compliant with the regulations and policies that have been issued by the CAC to date. However, we still face uncertainties regarding the interpretation and implementation of these laws and regulations in the future. Cybersecurity review could result in disruption in our operations, negative publicity with respect to our company, and diversion of our managerial and financial resources. Furthermore, if we were found to be in violation of applicable laws and regulations in China during such review, we could be subject to fines or other government sanctions and reputation damages. Therefore, potential cybersecurity review, if applicable to us, could materially and adversely affect our business, financial condition, and results of operations.

In addition, the PRC Data Security Law, which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and took effect on September 1, 2021, requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data protection, data processing activities must be conducted based on data classification and hierarchical protection system for data security. Furthermore, the recently issued Opinions on Strictly Cracking Down Illegal Securities Activities require (i) speeding up the revision of the provisions on strengthening the confidentiality and archives management relating to overseas issuance and listing of securities and (ii) improving the laws and regulations relating to data security, cross-border data flow, and management of confidential information. The PRC Personal Information Protection Law, which was promulgated by the Standing Committee of the National People's Congress on August 20, 2021 and took effect on November 1, 2021, integrates previously scattered rules with respect to personal information rights and privacy protection and applies to the processing of personal information within China as well as certain personal information processing activities outside China, including those for the provision of products and services to natural persons within China or for the analysis and assessment of acts of natural persons within China. Although as of the date of this annual report, we have not collected, stored, or managed any personal information in China, given that there remain uncertainties regarding the further interpretation and implementation of those laws and regulations, if they are deemed to be applicable to us, we cannot assure you that we will be compliant with such new regulations in all respects, and we may be ordered to rectify and terminate any actions that are deemed illegal by the government authorities and become subject to fines and other government sanctions, which may materially and adversely affect our business, financial condition, and results of operations.

If we were to be required to obtain any permission or approval from or complete filing with the CSRC, the CAC, or other PRC authorities in connection with our overseas offering under PRC law, we may be fined or subject to other sanctions, and our business, reputation financial condition, and results of operations may be materially and adversely affected.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, purports to require offshore special purpose vehicles that are controlled by PRC companies or individuals and that have been formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies or assets to obtain CSRC approval prior to publicly listing their securities on an overseas stock exchange. The interpretation and implementation of the regulations remain unclear.

In addition, the PRC government authorities may strengthen oversight over offerings that are conducted overseas. For instance, on July 6, 2021, the relevant PRC governmental authorities promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities, which emphasized the need to strengthen the supervision over overseas listings by PRC companies. Effective measures, such as promoting the establishment of relevant regulatory systems, are to be taken to deal with the risks and incidents of overseas listings of China-based companies, cybersecurity and data privacy protection requirements and similar matters. On December 28, 2021, the Cyberspace Administration of China and other PRC authorities promulgated the Cybersecurity Review Measures, which took effect on February 15, 2022, and further restates and expands the applicable scope of the cybersecurity review in effect. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services and network platform operators engaging in data processing activities must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further stipulates that network platform operators holding personal information of over one million users must apply to the Cybersecurity Review Office for a cybersecurity review before an overseas listing. On December 27, 2021, the NDRC and the Ministry of Finance jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version), or the 2021 Negative List, which became effective on January 1, 2022. In October 2022, the NDRC and the Ministry of Finance jointly issued the Encouraged Foreign Investment Industry Catalog (2022 Version), which became effective on January 1, 2023. Pursuant to such Special Administrative Measures, if a domestic company engaging in the prohibited business stipulated in the 2021 Negative List seeks an overseas offering and listing, it must obtain the approval from the competent governmental authorities. Besides, the foreign investors of the company should not be involved in the company's operation and management, and their shareholding percentage should be subject to the relevant regulations on the domestic securities investments by foreign investors. On February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Regulations, and five supporting guidelines, which became effective on March 31, 2023. Pursuant to the Overseas Listing Regulations, companies in Mainland China that directly or indirectly offer or list their securities in an overseas market, including a company in Mainland China limited by shares and an offshore company whose main business operations are in Mainland China and intends to offer shares or be listed in an overseas market based on its equities, assets or similar interests in Mainland China are required to file with the CSRC within three business days after submitting their listing application documents to the regulator in the place of intended listing. The Overseas Listing Regulations also provide that a company in Mainland China must file with the CSRC within three business days for its follow on offering of securities after it is listed in an overseas market. The foregoing regulations are either recently issued or remain in draft form and there remain substantial uncertainties with respect to their interpretation and implementation.

As of the date of this annual report, we do not have any material operation in Mainland China and we have not collected, stored, or managed any personal information in China. As such, we believe we are not required to obtain any permission from PRC authorities to operate and issue our securities to foreign investors as of the date of this annual report, including permissions from the CSRC or the CAC. However, if we expand our business operations into Mainland China through our AMTD SpiderNet ecosystem or it is otherwise subsequently determined that we were required to obtain such permissions or approvals in the future in connection with the

listing or continued listing of our securities on a stock exchange outside of Hong Kong or Mainland China, it is uncertain whether we can and how long it will take for us to obtain such approval, and, even if we obtain such approval, the approval could be rescinded. Any failure to obtain or a delay in obtaining the necessary permissions from the PRC authorities to conduct securities issuance outside of the PRC may subject us to sanctions imposed by the PRC regulatory authorities, which could include fines and penalties, proceedings against us, and other forms of sanctions, and our ability to conduct our business, invest into or maintain our investment in Mainland China as foreign investments or accept foreign investments, or conduct securities issuance outside of the PRC may be restricted, and our business, reputation, financial condition, and results of operations may be materially and adversely affected.

Risks Relating to Our Business and Industries

We have a relatively short operating history for some of our current businesses compared to our globally established competitors and face numerous risks and challenges as we continue to expand our business in a rapidly evolving market, which makes it difficult to effectively assess our future prospects.

We have a relatively short operating history for some of our current businesses compared to our globally established competitors. Further, certain of our existing business initiatives and their expansion may put us into direct or indirect contact with individuals and entities that are not within our traditional client and counterparty base, and may expose us to new asset classes and new markets.

You should consider our business and prospects in light of the risks and challenges we encounter or may encounter given the rapidly evolving market in which we operate and our relatively short operating history. These risks and challenges include our ability to, among other things:

- build and maintain a well-recognized and respected brand domestically and globally;
- establish and expand our client base;
- maintain and enhance our relationships with our business partners;
- attract, retain, and motivate talented employees;
- anticipate and adapt to changing market conditions and competitive landscape;
- manage our future growth and business and geographic expansion;
- ensure that the performance of our products and services meets client expectations;
- maintain or improve our operational efficiency;
- navigate a complex and evolving regulatory environment;
- defend ourselves in any legal or regulatory actions against us;
- enhance our technology infrastructure and maintain the security of our system and the confidentiality of the information provided and utilized across our system;
- identify operational system or infrastructure inefficiency or those of third parties, avoid and remedy operating errors as a result of human or system errors or other misconduct;
- identify and address conflicts of interest;
- manage our strategic investments (including but not limited to monitoring of market risks and operating performance of our investments and derivatives); and
- identify, account for and appropriately manage our related party transactions.

If we fail to address any or all of these risks and challenges, our business may be materially and adversely affected.

As our business develops and as we respond to competition, we may continue to introduce new service offerings, make adjustments to our existing services, or make adjustments to our business operations in general. Any significant change to our business model that does not achieve expected results could materially and adversely affect our financial condition and results of operations. It is therefore difficult to effectively assess our future prospects.

Unfavorable financial markets and economic conditions in Asia and elsewhere in the world could materially and adversely affect our business, financial condition, and results of operations.

Our businesses are materially affected by conditions in the financial markets and economic conditions in Asia and elsewhere in the world. Financial markets and economic conditions could be negatively impacted by many factors beyond our control, such as inability to access capital markets, control of foreign exchange, changes in exchange rates, rising interest rates or inflation, slowing or negative growth rate, government involvement in allocation of resources, inability to meet financial commitments in a timely manner, terrorism, political uncertainty, epidemic or pandemic, civil unrest, fiscal or other economic policy of governments, and the timing and nature of any regulatory reform. The recent geo-political uncertainties may also give rise to uncertainties in global economic conditions and adversely affect general investor confidence. The global spread of coronavirus disease (COVID-19) in a significant number of countries around the world and the traveling restrictions due to COVID-19 have resulted in, and may intensify, global economic distress, and the extent to which it may affect our business and results of operations will depend on future developments, which are highly uncertain and cannot be predicted.

The credit and financial markets have experienced extreme volatility and disruptions due to the current conflict between Ukraine and Russia. The conflict is expected to have further global economic consequences, including but not limited to the possibility of severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in inflation rates and uncertainty about economic and political stability. In addition, the United States and other countries have imposed sanctions on Russia which increases the risk that Russia may resort to retaliatory actions, including the launching of cyberattacks. Any of the foregoing consequences, including those we cannot yet predict, may cause our business, financial condition, results of operations and the price of the ADSs to be adversely affected.

Political unrest such as protests or demonstrations could disrupt economic activities and adversely affect our business. The unrest in Hong Kong in recent years led to a decrease in inbound tourism to Hong Kong, decreased consumer spending and an overall negative impact on the domestic economy. There can be no assurance that these protests and other economic, social, or political unrest in the future will not have a material adverse effect on our financial conditions and results of operations.

Unfavorable financial markets and economic conditions in Asia and elsewhere in the world could negatively affect our clients' business and materially reduce demand for our services and increase price competition among financial services firms seeking such engagements, and thus could materially and adversely affect our business, financial condition, and results of operations. In addition, our profitability could be adversely affected due to our fixed costs and the possibility that we would be unable to reduce our variable costs without reducing revenue or within a timeframe sufficient to offset any decreases in revenue relating to changes in market and economic conditions.

During a market or general economic downturn, we may also derive lower revenue from our strategic investment business due to lower mark-to-market or fair value of the strategic investments that we made.

The financial services industry is intensely competitive. If we are unable to compete effectively, we may lose our market share and our results of operations and financial condition may be materially and adversely affected.

The financial services industry is intensely competitive, highly fragmented, and subject to rapid change, and we expect it to remain so. We compete both in Asia and globally, and on the basis of a number of factors, including

the ability to adapt to evolving financial needs of a broad spectrum of clients, our ability to identify market demands and business opportunities, the quality of our services and our employees, the range and price of our services, our innovation, our reputation, and the strength of our relationships. We expect to continue to invest capital and resources in our businesses in order to grow and develop them to a size where they are able to compete effectively in their markets, have economies of scale, and are themselves able to produce or consolidate significant revenue and profit. We cannot assure you that the planned and anticipated growth of our businesses will be achieved or in what timescale. There may be difficulties securing financing for investment for growth and in recruiting and retaining the skilled human resources required to compete effectively. If we fail to compete effectively against our competitors, our business, financial conditions, results of operations, and prospects will be materially and adversely affected.

The provision of capital market solutions as our primary business generally requires us to react promptly to the evolving demand of our clients and be able to provide innovative financial solutions tailored to their needs. We may not be able to compete effectively with our competitors at all times and always be able to provide appropriate solutions that promptly and accurately address our clients' needs. If this were to happen, our ability to attract new or retain existing clients will suffer, which would materially and adversely affect our revenue and earnings.

Our businesses depend on key management executives and professional staff, and our business may suffer if we are unable to recruit and retain them.

Our businesses depend on the skills, reputation, and professional experience of our key management executives, the network of resources and relationships they generate during the normal course of their activities, and the synergies among the diverse fields of expertise and knowledge held by our senior professionals. Therefore, the success of our business depends on the continued services of these individuals. If we lose their services, we may not be able to execute our existing business strategy effectively, and we may have to change our current business direction. These disruptions to our business may take up significant energy and resources of our company, and materially and adversely affect our future prospects.

Moreover, our business operations depend on our professional staff, our most valuable assets. Their skills, reputation, professional experience, and client relationships are critical elements in obtaining and executing client engagements. We devote considerable resources and incentives to recruiting and retaining these personnel.

However, the market for quality professional staff is increasingly competitive. We expect to face significant competition in hiring such personnel. Additionally, as we mature, current compensations scheme to attract employees may not be as effective as in the past. The intense competition may require us to offer more competitive compensation and other incentives to our talent, which could materially and adversely affect our financial condition and results of operations. As a result, we may find it difficult to retain and motivate these employees, and this could affect their decisions about whether or not they will continue to work for us. If we do not succeed in attracting, hiring and integrating quality professional staff, or retaining and motivating existing personnel, we may be unable to grow effectively.

Any negative publicity with respect to us, our founder, our directors, officers, employees, shareholders, or other beneficial owners, our peers, business partners, or our industry in general, may materially and adversely affect our reputation, business, and results of operations.

Our reputation and brand recognition play an important role in earning and maintaining the trust and confidence of our existing and prospective clients. Our reputation and brand are vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Negative publicity about us, such as alleged misconduct, other improper activities, or negative rumors or investigations relating to our business, shareholders, or other beneficial owners, founder, affiliates, directors, officers, or other employees, can harm our reputation, business, and results of operations, even if they are baseless or satisfactorily addressed. For example,

there have been allegations about certain regulatory matters in relation to the HKSF against Dr. Calvin Choi, our founder, in relation to his previous work at a different financial firm independent from us, and against AMTD Global Markets Limited, a former subsidiary of ours, in relation to certain business matters. These allegations or investigations, even if unproven or meritless, may lead to additional inquiries, investigations, or other legal actions against us, our shareholders, founder, affiliates, directors, officers, or other employees by any regulatory or government authorities. Any such regulatory inquiries or investigations and lawsuits, and perceptions of conflicts of interest, inappropriate business conduct by us or perceived wrongdoing by any key member of our management team, board of directors or founder, among other things, could substantially damage our reputation regardless of their merits, and cause us to incur significant costs to defend ourselves. As we reinforce our ecosystem and stay close to our clients and other “AMTD SpiderNet” stakeholders, any negative market perception or publicity on our business partners that we closely cooperate with, or any regulatory inquiries or investigations and lawsuits initiated against them, may also have an impact on our brand and reputation, or subject us to regulatory inquiries or investigations or lawsuits. Moreover, any negative media publicity about the financial services industry in general or product or service quality problems of other firms in the industry in which we operate, including our competitors, may also negatively impact our reputation and brand. If we are unable to maintain a good reputation or further enhance our brand recognition, our ability to attract and retain clients, third-party partners, and key employees could be harmed and, as a result, our business, financial position, and results of operations would be materially and adversely affected.

We make strategic investments using our own capital, and may not be able to realize any profits from these investments for a considerable period of time, or may lose some or all of the principal amounts of these investments.

We derived a considerable portion of our revenue from our strategic investment business. Our dividend and gain related to disposed investment accounted for 15.3%, 12.4%, and 16.3% of our total revenue for the years ended December 31, 2020, 2021 and 2022, respectively, and our net fair value changes on stock loan, derivative financial asset and financial assets at fair value through profit or loss accounted for 30.4%, 38.9%, and 23.6% of our total revenue for the corresponding periods, respectively. Our strategic investment portfolio primarily consists of investments in equity and equity-linked securities of public and private companies. Making a sound investment decision requires us to carefully identify and select a target company based on its business, financial condition, operations, and the industry in which it operates. In general, this process involves analytical assessment and estimation of the target company’s profitability and sustainability. We may make unsound investment decisions due to fraudulent and concealed, inaccurate or misleading statements from a target company in the course of our due diligence, which could lead us to mistakenly estimate the value of the target company and affect our ability to derive profit from such investments. In addition, our understanding of and judgment on the target company’s business and prospects, and the industry in which the target company operates may deviate and result in inaccurate investment decisions.

We make strategic investments in financial and new economy sectors globally and are subject to concentration risks. Our investment portfolio may be concentrated in certain sectors, geographic regions, individual investments, or types of securities that may or may not be listed. Any significant decline in the value of our investment portfolio may therefore adversely impact our business, results of operations, and financial condition.

We also make strategic investments in the highly regulated banking sector in China. Any change in PRC laws, regulations, or policies may adversely affect our equity holding as a foreign investor, our ability to exit from the investment, or the fair value of our equity investment. See also “Risks Relating to Doing Business in Mainland China and Hong Kong—The PRC government’s significant authority to intervene in or influence the Mainland China operations of an offshore holding company at any time could limit our ability to transfer or use our cash outside of PRC, and could otherwise result in a material adverse change to our business operations, including our Hong Kong operations and cause the ADSs to significantly decline in value or become worthless,” and “Risks Relating to Doing Business in Mainland China and Hong Kong—Uncertainties arising from the legal system in China, including uncertainties regarding the interpretation and enforcement of PRC laws and the possibility that

regulations and rules can change quickly with little advance notice, could hinder our ability to offer or continue to offer the ADSs, result in a material adverse change to our business operations, and damage our reputation, which would materially and adversely affect our financial condition and results of operations and cause the ADSs to significantly decline in value or become worthless.”

In addition, we have limited control over all of our investee companies. Even if we have a board seat in certain investee companies, we do not have the necessary power to mandate or block material corporate actions. If these investee companies fail to carry out business in a compliant manner, incur overly excessive amount of debt or go bankrupt, or the business operations decline, the fair value of our investment in these companies may deteriorate or, in extreme cases, decrease to zero. We are subject to the risk that the majority shareholders or the management of these investee companies may act in a manner that does not serve the investee companies’ interests. The general operational risks, such as inadequate or failing internal control of these investee companies, the compliance risks, such as any lack of requisite approvals for investee companies’ businesses, and legal risks, such as violation of laws and regulations or fraudulent or otherwise improper activities, may also expose our investments to risks. Furthermore, these investee companies may fail to abide by their agreements with us, for which we may have limited or no recourse. These investee companies may not declare dividend, or even if they do, we may not be able to secure liquidity conveniently until we receive such dividend. If any of the foregoing were to occur, our business, reputation, financial condition and results of operations could be materially and adversely affected.

In recent years, there has been increasing competition for private equity investment opportunities, which may limit the availability of investment opportunities or drive up the price of available investment opportunities, and, as a result, our financial condition and results of operations may be materially and adversely affected.

Our results of operations and financial condition may be materially affected by fluctuations in the fair value of our equity investments in our investee companies.

Our investments are long-term, strategic in nature to reinforce our ecosystem. We have made significant equity investments in public and private companies and recognize dividend and gain related to disposed investment and net fair value changes on investments and derivatives on our consolidated statements of profit or loss and other comprehensive income. For the years ended December 31, 2020, 2021 and 2022 dividend and gain related to disposed investment accounted for 15.3%, 12.4% and 16.3%, and net fair value changes on stock loan, derivative financial asset and financial assets at fair value through profit or loss accounted for 30.4%, 38.9% and 23.6% of our total revenue, respectively. Since we intend to hold our investments on a long-term basis, fair value of our equity investments is subject to market fluctuations due to changes in the market prices of securities, interest rates, or other market factors, such as liquidity, or regulatory factors, such as changes in policies affecting the businesses of our investee companies. Technology has been one of our key sectors of focus and the fair value of our investments in technology companies may be subject to significant valuation fluctuations. For our equity investments in private companies, we measure their fair value based on an assessment of each underlying security, considering rounds of financing, third-party transactions, and market-based information, including comparable company transactions, trading multiples, and changes in market outlook. As of December 31, 2022, the aggregate fair value of our strategic investment portfolio was HK\$3.0 billion (US\$0.4 billion). Although we do not intend to make frequent trades on investments for profit, the nature of investment and significance of our investment holdings could adversely affect our results of operations and financial condition.

Our investments are subject to liquidity, concentration, regulatory, credit and other risks.

Our portfolio is concentrated in a limited number of portfolio companies, industries and/or sectors. As of December 31, 2022, our strategic investment portfolio reached an aggregate fair value of HK\$3.0 billion (US\$0.4 billion), of which our investment in the Hong Kong- and Shenzhen-listed Bank of Qingdao accounted for 23.5%. As a result, the aggregate returns we realize may be significantly affected adversely if any of the investment performs poorly or if we need to write down its value. Additionally, our investments are concentrated in

relatively few industries or sectors. As a result, a downturn in any particular industry or sector in which we are invested, such as the banking sector that Bank of Qingdao operates in, could significantly impact the aggregate returns we realize and therefore materially and adversely affect our results of operations and financial condition.

As of December 31, 2022, our derivative financial asset amounted to HK\$1.4 billion (US\$0.2 billion), representing 48.7% of our strategic investment portfolio. We have entered into derivative contracts of “Upside Participation and Profit Distribution Agreements” with a counterparty in order to hedge against adverse movement in the share price of our investment in Bank of Qingdao. Consequently, the fair value of the derivative financial asset is inversely correlated to the movement in the share price of Bank of Qingdao and is subject to concentration risk. Moreover, there are no public markets for trading this kind of derivative contracts. We face liquidity risk in this regard. There is also credit risk associated with the counterparty’s ability to settle upon maturity of the derivative contracts.

Some of our strategic investments are in the form of securities that are not publicly traded. Investments in private businesses involve a high degree of business and financial risk. In many cases, there may be prohibition by contract or by applicable laws from selling such securities for a period of time or there may not be a public market for such securities. We may have no or limited ability to dispose of these investments at times when it may be otherwise advantageous for us to liquidate such investments. In addition, if we were forced to immediately liquidate some or all of the investments in a portfolio company, the proceeds of such liquidation could be significantly less than the current value thereof. Furthermore, there is generally no publicly available information about the companies in which we invest. If we are unable to identify all material information about these companies, among other factors, we may fail to receive the expected return on investment or lose some or all of the money invested in these companies. In addition, these businesses may have shorter operating histories, narrower product lines, smaller market shares and less experienced management than their larger competitors and may be more vulnerable to customer preferences, market conditions, and loss of key personnel, or economic downturns, which may adversely affect the return on, or the recovery of, investments in such businesses.

As of December 31, 2022, we held an approximate 4.9% interest in the Bank of Qingdao and expect it to be a long-term investment. Given our significant stake in, and affiliation with, Bank of Qingdao, our investment in Bank of Qingdao is also subject to liquidity and concentration risk. There may not be a readily available market to sell the shares of Bank of Qingdao. We will need to gradually sell down our holdings subject to market conditions, if we want to liquidate our position in Bank of Qingdao. In addition, the banking sector in China is highly regulated and any change in PRC laws, regulations, or policies may adversely affect our holding in Bank of Qingdao as a foreign investor, our ability to exit from the investment, or the fair value of our equity investment in Bank of Qingdao. Any adverse impact on our investment in Bank of Qingdao could materially and adversely affect our business, results of operations, and financial condition. See also “Risks Relating to Doing Business in Mainland China and Hong Kong—The PRC government’s significant authority to intervene in or influence the Mainland China operations of an offshore holding company at any time could limit our ability to transfer or use our cash outside of PRC, and could otherwise result in a material adverse change to our business operations, including our Hong Kong operations and cause the ADSs to significantly decline in value or become worthless,” and “Risks Relating to Doing Business in Mainland China and Hong Kong—Uncertainties arising from the legal system in China, including uncertainties regarding the interpretation and enforcement of PRC laws and the possibility that regulations and rules can change quickly with little advance notice, could hinder our ability to offer or continue to offer the ADSs, result in a material adverse change to our business operations, and damage our reputation, which would materially and adversely affect our financial condition and results of operations and cause the ADSs to significantly decline in value or become worthless.”

Our capital market solutions business depends on our ability to identify, execute, and complete projects successfully and is subject to various risks associated with underwriting and financial advisory services. We cannot assure you that the income level of our capital market solutions business can be sustained.

Market fluctuations and changes in regulatory policies may adversely affect our capital market solutions business. Negative market and economic conditions may adversely affect investor confidence, resulting in

significant industry-wide declines in the size and number of securities offerings, and market volatility may cause delays to, or even termination of, securities offerings, either of which could adversely affect our revenue from the capital market solutions business. As a result, we cannot assure you that the income level of our capital market solutions business can be sustained.

We have undertaken and may in the future undertake acquisitions, investments, joint ventures, or other strategic alliances, which could present unforeseen integration difficulties or costs and may not enhance our business as we expect.

Our strategy includes plans to grow both organically and through possible acquisitions, joint ventures, or other strategic alliances. Joint ventures and strategic alliances may expose us to new operational, regulatory, and market risks, as well as risks associated with additional capital requirements. We may not be able, however, to identify suitable future acquisition targets or alliance partners. Even if we identify suitable targets or partners, the evaluation, negotiation, and monitoring of the transactions could require significant management attention and internal resources and we may be unable to complete an acquisition or alliance on terms commercially acceptable to us. The costs of completing an acquisition or alliance may be costly and we may not be able to access funding sources on terms commercially acceptable to us.

We completed the acquisition of AMTD Digital and L'Officiel in 2022, and we are continuing our efforts to integrate them. Recently in February 2023, we acquired 100% of the equity interests in AMTD Assets from AMTD Group and injected AMTD Assets into AMTD Digital. We may encounter difficulties in integrating the acquired entities and businesses, such as difficulties in retention of clients and personnel, challenge of integration and effective deployment of operations or technologies, and assumption of unforeseen or hidden material liabilities or regulatory non-compliance issues. Any of these events could disrupt our business plans and strategies, which in turn could have a material adverse effect on our financial condition and results of operations. Such risks could also result in our failure to derive the intended benefits of the acquisitions, strategic investments, joint ventures, or strategic alliances, and we may be unable to recover our investment in such initiatives. We cannot assure you that we could successfully mitigate or overcome these risks and we cannot guarantee that our efforts to integrate the acquired entities and businesses will succeed or that we will be able to derive the intended benefits from the acquisitions or recover our investment.

We face risks and challenges associated with the recent changes to our businesses.

We have recently effected certain changes to our businesses through acquisitions and other adjustments. Each of the acquisitions we made in 2022 and early 2023 has brought new businesses or service offerings to our organization. For example, AMTD Digital is a digital solutions platform with four main business lines that include digital financial services, digital solutions, digital media, content, and marketing, and digital investments. L'Officiel is a global fashion media holding group that provides print and digital advertising campaigns and value-added marketing services, among other things. AMTD Assets conducts hotel operations and provides hospitality services in major cities globally, among other things.

Furthermore, we have recently adjusted certain parts of our business operations. We used to operate our capital market solutions business and conduct certain asset management business and professional investment management and advisory services through AMTD Global Markets Limited. In December 2022, we transferred our subsidiary AMTD Securities Limited, which directly held 100% of the equity interest in AMTD Global Markets Limited, to certain independent purchasers. After the transfer of AMTD Securities Limited, we continue to provide capital market solutions (including underwriting in U.S. markets) through other AMTD entities.

We are subject to various risks and uncertainties associated with these changes. We are in the process of integrating the new businesses and adapting to our current organization, and there is no guarantee that our efforts will succeed. The changes may not achieve the expected results and may adversely affect our operations, revenue generation, profitability and future growth. We may experience a loss of continuity, a loss of accumulated

knowledge or a loss of efficiency. Any of these events may have a material adverse effect on our business, financial condition and results of operations.

Our subsidiary AMTD Digital operates in the emerging, dynamic, and competitive digital financial services industry, which makes it difficult for investors to evaluate its future prospects, and we cannot assure you that its current or future strategies will be successfully implemented or will generate sustainable profit.

Our subsidiary AMTD Digital primarily operates in Asia's digital financial services industry. The digital financial services industry is relatively new and rapidly evolving, business models continue to evolve, and the industry may not develop as anticipated. The regulatory framework in Singapore and Hong Kong governing the digital financial services industry is also developing and may remain uncertain in the near future. As the business of AMTD Digital develops and in response to the evolving client needs and market competition, it needs to continually introduce new products and services, improve its existing products and services, or adjust and optimize its business model. In response to new regulatory requirements or industry standards, or in connection with the introduction of new products, it may need to impose more rigorous risk management systems and policies, which may adversely affect the growth of its business. Any significant change to its business model may not achieve expected results and may materially and adversely affect its, and in turn, our, financial condition and results of operations. It is therefore difficult to accurately predict its future prospects.

There are risks and challenges that AMTD Digital encounters or may encounter as an entrant in the newly emerging and rapidly evolving market in which it operates. These risks and challenges include its ability to, among other things:

- maintain the value proposition of AMTD SpiderNet ecosystem;
- build a well-recognized and respected brand;
- acquire and/or operate existing or future digital financial licenses;
- establish and expand its client base;
- maintain and enhance its relationships with its business partners;
- attract, retain, and motivate talented employees;
- anticipate and adapt to changing market conditions and competitive landscape;
- manage its future growth;
- ensure that the performance of its products and services meets client expectations;
- maintain or improve its operational efficiency;
- navigate a complex and evolving regulatory environment;
- defend against any legal or regulatory actions;
- enhance its technology infrastructure and maintain the security of its system and the confidentiality of the information provided and utilized across its system;
- avoid and remedy operating errors as a result of human or system errors; and
- identify and address conflicts of interest.

If AMTD Digital fails to address any or all of these risks and challenges, if it fails to educate business partners and clients about the value of its platform and services, if the market for its products and services does not develop as expected, if it fails to address the needs of its target clients, or if it is not able to effectively tackle other risks and challenges that it may encounter, its, and in turn, our, business and results of operations may be adversely affected.

AMTD Digital and our Controlling Shareholder have a limited operating history and experience in the newly developed digital banking business in Asia, which makes it difficult to evaluate the business of AMTD Digital. We cannot assure you that the digital banking initiatives of our Controlling Shareholder and AMTD Digital will develop or succeed as expected.

Airstar Bank, a virtual bank jointly established by our Controlling Shareholder and Xiaomi Corporation, or Xiaomi, provides digital banking services in Hong Kong. Airstar Bank launched a pilot trial of its digital banking services to a limited and selected number of clients, including deposit, loan, and fast payment and remittance in March 2020, and fully launched its platform to the general public in June 2020. It will gradually expand its product and service offerings as its business develops. Our subsidiary AMTD Digital entered into an agreement with our Controlling Shareholder to provide Airstar Bank with the support from the SpiderNet ecosystem solutions services, including resources, capital support, and expertise in the financial services industry to support its business development and support them to gradually build up their own ecosystem for an annual service fee. Airstar Bank expects to rely on the industry experience and technological and operational support of Xiaomi to provide online banking services to retail and corporate clients. The existing client base of Xiaomi and AMTD Group will also initially be a key target customer segment for Airstar Bank. Although we expect Airstar Bank to continuously improve its product designs and services based on client feedback, we cannot assure you that Airstar Bank will be able to achieve the expected results with respect to its product and service offerings.

The limited operating history and experience of our Controlling Shareholder and AMTD Digital in digital banking exposes AMTD Digital to uncertain risks and challenges. We cannot assure you that the online platforms of Airstar Bank will be accepted by clients or that the market for its new products and services will develop as expected. If Airstar Bank is unable to achieve the expected results with respect to the new business development initiatives, the business prospects of AMTD Digital, and in turn, ours, could be materially and adversely affected.

The digital financial services business is subject to intense competition, and our subsidiary AMTD Digital may fail to compete successfully against existing or new competitors, which may reduce demand for its services, reduce operating margins, and further result in loss of market share, departures of qualified employees, and increased capital expenditures.

The digital financial services industry is intensely competitive and subject to rapid change, and we expect it to remain so. Our subsidiary AMTD Digital currently competes primarily in Singapore and Hong Kong, and on the basis of a number of factors, including the ability to adapt to evolving financial needs of a broad spectrum of clients, its ability to identify market demands and business opportunities, the quality of its services, its employees, the range and price of its products and services, its innovation, its reputation, and the strength of its relationships. If it fails to compete effectively against its competitors, its business, financial conditions, results of operations, and prospects will be materially and adversely affected.

Digital banking, digital insurance, digital payment, and digital asset exchange, as integral parts of the digital financial services business of AMTD Digital, generally requires it to react promptly to the evolving demand of its clients and be able to provide innovative financial solutions tailored to their needs. If it is unable to differentiate itself from its competitors, drive value for its clients, or effectively align its resources with its goals and objectives, it may not be able to compete effectively. Its competitors may introduce their own value-added services or solutions more effectively, which could adversely impact its growth. Failure to compete effectively against any of these competitive threats could have a material adverse effect on AMTD Digital and on us. In addition, the highly competitive nature of the industry could lead to increased pricing pressure which could have a material impact on its overall business and results of operations. AMTD Digital may not be able to compete effectively with its competitors at all times and always be able to provide innovative financial solutions that promptly and accurately address its clients' needs. If this were to happen, its ability to attract new or retain existing clients will suffer, which would materially and adversely affect its revenue and earnings.

Some of the competitors of AMTD Digital include other digital and traditional financial institutions and, within the insurance solutions industry, its competitors include (i) other online insurance product and service platforms,

(ii) traditional insurance intermediaries, including agents, brokers, and consultants, (iii) online direct sales channels of large insurance companies, (iv) major internet companies that have commenced insurance distribution businesses, and (v) other online insurance technology companies. Some of its competitors have far broader financial and other resources and significant name recognition than AMTD Digital and us and have the ability to offer a wider range of products, which may enhance their competitive position. They may also offer services which AMTD Digital does not currently provide or more attractive products, which may put it at a competitive disadvantage and could result in pricing pressures or lost opportunities, which in turn could materially and adversely affect its, and in turn, our, results of operations. In addition, it may be at a competitive disadvantage with regard to some of its competitors that have larger client bases, and more professionals.

Our subsidiary L'Officiel operates in a highly competitive industry and faces significant competition for advertising spending from operators of new and traditional advertising channels. If L'Officiel cannot compete successfully, our results of operations would be materially and adversely affected.

The advertising and marketing business is highly competitive and constantly changing. We face competition for general advertising spending from operators of many other forms of advertising channels, including television, print media, Internet and other types of advertising. Our advertising and marketing services compete with other providers of creative, marketing or media services to maintain existing client relationships and to develop new business. Our competitors include not only other large multinational advertising and marketing communications companies, but also smaller entities that operate in local or regional markets as well as new forms of market participants.

Significant competition could reduce our operating margins and profitability and result in a loss of market share. Some of our existing and potential competitors may have competitive advantages, such as significant greater brand recognition, financial, marketing or other resources. Significant competition will provide advertising clients with a wider range of media and advertising service alternatives, which could lead to lower prices and decreased revenues, gross margins and profits.

Competitive challenges also arise from rapidly-evolving and new technologies in the advertising and marketing space, creating opportunities for new and existing competitors and a need for continued significant investment in tools, technologies and process improvements. As data-driven marketing solutions become increasingly core to the success of our advertising and marketing business, any failure to keep up with rapidly changing technologies and standards in this space could harm our competitive position.

The competitive market for advertising and marketing requires us to continuously identify new advertising trends of advertisers and consumers. In response to these new advertising trends, we may need to quickly develop and adopt new formats, features and enhancements for our advertising network and/or cost-effectively expand into additional advertising media and platforms beyond print advertising. We may be required to incur development and acquisition costs in order to keep pace with new advertising trends. If we fail to identify or respond adequately to these changing advertising trends, demand for our advertising and marketing services may decrease and we may not be able to compete effectively or attract advertising clients, which would have a material and adverse effect on our business prospects, financial condition and results of operations.

The hospitality market is highly competitive, and our subsidiary AMTD Assets may be unable to compete successfully with its current or future competitors.

The market to provide hospitality services is highly competitive and fragmented. The barriers to entry are low and new competitors may enter the market at any time. Our current or potential competitors include global hotel brands, regional hotel chains, independent hotels, online travel agencies and home-sharing and rental services and short term/vacation rental. Our competitors may adopt aspects of our business model, which could reduce our ability to differentiate our offerings. Additionally, current or new competitors may introduce new business models or services that we may need to adopt or otherwise adapt to in order to compete, which could reduce our

ability to differentiate our business or services from those of our competitors. Increased competition could result in a reduction in revenue, fewer attractive properties, higher costs or reduced market share.

Furthermore, some of our current or potential competitors, such as major hotel brands, are larger and have more resources than we do. Many of our current and potential competitors enjoy substantial competitive advantages, such as greater name recognition in their markets, well-established loyalty programs, longer operating histories and larger marketing budgets, as well as substantially greater financial, technical and other resources. Moreover, the hospitality services industry has experienced significant consolidation, and we expect this trend may continue as companies attempt to strengthen or hold their market positions in a highly competitive industry. Consolidation amongst our competitors will give them increased scale and may enhance their capacity, abilities and resources, as well as lower their cost structures. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. For all of these reasons, AMTD Assets may not be able to compete successfully against current and future competitors.

Our hospitality services are subject to the business, financial, and operating risks inherent to the hospitality industry, any of which could reduce our revenue and limit opportunities for growth.

Our hospitality services through our subsidiary AMTD Assets are subject to a number of business, financial, and operating risks inherent to the hospitality industry, including:

- competition from hospitality providers in the localities where we operate our hotels and serviced apartments;
- relationships with business partners;
- increases in costs due to inflation or other factors that may not be fully offset by increases in revenue in our business, as well as increases in overall prices and the prices of our offerings due to inflation, which could weaken consumer demand for travel and the other products we offer and adversely affect our revenue;
- the ability of third-party Internet and other travel intermediaries who sell our hospitality services to guests to attract and retain customers;
- cyclical fluctuations and seasonal volatility in the hospitality industry;
- changes in desirability of geographic regions of our properties, changes in geographic concentration of our operations and customers, and shortages of desirable locations for development;
- changes in the supply and demand for hospitality services, including rooms, food and beverage, and other products and services;
- affluence of tourists, which can be affected by a slowdown in global economy;
- political instability, pandemics, geopolitical conflict, heightened travel security measures, and other factors that may affect travel; and
- taxes and governmental regulations affecting wages, prices, interest rates, construction procedures and costs.

Any of these factors could increase our costs or limit or reduce the prices we are able to charge for hospitality products and services, or otherwise affect our ability to maintain existing properties or develop new properties. As a result, any of these factors can reduce our revenue and limit opportunities for growth.

We are subject to extensive and evolving regulatory requirements, non-compliance with which may result in penalties, limitations, and prohibitions on our future business activities or suspension or revocation of our licenses, and consequently may materially and adversely affect our business, financial condition, and results of operations. In addition, we may, from time to time, be subject to regulatory inquiries and investigations by relevant regulatory authorities or government agencies in Hong Kong or other applicable jurisdictions.

The Hong Kong and U.S. financial markets in which we primarily operate are highly regulated. Our business operations are subject to applicable Hong Kong and U.S. laws, regulations, guidelines, circulars, and other regulatory guidance, and many aspects of our businesses depend on obtaining and maintaining approvals, licenses, permits, or qualifications from the relevant regulators. Serious non-compliance with regulatory requirements could result in investigations and regulatory actions, which may lead to penalties, including reprimands, fines, limitations, or prohibitions on our future business activities or, if significant, suspension or revocation of our licenses. Failure to comply with these regulatory requirements could limit the scope of businesses in which we are permitted to engage. Furthermore, additional regulatory approvals, licenses, permits, or qualifications may be required by relevant regulators in the future, and some of our current approvals, licenses, permits, or qualifications are subject to periodic renewal. Although we have not been found by any relevant regulators to be in material non-compliance with any regulatory requirements since we commenced our current businesses in 2015, any such finding or other negative outcome may affect our ability to conduct business, harm our reputation and, consequently, materially and adversely affect our business, financial condition, results of operations, and prospects.

AMTD Risk Solutions Group Limited is a licensed principal intermediary under the Mandatory Provident Fund Schemes Ordinance (Cap. 485) of Hong Kong and a licensed insurance intermediary for general and long term business (including linked long term business) under the Insurance Ordinance (Cap. 41) of Hong Kong. Any non-compliance with applicable regulatory requirements by the company or any of its subsidiaries may result in penalties, limitations, and prohibitions on future business activities and thus may materially and adversely affect its business, financial condition, and results of operations.

As the digital financial services industry is an emerging and evolving market, the applicable laws, rules, and regulations are continually developing and evolving. Compliance with these regulations is complicated, time consuming, and expensive. Any changes in the relevant rules and regulations may result in an increase in our cost of compliance, or might restrict our business activities. Our ability to comply with all applicable laws and regulations is largely dependent on the relevant internal compliance system, as well as the relevant license holder's ability to attract and retain qualified compliance personnel. While we maintain systems and procedures designed to ensure that we comply with applicable laws and regulations, we cannot assure you that we are able to prevent all possible violations. If we fail to comply with the applicable rules and regulations, we may face fines or restrictions on our business activities, or even a suspension or revocation of some or all of our licenses that allow us to carry on our business activities.

We are subject to risks and uncertainties associated with international operations, which may harm our business.

We conduct our business worldwide and we have operations in various countries including Hong Kong, Singapore, the United States, France and Italy.

The global nature of our business subjects us to a number of risks and uncertainties, which could have a material adverse effect on our business, financial condition, and results of operations, including:

- international economic and political conditions, and other political tensions between countries in which we do business;
- unexpected changes in, or impositions of, legislative or regulatory requirements, including changes in tax laws;

- differing legal standards with respect to protection of intellectual property and employment practices;
- local business and cultural factors that differ from our normal standards and practices, including business practices that we are prohibited from engaging in by the Foreign Corrupt Practices Act and other anticorruption laws and regulations;
- exporting or importing issues related to export or import restrictions, including deemed export restrictions, tariffs, quotas and other trade barriers and restrictions;
- disruptions of capital and trading markets and currency fluctuations; and
- increased costs due to imposition of climate change regulations, such as carbon taxes, fuel or energy taxes, and pollution limits.

If any of these risks materialize in any jurisdiction in which we operate, our revenue may be materially and adversely affected.

Our revenue and profits are highly volatile, and fluctuate significantly from quarter to quarter, which may result in volatility of the price of the ADSs or our Class A ordinary shares.

Our revenue and profits are highly volatile and could fluctuate significantly. For example, the revenue generated from capital market solutions business is highly dependent on market conditions, regulatory environment and policies, and the decisions and actions of our clients and interested third parties. As a result, our results of operations will likely fluctuate from quarter to quarter based on the timing of when those fees are earned. It may be difficult for us to achieve steady earnings growth on a quarterly basis, which could, in turn, lead to large adverse movements in the ADS or Class A ordinary share price or increasing volatility in the ADS or Class A ordinary share price generally.

The due diligence that we undertake in the course of our business operations is inherently limited and may not reveal all facts and issues that may be relevant in connection with such businesses.

In the course of making strategic investments, we endeavor to conduct due diligence review that we deem reasonable and appropriate based on relevant regulatory expertise and market standards as well as the facts and circumstances applicable to each deal. When conducting due diligence, we are often required to evaluate critical and complex business, financial, tax, accounting, environmental, regulatory, and legal issues. Outside consultants, such as legal advisors, and accountants may be involved in the due diligence process in varying degrees depending on the transaction type. Nevertheless, when conducting due diligence work and making an assessment, we are limited to the resources available, including information provided by the target company or the issuer and, in some circumstances, third party investigations. The due diligence work that we conduct with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary, helpful, or accurate in evaluating potential risks, which may subject us to failure of investment. We may be provided with information that is misleading, false, or inaccurate as a result of mistake, misconduct, or fraud of our employees or third parties. Moreover, such due diligence work will not necessarily result in the successful completion of a transaction, which may adversely affect the performance of our business.

We face additional risks as we offer new products and services, transact with a broader array of clients and counterparties, and expose ourselves to new asset classes and geographical markets.

We are committed to providing new services in order to strengthen our client relationships. We expect to expand our service offerings as permitted by relevant regulatory authorities, transact with new clients not in our traditional client base and enter into new markets. These activities expose us to new and challenging risks, including, but not limited to:

- we may have insufficient experience or expertise in offering new services and dealing with inexperienced counterparties and clients may harm our reputation;

- we may be subject to stricter regulatory scrutiny, or increasing tolerance of credit risks, market risks, compliance risks, and operational risks;
- we may be unable to provide clients with adequate levels of service for our new services;
- our new services may not be accepted by our clients or meet our profitability expectations; and
- our new services may be quickly copied by our competitors so that its attractiveness to our clients may be diluted; and our internal information technology infrastructure may not be sufficient to support our product and service offerings.

If we are unable to achieve the expected results with respect to our offering of new services, our business, financial condition, and results of operations could be materially and adversely affected.

In addition, we also intend to further expand our business geographically through establishing branch offices or acquiring business in key financial centers in the United States and other overseas markets. Operating business internationally may expose us to additional risks and uncertainties. As we have limited experience in operating our business in United States and other overseas markets, we may be unable to attract a sufficient number of clients, fail to anticipate competitive conditions, or face difficulties in operating effectively in these markets. We may also fail to adapt our business models to the local market due to various legal requirements and market conditions. Compliance with applicable foreign laws and regulations, especially financial regulations, increases the costs and risk exposure of doing business in foreign jurisdictions. In addition, in some cases, compliance with the laws and regulations of one country could nevertheless cause violation of the laws and regulations of another country. Violations of these laws and regulations could materially and adversely affect our brand, international growth efforts, and business.

We may undertake acquisitions, investments, joint ventures, or other strategic alliances, which could present unforeseen integration difficulties or costs and may not enhance our business as we expect.

Our strategy includes plans to grow both organically and through possible acquisitions, joint ventures, or other strategic alliances. Joint ventures and strategic alliances may expose us to new operational, regulatory, and market risks, as well as risks associated with additional capital requirements. We may not be able, however, to identify suitable future acquisition targets or alliance partners. Even if we identify suitable targets or partners, the evaluation, negotiation, and monitoring of the transactions could require significant management attention and internal resources and we may be unable to complete an acquisition or alliance on terms commercially acceptable to us. The costs of completing an acquisition or alliance may be costly and we may not be able to access funding sources on terms commercially acceptable to us. Even when acquisitions are completed, we may encounter difficulties in integrating the acquired entities and businesses, such as difficulties in retention of clients and personnel, challenge of integration and effective deployment of operations or technologies, and assumption of unforeseen or hidden material liabilities or regulatory non-compliance issues. Any of these events could disrupt our business plans and strategies, which in turn could have a material adverse effect on our financial condition and results of operations. Such risks could also result in our failure to derive the intended benefits of the acquisitions, strategic investments, joint ventures, or strategic alliances, and we may be unable to recover our investment in such initiatives. We cannot assure you that we could successfully mitigate or overcome these risks.

We may be subject to litigation and regulatory investigations and proceedings and may not always be successful in defending ourselves against such claims or proceedings.

Operating in the financial services industry may subject us to significant risks, including the risk of lawsuits and other legal exposures relating to compliance with regulatory requirements and industry practices in areas such as information disclosure, sales or underwriting practices, fraud and misconduct, and protection of sensitive and confidential client information. From time to time we may be subject to lawsuits and arbitration claims in the ordinary course of our business brought by external parties or disgruntled current or former employees, inquiries,

investigations, and proceedings by regulatory and other governmental agencies. We may also be subject to lawsuits and arbitration claims brought by our portfolio companies or other shareholders of such companies or otherwise in relation to our strategic investments. For example, in 2022, Bank of Qingdao, one of our portfolio companies, brought a lawsuit in Hong Kong against AMTD Global Markets Limited, a former subsidiary of ours, over alleged breach of contract. We believe this lawsuit is without merit and vigorously defended against it prior to the disposal of AMTD Global Markets Limited. Concurrently, AMTD Global Markets Limited also brought a lawsuit against Bank of Qingdao over alleged breach of contract. Any claims brought against us, with or without merits, may result in administrative measures, settlements, injunctions, fines, penalties, negative publicities, or other results adverse to us that could have material adverse effect on our reputation, business, financial condition, results of operations, and prospects. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant.

In market downturns, the number of legal claims and amount of damages sought in litigation and regulatory proceedings may increase. In addition, our affiliates may also encounter litigation, regulatory investigations, and proceedings for the practices in their business operations. Our clients may also be involved in litigation, investigation, or other legal proceedings, some of which may relate to transactions that we have advised, whether or not there has been any fault on our part. As we have acted as underwriter in U.S. securities offering transactions for non U.S. clients, we may be involved and named in securities class action lawsuits brought by shareholders. In recent years, non-U.S. issuers have become targets of securities lawsuits and an increasing trend of lawsuits against non-U.S. issuer is noted. Usually, in securities class action lawsuits, plaintiffs are alleging misrepresentation by the securities issuers in their registration statements, but it is quite a common practice that plaintiff will also name the underwriters as defendants in the lawsuit, notwithstanding that the underwriters may not be at fault or have responsibilities in relation to the allegations. In general, underwriters' responsibilities towards registration statements are defined in the underwriting agreements, and in each U.S. securities offering, the securities issuer has undertaken and provided indemnity to each underwriter in the underwriting agreement. We cannot assure you, however, that we will not be subject to such lawsuits in relation to our role as underwriters for U.S. securities offering transactions.

Our operations may be subject to transfer pricing adjustments by competent authorities.

We may use transfer pricing arrangements to account for business activities between us and our Controlling Shareholder, the different entities within our consolidated group, or other related parties. We cannot assure you that the tax authorities in the jurisdictions where we operate would not subsequently challenge the appropriateness of our transfer pricing arrangements or that the relevant regulations or standards governing such arrangements will not be subject to future changes. If a competent tax authority later finds that the transfer prices and the terms that we have applied are not appropriate, such authority may require us or our subsidiaries to re-assess the transfer prices and re-allocate the income or adjust the taxable income. Any such reallocation or adjustment could result in a higher overall tax liability for us and may adversely affect our business, financial condition, and results of operations.

Our risk management and internal control systems, as well as the risk management tools available to us, may not fully protect us against various risks inherent in our business.

We follow our comprehensive internal risk management framework and procedures to manage our risks, including, but not limited to, reputational, legal, regulatory, compliance, operational, market, liquidity, and credit risks. However, our risk management policies, procedures, and internal controls may not be adequate or effective in mitigating our risks or protecting us against unidentified or unanticipated risks. In particular, some methods of managing risks are based upon observed historical market behavior and our experience in the financial industry. These methods may fail to predict future risk exposures, which could be significantly greater than those indicated by our historical measures. Other risk management methods depend upon an evaluation of available information regarding operating and market conditions and other matters, which may not be accurate, complete, up-to-date, or properly evaluated. In addition, the capital markets are constantly developing, the information and experience

that we rely on for our risk management methods may become quickly outdated as capital markets and regulatory environment continue to evolve. Although we have not experienced any material deficiencies or failure in our risk management and internal control systems and procedures since we commenced our current businesses in 2015 other than certain material weaknesses in our internal control over financial reporting identified as of December 31, 2019, which had been remediated in 2020, any such deficiencies or failure in our risk management and internal control systems and procedures may adversely affect our ability to identify or report our deficiencies or non-compliance. In addition, failure of our employees to effectively enforce such risk management and internal controls procedures, or any of the foregoing risks, may have a material and adverse effect on our business, financial condition and operating results.

Our business is subject to various cyber-security and other operational risks.

We face various cyber-security and other operational risks relating to our businesses on a daily basis. We rely heavily on financial, accounting, communication and other data processing systems as well as the people who operate them to securely process, transmit, and store sensitive and confidential client information, and communicate globally with our staff, clients, partners, and third-party vendors. We also depend on various third-party software and cloud-based storage platforms as well as other information technology systems in our business operations. These systems, including third-party systems, may fail to operate properly or become disabled as a result of tampering or a breach of our network security systems or otherwise, including for reasons beyond our control.

Our clients typically provide us with sensitive and confidential information as part of our business arrangements. We are susceptible to attempts to obtain unauthorized access of such sensitive and confidential client information. We also may be subject to cyber-attacks involving leak and destruction of sensitive and confidential client information and our proprietary information, which could result from an employee's or agent's failure to follow data security procedures or as a result of actions by third parties, including actions by government authorities. Although cyber-attacks have not had a material impact on our operations to date, breaches of our or third-party network security systems on which we rely could involve attacks that are intended to obtain unauthorized access to and disclose sensitive and confidential client information and our proprietary information, destroy data or disable, degrade, or sabotage our systems, often through the introduction of computer viruses and other means, and could originate from a wide variety of sources, including state actors or other unknown third parties. The increase in using mobile technologies can heighten these and other operational risks.

We cannot assure you that we or the third parties on which we rely will be able to anticipate, detect, or implement effective preventative measures against frequently changing cyber-attacks. We may incur significant costs in maintaining and enhancing appropriate protections to keep pace with increasingly sophisticated methods of attack. In addition to the implementation of data security measures, we require our employees to maintain the confidentiality of the proprietary information that we hold. If an employee's failure to follow proper data security procedures results in the improper release of confidential information, or our systems are otherwise compromised, malfunctioning or disabled, we could suffer a disruption of our business, financial losses, liability to clients, regulatory sanctions, and damage to our reputation.

We operate in businesses that are highly dependent on proper processing of financial transactions. We also rely on third-party service providers for certain aspects of our business. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair our operations, affect our reputation, and adversely affect our businesses.

Fraud or misconduct by our directors, officers, employees, agents, clients, or other third parties could harm our reputation and business and may be difficult to detect and deter.

It is not always possible to detect and deter fraud or misconduct by our directors, officers, employees, agents, clients, business partners, or other third parties. The precautions that we take to detect and prevent such activity

may not be effective in all cases. Fraud or misconduct by any of these persons or entities may cause us to suffer significant reputational harm and financial loss or result in regulatory disciplinary actions. The potential harm to our reputation and to our business caused by such fraud or misconduct is impossible to quantify.

We are subject to a number of obligations and standards arising from our businesses. The violation of these obligations and standards by any of our directors, officers, employees, agents, clients, or other third parties could materially and adversely affect us and our investors. For example, our businesses require that we properly handle confidential information. If our directors, officers, employees, agents, clients, or other third parties were to improperly use or disclose confidential information, we could suffer serious harm to our reputation, financial position, and existing and future business relationships. Although we have not identified any material fraud or misconduct by our directors, officers, employees, agents, clients, or other third parties since we commenced our current businesses in 2015, if any of these persons or entities were to engage in fraud or misconduct or were to be accused of such fraud or misconduct, our business and reputation could be materially and adversely affected.

We may not be able to fully detect money laundering and other illegal or improper activities in our business operations on a timely basis or at all, which could subject us to liabilities and penalties.

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in the jurisdictions where we operate. Although we have adopted policies and procedures aimed at detecting, and preventing being used for, money-laundering activities by criminals or terrorist-related organizations and individuals or improper activities (including but not limited to market manipulation and aiding and abetting tax evasion), such policies and procedures may not completely eliminate instances where our networks may be used by other parties to engage in money laundering and other illegal or improper activities. Furthermore, we primarily comply with applicable anti-money laundering laws and regulations in Hong Kong and we may not fully detect violations of anti-money laundering regulations in other jurisdictions or be fully compliant with the anti-money laundering laws and regulations in other jurisdictions to which we are required. As a publicly listed company in the United States, we are subject to the U.S. Foreign Corrupt Practices Act of 1977 and other laws and regulations in the United States, including regulations administered by the U.S. Department of Treasury's Office of Foreign Asset Control. Although we have not identified any failure to detect material money laundering activities since we commenced our current businesses in 2015, if we fail to fully comply with applicable laws and regulations, the relevant government agencies may impose fines and other penalties on us, which may adversely affect our business.

We regularly encounter potential conflicts of interest, and failure to identify and address such conflicts of interest could adversely affect our business.

We face the possibility of actual, potential, or perceived conflicts of interest in the ordinary course of our business operations. Conflicts of interest may exist between (i) our different businesses; (ii) us and our clients; (iii) our clients; (iv) us and our employees; (v) our clients and our employees, or (vi) us and our Controlling Shareholder and other beneficial owners. As we expand the scope of our business and our client base, it is critical for us to be able to timely address potential conflicts of interest, including situations where two or more interests within our businesses naturally exist but are in competition or conflict. We have put in place extensive internal control and risk management procedures that are designed to identify and address conflicts of interest. However, appropriately identifying and managing actual, potential, or perceived conflicts of interest is complex and difficult, and our reputation and our clients' confidence in us could be damaged if we fail, or appear to fail, to deal appropriately with one or more actual, potential, or perceived conflicts of interest. It is possible that actual, potential, or perceived conflicts of interest could also give rise to client dissatisfaction, litigation, or regulatory enforcement actions. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, which could materially and adversely affect our business in a number of ways, including a reluctance of some potential clients and counterparties to do business with us. Any of the foregoing could materially and adversely affect our reputation, business, financial condition, and results of operations.

The current tensions in international economic relations may negatively affect the demand for our services, and our results of operations and financial condition may be materially and adversely affected.

Recently there have been heightened tensions in international economic relations, such as the one between the United States and China and also as a result of the conflict in Ukraine and sanctions on Russia.

The U.S. government has recently imposed, and has recently proposed to impose additional, new, or higher tariffs on certain products imported from China to penalize China for what it characterizes as unfair trade practices. China has responded by imposing, and proposing to impose additional, new, or higher tariffs on certain products imported from the United States. On September 17, 2018, former president Trump announced his decision to impose a 10% tariff on the third list of US\$200 billion in imports from China to the United States effective September 24, 2018. On May 8, 2019, the U.S. government announced it would increase these tariffs to 25%. These tariffs are in addition to two earlier rounds of tariffs implemented against Chinese products on June 6, 2018 and August 16, 2018 that amount to tariffs on US\$50 billion of Chinese products imported into the United States. On May 13, 2019, China responded by imposing tariffs on certain U.S. goods on a smaller scale, and proposed to impose additional tariffs on U.S. goods. On January 15, 2020, the United States and China entered into a phase one trade deal which became effective on February 14, 2020. In addition, political tensions between the United States and China have escalated due to, among other things, trade disputes, the COVID-19 pandemic, the passage of Safeguarding National Security in the Hong Kong Special Administrative Region by the Standing Committee of the PRC National People's Congress, sanctions imposed by the U.S. Department of Treasury on certain officials of the Hong Kong Special Administrative Region and the PRC central government and the executive orders issued by the U.S. government that prohibit certain transactions with certain selected Chinese technology companies, and the Executive Order 13959 issued in November 2020 targeting transactions by U.S. persons in certain securities of designated "Communist Chinese military companies."

Uncertainty surrounding the escalating conflict between Russia and Ukraine could negatively impact global and regional financial markets. Poor relations between the United States and Russia, sanctions by the United States and the European Union against Russia, and any escalation of political tensions or economic instability could increase the threat of armed conflict, cyberwarfare and economic instability that could further increase market volatility and uncertainty.

As a financial services firm with business exposure in Hong Kong and Mainland China and operation in Hong Kong, our businesses are materially affected by the financial markets and economic conditions in Hong Kong, Mainland China, and elsewhere in the world. Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities between the two major economies, which would materially and adversely affect the global economic conditions and the stability of global financial markets. Escalations of the tensions that affect trade relations may lead to slower growth in the global economy in general, which in turn could negatively affect our clients' businesses and materially reduce demand for our services, thus potentially negatively affect our business, financial condition, and results of operations.

We may be subject to legal and financial liabilities in connection with the retail financial advisory and insurance brokerage businesses.

We may be subject to complaints or claims lodged against us by clients in relation to retail financial advisory and insurance brokerage businesses. Any action brought against us, with or without merits, may result in administrative measures, settlements, injunctions, fines, penalties, negative publicities, or other results adverse to us, which could have a material adverse effect on our reputation, business, financial condition, results of operations, and prospects. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant. See "Item 8. Financial Information—Other Matters."

We may need additional funding but may not be able to obtain it on favorable terms or at all.

We may require additional funding for further growth and development of our business, including any investments or acquisitions we may decide to pursue. If our existing resources are insufficient to satisfy our

requirements, we may seek to issue additional equity or debt securities or perpetual securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets, and global financial industry. For example, the terms of our US\$1.0 billion medium term note program, or MTN Program, and our Controlling Shareholder's medium term note program impose certain restrictions on our ability to obtain secured or unsecured external financing through the issuance of debt securities in the public market. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that we will be able to secure additional financing in a timely manner or in amounts or on terms favorable to us, or at all. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material adverse effect on our business, financial condition, and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing shareholders.

We may be exposed to legal or regulatory liabilities if we are unable to protect the personal and sensitive data and confidential information of our clients.

We collect, store, and process certain personal and sensitive data from our clients. We are required to protect the personal and sensitive data and confidential information of our clients under applicable laws, rules, and regulations. While we have taken steps to protect the personal and sensitive data and confidential information of clients that we have access to, our security measures could be breached. The relevant authorities may impose sanctions or issue orders against us if we fail to protect the personal and sensitive data and confidential information of our clients, and we may have to compensate our clients if we fail to do so. We routinely transmit and receive personal and sensitive data and confidential information of our clients through the internet and other electronic means. Any misuse or mishandling of such personal and sensitive data and confidential information could result in legal liabilities, regulatory actions, reputational damage to us, which could in turn materially and adversely affect our business prospects and results of operation.

If our insurance coverage is insufficient, we may be subject to significant costs and business disruption.

Although we carry office, computer, and vehicle insurance for our properties, professional indemnity insurance for certain of our regulated activities, directors and officers insurance, and employee compensation insurance, we cannot assure you that we have sufficient insurance to cover all aspects of our business operations. However, we consider our insurance coverage to be reasonable in light of the nature of our business, but we cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition, and results of operations could be materially and adversely affected.

If we do not appropriately maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, we may be unable to accurately report our financial results and the market price of our Class A ordinary shares and/or ADSs may be adversely affected.

We are subject to reporting obligations under the U.S. securities laws. The SEC, as required under Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. In addition, an independent registered public accounting firm must attest to and report on the effectiveness of the company's internal control over financial reporting. Our management has concluded that our internal control over financial reporting was effective as of December 31, 2022. See "Item 15. Controls and Procedures." An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement

under Section 404 of the Sarbanes-Oxley Act of 2002 relating to internal controls over financial reporting. Our independent registered public accounting firm, after conducting its own independent testing, may issue an adverse report if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us.

If we fail to maintain effective internal control over financial reporting in the future, our management and our independent registered public accounting firm may not be able to conclude that we have effective internal control over financial reporting at a reasonable assurance level. This could in turn result in the loss of investor confidence in the reliability of our financial statements and negatively impact the trading price of our Class A ordinary shares and ADSs. Furthermore, we have incurred and may need to incur additional costs and use additional management and other resources in an effort to comply with Section 404 of the Sarbanes-Oxley Act and other requirements going forward.

We may face intellectual property infringement claims, which could be time-consuming and costly to defend and may result in the loss of significant rights by us.

Although we have not been subject to any litigation, pending or threatened, alleging infringement of third parties' intellectual property rights, we cannot assure you that such infringement claims will not be asserted against us in the future. Third parties may own copyrights, trademarks, trade secrets, ticker symbols, internet content, and other intellectual properties that are similar to ours in jurisdictions where we currently have no active operations. If we expand our business to or engage in other commercial activities in those jurisdictions using our own copyrights, trademarks, trade secrets, and internet content, we may not be able to use these intellectual properties or face potential lawsuits from those third parties and incur substantial losses if we fail to defend ourselves in those lawsuits. We have policies and procedures in place to reduce the likelihood that we or our employees may use, develop, or make available any content or applications without the proper licenses or necessary third-party consents. However, these policies and procedures may not be effective in completely preventing the unauthorized posting or use of copyrighted material or the infringement of other rights of third parties.

Intellectual property litigation is expensive and time-consuming and could divert resources and management attention from the operation of our business. If there is a successful claim of infringement, we may be required to alter our services, cease certain activities, pay substantial royalties and damages to, and obtain one or more licenses from third parties. We may not be able to obtain those licenses on commercially acceptable terms, or at all. Any of those consequences could cause us to lose revenues, impair our client relationships and harm our reputation.

Any failure to protect our intellectual property could harm our business and competitive position.

We maintain a number of registered domain names and are licensed to use certain registered trademarks by our Controlling Shareholder. Although we do not currently own any registered trademarks, we may in the future acquire new intellectual property such as trademarks, copyrights, domain names, and know-how. We will rely on a combination of intellectual property laws and contractual arrangements to protect our intellectual property rights. It is possible that third parties may copy or otherwise obtain and use our trademarks without authorization or otherwise infringe on our rights. We may not be able to successfully pursue claims for infringement that interfere with our ability to use our trademarks, website, or other relevant intellectual property or have adverse impact on our brand. We cannot assure you that any of our intellectual property rights would not be challenged, invalidated, or circumvented, or such intellectual property will be sufficient to provide us with competitive advantages. In addition, other parties may misappropriate our intellectual property rights, which would cause us to suffer economic or reputational damages.

Fluctuations in the value of Renminbi and regulatory controls on the convertibility and offshore remittance of Renminbi may adversely affect our results of operations and financial condition.

Certain of our clients are Chinese nationals, institutions, or corporates, and they are subject to the relevant controls of the PRC government as well as risks relating to foreign currency exchange rate fluctuations. The

change in value of Renminbi against Hong Kong dollars and other currencies is affected by various factors, such as changes in political and economic conditions in China. Any significant revaluation of Renminbi may materially and adversely affect the cash flows, revenues, earnings, and financial position of our Chinese clients. In addition, the PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, currency remittance out of China. Since 2016, the PRC government has tightened its foreign exchange policies and stepped up its scrutiny of outbound capital movement. In addition, under the existing regulations on offshore investment, approval from or registration with appropriate government authorities is required when Renminbi is to be converted into foreign currency for the purpose of offshore investment. Revaluation of the Renminbi and PRC laws and regulations in connection with the convertibility of the Renminbi into foreign currencies or offshore remittance of the Renminbi may limit the ability of our Chinese clients to engage our services, especially in our asset management business, which may in turn have a material adverse effect on our results of operations and financial condition.

We may be affected by the currency peg system in Hong Kong.

Since 1983, Hong Kong dollars have been pegged to the U.S. dollars at the rate of approximately HK\$7.80 to US\$1.00. We cannot assure you that this policy will not be changed in the future. If the pegging system collapses and Hong Kong dollars suffer devaluation, the Hong Kong dollar cost of our expenditures denominated in foreign currency may increase. This would in turn adversely affect the operations and profitability of our business.

Increases in labor costs may adversely affect our business and results of operations.

The economy in Hong Kong and globally has experienced general increases in inflation and labor costs in recent years. As a result, average wages in Hong Kong and certain other regions are expected to continue to increase. In addition, we are required by Hong Kong laws and regulations to pay various statutory employee benefits, including mandatory provident fund to designated government agencies for the benefit of our employees. The relevant government agencies may examine whether an employer has made adequate payments to the statutory employee benefits, and those employers who fail to make adequate payments may be subject to fines and other penalties. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to control our labor costs or pass on these increasing labor costs, our financial condition and results of operations may be adversely affected.

We may incur losses or experience disruption of our operations as a result of unforeseen or catastrophic events, including the emergence of a pandemic, terrorist attacks, or natural disasters.

Our business could be materially and adversely affected by catastrophic events or other business continuity problems, such as natural or man-made disasters, pandemics, war, riots, terrorist attacks, or other public safety concerns. If we were to experience a natural or man-made disaster, disruption due to political unrest, or disruption involving electronic communications or other services used by us or third parties with which we conduct business, our operations will partially depend on the availability of our people and office facilities and the proper functioning of our computer, software, telecommunications, transaction processing, and other related systems. A disaster or a disruption in the infrastructure that supports our businesses, a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or a disruption that directly affects our headquarters, could have a material adverse impact on our ability to continue to operate our business without interruption. Our business and operations could also be adversely affected if our employees are adversely affected by epidemics, pandemics, natural or man-made disasters, disruptions due to civil or political unrest or disruption involving electronic communications. Epidemics and pandemics could include various outbreaks of various local and global public health outbreaks. If any of our employees is suspected of having contracted a contagious disease, we may be required to apply quarantines or suspend our operations. Furthermore, any future outbreak may restrict economic activities in affected regions, resulting in reduced business volume, temporary closure of our offices or otherwise disrupt our business operations and

adversely affect our results of operations. In addition, our results of operations could be adversely affected to the extent that any epidemic or pandemic harms the Chinese or Hong Kong economy in general. The incidence and severity of disasters, pandemics, or other business continuity problems are unpredictable, and our inability to timely and successfully recover could materially disrupt our businesses and cause material financial loss, regulatory actions, reputational harm, or legal liability.

The recent outbreak of COVID-19 has caused, and may continue to cause companies including us and certain of our clients, to implement temporary adjustment of work schedules and travel plans, mandating employees to work from home and collaborate remotely. As a result, we may experience lower efficiency and productivity, internally and externally, which may adversely affect our service quality. Moreover, our business operations depend on our professional staff and the continued services of these individuals. If any of our employees is suspected of having contracted COVID-19, we may be required to apply quarantines or suspend our operations. The extent to which this outbreak impacts our results of operations will depend on future developments, which are highly uncertain and unpredictable, including new information which may emerge concerning the severity of this outbreak and future actions we take, if any, to contain this outbreak or treat its impact, among others.

Risks Relating to Our Relationship with our Controlling Shareholder

We have limited experience operating as a stand-alone public company.

AMTD IDEA Group (formerly known as AMTD International Inc.) was incorporated in February 2019 as a wholly-owned subsidiary of our Controlling Shareholder. We have limited experience conducting our operations as a stand-alone public company. Prior to our initial public offering in August 2019, our Controlling Shareholder has provided us with financial, administrative, human resources, and legal services, and also has provided us with the services of a number of its executives and employees. After we became a stand-alone public company, our Controlling Shareholder has continued to provide us with certain support services, but to the extent our Controlling Shareholder does not continue to provide us with such support, we will need to create our own support system. We may encounter operational, administrative, and strategic difficulties as we adjust to operating as a stand-alone public company. This may cause us to react more slowly than our competitors to industry changes and may divert our management's attention from running our business or otherwise harm our operations.

In addition, since we have become a public company, our management team has been required to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards and securities and investor relationships issues. As a stand-alone public company, our management has to evaluate our internal controls system with new thresholds of materiality, and to implement necessary changes to our internal controls system. We cannot guarantee that we will be able to do so in a timely and effective manner.

Our financial information included in this annual report may not be representative of our financial condition and results of operations if we had been operating as a stand-alone company.

Prior to our establishment, the operations of our businesses were carried out by companies owned or controlled by our Controlling Shareholder. For all periods presented, our consolidated financial statements include all assets, liabilities, revenues, expenses, and cash flows that were directly attributable to our businesses whether held or incurred by our Controlling Shareholder or by us. Only those assets and liabilities that are specifically identifiable to our businesses are included in our consolidated statements of financial position. With respect to costs of operations, an allocation of certain costs and expenses of our Controlling Shareholder were also included. These allocations were made using a proportional cost allocation method by considering the proportion of revenues and actual usage metrics, among other things, attributable to us for all respective accounting periods. Since we entered into a transition services agreement with our Controlling Shareholder, we received administrative support, marketing and branding support, and other services from our Controlling Shareholder at a fixed cost of HK\$24 million per annum (HK\$36 million per annum after the consolidation of AMTD Digital)

plus other actual costs incurred arising from the services rendered. We made numerous estimates, assumptions, and allocations in our historical financial statements because our Controlling Shareholder did not account for us, and we did not operate as a stand-alone company for any period prior to our initial public offering. Although our management believes the assumptions underlying our financial statements and the above allocations are reasonable, our financial statements may not necessarily reflect our results of operations, financial position, and cash flows as if we operated as a stand-alone public company during the periods presented. See “Item 7.B. Major Shareholders and Related Party Transactions—Related Party Transactions—Transactions with Our Controlling Shareholder” for our arrangements with our Controlling Shareholder and “Item 5. Operating and Financial Review and Prospects” and the notes to our consolidated financial statements included elsewhere in this annual report for our historical cost allocation. In addition, upon becoming a stand-alone public company, we are gradually establishing our own financial, administrative, and other support systems to replace our Controlling Shareholder’s systems, the cost of which could be significantly different from cost allocation with our Controlling Shareholder for the same services. Therefore, you should not view our historical results as indicators of our future performance.

We may not continue to receive the same level of support from our Controlling Shareholder.

We have benefitted significantly from our Controlling Shareholder’s strong market position and brand recognition, as well as its expertise in different businesses. Although we entered into a series of agreements with our Controlling Shareholder relating to our ongoing business operations and service arrangements with our Controlling Shareholder, we cannot assure you we will continue to receive the same level of support from our Controlling Shareholder as we now operate as a stand-alone public company. This effort may not be successful, which could materially and adversely affect our business, financial condition, and results of operations.

Our agreements with our Controlling Shareholders or any of its controlling shareholders may be less favorable to us than similar agreements negotiated between unaffiliated third parties. In particular, our non-competition agreement with our Controlling Shareholder limits the scope of business that we are allowed to conduct.

We have entered into a series of agreements with our Controlling Shareholder and the terms of such agreements may be less favorable to us than would be the case if they were negotiated with unaffiliated third parties. In particular, under the non-competition agreement we entered into with our Controlling Shareholder, we agree during the non-competition period (which will end on the later of (1) two years after the first date when our Controlling Shareholder ceases to own in aggregate at least 20% of the voting power of our then outstanding securities and (2) the fifth anniversary of August 5, 2019, being the date of our initial public offering of the ADSs listed and traded on the NYSE) not to compete with our Controlling Shareholder in the businesses currently conducted by our Controlling Shareholder, except that we may (i) continue to provide to our existing individual clients capital market solutions services, and (ii) own non-controlling equity interest in any company competing with our Controlling Shareholder. Such contractual limitations significantly affect our ability to diversify our revenue sources and may materially and adversely impact our business and prospects should the growth of our businesses slow down. In addition, pursuant to our master transaction agreement with our Controlling Shareholder, we have agreed to indemnify our Controlling Shareholder for liabilities arising from litigation and other contingencies related to our business and assumed these liabilities as part of our restructuring. The allocation of assets and liabilities between our Controlling Shareholder and our company may not reflect the allocation that would have been reached by two unaffiliated parties. Moreover, so long as our Controlling Shareholder continues to control us, we may not be able to bring a legal claim against our Controlling Shareholder or its controlling shareholders in the event of contractual breach, notwithstanding our contractual rights under the agreements described above and other inter-company agreements entered into from time to time.

We are a “controlled company” within the meaning of the NYSE Listed Company Manual and, as a result, can rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.

Our Controlling Shareholder continues to control a majority of the voting power of our issued and outstanding ordinary shares. As a result, we are a “controlled company” within the meaning of the NYSE Listed Company Manual. Under these rules, a listed company of which more than 50% of the voting power for the election of directors is held by an individual, group, or another company is a “controlled company.” As a “controlled company,” we are permitted to elect not to comply with certain corporate governance requirements. We elect to rely on exemption with respect to the requirement that we have a compensation committee that is composed entirely of independent directors. Therefore, our shareholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

We may have conflicts of interest with our Controlling Shareholders or any of its controlling shareholders and, because of our Controlling Shareholder’s controlling ownership interest in our company, we may not be able to resolve such conflicts on terms favorable to us.

As of the date of this annual report, our Controlling Shareholder beneficially owned 39.6% of our outstanding ordinary shares, representing 85.5% of our total voting power. Accordingly, our Controlling Shareholder continues to be our controlling shareholder and may have significant influence in determining the outcome of any corporate actions or other matters that require shareholder approval, such as mergers, consolidations, change of our name, and amendments of our memorandum and articles of association.

While we are committed to adhering to internal rules and policies on related party transactions (e.g. related party transactions must be reported to our management and approved by the audit committee and the board of directors before they are entered into), the concentration of ownership and voting power may cause transactions to occur in a way that may not be beneficial to you as a holder of the ADSs or Class A ordinary shares and may prevent us from doing transactions that would be beneficial to you. Conflicts of interest may arise between our Controlling Shareholder or any of its controlling shareholders and us in a number of areas relating to our past and ongoing relationships. Potential conflicts of interest that we have identified include the following:

- ***Indemnification arrangements with our Controlling Shareholder.*** We have entered into a master transaction agreement under which we agree to indemnify our Controlling Shareholder with respect to lawsuits and other matters relating to our past capital market solutions businesses, including operations of those businesses when we were a private company and a subsidiary of our Controlling Shareholder. There are no exceptions for such indemnities and such indemnifications relate to transactions that had taken place prior to, on and following, our restructuring and listing on the NYSE (as we and our Controlling Shareholder have obligations, based on the master transaction agreement, that continue after our listing on the NYSE). These indemnification arrangements could result in our having interests that are adverse to those of our Controlling Shareholder, for example, with respect to settlement arrangements in litigation. In addition, under these arrangements, we have agreed to reimburse our Controlling Shareholder for liabilities incurred (including legal defense costs) in connection with any third party claim if it is ultimately determined that we are obligated to indemnify our Controlling Shareholder with respect to such third party claim. There is no limit on such amount of indemnity under the master transaction agreement.
- ***Non-competition arrangements with our Controlling Shareholder.*** We have entered into a non-competition agreement under which our Controlling Shareholder agrees not to compete with us in our past capital market solutions business that are both primarily targeting institutional and corporate clients, except for owning non-controlling equity interest in any company competing with us. We have agreed not to compete with our Controlling Shareholder in businesses currently conducted by our Controlling Shareholder, except that we may (i) continue to provide capital market solutions services to our existing individual clients, and (ii) own non-controlling equity interests in any company competing with our Controlling Shareholder.

- *Employee recruiting and retention.* Because both we and our Controlling Shareholder are engaged in financial service-related businesses in Hong Kong, we may compete with our Controlling Shareholder in the hiring of new employees. We have entered into a non-competition agreement and have a non-solicitation arrangement with our Controlling Shareholder that restricts us and our Controlling Shareholder from hiring any of each other's employees.
- *Our board members or executive officers may have conflicts of interest.* Our chief executive officer, William Fung, is also the group vice president of our Controlling Shareholder. Our chief financial officer, Xavier Ho Sum Zee, is also the chief financial officer of our Controlling Shareholder. The CEO of AMTD Digital, Mark Lo, is also the group vice president of our Controlling Shareholder. Two of our directors also serve as directors of our Controlling Shareholder. As a result, they may not have sufficient capacity to perform their duties in our company. These overlapping relationships could create, or appear to create, conflicts of interest when these persons are faced with decisions with potentially different implications for our Controlling Shareholder and us.
- *Sale of shares or assets in our company.* Upon expiration of the lock-up period and subject to certain restrictions under relevant securities laws and stock exchange rules, as well as other relevant restrictions, our Controlling Shareholder may decide to sell all or a portion of our shares that it holds to a third party, including to one of our competitors, thereby giving that third party substantial influence over our business and our affairs. In addition, our Controlling Shareholder may decide, or be obligated under any of its applicable debt covenant, to sell all or a portion of our shares or our assets in the event of default of our Controlling Shareholder or any of its controlling shareholders under any applicable debt or other obligations or otherwise becomes insolvent. Such a sale of our shares or our assets could be contrary to the interests of our employees or our other shareholders. In addition, our Controlling Shareholder may also discourage, delay, or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of the ADSs or Class A ordinary shares.
- *Allocation of business opportunities.* Business opportunities may arise that both we and our Controlling Shareholder find attractive, and which would complement our respective businesses. Although we have entered into a master transaction agreement under which our Controlling Shareholder agrees not to pursue investment opportunities without first presenting them to us, our Controlling Shareholder may discourage, delay, or prevent a profitable investment opportunity before our board of directors or shareholders and subsequently decide to pursue investment opportunities or take business opportunities for itself, which would prevent us from taking advantage of those opportunities. These actions may be taken even if they are opposed by our other shareholders.
- *Developing business relationships with our Controlling Shareholder's competitors.* So long as our Controlling Shareholder remains as our controlling shareholder, we may be limited in our ability to do business with its competitors, such as other insurance brokerage companies. This may limit our ability to market our services for the best interests of our company and our other shareholders.

Although our company has become a stand-alone public company, we expect to operate, for as long as our Controlling Shareholder is our controlling shareholder, as an affiliate of our Controlling Shareholder. Our Controlling Shareholder may from time to time make strategic decisions that it believes are in the best interests of its business as a whole, including our company. These decisions may be different from the decision that we would have made on our own. Our Controlling Shareholder's decisions with respect to us or our business may be resolved in ways that favor our Controlling Shareholder and therefore our Controlling Shareholder's own shareholders, which may not coincide with the interests of our other shareholders. We may not be able to resolve any potential conflicts, and even if we do so, the resolution may be less favorable to us than if we were dealing with a non-controlling shareholder. Even if both parties seek to transact business on terms intended to approximate those that could have been achieved among unaffiliated parties, this may not succeed in practice.

Risks Relating to the ADSs and Our Ordinary Shares

The trading price of the ADSs or Class A ordinary shares may be volatile, which could result in substantial losses to you.

Since the ADSs became listed on the NYSE on August 5, 2019, the trading price of the ADSs has ranged from US\$0.97 to US\$16.53. The trading prices of the ADSs or Class A ordinary shares are likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen due to broad market and industry factors, such as performance and fluctuation in the market prices or underperformance or deteriorating financial results of other U.S.- or Singapore-listed companies based in the Greater China. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of other Hong Kong and Chinese companies' securities after their offerings may affect the attitudes of investors towards Hong Kong- and Mainland China-based, U.S.-listed or Singapore-listed companies, which consequently may affect the trading performance of the ADSs or Class A ordinary shares, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of other Hong Kong and Chinese companies may also negatively affect the attitudes of investors towards Hong Kong and Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. Furthermore, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, which may have a material and adverse effect on the trading price of the ADSs or Class A ordinary shares.

In addition to the above factors, the price and trading volume of the ADSs or Class A ordinary shares may be highly volatile due to multiple factors, including the following:

- regulatory developments affecting us or our industries;
- variations in our revenue, profit, and cash flow;
- changes in the economic performance or market valuations of our competitors;
- actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results;
- changes in financial estimates by securities research analysts;
- detrimental negative publicity about us, our services, our officers, directors, affiliates, Controlling Shareholder, other beneficial owners, our business partners, or our industry;
- announcements by us or our competitors of new service offerings, acquisitions, strategic relationships, joint ventures, capital raisings or capital commitments;
- additions to or departures of our senior management;
- litigation or regulatory proceedings involving us, our officers, directors, affiliates, or Controlling Shareholders;
- release or expiry of any transfer restrictions on our outstanding shares or the ADSs; and
- sales or perceived potential sales of additional ordinary shares or ADSs.

Any of these factors may result in large and sudden changes in the volume and price at which the ADSs or Class A ordinary shares will trade.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our

results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

An active public market may not develop for the ADSs on the NYSE or our Class A ordinary shares on the SGX-ST, and you may not be able to resell the ADSs or Class A ordinary shares at or above the price you paid, or at all.

Although the ADSs are listed on the NYSE and our Class A ordinary shares are listed on the SGX-ST, we cannot assure you that a liquid public market for the ADSs or Class A ordinary shares will develop. If an active public market for the ADSs or Class A ordinary shares does not develop, the market price of the ADSs or Class A ordinary shares may decline and the liquidity of the ADSs or Class A ordinary shares may decrease significantly. We cannot assure you that the price at which the ADSs or Class A ordinary shares are traded will not decline below the initial public offering price on the NYSE or secondary listing price on the SGX-ST, respectively. As a result, investors in the ADSs or Class A ordinary shares may experience a significant decrease in the value of their ADSs or Class A ordinary shares due to insufficient or a lack of market liquidity of the ADSs or Class A ordinary shares, as applicable.

The characteristics of the U.S. capital markets and the Singapore capital markets are different

The NYSE and SGX-ST have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of the ADSs and our Class A ordinary shares might not be the same, even allowing for currency differences. Fluctuations in the price of the ADSs due to circumstances peculiar to its home exchange could materially and adversely affect the price of our Class A ordinary shares, and vice versa. Because of the different characteristics of the U.S. and Singapore equity markets, the historic market prices of the ADSs and our Class A ordinary shares may not be indicative of the performance of our securities going forward.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions against us or our directors and officers named in the annual report based on foreign laws.

We are a company incorporated under the laws of the Cayman Islands. A majority of our directors and executive officers are nationals or residents of jurisdictions other than the United States or Singapore and most of their assets are located outside the United States or Singapore. As a result, it may be difficult for a shareholder to effect service of process within the United States or Singapore upon these individuals, to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

The United States and the Cayman Islands do not have a treaty providing for reciprocal recognition and enforcement of judgments of U.S. courts in civil and commercial matters and that there is uncertainty as to whether the courts of the Cayman Islands would (i) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers, predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (ii) entertain original actions brought in the Cayman Islands against us or our directors or officers, predicated upon the securities laws of the United States or any state in the United States. A judgment obtained in any federal or state court in the United States will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (i) is given by a foreign court of competent jurisdiction, (ii) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (iii) is final and

conclusive, (iv) is not in respect of taxes, a fine or a penalty, and (v) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. There is uncertainty as to whether the courts of the Cayman Islands would recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States. Such uncertainty relates to whether a judgment obtained from the United States courts under the civil liability provisions of the securities laws will be determined by the courts of the Cayman Islands as penal or punitive in nature. If such a determination is made, the courts of the Cayman Islands will not recognize or enforce the judgment against a Cayman Islands company or its directors and officers. Because the courts of the Cayman Islands have yet to rule on whether such judgments are penal or punitive in nature, it is uncertain whether such civil liability judgments from U.S. courts would be enforceable in the Cayman Islands.

Judgment of United States courts will not be directly enforced in Hong Kong. There are currently no treaties or other arrangements providing for reciprocal enforcement of foreign judgments between Hong Kong and the United States. However, the common law permits an action to be brought upon a foreign judgment. That is to say, a foreign judgment itself may form the basis of a cause of action since the judgment may be regarded as creating a debt between the parties to it. In a common law action for enforcement of a foreign judgment in Hong Kong, the enforcement is subject to various conditions, including but not limited to, that the foreign judgment is a final judgment conclusive upon the merits of the claim, the judgment is for a liquidated amount in a civil matter and not in respect of taxes, fines, penalties, or similar charges, the proceedings in which the judgment was obtained were not contrary to natural justice, and the enforcement of the judgment is not contrary to public policy of Hong Kong. Such a judgment must be for a fixed sum and must also come from a “competent” court as determined by the private international law rules applied by the Hong Kong courts. The defenses that are available to a defendant in a common law action brought on the basis of a foreign judgment include lack of jurisdiction, breach of natural justice, fraud, and contrary to public policy. However, a separate legal action for debt must be commenced in Hong Kong in order to recover such debt from the judgment debtor.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

The dual listing of our equity securities in different markets is costly to maintain and may result in price variations, which may adversely affect the price of the ADSs or our ordinary shares.

The ADSs are listed for trading on the NYSE and our Class A ordinary shares are listed for trading on the SGX-ST. Maintaining dual listings may generate additional costs, including legal, accounting, investor relations, and other expenses that we would not incur if we were listed only on a single market. In addition, price variations between these two markets may result from the dual listing. Trading in ADSs and Class A ordinary shares on these markets, respectively, is in different currencies, with U.S. dollars on the NYSE and Singapore dollars on the SGX-ST, and at different times as a result of different time zones, different trading days and different public holidays in the United States and Singapore. Given these and other factors, such as differences in exchange rates, the ADSs and our Class A ordinary shares may trade at different prices on NYSE and SGX-ST, respectively. Furthermore, market influences in one market may influence the price in the other. All of the foregoing factors may adversely affect the price of the ADSs or our Class A ordinary shares.

If securities or industry analysts do not publish or publish inaccurate or unfavorable research about our business, or if they adversely change their recommendations regarding the ADSs or our Class A ordinary shares, the market price or trading volume for the ADSs or our Class A ordinary shares could decline.

The respective trading markets for the ADSs and our Class A ordinary shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades

the ADSs or our Class A ordinary shares or publishes inaccurate or unfavorable research about our business, the market price for the ADSs or our Class A ordinary shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs or our Class A ordinary shares to decline.

The sale or availability for sale of substantial number of the ADSs or our Class A ordinary shares in the public market could adversely affect their market price.

Sales of substantial numbers of the ADSs or our Class A ordinary shares in the public market, or the perception that these sales could occur, could adversely affect the market price of the ADSs or our Class A ordinary shares and could materially impair our ability to raise capital through equity offerings in the future. As of the date of this annual report, AMTD IDEA Group has 234,077,210 Class A ordinary shares, including 135,024,008 Class A ordinary shares represented by ADSs, and 233,526,979 Class B ordinary shares outstanding, respectively. All of the ADSs representing our Class A ordinary shares are freely tradable by persons other than our “affiliates” without restriction or further registration under the Securities Act of 1933, as amended, or the Securities Act.

Our dual-class share structure with different voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Under our dual-class share structure, our ordinary shares consist of Class A ordinary shares and Class B ordinary shares. In respect of matters requiring the votes of shareholders, holders of Class B ordinary shares will be entitled to twenty votes per share, while holders of Class A ordinary shares will be entitled to one vote per share based on our dual-class share structure. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment, or disposition of any Class B ordinary shares by a holder thereof to any person other than our founder, Dr. Calvin Choi, or any other person or entity designated by Dr. Choi, such Class B ordinary shares are automatically and immediately converted into an equal number of Class A ordinary shares.

As of the date of this annual report, our Controlling Shareholder and Dr. Choi beneficially owned all of our issued and outstanding Class B ordinary shares (excluding the treasury shares held by the Company). These Class B ordinary shares constitute approximately 49.9% of our total issued and outstanding ordinary shares and 93.1% of the aggregate voting power of our total issued and outstanding ordinary shares due to the disparate voting powers associated with our dual-class share structure. See “Item 6.E. Directors, Senior Management and Employees—Share Ownership.” As a result of the dual-class share structure and the concentration of ownership, holders of Class B ordinary shares will have considerable influence over matters such as decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. Such holders may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

The dual-class structure of our ordinary shares may adversely affect the trading market for the ADSs or our Class A ordinary shares.

S&P Dow Jones and FTSE Russell have announced changes to their eligibility criteria for inclusion of shares of public companies in certain indices, including the S&P 500, to exclude companies with multiple classes of shares

and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class capital structures. As a result, the dual-class structure of our ordinary shares may prevent the inclusion of the ADSs or our Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for the ADSs or our Class A ordinary shares. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of the ADSs or our Class A ordinary shares.

Because the amount, timing, and whether or not our holding company distribute dividends at all is entirely at the discretion of our board of directors, you must rely on price appreciation of the ADSs or our Class A ordinary shares for return on your investment.

Although we currently intend to distribute dividends in the future, the amount, timing, and whether or not AMTD IDEA Group, our holding company actually distribute dividends at all is entirely at the discretion of our board of directors.

Our board of directors has complete discretion as to whether to distribute dividends. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under the Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ADSs or our Class A ordinary shares will likely depend entirely upon any future price appreciation of the ADSs or our Class A ordinary shares. We cannot assure you that the ADSs or our Class A ordinary shares will appreciate in value in the future or even maintain the price at which you purchased the ADSs or our Class A ordinary shares. You may not realize a return on your investment in, and you may even lose your entire investment in, the ADSs or our Class A ordinary shares.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct how the Class A ordinary shares represented by your ADSs are voted.

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings.

You will only be able to exercise the voting rights that are carried by the underlying Class A ordinary shares represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary. If we instruct the depositary to ask for your instructions, then upon receipt of your voting instructions, the depositary will try, as far as practicable, to vote the underlying Class A ordinary shares represented by your ADSs in accordance with your instructions. If we do not instruct the depositary to ask for your instructions, the depositary may still vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise your right to vote with respect to the underlying Class A ordinary shares represented by your ADSs unless you withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. Under our currently effective memorandum and articles of association, the minimum notice period required to be given by our company to our registered shareholders for convening a general meeting is seven (7) days.

When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the Class A ordinary shares underlying your ADSs and become the registered holder of such shares to allow you to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our currently effective memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the Class A ordinary shares underlying your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. If we ask for your instructions, the depository will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We have agreed to give the depository at least 40 days' prior notice of shareholder meetings. Nevertheless, we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depository to vote the underlying Class A ordinary shares represented by your ADSs. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the Class A ordinary shares underlying your ADSs are voted and you may have no legal remedy if the Class A ordinary shares underlying your ADSs are not voted as you requested.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirement is available. Under the deposit agreement, the depository will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from the registration requirement under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings in the future and may experience dilution in your holdings.

You may not receive cash dividends if the depository decides it is impractical to make them available to you.

The depository will pay cash distributions on the ADSs only to the extent that we decide to distribute dividends on our Class A ordinary shares or other deposited securities. To the extent that there is a distribution, the depository has agreed to pay you the cash dividends or other distributions it or the custodian receives on our Class A ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of Class A ordinary shares your ADSs represent. However, the depository may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs.

We and the depository are entitled to amend the deposit agreement and to change the rights of ADS holders under the terms of such agreement, and we may terminate the deposit agreement, without the prior consent of the ADS holders.

We and the depository are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. We and the depository may agree to amend the deposit agreement in any way we decide is necessary or advantageous to us. Amendments may reflect, among other things, operational changes in the ADS program, legal developments affecting ADSs or changes in the terms of our business relationship with the depository. In the event that the terms of an amendment are disadvantageous to ADS holders, ADS holders will only receive 30 days' advance notice of the amendment,

and no prior consent of the ADS holders is required under the deposit agreement. Furthermore, we may decide to terminate the ADS facility at any time for any reason. For example, terminations may occur when we decide to list our shares on a non-U.S. securities exchange and determine not to continue to sponsor an ADS facility or when we become the subject of a takeover or a going-private transaction. If the ADS facility will terminate, ADS holders will receive at least 90 days' prior notice, but no prior consent is required from them. Under the circumstances that we decide to make an amendment to the deposit agreement that is disadvantageous to ADS holders or terminate the deposit agreement, the ADS holders may choose to sell their ADSs or surrender their ADSs and become direct holders of the underlying Class A ordinary shares, but will have no right to any compensation whatsoever.

ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiffs in any such action.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim that they may have against us or the depositary arising out of or relating to our ordinary shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems it expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on

weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts or Singapore courts may be limited, because we are incorporated under Cayman Islands law.

We are a company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act of the Cayman Islands (as revised) and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under the Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under the Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands may have a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, the Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands companies like us have no general rights under the Cayman Islands law to inspect corporate records, other than the memorandum and articles of association and any special resolutions passed by such companies, and the registers of mortgages and charges of such companies. Our directors have discretion under our currently effective memorandum and articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from requirements for companies incorporated in other jurisdictions such as the United States and Singapore. Currently, we do not rely on home country practice with respect to our corporate governance. However, if we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. and Singapore domestic issuers.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of our board of directors, or our Controlling Shareholder than they would as public shareholders of a company incorporated in the United States or Singapore.

Our currently effective memorandum and articles of association contain anti-takeover provisions that could discourage a third party from acquiring us, which could limit our shareholders' opportunity to sell their shares, including Class A ordinary shares represented by the ADSs, at a premium.

Our currently effective memorandum and articles of association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, our board of directors has the authority, without further action by our shareholders, to create and issue new classes or series of shares (including preferred shares) and to fix their

designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADSs or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs or our Class A ordinary shares may fall and the voting and other rights of the holders of our ordinary shares and the ADSs may be materially and adversely affected.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Securities Exchange Act of 1934, as amended, or the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the NYSE. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As a foreign private issuer, we are permitted to adopt certain home country practices in relation to corporate governance matters that may differ significantly from the NYSE listing standards and the SGX-ST listing standards and as a “controlled” company we are permitted to rely on certain other exemptions from the NYSE listing standards; we are not generally subject to the continuing listing requirements of the SGX-ST and Rule 210(10) of the Listing Manual does not apply to our company due to our secondary listing on the SGX-ST; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the NYSE listing standards or SGX-ST listing standards.

As a Cayman Islands company and a “controlled” company listed on the NYSE and SGX-ST, we are subject to the NYSE listing standards and certain SGX-ST listing standards. However, we are not generally subject to the continuing listing requirements of the SGX-ST and Rule 210(10) of the Listing Manual does not apply to our company due to our secondary listing on the SGX-ST, and the NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country or a “controlled” company like us to rely on exemptions from the NYSE rules. Similarly, the SGX-ST generally relies on the NYSE to regulate our company. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE listing standards and the SGX-ST listing standards. Currently, we do not plan to rely on home country practices with respect to our corporate governance, but instead we comply with the applicable corporate governance rules of the NYSE listing standards. Currently, we rely on the exemptions applicable to “controlled” companies under the NYSE Listed Company Manual with respect to the requirements

that the compensation committee is composed entirely of independent directors (under Section 303A.05 of the NYSE Listed Company Manual), and we follow certain home country practices as a foreign private issuer such as with respect to the requirements of shareholder approval for certain types of transactions. Our shareholders may be afforded less protection than they would otherwise enjoy under the NYSE listing standards applicable to U.S. domestic issuers or the SGX-ST listing standards applicable to Singapore domestic issuers or foreign issuers with a primary listing on the SGX-ST.

We may be classified as a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year. If we are a PFIC for any taxable year, United States investors in the ADSs or ordinary shares could be subject to significant adverse United States income tax consequences.

We will be a “passive foreign investment company,” or “PFIC,” if, in any particular taxable year, either (i) 75% or more of our gross income for such year consists of certain types of “passive” income (the “income test”) or (ii) 50% or more of the average quarterly value of our assets during such year is attributable to assets that produce or are held for the production of passive income (the “asset test”). Based upon our current income and assets, including goodwill and the value of the assets held by our strategic investment business, we believe that we were not a PFIC for 2022.

There can be no assurance regarding our PFIC status for the foreseeable future, however, because our PFIC status is a factual determination made annually that will depend, in part, upon the composition of our income and assets. Fluctuations in the market price of the ADSs or Class A ordinary shares (and the ADSs or shares of certain of our listed affiliates) may cause us to become a PFIC for subsequent taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to our market capitalization (determined based on the market price of the ADSs or Class A ordinary shares from time to time) as well as the market capitalization from time to time of such listed affiliates, in each case, which may be volatile. Recent fluctuations in our market capitalization and that of certain of our listed affiliates may create risks that we may be classified as a PFIC for the foreseeable future. The determination of whether we will be or become a PFIC will also depend, in part, on the composition and classification of our income, including the relative amounts of income generated by and the value of assets of our strategic investment business as compared to our other businesses. Because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge our classification of certain income and assets as non-passive, which may result in our being or becoming a PFIC in any single year. In addition, the composition of our income and assets will also be affected by how, and how quickly, we use our liquid assets. Under circumstances where our revenue from activities that produce passive income significantly increases relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of being a PFIC may substantially increase. Because there are uncertainties in the application of the relevant rules and PFIC status is a factual determination made annually after the close of each taxable year, there can be no assurance that we will not be a PFIC for any single year.

If we are a PFIC in any taxable year during which a U.S. Holder (as defined in “Item 10.E. Additional Information—Taxation—United States Federal Income Tax Considerations”) holds our ADSs or ordinary shares, such holder may incur significantly increased United States income tax on gain recognized on the sale or other disposition of the ADSs or ordinary shares and on the receipt of distributions on the ADSs or ordinary shares to the extent such gain or distribution is treated as an “excess distribution” under the U.S. federal income tax rules, and such holder may be subject to burdensome reporting requirements. Further, if we are a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we will generally continue to be treated as a PFIC for all succeeding years during which such holder holds our ADSs or ordinary shares, even if we do not satisfy either of the above tests to be classified as a PFIC in a subsequent year. For more information see “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

We incur additional costs as a result of being a public company, particularly after we cease to qualify as an emerging growth company.

We are a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002 and the rules subsequently implemented by the SEC and the NYSE detailed requirements concerning corporate governance practices of public companies. As a company with less than US\$1.235 billion in net revenues for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2012 relating to internal controls over financial reporting.

We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. After we are no longer an “emerging growth company,” we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. Our management is and may continue to be required to devote substantial time and attention to our public company reporting obligations and other compliance matters. In addition, we incur additional costs associated with our public company reporting requirements and it may be more difficult for us to find qualified persons to serve on our board of directors or as executive officers.

In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company’s securities. If we were involved in a class action suit, it could divert a significant amount of our management’s attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material and adverse effect on our financial condition and results of operations.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Our Company

In 2015, our Controlling Shareholder commenced capital market solutions, and strategic investment businesses. From February to April 2019, we carried out a restructuring to carve out our capital market solutions, and strategic investment businesses from our Controlling Shareholder.

As part of the restructuring, in February 2019, AMTD International Inc. was incorporated as an exempted company with limited liability under the laws of the Cayman Islands initially as a wholly-owned subsidiary of our Controlling Shareholder. In April 2019, we completed our restructuring and AMTD International Inc. became the holding company of our businesses. In March 2022, with the approval of our shareholders, we changed our company name from “AMTD International Inc.” to “AMTD IDEA Group.”

We are a holding company incorporated in the Cayman Islands and conduct our businesses through our subsidiaries in Hong Kong, Singapore, the United States, France and Italy. See “Item 4.C. Information on the Company—Organizational Structure” for a diagram illustrating our corporate structure as of the date of this annual report.

On August 5, 2019, the ADSs commenced trading on the NYSE. AMTD IDEA Group issued and sold a total of 23,873,655 ADSs representing 23,873,655 Class A ordinary shares at an initial offering price of US\$8.38 per ADS. The ADSs are currently traded under the ticker symbol “AMTD.”

In December 2019, AMTD IDEA Group issued and sold (i) a total of 7,307,692 Class A ordinary shares and 4,526,627 Class B ordinary shares for an aggregate amount of US\$100 million (representing a per share price of US\$8.45) to Value Partners Greater China High Yield Income Fund, Ariana Capital Investment Limited, and Infinity Power Investments Limited, and (ii) a convertible note due 2023, or the VP Note, in an aggregate principal amount of US\$15 million to Value Partners Greater China High Yield Income Fund, all in the form of private placement pursuant to an exemption from registration with the SEC under the Securities Act. Infinity Power Investments Limited is a British Virgin Islands company wholly owned by Dr. Calvin Choi, our founder. The VP Note bears interest at a rate of 2.00% per annum and will mature in June 2023, unless previously converted in accordance with its terms prior to such date. The VP Note will be convertible into the ADSs at the option of the holder, based on an initial conversion rate of 99.44 ADSs per US\$1,000 principal amount of VP Note (which is equivalent to an initial conversion price of approximately US\$10.0560 per ADS) in integral multiples of US\$10,000,000 principal amount, at any time after six months following the date of issuance and prior to the close of business on the second business day immediately preceding the maturity date, provided, however, that the holder can only exercise such right to convert no more than twice. The conversion rate for the VP Note is subject to adjustment upon the occurrence of certain events. The VP Note has been converted in January 2022.

In March 2020, AMTD IDEA Group listed a US\$1.0 billion medium term note program, or the MTN Program, for a period of twelve months by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on SEHK and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) on the SEHK. Under the MTN Program, AMTD IDEA Group may from time to time issue medium term notes or perpetual securities up to an aggregate amount of US\$1.0 billion. We intend to use the net proceeds from the issuances of debt securities under the MTN Program for long-term development needs, international expansion, and general corporate purposes. In April 2020, AMTD IDEA Group dual-listed the MTN Program on the SGX-ST. Later in the same month, we extended an invitation to holders of the US\$200 million 7.625% senior perpetual securities of AMTD Group, or the Existing Securities, to offer exchange any and all of their outstanding Existing Securities for new securities, or the New Securities, to be issued by AMTD IDEA Group under the MTN Program, or the Exchange Offer. In May 2020, AMTD IDEA Group issued US\$200 million 7.25% senior perpetual securities and SG\$50 million 4.5% senior perpetual securities. In October 2021, we redeemed perpetual securities with a principal amount of approximately SG\$11.2 million (US\$8.3 million) as part of our active balance sheet management targeting for early repayment of outstanding exposures.

On April 8, 2020, AMTD IDEA Group dual listed by way of introduction of 23,873,655 Class A ordinary shares on the SGX-ST under the symbol “HKB,” being Class A ordinary shares that have been registered with the SEC as part of our initial public offering and listing on the NYSE in August 2019, and which were previously represented by the ADSs listed for trading on the NYSE.

In May 2020, we entered into a long-term strategic partnership with the Singapore Exchange to promote the development of Singapore’s capital markets and strengthen connectivity between Singapore, ASEAN, the Greater Bay Area, the rest of China, and the Middle East. Through this collaboration, we and SGX-ST will work together to meet the growing market needs for improved capital market access and connectivity to Singapore and beyond.

Also in March 2021, we partnered with 36KR (Nasdaq: KRKR) and Xiaomi to establish a new joint venture, AK73 Capital, to build a full lifecycle service platform for new economy enterprises. AK73 Capital aims to support and empower the new generation of new economy leaders to capitalize on the tremendous opportunities in dynamic global capital markets.

In September 2021, we repurchased approximately 69.1 million Class B ordinary shares from AMTD Group for HK\$5 billion.

Subsequent to December 31, 2021, AMTD IDEA Group issued an aggregate of 8,411,214 Class A ordinary shares and 3,271,028 Class B ordinary shares through a private placement of US\$50 million to a number of reputable professional investors.

Effective on January 31, 2022, the ticker symbol for the ADSs was changed to “AMTD.” Our company name was changed from “AMTD International Inc.” to “AMTD IDEA Group” upon the approval and adoption by way of extraordinary general meeting of shareholders on March 1, 2022.

During the year ended December 31, 2022, we acquired a total of 31,732,000 Class A ordinary shares and 24,202,000 Class B ordinary shares of AMTD Digital, priced at US\$17.75 per share, from certain of its shareholders, including our Controlling Shareholder, for a total consideration of approximately US\$992.6 million (HK\$7,756.2 million). We issued a total of 67,200,330 Class A ordinary shares and 51,253,702 Class B ordinary shares in settlement of the consideration payable for the acquisition. We held 97.1% shareholding of AMTD Digital immediately following the acquisition. We became the controlling shareholder of AMTD Digital and consolidated it in our consolidated financial statements accordingly. AMTD Digital is a comprehensive one-stop digital solutions platform in Asia and was a subsidiary of AMTD Group prior to the acquisition. In July 2022, AMTD Digital completed its initial public offering and its ADSs began trading on the New York Stock Exchange.

In early 2022, we acquired 100% of the equity interest in L’Officiel, a global fashion media holding group.

In April 2022, we entered into a share purchase agreement, or the Share Purchase Agreement, with GEM Global Yield LLC SCS, or the GEM investor, and GEM Yield Bahamas Limited. Pursuant to the Share Purchase Agreement, for a period of 72 consecutive months, we are entitled to draw down up to an aggregate limit of US\$50 million in exchange for our Class A ordinary shares, at a per-share price equal to 90% of the average daily closing price during a 20-trading-day pricing period determined in accordance with the Share Purchase Agreement, subject to other terms and conditions therein. We concurrently entered into a registration rights agreement with the GEM investor and GEM Yield Bahamas Limited, granting the GEM investor certain customary registration rights in connection with securities issued and sold pursuant to the Share Purchase Agreement.

On November 22, 2022, we effected an ADS ratio change from the previous ratio of one (1) ADS to one (1) Class A ordinary share to a new ratio of one (1) ADS to two (2) Class A ordinary shares.

In December 2022, we repurchased approximately 36.9 million Class B ordinary shares from AMTD Group for HK\$2.5 billion.

In February 2023, we acquired 100% of the equity interest in AMTD Assets from AMTD Group for a net purchase consideration of US\$268 million, which was settled by us through the issuance of 30,875,576 newly issued Class B ordinary shares to AMTD Group. AMTD Assets holds a global portfolio of premium whole building properties, with a fair market value of approximately US\$500 million at the time we entered into the relevant agreements. The acquisition was followed immediately by our injection of AMTD Assets into AMTD Digital at the same valuation in return for 515,385 newly issued Class B ordinary shares of AMTD Digital.

In April 2023, AMTD IDEA Group issued an aggregate of 45,000,000 ADSs, representing 90,000,000 Class A ordinary shares, to certain selected investors for a total consideration of US\$93.6 million.

Our principal executive offices are located at 23/F, Nexxus Building, 41 Connaught Road Central, Hong Kong. Our telephone number at this address is +852 3163-3389. Our registered office in the Cayman Islands is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our agent for service of process in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, DE 19711. Our website is <https://www.amtdinc.com>. The information on our websites should not be

deemed to be part of this annual report. The SEC also maintains a website at <https://www.sec.gov> that contains reports, proxy, and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

B. Business Overview

We are a leading Hong Kong-headquartered conglomerate. We are one of the few independent financial institutions with extensive financial industry knowledge and experience across Greater China that is majority-owned and managed by local Hong Kong entrepreneurs and professionals. Our clientele includes PRC banks, privately-owned companies primarily in new economy sectors, Asia-based families and blue-chip conglomerates, and fashion and luxury brands among others.

We operate a full-service platform encompassing four business lines: capital market solutions, strategic investment, digital solutions and other services, and fashion and luxury media advertising and marketing services and hotel operations and hospitality services.

- *Capital Market Solutions.* We offer a broad range of capital market solutions services to our clients, both benefiting from and enhancing the synergies within our “AMTD SpiderNet” ecosystem. Our solutions cover a variety of capital market transactions, including equity and debt offerings, credit rating advisory, other financing transactions, and merger and acquisitions. We are able to serve clients and develop long-term relationships through multiple engagements..
- *Strategic Investment.* We make long-term strategic investments through several entities in our group, focusing on global financial and new economy sectors. Through investing in market leaders and technological innovators, we gain access to unique opportunities and resources that complement our other businesses and augment our “AMTD SpiderNet” ecosystem.
- *Digital Solutions and Other Services.* Our subsidiary, AMTD Digital, which was acquired during the year ended December 31, 2022, provides its institutional and corporate clients with exclusive, paid access to enhance their investor communication, investor relations and corporate communication to potentially maximize their valuation.
- *Fashion and Luxury Media Advertising and Marketing Services.* Our wholly-owned subsidiary, L’Officiel, which was acquired during the year ended December 31, 2022, engages in the provision of print and digital advertising campaigns, and value-added marketing services including branded content, video production, social media activation, event creation, and experiential marketing, among other services.

Recently in February 2023, we acquired AMTD Assets, which holds a global portfolio of premium whole building properties and provides hospitality services.

We align ourselves with clients, shareholders, business partners, and investee companies to build an ever-extending, inter-connected network that creates value for all stakeholders, or the “AMTD SpiderNet” ecosystem.

We believe that our “AMTD SpiderNet” ecosystem is the bedrock of our success. We actively help stakeholders in our ecosystem explore business collaboration opportunities among themselves and provide financial solutions or additional resources needed to facilitate such collaboration. This, in turn, results in enduring relationships within the network, and expand the network by attracting corporations, industry associations, and other institutions seeking business opportunities and efficient channels of resources. This unique “AMTD SpiderNet” ecosystem, coupled with our ability to provide innovative and bespoke solutions, is a key growth driver of our overall businesses.

Our Partnership Approach

We discover and selectively engage a broad range of promising clients with diverse backgrounds and at various stages of development. We offer comprehensive financial services to fulfill the needs of our clients throughout

their lifecycles. We stay close to our clients to understand and anticipate their needs. Our services are tailored with a collaborative overlay, providing clients with one-stop solutions.

With each business opportunity, we consider ourselves a business partner for the prospective client, rather than merely a service agency of a particular product or service. We strive to unlock and maximize the extraordinary value embedded in each relationship and to expand opportunities for collaboration and partnership both between us and our clients, as well as among clients. This forms the foundation of our “AMTD SpiderNet” ecosystem and defines our shared firm-wide core values and culture.

Our Services

Capital Market Solutions

Our capital market solutions business provides a one-stop solution for corporate and other institutional clients, both benefiting from and enhancing the synergies within our “AMTD SpiderNet” ecosystem. To this end, we deliver capital market solutions services with the following features.

- *Full service capabilities.* We offer our clients a full suite of solutions for capital market transactions, covering equity and debt offerings, credit rating advisory, other financing transactions, and merger and acquisitions. We are able to serve clients and develop long-term relationships through multiple engagements.
- *Full value chain’s client focuses.* We focus on client needs and always strive to explore long-term business collaboration rather than completing individual transactions, because we recognize that our clients are the foundation of our “AMTD SpiderNet” ecosystem and our relationship with them is key to our sustainable development and success. Leveraging our strong client relationship and our unique “AMTD SpiderNet” ecosystem, we are able to create synergies and proactively develop solutions based on specific client needs to be serviced by our own abilities or those of our partners in the “AMTD SpiderNet” ecosystem.
- *Industry expertise.* Our services are enriched by our experience and expertise in certain important industries, allowing us to better understand and anticipate clients’ circumstances and needs. We have particular expertise in the regional banks and new economy sectors.
- *Senior professionals’ participation.* In addition to managing and maintaining client relationships, our professionals also actively participate in client coverage to procure seamless execution and satisfactory client experience.

We derive fee income from the capital market solutions business. We generally charge fees based on a percentage of transaction value. This percentage is negotiated and determined by a number of factors including (i) the type of transaction, (ii) the size of the transaction, (iii) the complexity of the transaction, (iv) state of the market, and (v) client relationship dynamic.

We used to operate our capital market solutions business and conduct certain asset management business and professional investment management and advisory services through AMTD Global Markets Limited. In December 2022, we transferred our subsidiary AMTD Securities Limited, which directly held 100% of the equity interest in AMTD Global Markets Limited, to certain independent purchasers. After the transfer of AMTD Securities Limited, we continue to provide capital market solutions (including underwriting in U.S. markets) through other AMTD entities.

Strategic Investment

We commenced our strategic investment business through our wholly-owned subsidiary, AMTD Investment Solutions Group Limited, in 2016. Our strategic investment business focuses on long-term equity investments using our own capital. We view it as a natural extension of our other businesses, allowing us to deepen our relationship with clients by participating in their value creation and engaging them into the “AMTD SpiderNet.”

We typically source investment opportunities identified through “AMTD SpiderNet,” and focus on investing in innovative digital platforms, financial technology companies, other new economy companies, and other financial institutions. Our buy-side resources allow us to stay close to the market and provide early access to leading players in key industries that benefit from China’s globalization developments and rapid growth in innovation industry.

Digital Solutions and Other Services

As the fusion reactor at the core of the “AMTD SpiderNet” ecosystem, AMTD Digital, our subsidiary, is a comprehensive digital solutions platform in Asia with four main business lines: digital financial services, digital solutions, digital media, content, and marketing, and digital investments.

Fashion and Luxury Media Advertising and Marketing Services

Our wholly-owned subsidiary L’Officiel engages in the provision of print and digital advertising campaigns, and value-added marketing services including branded content, video production, social media activation, event creation, and experiential marketing, among other services.

Hotel Operations and Hospitality Services

Our subsidiary AMTD Assets, held through AMTD Digital, holds a global portfolio of premium whole building properties and provides hospitality services. It focuses on and specializes in hospitality and lifestyle concepts globally and offers a customer-centric VIP members approach for its business portfolio in the key areas comprising stylish hotels and serviced apartments, property rental, food and beverage, and club membership services across major cities.

Investment Portfolio

As of December 31, 2022, our investment portfolio reached an aggregate fair value of HK\$3.0 billion (US\$0.4 billion), in which (i) our strategic investment in the Hong Kong- and Shenzhen-listed Bank of Qingdao accounted for 23.5%, (ii) derivative assets and our investment in other companies accounted for 58.2%, and (iii) our investment in AMTD Assets Alpha Group accounted for 18.3%.

Through investment in financial institutions with stable annual dividend distribution, we are able to connect more business partners in this sector, such as members of Regional Banks+ Strategic Cooperation Alliance.

The Regional Banks + Strategic Cooperation Alliance is a financial cooperation and communication platform as well as economic and social organization initiated by AMTD Group, and jointly established by four leading regional banks of China including Bank of Qingdao, Guangzhou Rural Commercial Bank, Jiangxi Bank and Zhongyuan Bank (arranged in alphabetical order). Rooted in China and embracing openness as well as inclusiveness, the Alliance includes major Chinese regional banks (including city commercial banks and rural commercial banks) and other strategically cooperated financial institutions and welcomes other similar global institutions and partners to join hands. The purpose of the Alliance is “Mutual Cooperation, Synergic Team-up, Innovated Developments”. Under the premise of complying with relevant laws and regulations as well as economic and financial policies, the Alliance operates with the principle of “Leading Innovation, Reciprocity, Fairness, Openness, and Independence”, empowers the traditional financial business to be promoted by fintech, develops the new model of fintech, smart finance, inclusive finance and green finance, as well as promotes the international innovation development and corporation models of the Alliance members.

Through the connection, we are able to provide the most efficient and effective professional financial solutions and promoting cooperation among them, which will in return contribute to our growth and create value through synergies.

We also expand our investments in new economy sectors globally for the discovery and incubation of outstanding enterprises with innovative technology, committing to serving as a “super-connector” to connect different capital market participants, innovation companies, and to match their needs in the area of capital and technology.

Intellectual Property

As of the date of this annual report, we own numerous registered trademarks on a worldwide basis including trademarks with the word “L’Officiel.” We are also licensed by our Controlling Shareholder to use certain trademarks which included the word “AMTD” or logo of “AMTD” or a combination of word and logo. We maintain various registered domain names, including amtdinc.com.

Competition

The financial services industry is intensely competitive, and we expect it to remain so. While we are based in Hong Kong, we compete both globally and on a regional basis. We compete on the basis of a number of factors, including strength of client relationships, reputation, industry expertise, and deal execution skills.

With respect to our capital market solutions businesses, our competitors are other investment banking firms and financial advisory firms. Our primary competitors in these businesses are international investment banking firms and other large financial institutions, many of which have greater financial and other resources as well as scale and are capable of offering a wider range of products and services, such as loans, deposit-taking, and a full range of investment banking services. Some of our competitors also have the ability to use revenues derived from commercial banking, insurance, and other financial services in an effort to gain market share. In addition, we operate these businesses in a highly competitive environment and the barriers to entry into these businesses are low. Nevertheless, we believe that we have a unique competitive edge and are capable of expanding rapidly by leveraging our “AMTD SpiderNet” network, relationships and comprehensive capabilities.

With respect to our strategic investment business, we believe that we do not compete with other private equity funds, specialized investment funds, hedge fund sponsors, financial institutions and other players. Our investments have been made primarily for strategic reasons rather than for pure financial gain, and the funds for the investments are entirely our own.

With respect to digital solutions and other services, our primary competitors include FinTech companies, traditional financial institutions and consumer technology platforms, as well as other corporate-focused insurance providers and other insurance solutions platforms. For fashion and luxury media advertising and marketing services, our primary competitors include not only other large multinational advertising and marketing communications companies, but also smaller entities that operate in local or regional markets as well as new forms of market participants. We also compete with other hotel operators and hospitality service provider with respect to our hotel operations and hospitality services.

We face intense competition for the recruiting and retention of qualified, experienced professionals. Our ability to continue to compete effectively in our businesses will depend upon our ability to attract new employees and retain and motivate our existing employees.

For additional information concerning the competitive risks that we face, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industries—Our subsidiary AMTD Digital operates in the emerging, dynamic, and competitive digital financial services industry, which makes it difficult for investors to evaluate its future prospects, and we cannot assure you that its current or future strategies will be successfully implemented or will generate sustainable profit,” Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industries—The financial services industry is intensely competitive. If we are unable to compete effectively, we may lose our market share and our results of operations and financial condition may be

materially and adversely affected” , “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industries—Our subsidiary L’Officiel operates in a highly competitive industry and faces significant competition for advertising spending from operators of new and traditional advertising channels. If L’Officiel cannot compete successfully, our results of operations would be materially and adversely affected” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industries—The hospitality market is highly competitive, and our subsidiary AMTD Assets may be unable to compete successfully with its current or future competitors.”

Regulation

This section summarizes all of the significant laws and regulations that materially affect our business activities.

Regulations in Hong Kong

Mandatory Provident Fund Scheme

Introduction

The Mandatory Provident Fund Schemes Ordinance (Cap. 485) of Hong Kong, or MPFSO, including its subsidiary legislation, is the principal legislation to provide the framework for the establishment of a system of privately managed, employment-related mandatory provident fund, or MPF, schemes to accrue MPF benefits for members of the workforce of Hong Kong when they retire.

The MPFA

The Mandatory Provident Fund Schemes Authority, or the MPFA, is a statutory body established on September 17, 1998 under section 6 of MPFSO and its role is to regulate and supervise the operations of MPF schemes and occupational retirement schemes.

MPFA works with other financial regulators in Hong Kong in overseeing MPF products and MPF intermediaries to ensure efficient and effective operation of the MPF System. It is the authority to register MPF intermediaries, to issue guidelines on compliance with statutory requirements applicable to registered MPF intermediaries, and to impose disciplinary sanctions. Hong Kong Monetary Authority, Insurance Authority, and HKSFC are given the statutory role of frontline regulators responsible for the supervision and investigation of registered MPF intermediaries.

Licensing Regime Under the MPFSO

The MPFSO stipulates that no person shall, in the course of carrying on a business or his employment, engage in any regulated MPF sales and marketing activities, or hold himself out as doing so, unless the person is registered with MPFA (and the registration is not suspended) or is exempted from registration.

There are two types of MPF intermediaries, namely, principal intermediary, or PI, and subsidiary intermediary, or SI, both of which must register with MPFA.

MPF Intermediaries and Regulated Activities

MPF Intermediaries

The MPFA may register any of the following business entities (i.e., Type A regulatees) as a PI for carrying on regulated activities:

- (a) an authorized financial institution registered under the HKSFO for Type 1 or Type 4 regulated activity, or both;

- (b) a corporation licensed under the HKSFPO to carry on Type 1 or Type 4 regulated activity, or both;
- (c) an insurer authorized under the Insurance Ordinance (Cap. 41) of Hong Kong, or IO, to carry on long term insurance business; and
- (d) an authorized long term insurance broker under the IO.

The MPFA may register any of the following persons (i.e., Type B regulatees) as a SI attached to a PI for carrying on regulated activity on behalf of a PI, provided the individual fulfills relevant requirements (including but not limited to examination and training requirements):

- (a) an individual licensed under the HKSFPO to carry on Type 1 or Type 4 regulated activity, or both;
- (b) an individual registered under the Banking Ordinance (Chapter 155, Laws of Hong Kong) to carry on Type 1 or Type 4 regulated activity, or both;
- (c) a licensed individual insurance agent, as defined under the IO, who is eligible to engage in long term business;
- (d) a licensed insurance agency, as defined under the IO, or Licensed Insurance Agency, who is eligible to engage in long term business;
- (e) a licensed technical representative (agent), as defined under the IO who is appointed as an agent by a Licensed Insurance Agency; and
- (f) a technical representative (broker), as defined under the IO, who is appointed as an agent by a licensed insurance broker company as defined under the IO.

Regulated Activities

A person is required to be registered with MPFA as an MPF intermediary before he can engage in MPF sales and marketing activities that may influence a prospective or existing participant of an MPF scheme in making a decision that affects the latter's benefits in an MPF scheme.

Registration is required for a person who engages in any of the following sales and marketing activities, or regulated activities, in the course of his employment, conducting business or for reward:

- (a) inviting or inducing, or attempting to invite or induce, another person to make a specified MPF decision; or
- (b) giving advice to another person concerning a specified MPF decision.

Approval Criteria for a Responsible Officer

To be approved as a responsible officer, an SI must meet the following requirements:

- he or she must be attached to a PI and have sufficient authority within the PI, and will be provided with sufficient, resources, and support for carrying out specified responsibilities in relation to the PI;
- the approval of the SI as a responsible officer has not been revoked by MPFA under section 34ZW(4)(a)(i) of the MPFSO within one year immediately before the date of the application; and
- he or she is not disqualified by MPFA under section 34ZW(4)(a)(ii) of the MPFSO from being approved as a responsible officer with specified responsibilities in relation to a PI.

Anti-Money Laundering And Counter-Terrorist Financing

Licensed corporations are required to comply with the applicable anti-money laundering and counter-terrorist financing laws and regulations in Hong Kong (including Anti-Money Laundering and Counter-Terrorist

Financing (Financial Institutions) Ordinance (Cap. 615) of Hong Kong as well as the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations), or Anti-Money Laundering Guideline).

The Anti-Money Laundering Guideline provides practical guidance to assist licensed corporations and their senior management in designing and implementing their own anti-money laundering and counter-terrorist financing policies, procedures and controls in order to meet the relevant legal and regulatory requirements in Hong Kong. Under the Anti-Money Laundering Guideline, licensed corporations should, among other things:

- take all reasonable measures to ensure that proper safeguards exist to mitigate the risks of money laundering and terrorism financing, or ML/TF, and to prevent a contravention of any requirement;
- establish and implement adequate and appropriate anti-money laundering and counter-financing of terrorism systems;
- consider the characteristics of the products and wits that it offers end the extent to which these are vulnerable to ML/TF abuse;
- consider its delivery/distribution chattels end the testing to which these are vulnerable to ML/TF abuse;
- when assessing the customer risk, consider who their customers are, when they do and any other information that may suggest the customer is of higher risk;
- be vigilant where the customer is of such a legal form that enables individuals to divest themselves of ownership of property whilst retaining an element of control over it or the business/industrial sector to which a customer has business connections is more vulnerable to corruption;
- consider risks inherent in the nature of the activity of the customer sold the possibility that the transaction may itself be a criminal transaction; and
- pay particular attention to countries or geographical locations of operation with which its customers and intermediaries are connected where they are subject to high levels of organized crime, increased vulnerabilities to corruption and inadequate systems to prevent and detect ML/TF.

Insurance Brokerage Regulatory Regime

On September 23, 2019, the Hong Kong Insurance Authority, or the HKIA took over regulation of insurance agents and brokers from the self-regulatory bodies, or the SROs, which are the Insurance Agents Registration Board set up by the Hong Kong Federation of Insurers, Hong Kong Confederation of Insurance Brokers, and the Professional Insurance Brokers Association. Intermediaries are and will be subject to statutory licensing and conduct requirements, supplemented by rules, codes, guidelines and circulars issued by the HKIA.

The Insurance Ordinance (along with its subsidiary legislation) (Cap. 41) of Hong Kong, or the HKIO, is the principal legislation to regulate the insurance industry in Hong Kong. The regulatory framework applicable to insurers and insurance intermediaries in Hong Kong is set out in the HKIO. The HKIO sets out the requirements for the authorization / licensing, ongoing compliance and reporting obligations of insurers and insurance intermediaries.

The HKIO provides no person shall carry on any class of insurance business in or from Hong Kong unless authorized to do so. The HKIO prescribes “regulated activities” and offences for carrying them out without a license. The new regulated activities include:

- negotiating or arranging a contract of insurance;
- inviting or inducing a person to enter into a contract of insurance (or attempting to do so);
- inviting or inducing a person to make a material decision in relation to a contract of insurance (or attempting to do so); and
- giving regulated advice.

The new regime also includes statutory conduct requirements for insurance intermediaries under sections 90 to 92 of the HKIO. The fundamental principles include honesty and integrity, exercising care, skill and diligence, disclosure of information and conflicts of interest. Such principles are consistent with the principle of the fair treatment of customers enunciated by the International Association of Insurance Supervisors.

There is a transition period for existing intermediaries for three years. Existing insurance intermediaries who are validly registered with SROs before September 23, 2019 will be deemed licensees during the transition period. For any pending insurance intermediary applications, applicants will need to make a fresh application to the HKIA after commencement of the new regime.

As of the date of this annual report, our subsidiary AMTD Risk Solutions Group Limited (“AMTD RSG”) is deemed to be a licensed insurance intermediary.

AMTD RSG was validly registered with an SRO before the commencement of the new regulatory regime for insurance intermediaries (i.e. September 23, 2019), as such, under the HKIO, it is deemed to be a licensed insurance intermediary for a period of 3 years from the commencement of the new regime unless the license is revoked in accordance with the HKIO. AMTD RSG was granted the insurance broker company license for general & long term business (including linked long term business) by the HKIA on September 9, 2022.

Insurance Brokerage Registration Requirements in Hong Kong Under the Current Regime

Insurance Broker License

A licensed insurance broker means a licensed insurance broker company or a licensed technical representative (broker).

A licensed insurance broker company is a company which is granted an insurance broker company license to carry on regulated activities in one or more lines of business, and to perform the act of negotiating or arranging an insurance contract as an agent of any policy holder or potential policy holder.

A licensed technical representative (broker) is an individual who is granted a technical representative (broker) license to carry on regulated activities in one or more lines of business, as an agent of any licensed insurance broker company.

Appointment of Responsible Officer

An insurance broker company is required to appoint a Responsible Officer, or the RO. The RO shall be a fit and proper person to discharge his or her responsibilities as a responsible officer of the insurance broker company, and should be provided with sufficient resources and support for discharging his or her responsibilities. Prior approval of the HKIA is required for appointment of the RO.

The RO is expected to:

1. have the minimum education standard of a bachelor degree from a recognized university or tertiary education institution, an insurance qualification specified by the HKIA from time to time and published on the HKIA’s website, or other equivalent qualifications; and
2. possess experience commensurate with the nature and scale of business of the insurance broker company concerned and the level of responsibilities to be carried out. The general expectation will be a minimum of 5 years’ experience in the insurance industry, including at least 2 years of management experience.

A person who was a Chief Executive registered with the Hong Kong Confederation of Insurance Brokers, or the CIB, or Professional Insurance Brokers Association, or the PIBA, at any time before September 23, 2019; or was

a Technical Representative registered with the CIB or PIBA at any time before September 23, 2019 and already possessed a minimum of 15 years' experience in insurance-related work in the insurance industry in Hong Kong on the commencement date, is exempt from the criteria set out above in relation to an application for approval of the person to become a responsible officer of a business entity which is, is applying to be, or is applying for a renewal of a license to be a licensed insurance broker company.

The HKIA will normally not allow a person to be appointed as a responsible officer of more than one licensed insurance broker company unless the insurance broker companies concerned belong to the same group of companies or have common shareholder(s), or there is any other justification acceptable to the HKIA. The HKIA will consider each application on a case-by-case basis.

Financial and Other Requirements for Licensed Insurance Broker Companies

In respect of a company which is, is applying to be, or is applying for a renewal of a license to be a licensed insurance broker company, the HKIA must be satisfied that, among other things, (a) the company is a fit and proper person to carry on regulated activities in the lines of business concerned; (b) each director of the company and the controller in relation to the company (if any) are fit and proper persons to be associated with the carrying on of regulated activities in those lines of business; and (c) the company will be able to comply with the rules made by the HKIA under section 129 of the HKIO that set out the requirements in relation to capital, net assets, professional indemnity insurance, keeping of separate client accounts and keeping of proper books and accounts.

(a) Capital and Net Assets

For an incorporated insurance broker, it shall maintain a minimum net assets value and minimum paid-up capital of HK\$500,000 at all times.

In calculating net assets value, it will be conducted in accordance with accounting standards generally accepted in Hong Kong. Intangible assets will be excluded.

For an existing licensed insurance broker company, there is a grace period to comply with the capital requirements under the new regime. For the period from the commencement date to December 31, 2023, the amount of paid-up share capital and net assets which a specified insurance broker company must maintain at all times respectively are for the period that begins on the commencement date and ends on December 31, 2021, not less than HK\$100,000; and for the period that begins on January 1, 2022 and ends on December 31, 2023, not less than HK\$300,000.

(b) Professional Indemnity Insurance

A professional indemnity insurance policy has to be maintained with a minimum limit of indemnity for any one claim and in any one insurance period of 12 months. The minimum limit of indemnity shall be the greater of the following:

1. two times the aggregate insurance brokerage income in the 12 consecutive months immediately preceding the date of commencement of the professional indemnity insurance cover, up to a maximum of HK\$75,000,000; or
2. HK\$3,000,000.

For insurance brokers which are in their first 12 months of operation, the limit of indemnity shall not be less than HK\$3,000,000.

(c) Keeping of Separate Client Accounts

Client money shall be kept in a separate client account. Client money is not allowed to be used for any purposes other than for the client's purposes.

(d) Keeping Proper Books and Accounts

The insurance broker company's accounting and financial records need to be sufficient to, among others, explain and reflect the financial position and operation of its insurance brokerage business, and enable financial statements that give a true and fair view of its financial position and financial performance. Such records shall be kept in a manner that enables an audit to be carried out conveniently and properly.

The records shall be kept in writing, showing the particulars of all transactions by the broker, all income received from brokerage and expenses paid by the broker, and all the assets and liabilities of the broker in sufficient detail. Such records shall be retained for a period for not less than 7 years.

Conduct requirements for licensed insurance broker companies

Section 92(1) of the HKIO sets out the relevant conduct requirements for a licensed insurance broker company as follows:

- it must establish and maintain proper controls and procedures for securing compliance with the conduct requirements set out in section 90 by the broker company and the licensed technical representatives (broker) appointed by the broker company;
- it must use its best endeavors to secure observance with the controls and procedures established under section 92(1)(a) by the licensed technical representatives (broker) appointed by the broker company;
- it must ensure that its responsible officer has sufficient authority within the broker company for carrying out the responsibilities set out in section 92(2); and
- it must provide its responsible officer with sufficient resources and support for carrying out the responsibilities set out in section 92(2).

More detailed Corporate Governance and Controls and Procedures are set out in Code of Conduct for Licensed Insurance Brokers published by the HKIA.

Guideline on continuing professional development for licensed insurance intermediaries

The Guideline on Continuing Professional Development for Licensed Insurance Intermediaries, or the CPD, applies to individual licensees and their principals (insurance agencies, broker companies and also insurers that appoint individual insurance agents). It sets out the new CPD requirements under the new regime. To ensure continued professional competence in carrying out their regulated activities, individual licensees need to stay up-to-date on technical and regulatory knowledge and ethical standards. Failure to comply with the CPD Guideline may adversely affect the fitness and properness of that person and may potentially lead to disciplinary action by the HKIA.

Principals must ensure that individual licensees appointed by them comply with applicable CPD requirements and have adequate controls and procedures in place to monitor and ensure this compliance, for example, by requesting, checking and verifying the documentary evidence in support of the CPD declaration forms submitted to the HKIA by the individual licensees.

Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong, or the PDPO

The PDPO imposes a statutory duty on data users to comply with the requirements of the six data protection principles (the “Data Protection Principles”) contained in Schedule 1 to the PDPO. The PDPO provides that a data user shall not do an act, or engage in a practice, that contravenes a Data Protection Principle unless the act or practice, as the case may be, is required or permitted under the PDPO. The six Data Protection Principles are:

- Principle 1—purpose and manner of collection of personal data;
- Principle 2—accuracy and duration of retention of personal data;
- Principle 3—use of personal data;
- Principle 4—security of personal data;
- Principle 5—information to be generally available; and
- Principle 6—access to personal data.

Non-compliance with a Data Protection Principle may lead to a complaint to the Privacy Commissioner for Personal Data (the “Privacy Commissioner”). The Privacy Commissioner may serve an enforcement notice to direct the data user to remedy the contravention and/ or instigate prosecution actions. A data user who contravenes an enforcement notice commits an offense which may lead to a fine and imprisonment.

The PDPO also gives data subjects certain rights, inter alia:

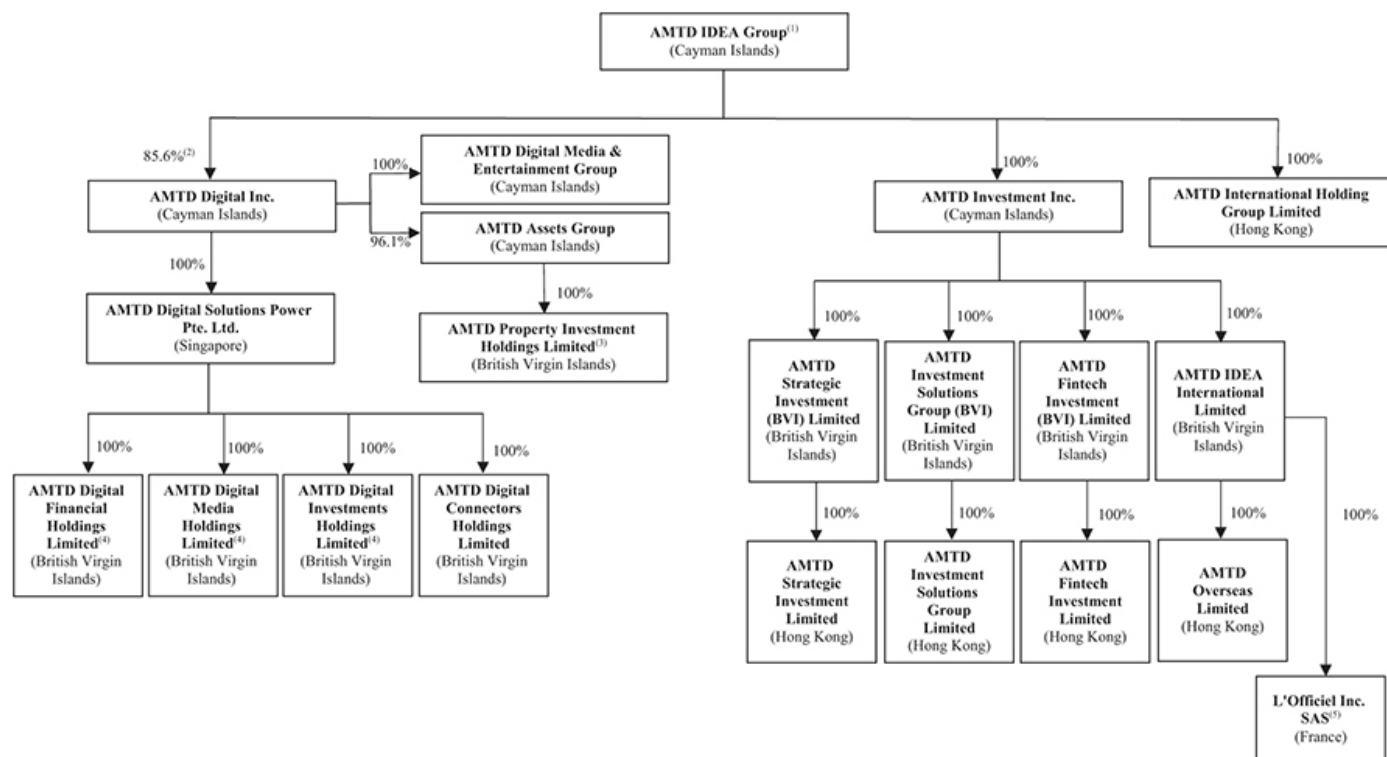
- the right to be informed by a data user whether the data user holds personal data of which the individual is the data subject;
- if the data user holds such data, to be supplied with a copy of such data; and
- the right to request correction of any data they consider to be inaccurate.

The PDPO criminalizes, including but not limited to, the misuse or inappropriate use of personal data in direct marketing activities, non-compliance with a data access request and the unauthorized disclosure of personal data obtained without the relevant data user’s consent. An individual who suffers damage, including injured feelings, by reason of a contravention of the PDPO in relation to his or her personal data may seek compensation from the data user concerned.

C. Organizational Structure

Corporate Structure

The following diagram illustrates our corporate structure, including our principal subsidiaries as of the date of this annual report.



Notes:

- (1) Our shareholders include (i) holders of our ordinary shares such as AMTD Group and Infinity Power Investments Limited, and (ii) public investors. For details relating to our share ownership, see "Item 4. Information on the Company—E. Share Ownership."
- (2) The other shareholders of AMTD Digital mainly include third party investors, one of our employees and public investors.
- (3) AMTD Property Investment Holdings Limited has six subsidiaries in Cayman Islands, British Virgin Islands and Hong Kong.
- (4) AMTD Digital Financial Holdings Limited has eleven subsidiaries in British Virgin Islands, Singapore and Hong Kong. AMTD Digital Media Holdings Limited has one subsidiary in Hong Kong. AMTD Digital Investments Holdings Limited has twelve subsidiaries in British Virgin Islands, Hong Kong and Singapore.
- (5) L'Officiel Inc. SAS has eight subsidiaries in the United States, France, Italy, Singapore and Malaysia.

Our Relationship with our Controlling Shareholder and other Group Companies

As of the date of this annual report, our company is 39.6% beneficially owned by our Controlling Shareholder, representing 85.5% of the total voting power in our company. Historically, our Controlling Shareholder has provided us with business premises, financial, accounting, administrative, legal, and human resources services, as well as the services of a number of its executive officers and other employees, the costs of which were allocated to us based on actual usage or proportion of revenues and infrastructure usage attributable to our business, among other things. We have begun to invest in our own financial, accounting, and legal functions separate from those of our Controlling Shareholder, and we will further establish other support systems of our own or contract with third parties to provide them to us after we become a stand-alone public company.

Treasury functions are conducted centrally under our Controlling Shareholder and intra-group treasury fund transfers were carried out among the entities within AMTD Group. The treasury function manages available

funds at our Controlling Shareholder level and allocates the funds to various entities within AMTD Group for their operations. We may also leverage our Controlling Shareholder to settle receivables or payables arising from acquisitions or disposals of investments. As of December 31, 2022, the amount due from entities within AMTD Group in connection with intra-group treasury fund allocation was HK\$2.2 billion (US\$287.0 million).

We entered into agreements with our Controlling Shareholder with respect to our ongoing relationship in June 2019. These agreements include a master transaction agreement, a transitional services agreement, and a non-competition agreement. The following are summaries of these agreements.

Master Transaction Agreement

Pursuant to the master transaction agreement, we are responsible for all financial liabilities associated with the current and historical capital market solutions, and strategic investment businesses and operations that have been conducted by or transferred to us, and our Controlling Shareholder is responsible for financial liabilities associated with all of our Controlling Shareholder's other current and historical businesses and operations, in each case regardless of the time those liabilities arise. The master transaction agreement also contains indemnification provisions under which we and our Controlling Shareholder agree to indemnify each other with respect to breaches of the master transaction agreement or any related inter-company agreement.

In addition, we agree to indemnify our Controlling Shareholder, its subsidiaries and each of their directors, officers and employees against liabilities arising from misstatements or omissions in our prospectus dated August 2, 2019 or the registration statement of which it is a part, except for misstatements or omissions relating to information that our Controlling Shareholder or any of its subsidiaries provided to us specifically for inclusion in our prospectus dated August 2, 2019 or the registration statement of which it forms a part. Our Controlling Shareholder will indemnify us including each of our subsidiaries, director, officers and employees against liabilities arising from misstatements or omissions with respect to information that our Controlling Shareholder or any of its subsidiaries provided to us specifically for inclusion in our prospectus dated August 2, 2019, the registration statement of which our prospectus dated August 2, 2019 forms a part of our annual reports or other SEC filings.

The master transaction agreement also contains a general release, under which the parties will release each other, including each party's subsidiaries, directors, officers and employees from any liabilities arising from events occurring on or before the initial filing date of the registration statement for our initial public offering, including in connection with the activities to implement our initial public offering. The general release does not apply to liabilities allocated between the parties under the master transaction agreement, the transitional services agreement, and the non-competition agreement.

The master transaction agreement sets forth the investment opportunity referral procedures, pursuant to which our Controlling Shareholder agrees to first present investment opportunities to us for consideration within a specified period and to refrain from pursuing these investment opportunities. Our Controlling Shareholder agrees to pursue these investment opportunities for itself only after we forego pursuing these investment opportunities or upon expiration of the specified period should we fail to respond, with the exception of subsequent investments by our Controlling Shareholder in its existing investee companies. When determining whether or not to pursue an investment opportunity, members of our investment committee that have overlapping duties as directors or officers in our Controlling Shareholder will abstain from participating in the investment decision-making and approval process.

Furthermore, under the master transaction agreement, we agree to use our reasonable best efforts to select the same independent registered public accounting firm, or auditor, used by our Controlling Shareholder and provide to our Controlling Shareholder as much prior notice as reasonably practical of any change in our auditor until the first fiscal year end occurring after our Controlling Shareholder no longer owns in aggregate at least 20% of the voting power of our then outstanding shares.

Pursuant to the master transaction agreement, we are licensed by our Controlling Shareholder to use certain of its intellectual properties for free.

The master transaction agreement will automatically terminate on the date that is two years after the first date upon which our Controlling Shareholder ceases to own in aggregate at least 20% of the voting power of our then outstanding shares. This agreement can be terminated earlier or extended by mutual written consent of the parties. The termination of this agreement will not affect the validity and effectiveness of the transitional services agreement and the non-competition agreement.

Transitional Services Agreement

Under the transitional services agreement, our Controlling Shareholder agrees that, during the service period, as described below, our Controlling Shareholder will provide us with various corporate support services, including but not limited to:

- administrative support;
- marketing and branding support;
- technology support; and
- provision of office space and facilities.

Our Controlling Shareholder may also provide us with additional services that we and our Controlling Shareholder may identify from time to time in the future.

The price to be paid for the services provided under the transitional service agreement is determined according to the terms of the agreement. The transitional service agreement provides that the performance of a service according to the agreement will not subject the provider of such service to any liability whatsoever except as directly caused by the gross negligence or willful misconduct of the service provider. Liability for gross negligence or willful misconduct is limited to the lower of the price paid for the particular service or the cost of the service's recipient performing the service itself or hiring a third party to perform the service. Under the transitional services agreement, the service provider of each service is indemnified by the recipient against all third-party claims relating to provision of services or the recipient's material breach of a third-party agreement, except where the claim is directly caused by the service provider's gross negligence or willful misconduct.

The service period under the transitional services agreement commenced on June 20, 2019 for a period of 18 months, and had been renewed twice for an additional 18 months subsequently on December 20, 2020 and June 20, 2022.

Non-competition Agreement

Our non-competition agreement with our Controlling Shareholder provides for a non-competition period beginning upon our initial public offering and ending on the later of (i) two years after the first date when our Controlling Shareholder ceases to own in aggregate at least 20% of the voting power of our then outstanding shares and (ii) the fifth anniversary of our initial public offering. This agreement can be terminated earlier by mutual written consent of the parties.

Our Controlling Shareholder has agreed not to compete with us during the non-competition period in the capital market solutions business that are both primarily targeting institutional and corporate clients, except for owning non-controlling equity interest in any company competing with us. We have agreed not to compete with our Controlling Shareholder during the non-competition period in the businesses currently conducted by our Controlling Shareholder, except (i) for continuing to provide capital market solutions services to our existing individual clients, and (ii) for owning non-controlling equity interest in any company competing with our Controlling Shareholder.

The non-competition agreement also provides for a mutual non-solicitation obligation that neither our Controlling Shareholder nor we may, during the non-competition period, hire, or solicit for hire, any active employees of, or individuals providing consulting services to the other party, or any former employees of, or individuals providing consulting services to the other party within six months of the termination of their employment or consulting services, without the other party's consent, except for solicitation activities through generalized non-targeted advertisement not directed to such employees or individuals that do not result in a hiring within the non-competition period.

AMTD Digital's Relationship Agreements with the Controlling Shareholder

AMTD Digital entered into a series of agreements with the Controlling Shareholder with respect to their ongoing relationship in May 2021. These agreements include a master transaction agreement, a transitional services agreement and a non-competition agreement. The following are summaries of these agreements.

Digital Master Transaction Agreement

Pursuant to the master transaction agreement between AMTD Digital and the Controlling Shareholder dated May 18, 2021 (the "Digital Master Transaction Agreement"), AMTD Digital is responsible for all financial liabilities associated with the current and historical digital financial services, SpiderNet ecosystem solutions, digital media, content, and marketing, and digital investments businesses and operations that have been conducted by or transferred to it, and the Controlling Shareholder is responsible for financial liabilities associated with all of the Controlling Shareholder's other current and historical businesses and operations, in each case regardless of the time those liabilities arise. The Digital Master Transaction Agreement also contains indemnification provisions under which AMTD Digital and the Controlling Shareholder indemnify each other with respect to breaches of the master transaction agreement or any related inter-company agreement.

The Digital Master Transaction Agreement sets forth the investment opportunity referral procedures, pursuant to which the Controlling Shareholder agrees to first present investment opportunities related to digital financial services or digital financial licenses, or investment opportunities in new technology or new media companies to AMTD Digital for consideration within a specified period and to refrain from pursuing these investment opportunities. The Controlling Shareholder agrees to pursue these investment opportunities for itself only after AMTD Digital declines to pursue these investment opportunities or upon expiration of the specified period should AMTD Digital fails to respond, with the exception of subsequent investments by the Controlling Shareholder in its existing investee companies. When determining whether or not to pursue an investment opportunity, members of AMTD Digital's investment committee that have overlapping duties as directors or officers in the Controlling Shareholder will abstain from participating in the investment decision-making and approval process.

Furthermore, under the Digital Master Transaction Agreement, AMTD Digital agrees to use its reasonable best efforts to select the same independent certified public accounting firm, or auditor, used by the Controlling Shareholder and provide to the Controlling Shareholder as much prior notice as reasonably practical of any change in our auditor until the first fiscal year end occurring after the Controlling Shareholder together with its subsidiaries no longer owns in aggregate at least 20% of the voting power of our then outstanding securities.

Pursuant to the master transaction agreement, AMTD Digital is licensed by the Controlling Shareholder to use any and all of its intellectual properties for free.

The Digital Master Transaction Agreement will automatically terminate the first date upon which the Controlling Shareholder together with its subsidiaries ceases to own in aggregate at least 20% of the voting power of AMTD Digital's then outstanding securities. The agreement can be terminated early or extended by mutual written consent of the parties. The termination of the agreement will not affect the validity and effectiveness of the transitional services agreement and the non-competition agreement.

Digital Transitional Services Agreement

Under the transitional services agreement between AMTD Digital and the Controlling Shareholder dated May 18, 2021 (the “Digital Transitional Services Agreement”), the Controlling Shareholder agrees that, during the service period, as described below, the Controlling Shareholder will provide us with various corporate support services, including but not limited to:

- administrative support;
- marketing and branding support;
- technology support; and
- provision of office space and facilities.

The Controlling Shareholder may also provide AMTD Digital with additional services that the parties may identify from time to time in the future.

The price to be paid for the services provided under the Digital Transitional Service Agreement is determined according to the terms of the agreement. The Digital Transitional Service Agreement provides that the performance of a service according to the agreement will not subject the provider of such service to any liability whatsoever except as directly caused by the gross negligence or willful misconduct of the service provider. Liability for gross negligence or willful misconduct is limited to the lower of the price paid for the particular service or the cost of the service’s recipient performing the service itself or hiring a third party to perform the service. Under the Digital Transitional Services Agreement, the service provider of each service is indemnified by the recipient against all third-party claims relating to provision of services or the recipient’s material breach of a third-party agreement, except where the claim is directly caused by the service provider’s gross negligence or willful misconduct.

The service period under the transitional services agreement commences on May 20, 2021 for a period of 18 months, and had been renew for an additional 18 months subsequently on November 20, 2022. AMTD Digital may terminate the transitional services agreement with respect to either all or part of the services by giving 30-day prior written notice to the Controlling Shareholder and paying a termination fee equal to the direct costs incurred by the Controlling Shareholder in connection with its provision of services at the time of the early termination. The Controlling Shareholder may terminate this agreement with respect to either all or part of the services by giving us a 30-day prior written notice if the Controlling Shareholder together with its subsidiaries ceases to own in aggregate at least 20% of the voting power of our then outstanding securities or ceases to be the largest beneficial owner of our then outstanding voting securities, without considering holdings of institutional investors that have acquired our securities in the ordinary course of their business and not with the purpose or the effect of changing or influencing control of AMTD Digital.

Digital Non-competition Agreement

The non-competition agreement between AMTD Digital and the Controlling Shareholder dated May 18, 2021 (the “Digital Non-Competition Agreement”) provides for a non-competition period beginning upon the completion of AMTD Digital’s initial public offering and ending on the later of (1) two years after the first date when the Controlling Shareholder together with its subsidiaries ceases to own in aggregate at least 20% of the voting power of AMTD Digital’s then outstanding securities and (2) the fifth anniversary of the completion of AMTD Digital’s initial public offering. The agreement can be terminated early by mutual written consent of the parties.

The Controlling Shareholder has agreed not to compete with AMTD Digital during the non-competition period in AMTD Digital’s digital financial services, SpiderNet ecosystem solutions, digital media, content, and marketing, except for owning non-controlling equity interest in any company competing with AMTD Digital. AMTD Digital has agreed not to compete with the Controlling Shareholder during the non-competition period in the businesses currently conducted by the Controlling Shareholder, except for owning non-controlling equity interest in any company competing with the Controlling Shareholder.

The Digital Non-Competition Agreement also provides for a mutual non-solicitation obligation that neither AMTD Digital nor the Controlling Shareholder may, during the non-competition period, hire, or solicit for hire, any active employees of, or individuals providing consulting services to the other party, or any former employees of, or individuals providing consulting services to the other party within six months of the termination of their employment or consulting services, without the other party's consent, except for solicitation activities through generalized non-targeted advertisement not directed to such employees or individuals that do not result in a hiring within the non-competition period.

Contractual Arrangements with respect to Airstar Bank

In October 2020, AMTD Digital entered into an agreement with our Controlling Shareholder, pursuant to which AMTD Digital agrees to provide SpiderNet ecosystem solutions services to support the management of its 10% investee company, Airstar Bank, for a fixed annual service fee of HK\$12.8 million. The fee was adjusted to HK\$20 million from October 1, 2022. In addition to the fixed annual service fee, AMTD Digital is entitled to receive 15% of all distributions, in any form, received by our Controlling Shareholder from Airstar Bank, including but not limited to cash or share dividends, regardless of whether on a regular or one-off basis. AMTD Digital is also entitled to receive 15% of any profit generated by our Controlling Shareholder from the disposal of any shares of Airstar Bank. However, AMTD Digital is not liable for any loss arising from the disposal of any shares of Airstar Bank by our Controlling Shareholder. This agreement with our Controlling Shareholder will remain effective until terminated by mutual agreement.

D. Property, Plants and Equipment

Our principal executive offices are located on leased premises comprising approximately 18,260 square feet in Hong Kong as of December 31, 2022. Our principal executive offices are leased by our Controlling Shareholder from independent third parties. Our Controlling Shareholder shared with us part of its office space and certain office infrastructure, who plans to renew the lease from time to time as needed.

We intend to add new premises or expand our existing premises as we add employees and expand our organization. We believe that suitable additional or alternative space will be available in the future on commercially reasonable terms to accommodate our foreseeable future expansion.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report on Form 20-F. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Item 3. Key Information—D. Risk Factors" or in other parts of this annual report.

A. Operating Results

In 2020, 2021, and 2022, we derived total revenue of HK\$1.1 billion, HK\$1.4 billion and HK\$1.4 billion (US\$175.8 million), respectively, and derived total comprehensive income of HK\$1.1 billion, HK\$1.2 billion and HK\$1.3 billion (US\$161.3 million), respectively.

Our business and results of operations are affected by a number of general factors affecting the financial services industry in Hong Kong, including the overall economic environment in Greater China, the conditions and trends

of capital markets, and government policies and initiatives affecting the financial services industry in Greater China. Unfavorable changes in any of these general conditions could adversely affect demand for our services and materially and adversely affect our results of operations. However, the Hong Kong and PRC governments' development plans and policies, including those relating to the development of the Greater Bay Area, are expected to boost the future development of the financial services industry in Hong Kong.

Major Factors Affecting Our Results of Operations

Revenue

Our revenue consists of (i) revenue from contracts with customers, (ii) dividend and gain related to disposed investment, and (iii) net fair value changes on financial assets at fair value through profit or loss, or FVTPL, and derivatives. The following table sets forth a breakdown of our revenue in absolute amount and as a percentage of total revenue for the periods presented.

	For the Year Ended December 31,					
	2020		2021		2022	
	HKS	%	HKS	%	HKS	US\$
	(in thousands, except for percentages)					
Revenue						
Revenue from contracts with customers	607,263	54.3	680,478	48.7	825,185	105,772
Dividend and gain related to disposed investments	171,027	15.3	173,823	12.4	223,343	28,628
Net fair value changes on financial assets at FVTPL, stock loan and derivatives	340,250	30.4	543,543	38.9	323,353	41,448
Total	1,118,540	100.0	1,397,844	100.0	1,371,881	175,848

Revenue from contracts with customers

The following table sets forth a breakdown of our revenue from contracts with customers in absolute amount and as a percentage of total revenue from contracts with customers for the periods presented.

	For the Year Ended December 31,					
	2020		2021		2022	
	HKS	%	HKS	%	HKS	US\$
	(in thousands, except for percentages)					
Revenue						
Capital market solutions income	607,263	100.0	680,478	100.0	581,933	74,592
Digital solutions and other services income	—	—	—	—	183,573	23,530
Fashion and luxury media advertising and marketing services income	—	—	—	—	59,679	7,650
Total	607,263	100.0	680,478	100.0	825,185	105,772

We derive revenue from contracts with customers from three business lines: capital market solutions service, digital solutions and other services, and fashion and luxury media advertising and marketing services. Capital market solutions services represent the primary source of our revenue from contracts with customers, which we earn primarily from (i) underwriting IPOs and bond offerings, (ii) financial advisory services in relation to equity or bond disposals, and (iii) asset management. We also derive service fees and commission income from providing digital solutions and insurance brokerage services. For fashion and luxury business, we earn revenue

primarily from (i) provision of advertising and marketing services, (ii) media licensing, and (iii) sale of magazines.

Dividend and gain related to disposed investment

We make equity investments with our own capital in companies of our strategic choice. Our dividend and gain related to disposed investment in 2020, 2021 and 2022 consisted of various strategic and financial investments.

Net fair value changes on investments and derivatives

We record net fair value changes on financial assets at fair value through profit or loss and derivative investments with respect to our strategic investments, which primarily include equity investments in both public and private companies. For a discussion of fair value measurement of our financial assets, see “Item 5. Operating And Financial Review And Prospects—A. Operating Results—Critical Accounting Estimates—Fair value of unlisted equity investments and derivatives financial assets.”

Other income

Other income consists of (i) bank interest income, (ii) interest income derived from loan notes from independent third parties and stock lending agreement, (iii) interest income from Controlling shareholder, (iv) government grant, and (v) other non-recurring miscellaneous income.

Other operating expenses

Our other operating expenses consist of (i) advertising and marketing service fees and brand promotional expenses, (ii) premises costs and office utilities, (iii) traveling and business development expenses, (iv) commissions paid to asset management sales personnel and bank charges, (v) administrative service fee, management and investment and advisory fees, and office and maintenance expenses, (vi) professional and consulting fees for business development, (vii) staff recruitment expenses, and (viii) other miscellaneous expenses.

The following table sets forth a breakdown of our operating expenses in absolute amount and as a percentage of total operating expenses for the periods presented.

	For the Year Ended December 31,						
	2020		2021		2022		
	HK\$	%	HK\$	%	HK\$	US\$	
	(in thousands, except for percentages)						
Other Operating Expenses							
Advertising and marketing service fees and brand promotional expenses	5,697	5.5	598	0.7	20,004	2,564	11.2
Premises costs and office utilities	20,846	20.1	22,048	26.3	22,238	2,851	12.5
Traveling and business development expenses	5,636	5.4	3,747	4.5	7,762	995	4.3
Commissions and bank charges	1,957	1.9	1,308	1.6	1,309	168	0.7
Administrative service fee, management and investment advisory fees and office and maintenance expenses	24,505	23.6	24,385	29.1	29,823	3,823	16.7
Legal and professional fees	36,315	35.0	24,663	29.4	73,729	9,451	41.3
Staff recruitment expenses	1,224	1.2	2,322	2.8	4,230	542	2.4
Others	7,543	7.3	4,723	5.6	19,477	2,497	10.9
Total	103,723	100.0	83,794	100.0	178,572	22,891	100.0

Staff costs

Staff costs consist of employee salaries, bonuses, staff welfare, and pension scheme contributions. The following table sets forth a breakdown of our staff costs for the periods presented.

	For the Year Ended December 31,			
	2020	2021	2022	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Staff Costs				
Salaries, bonuses and staff welfare	93,661	94,776	121,315	15,550
Pension scheme contributions (defined contribution schemes)	749	810	7,942	1,018
Total	94,410	95,586	129,257	16,568

Finance costs

Finance costs represent our interest expenses on our convertible bond and bank borrowings.

Seasonality

Our results of operations are subject to fluctuations due to the nature of capital market solutions, digital solutions and other services, and fashion and luxury media advertising and marketing services businesses. Seasonality of our business was not apparent historically.

Taxation

We had income tax credit of HK\$137.5 million, income tax expense of HK\$109.3 million, and income tax expense of HK\$105.0 million (US\$13.5 million) for the years ended December 31, 2020, 2021, and 2022, respectively. The following summarizes our applicable tax rates in the Cayman Islands and Hong Kong.

Cayman Islands

The Cayman Islands currently levies no taxes on individuals or corporations outside of the Cayman Islands based upon profits, income, gains, or appreciation. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties, which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

Hong Kong

Our Hong Kong subsidiaries are subject to a 8.25% Hong Kong profit tax on the first HK\$2,000,000 of the taxable income generated from operations in Hong Kong. Any taxable income above HK\$2,000,000 will be subject to a 16.5% Hong Kong profit tax. Under the Hong Kong tax laws, our Hong Kong subsidiaries are exempted from the Hong Kong income tax on our foreign-derived income. In addition, payments of dividends from our Hong Kong subsidiaries to us are not subject to any Hong Kong withholding tax.

For more information on tax regulations, see “Item 10. Additional Information—E. Taxation.”

Critical Accounting Estimates

The Critical Accounting Estimates are consistent with the disclosure presented in the consolidated financial statements for the years ended December 31, 2020, 2021 and 2022.

Inflation

To date, inflation in Hong Kong has not materially affected our results of operations. According to the Census and Statistics Department of Hong Kong, the year-over-year percent changes in the consumer price index for December 2020, 2021, and 2022 were increases of 0.3%, 2.4%, and 2.0%, respectively. Although we have not been materially affected by inflation in the past, we may be affected if Hong Kong experiences higher rates of inflation in the future.

Results of Operations

	For the Year Ended December 31,						
	2020		2021		2022		
	HKS	%	HKS	%	HKS	US\$	%
	(in thousands, except for percentages)						
Revenue							
Capital market solutions income	607,263	54.3	680,478	48.7	581,933	74,592	42.4
Digital solutions and other services income	—	—	—	—	183,573	23,530	13.4
Fashion and luxury media advertising and marketing services	—	—	—	—	59,679	7,650	4.3
Dividend and gain related to disposed investments	171,027	15.3	173,823	12.4	223,343	28,628	16.3
Sub-total	778,290	69.6	854,301	61.1	1,048,528	134,400	76.4
Net fair value changes on investments, stock loan and derivatives	340,250	30.4	543,543	38.9	323,353	41,448	23.6
Total revenue	1,118,540	100.0	1,397,844	100.0	1,371,881	175,848	100.0
Other income	111,867	10.0	125,538	9.0	141,462	18,133	10.3
Other gain	—	—	—	—	153,488	19,674	11.2
Impairment loss under expected credit loss made on financial assets	(17,109)	(1.5)	—	—	(3,920)	(502)	(0.3)
Other operating expenses	(103,723)	(9.3)	(83,794)	(6.0)	(178,573)	(22,890)	(13.0)
Staff costs	(94,410)	(8.5)	(95,586)	(6.8)	(129,257)	(16,568)	(9.4)
Finance costs	(21,510)	(1.9)	(12,826)	(0.9)	(6,729)	(862)	(0.5)
Net fair value changes on derivative financial liability	7,765	0.7	—	—	13,347	1,711	1.0
Profit before tax	1,001,420	89.5	1,331,176	95.3	1,361,699	174,544	99.3
Income tax (expense)/credit	137,541	12.3	(109,295)	(7.8)	(104,984)	(13,457)	(7.7)
Profit for the year	1,138,961	101.8	1,221,881	87.5	1,256,715	161,087	91.6

Segment Information

We report our results of operations in four reportable segments: capital market solutions, digital solutions and other services, fashion and luxury media advertising and marketing services, and strategic investment, which correspond to our business lines. The following table sets forth certain financial information of our reportable segments for the periods presented.

	For the Year Ended December 31,			
	2020	2021	2022	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Capital market solutions				
Segment revenue	607,263	680,478	581,933	74,592
Segment results ⁽¹⁾	565,271	658,504	564,983	72,420
Digital solutions and other services				
Segment revenue	—	—	183,573	23,530
Segment results ⁽¹⁾	—	—	166,805	21,381
Fashion and luxury media advertising and marketing services				
Segment revenue	—	—	59,679	7,650
Segment results ⁽¹⁾	—	—	21,338	2,735
Strategic Investment				
Segment revenue	511,277	717,367	546,696	70,076
Segment results ⁽¹⁾	511,277	717,367	546,696	70,076
Total segment results	1,076,548	1,375,871	1,299,822	166,612

Note:

- (1) The segment results represent segment revenue that excludes (i) corporate and other unallocated expenses, (ii) unallocated finance costs, (iii) unallocated net changes in fair value on derivative financial liability, (iv) unallocated other income, and (v) unallocated other gain.

We started to provide hotel operations and hospitality services through our subsidiary AMTD Assets in February 2023.

For reconciliation of segment revenue to consolidated revenue and reconciliation of segment results to consolidated profit before tax, see note 4 to our consolidated financial statements for the years ended December 31, 2020, 2021, and 2022.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Revenue from contracts with customers. Our revenue increased by 21.3% from HK\$680.5 million in 2021 to HK\$825.2 million (US\$105.8 million) in 2022, primarily due to a change in revenue mix resulting from our successful strategic business expansion. Our acquisitions of AMTD Digital and L'Officiel during the year have brought in new income sources, including revenue generated from digital solutions and other services of HK\$183.5 million (US\$23.5 million) and fashion and luxury media advertising and marketing services of HK\$59.7 million (US\$7.6 million).

Dividend and gain related to disposed investment. Our dividend and gain related to disposed investment increased by 28.5% from HK\$173.8 million in 2021 to HK\$223.3 million (US\$28.6 million) in 2022, primarily due to an increase in net gain from disposal of financial instruments.

Net fair value changes on investment and derivative. The net fair value gain amounted to HK\$323.4 million (US\$41.4 million) in 2022, representing a decrease of 40.5% as compared to 2021, primarily due to a decrease in the fair value of our investment portfolio of HK\$759.0 million (US\$97.3 million) partially offset by an increase in derivative financial assets of HK\$538.8 million (US\$69.1 million). The net fair value gain arising from investments in equity securities of related parties were HK\$213.8 million (US\$27.4 million) and HK\$545.2 million for the years ended December 31, 2022 and 2021, respectively.

Other income

Our other income increased by 12.7% from HK\$125.5 million in 2021 to HK\$141.5 million (US\$18.1 million) in 2022, primarily attributable to additional interest income derived from loan notes due from independent third parties and stock lending agreement of an aggregate of HK\$51.3 million (US\$6.6 million), offset by a decrease in the net average outstanding balance due from our immediate holding company, which was interest-bearing.

Other gain

Our other gain was nil in 2021 and HK\$153.5 million (US\$19.7 million) in 2022. Our other gain in 2022 was attributable to the gain arising from a bargain purchase of HK\$38.0 million (US\$4.9 million) and disposal of subsidiaries of HK\$115.5 million (US\$14.8 million).

Other operating expenses

Our other operating expenses increased by 113.1% from HK\$83.8 million in 2021 to HK\$178.6 million (US\$22.9 million) in 2022, primarily due to (i) an increase in professional and consulting fee of HK\$49.1 million (US\$6.3 million), (ii) an increase of an aggregate of HK\$23.4 million (US\$3.0 million) in advertising and marketing services fee and brand promotional expenses as well as traveling and business development expenses and (iii) an increase in amortization of HK\$5.7 million (US\$0.7 million), as a result of acquisition of AMTD Digital and L'Officiel during the year.

Staff costs

Our staff costs increased by 35.2% from HK\$95.6 million in 2021 to HK\$129.3 million (US\$16.6 million) in 2022, primarily due to the acquisitions of AMTD Digital and L'Officiel during the year.

Finance costs

Our finance costs decreased by 47.5% from HK\$12.8 million in 2021 to HK\$6.7 million (US\$0.9 million) in 2022, primarily due to the repayment of bank borrowings.

Income tax expense

Income tax expense remained stable amounting to HK\$109.3 million in 2021 and HK\$105.0 million (US\$13.5 million) in 2022.

Profit for the year

As a result of the foregoing, our profit increased by 2.9% from HK\$1,221.9 million in 2021 to HK\$1,256.7 million (US\$ 161.1 million) in 2022.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenue

Fee and commission income. Our fee and commission income increased by 12.1% from HK\$607.3 million in 2020 to HK\$680.5 million in 2021, primarily due to the combination effect of an increase in financial advisory

fee mainly arising from our successful branching out to secondary markets as well as the maintenance of our core strengths to capture opportunities in the primary markets, offsetting with a decrease in management fee and performance-based incentive fee resulting from the expiration of existing management agreement and our offering of more competitive fee rates in the middle of difficult market condition, globally.

Dividend and gain related to disposed investments. Our dividend and gain related to disposed investment increased by 1.6% from HK\$171.0 million in 2020 to HK\$173.8 million in 2021, primarily due to an increase in net gain from disposal of financial instruments.

Net fair value changes on investments, stock loan and derivatives. The net fair value gain amounted to HK\$543.5 million in 2021, representing an increase of 59.7% as compared to 2020, primarily due to an increase in the fair value of our investment portfolio partially offset by a reduction in derivative financial assets. The net fair value gain arising from investments in equity securities of related parties were HK\$545.2 million and HK\$336.4 million for the years ended December 31, 2021 and 2020, respectively.

Other income

Our other income increased by 12.2% from HK\$111.9 million in 2020 to HK\$125.5 million in 2021, primarily attributable to an increase in the net average outstanding balance due from our immediate holding company, which was interest bearing.

Other operating expenses

Our other operating expenses decreased by 19.2% from HK\$103.7 million in 2020 to HK\$83.8 million in 2021, primarily due to (i) a decrease in professional and consulting fees of HK\$11.7 million, and (ii) a decrease of an aggregate of HK\$7.0 million in marketing and brand promotion expenses as well as traveling and business development expenses as a result of the persisting pandemic situation.

Staff costs

Our staff costs remained stable from HK\$94.4 million in 2020 to HK\$95.6 million in 2021.

Finance costs

Our finance costs decreased by 40.4% from HK\$21.5 million in 2020 to HK\$12.8 million in 2021, primarily due to the active liability management effected to proactively reduce the gearing ahead of maturities to continuously improve our financial metrics.

Income tax (expense)/credit

Income tax credit of HK\$137.5 million and income tax expense of HK\$109.3 million were recorded for 2020 and 2021, respectively. The change was primarily due to a reversal of deferred tax liability of HK\$242.9 million provided on fair value changes of certain investments in prior period, which were considered to be capital gains in nature and therefore not subject to profits tax.

Profit for the year

As a result of the foregoing, our profit increased by 7.3% from HK\$1,139.0 million in 2020 to HK\$1,221.9 million in 2021.

Selected Items on the Consolidated Statements of Financial Position

The following table sets forth certain selected consolidated statements of financial position data as of the dates indicated:

	As of December 31,			
	2020	2021	2022	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Selected Consolidated Statements of Financial Position Data				
Assets:				
Accounts receivable	77,350	86,515	187,674	24,055
Due from immediate holding company	6,477,266	2,144,975	2,239,359	287,042
Financial assets at fair value through profit or loss—current	62,520	—	—	—
Financial assets at fair value through profit or loss—non-current	2,193,820	2,786,027	1,523,195	195,244
Derivative financial asset	1,023,903	969,895	1,443,134	184,982
Total assets	10,526,291	6,686,838	8,271,292	1,060,218
Liabilities and Equity:				
Accounts payable	201,986	155,021	82,315	10,551
Bank borrowings—current	232,280	388,871	156,910	20,113
Bank borrowings—non-current	—	—	3,569	457
Total liabilities	802,115	897,965	454,664	58,279
Perpetual securities	1,834,685	1,771,043	1,770,394	226,930
Total equity	9,724,176	5,788,873	7,816,628	1,001,939
Total liabilities and equity	10,526,291	6,686,838	8,271,292	1,060,218

Accounts receivable

Our accounts receivable consists of (i) receivable from capital market solutions services, (ii) commission receivable from insurance brokerage, (iii) receivable from digital solutions and other services, and (iv) receivable from fashion and luxury media advertising and marketing services. The following table sets forth a breakdown of our accounts receivable as of the dates indicated.

	As of December 31,			
	2020	2021	2022	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Accounts receivable:				
Receivable from capital market solutions services	77,350	86,515	81,615	10,461
Commission receivable from insurance brokerage	—	—	2,718	348
Receivable arising from digital solutions and other services	—	—	81,844	10,491
Receivable from fashion and luxury media advertising and marketing services	—	—	21,497	2,755
Total	77,350	86,515	187,674	24,055

Our accounts receivable increased by 116.9% from HK\$86.5 million as of December 31, 2021 to HK\$187.7 million (US\$24.1 million) as of December 31, 2022, primarily due to an increase in receivable from two new revenue streams through acquisition of AMTD Digital and L'Officiel, including receivable from digital

solutions and other services of HK\$81.8 million (US\$10.5 million) and receivable from fashion and luxury media advertising and marketing services of US\$21.5 million (US\$2.8 million).

Our accounts receivable increased by 11.8% from HK\$77.4 million as of December 31, 2020 to HK\$86.5 million as of December 31, 2021, primarily due to an increase in receivable from new businesses generated in capital market solutions services.

The settlement terms of our accounts receivable varied depending on the type of accounts receivable. The normal settlement terms of receivable from our capital market solutions services are specific terms mutually agreed between the contracting parties and receivables are non-interest bearing. Commission receivable arising from insurance brokerage business has a credit period of up to 15 days and accounts receivable from digital solutions and other services business and fashion and luxury media advertising and marketing services business have a credit period of up to 90 days.

The following table sets forth an aging analysis of accounts receivable as of the dates indicated, based on the invoice date, net of loss allowance.

	As of December 31,			
	2020	2021	2022	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Not yet due	67,241	74,048	177,754	22,784
Past due				
– Within 1 month	7,797	54	7,271	932
– 1 to 3 months	221	5,166	1,545	198
– Over 3 months	2,091	7,247	1,104	141
Total	77,350	86,515	187,674	24,055

Our accounts receivable not yet past due increased by 140.1% from HK\$74.0 million as of December 31, 2021 to HK\$177.8 million (US\$22.8 million) as of December 31, 2022, primarily attributable to receivables arising from acquisition of AMTD Digital and L'Officiel, which also lead to an increase in accounts receivable past due within 1 month. The decreases in accounts receivable past due for 1 to 3 months and over 3 months were primarily due to disposal of subsidiaries during the year.

Our accounts receivable not yet past due increased by 10.1% from HK\$67.2 million as of December 31, 2020 to HK\$74.0 million as of December 31, 2021, primarily attributable to capital market solutions services completed close to the year end. The decrease in accounts receivable past due within 1 month was primarily due to settlement of clients' receivables of HK\$7.7 million in 2021. The increases in accounts receivable past due 1 to 3 months, and over 3 months were primarily due to increase in outstanding balances from certain asset management clients and capital market solutions services of HK\$8.9 million as of December 31, 2021.

Due from immediate holding company

Balances with immediate holding company were primarily attributable to inter-company fund transfers carried out among the entities within AMTD Group as part of the central treasury function. On August 5, 2019 and July 15, 2022, we entered into an intercompany financing agreement with our immediate holding company. Any intercompany receivables and payables balances with the immediate holding company and other subsidiaries of AMTD Group would be settled on a net basis and the net balance bears an interest at 2% per annum. Our treasury function was conducted centrally under AMTD Group.

The amount of our due from immediate holding company increased from HK\$2.1 billion as of December 31, 2021 to HK\$2.2 billion (US\$0.3 billion) as of December 31, 2022, primarily due to the net effect of the

(i) acquisition of AMTD Digital and (ii) repurchase of shares from AMTD Group amounting to HK\$2.5 billion (US\$320.5 million).

The amount of our due from immediate holding company decreased from HK\$6.5 billion as of December 31, 2020 to HK\$2.1 billion as of December 31, 2021, primarily due to the net effect of the followings (i) the share repurchase transactions amounting to HK\$5.0 billion, (ii) the purchase transactions of financial assets at fair value through profit or loss amounting to HK\$174.7 million, (iii) interest income amounting to HK\$116.0 million, (iv) advances to immediate holding company amounting to HK\$348.7 million, and (v) the disposal transaction of financial assets at fair value through profit or loss amounting to HK\$377.7 million.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss primarily consist of (i) listed equity shares at quoted prices, (ii) unlisted equity shares, and (iii) movie income right investments, all of which are related to our strategic investment business.

Our financial assets at fair value through profit or loss decreased from HK\$2.8 billion as of December 31, 2021 to HK\$1.5 billion (US\$0.2 billion) as of December 31, 2022, primarily attributable to (i) the derecognition of investment in AMTD Digital as financial assets at FVTPL upon our acquisition of HK\$1.3 billion (US\$166.7 million), (ii) additional investments of HK\$399.7 million (US\$51.2 million) made in 2022, (iii) disposal of investments of HK\$377.9 million (US\$48.4 million) in 2022, and (iv) a net depreciation in value of HK\$91.1 million (US\$11.7 million).

Our financial assets at fair value through profit or loss increased from HK\$2.3 billion as of December 31, 2020 to HK\$2.8 billion as of December 31, 2021, primarily attributable to (i) a net appreciation in value of HK\$0.6 billion, (ii) additional investments of HK\$0.2 billion made in 2021, and (iii) disposal of investments of HK\$0.3 billion in 2021.

Derivative financial asset

Our derivative financial asset mainly represented the derivative contracts of “Upside Participation and Profit Distribution Agreements” entered into with a counterparty in order to hedge against adverse movement in the share price of our investments in listed shares. The fair value of our derivative financial asset increased by 48.8% from HK\$969.9 million as of December 31, 2021 to HK\$1,443.1 million (US\$185.0 million) as of December 31, 2022, primarily due to price movement of the underlying listed shares.

Our derivative financial asset decreased by 5.3% from HK\$1,023.9 million as of December 31, 2020 to HK\$969.9 million as of December 31, 2021, primarily due to price movement of the underlying listed shares.

Accounts payable

Our accounts payable consists of (i) payables to suppliers of fashion and luxury media advertising and marketing services, (ii) clients' monies held on trust, and (iii) others. The following table sets forth a breakdown of our accounts payable as of the dates indicated.

	As of December 31,			
	2020	2021	2022	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Accounts payable:				
Payables to suppliers of fashion and luxury media advertising and marketing services	—	—	76,779	9,842
Clients' monies held on trust	200,536	146,284	—	—
Others	1,450	8,737	5,536	710
Total	201,986	155,021	82,315	10,552

Our accounts payable decreased by 46.9% from HK\$155.0 million as of December 31, 2021 to HK\$82.3 million (US\$10.6 million) as of December 31, 2022, primarily due to the decrease in clients' monies held on trust resulting from the disposal of subsidiaries of HK\$146.3 million (US\$18.8 million), offsetting with an increase in payables to suppliers of fashion and luxury media advertising and marketing services arising from the acquisition of L'Officiel.

Our accounts payable decreased by 23.3% from HK\$202.0 million as of December 31, 2020 to HK\$155.0 million as of December 31, 2021, primarily due to a decrease in the amount of clients' money held on trust.

Bank borrowings

Bank borrowings were unsecured and bore contractual interest rate of 6.3% per annum. Our total bank borrowing facilities was US\$20.1 million and Euro0.5 million (equivalent to HK\$160.6 million) as of December 31, 2022, of which HK\$160.5 million were utilized. Our total bank borrowing facilities was US\$50.0 million (equivalent to HK\$389.8 million) as of December 31, 2021, of which HK\$388.9 million were utilized.

Perpetual securities

As at December 31, 2021 and 2022, the total amount of active perpetual securities was US\$200 million and SG\$38.8 million.

B. Liquidity and Capital Resources

Our principal sources of liquidity to finance our operating and investing activities have been issuances of equity and equity-linked securities in our initial public offering and private placements, perpetual securities and bank borrowings, as well as net cash provided by operating activities. As of December 31, 2022, we had HK\$1.1 billion (US\$138.2 million) in cash and cash equivalents. Our cash and cash equivalents primarily consist of cash on hand and general bank balances. We believe that our current cash and cash equivalents and our anticipated cash flows from operations will be sufficient to meet our anticipated working capital requirements, capital expenditures, and debt repayment obligations for at least the next 12 months. We may from time to time decide to enhance our liquidity position or increase our cash reserve for future operations and investments through additional financing. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increasing fixed obligations and could result in operating covenants that would restrict our operations.

In August 2019, we completed our initial public offering of 23,873,655 ADSs representing 23,873,655 Class A ordinary shares and received approximately US\$192.6 million in net proceeds. In December 2019, AMTD IDEA Group issued and sold (i) a total of 7,307,692 Class A ordinary shares and 4,526,627 Class B ordinary shares to Value Partners Greater China High Yield Income Fund, Ariana Capital Investment Limited, and Infinity Power Investments Limited, and (ii) the VP Note to Value Partners Greater China High Yield Income Fund, all in the form of private placement, and received approximately US\$115.0 million in net proceeds.

In May 2020, AMTD IDEA Group issued US\$200 million 7.25% senior perpetual securities and SG\$50 million 4.5% senior perpetual securities. In October 2021, we redeemed perpetual securities with a principal amount of approximately SG\$11.2 million (US\$8.3 million) as part of our active balance sheet management targeting for early repayment of outstanding exposures.

In September 2020, AMTD IDEA Group obtained a US\$30 million banking facility and have drawn down the loans. In December 2021, AMTD IDEA Group obtained an additional US\$20 million banking facility and have drawn down the loan.

In January and April 2022, AMTD IDEA Group issued an aggregate of 8,411,214 Class A ordinary shares and 3,271,028 Class B ordinary shares through a private placement of US\$50 million to a number of reputable professional investors.

In April 2022, AMTD IDEA Group entered into a share purchase agreement with GEM Global Yield LLC SCS and GEM Yield Bahamas Limited and we are entitled to draw down up to an aggregate limit of US\$50 million in exchange for our Class A ordinary shares, for a period of 72 consecutive months.

In April 2023, AMTD IDEA Group issued an aggregate of 45,000,000 ADSs, representing 90,000,000 Class A ordinary shares, to certain selected investors for a total consideration of US\$93.6 million.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	For the Year Ended December 31,			
	2020	2021	2022	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Summary Consolidated Cash Flow Data				
Net cash generated from operating activities	1,993,977	434,760	209,224	26,818
Net cash used in investing activities	(3,581,341)	(358,669)	(576,647)	(73,915)
Net cash (used in)/generated from financing activities	1,274,407	(6,660)	917,315	117,582
Net increase/(decrease) in cash and cash equivalents	(312,957)	69,431	549,892	70,485
Cash and cash equivalents at the beginning of year	766,431	453,967	526,206	67,449
Effect of foreign exchange rate change, net	493	2,808	2,314	297
Cash and cash equivalents at the end of year	453,967	526,206	1,078,412	138,231

Operating Activities

Net cash generated from operating activities in 2022 was HK\$209.2 million (US\$26.8 million), which consists of our profit before tax of HK\$1,361.7 million (US\$174.5 million) as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items primarily included HK\$509.8 million (US\$65.4 million) of net fair value gain and disposal gain on financial assets at fair value through profit or loss,

stock loan and derivative financial asset in connection with our strategic investment business, HK\$38.0 million (US\$4.9 million) of gain from a bargain purchase, and HK\$115.5 million (US\$14.8 million) of gain from disposal of subsidiaries, partially offset by HK\$6.7 million (US\$0.9 million) of finance costs relating to our bank borrowings and convertible bond. The principal items accounting for the changes in operating assets and liabilities were (i) HK\$227.9 (US\$29.2 million) of increase in accounts receivable, (ii) HK\$89.1 million (US\$11.4 million) of decrease in other payables and accruals, partially offset by (iii) HK\$60.3 million (US\$7.7 million) of changes in accounts payable and other assets, and (iv) HK\$89.6 million (US\$11.5 million) of decrease in prepayments, deposits and other receivables.

Net cash generated from operating activities in 2021 was HK\$434.8 million, which consists of our profit before tax of HK\$1,331.2 million as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items primarily included HK\$668.7 million of fair value gain and disposal gain on financial assets at fair value through profit or loss, stock loan and derivative financial asset in connection with our strategic investment business, partially offset by HK\$12.8 million of finance costs relating to our bank borrowings and convertible bond. The principal items accounting for the changes in operating assets and liabilities were (i) HK\$9.2 million of increase in accounts receivable, and (ii) HK\$21.9 million of changes in accounts and other payables and other assets.

Net cash generated from operating activities in 2020 was HK\$1,994.0 million, which consists of our profit before tax of HK\$1,001.4 million as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items primarily included HK\$423.2 million of fair value gain and disposal gain on financial assets at fair value through profit or loss, stock loan and derivative financial asset in connection with our strategic investment business, partially offset by HK\$21.5 million of finance costs relating to our margin loans payable, bank borrowings and convertible bond. The principal items accounting for the changes in operating assets and liabilities were (i) HK\$251.9 million of decrease in accounts receivable, mainly relating to the collection from brokers and clearing house, partially offset by HK\$291.6 million of decrease in accounts and other payables and accruals.

Investing Activities

Net cash used in investing activities in 2022 was HK\$576.6 million (US\$73.9 million), which was attributable to (i) a net increase in advance to immediate holding company of HK\$535.9 million (US\$68.7 million) for group treasury management purpose, (ii) payments for acquisitions of financial assets of HK\$37.5 million (US\$4.8 million), and (iii) a net outflow of HK\$3.3 million (US\$0.4 million) arising from disposals of financial assets and subsidiaries, acquisitions of subsidiaries, and return from investments.

Net cash used in investing activities in 2021 was HK\$358.7 million, which was mainly attributable to (i) a net increase in advance to immediate holding company for group treasury management purpose, and (ii) a result of net settlement of investment disposal proceeds collected by the immediate holding company on behalf of the Company, and consideration payable to the immediate holding company to repurchase treasury shares.

Net cash used in investing activities in 2020 was HK\$3.6 billion, which was attributable to an increase in advance to immediate holding company for group treasury management purpose.

Financing Activities

Net cash generated from financing activities in 2022 was HK\$917.3 million (US\$117.6 million), which was mainly due to net proceeds from the listing of AMTD Digital.

Net cash used in financing activities in 2021 was HK\$6.7 million, which was mainly due to repayment of redemption and distribution to holders of perpetual securities and offset by net proceeds from our bank borrowings.

Net cash generated in financing activities in 2020 was HK\$1.3 billion, which was mainly due to net proceeds from our perpetual securities issued and bank borrowings and offset by repayment of margin loans and distribution to holders of perpetual securities.

Capital Expenditures

Our capital expenditures were insignificant in 2021 and 2022. In these periods, our capital expenditures were primarily used for purchases of office equipment. We will continue to make capital expenditures to meet the expected growth of our business. We intend to fund our future capital expenditures with our existing cash balance and proceeds from our financing activities.

Holding Company Structure

AMTD IDEA Group is a holding company with no material operations of its own. We conduct our operations primarily through our subsidiaries in Hong Kong, Singapore, United State of America, France and Italy. As a result, AMTD IDEA Group's ability to pay dividends depends upon dividends paid by our Hong Kong subsidiaries. If our existing Hong Kong subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to AMTD IDEA Group.

C. Research and Development, Patents and Licenses, etc.

Intellectual Property

As of the date of this annual report, we own numerous registered trademarks on a worldwide basis including trademarks with the word "L'Officiel". We are also licensed by our Controlling Shareholder to use certain trademarks which included the word "AMTD" or logo of "AMTD" or combination of word and logo. We maintain various registered domain names, including amtdinc.com.

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2022 to December 31, 2022 that are reasonably likely to have a material adverse effect on our total revenues, profitability, liquidity, or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity, or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging, or product development services with us.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2022.

	<u>Total</u>	<u>Less Than 1 Year</u>	<u>1-3 Years (HK\$ in millions)</u>	<u>3-5 Years</u>	<u>More Than 5 Years</u>
Bank borrowings, with principal and interest	162,248	158,633	3,615	—	—
Total	<u>162,248</u>	<u>158,633</u>	<u>3,615</u>	<u>—</u>	<u>—</u>

In December 2019, we issued the VP Note in an aggregate principal amount of US\$15 million, which may be converted at any time after six months following the date of issuance and prior to the close of business on the second business day immediately preceding the maturity date of June 2023 based on an initial conversion rate of 99.44 ADSs per US\$1,000 principal amount of notes, provided, however, that the holder can only exercise such right to convert no more than twice. The conversion rate is subject to adjustment upon the occurrence of certain events. The VP Note bears interest at a rate of 2.00% per year, and was converted into ordinary shares in early 2022.

In March 2020, AMTD IDEA Group listed the MTN Program by way of debt issuance to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on SEHK and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) on the SEHK. Under the MTN Program, AMTD IDEA Group may from time to time issue medium term notes or perpetual securities up to an aggregate amount of US\$1.0 billion. We intend to use the net proceeds from the issuances of debt securities under the MTN Program for long-term development needs, international expansion, and general corporate purposes. In April 2020, AMTD IDEA Group dual-listed the MTN Program on the SGX-ST. Later in the same month, we extended an invitation to holders of the Existing Securities to offer exchange any and all of their outstanding Existing Securities for New Securities to be issued by AMTD IDEA Group under the MTN Program. The amount of New Securities to be delivered in exchange for a principal amount of the Existing Securities offered and accepted for exchange shall be the product of (i) such principal amount of Existing Securities and (ii) the relevant exchange ratio pursuant to the exchange instruction, subject to a minimum offer amount of US\$200,000. The Exchange Offer expired on May 6, 2020. In May 2020, AMTD IDEA Group issued US\$200 million 7.25% senior perpetual securities and SG\$50 million 4.5% senior perpetual securities. In September 2020 and December 2021, we obtained a US\$30 million and a US\$20 million banking facility, respectively, and have drawn down the loans. In February 2023, AMTD Digital was granted a banking facility amounting to US\$15 million from an international financial institution.

While the table above indicates our contractual obligations as of December 31, 2022, the actual amounts we are eventually required to pay may be different in the event that any agreements are renegotiated, canceled, or terminated.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

<u>Directors and Executive Officers</u>	<u>Age</u>	<u>Position/Title</u>
Dr. Feridun Hamdullahpur ⁽¹⁾⁽²⁾⁽³⁾	68	Chairman of the Board of Directors, Chairman of Executive Management Committee, and Independent Director
Dr. Timothy Tong ⁽¹⁾⁽²⁾⁽³⁾	69	Independent Director
Dr. Annie Koh ⁽¹⁾⁽³⁾	69	Independent Director
Marcellus Wong ⁽²⁾	69	Director
Raymond Yung	62	Director
William Fung	42	Chief Executive Officer
Xavier Ho Sum Zee	48	Chief Financial Officer
Jason Man Chun Chiu	38	Co-Chief Financial Officer
Bert Chun Lung Tsang	36	Chief Accounting Officer

Notes:

- (1) Member of our audit committee.
- (2) Member of our compensation committee.
- (3) Member of our nominating and corporate governance committee.

Pursuant to the currently effective articles of association of our company, our board of directors consists of five directors. There are no arrangement or understanding with our shareholders or other third parties with respect to the election of a director or a member of senior management. There are no family relationships among any of the directors or executive officers of our company.

Biographical Information

Dr. Feridun Hamdullahpur is chairman of our board of directors, chairman of our Executive Management Committee, and an independent director. Dr. Hamdullahpur has served as a director of our Controlling Shareholder since January 2019. Dr. Hamdullahpur also served as an independent director of AMTD Digital since August 2022. Dr. Hamdullahpur has served as the sixth president and vice-chancellor of the University of Waterloo since 2010. Prior to that, he served as a vice-president academic and provost at the University of Waterloo from September 2009 to September 2010. Dr. Hamdullahpur has served as a member of the strategic advisory board of Sorbonne University since 2014, and member of the international advisory board of King Abdulaziz University since 2017. He has served as chair of the Waterloo Global Science Initiative since 2016. In 2022, Dr. Hamdullahpur was named as a member of the Order of Canada. In 2015, Dr. Hamdullahpur was appointed chair of the Leadership Council for Digital Infrastructure in Canada. Dr. Hamdullahpur was named a fellow of the Canadian Academy of Engineering in July 2014. Dr. Hamdullahpur was awarded the Queen Elizabeth II Diamond Jubilee Medal in January 2013 in acknowledgement of his leadership in education and innovation. Dr. Hamdullahpur graduated from the Technical University of Istanbul with a bachelor's degree in mechanical engineering in 1976 and a master's degree in mechanical engineering from Technical University of Istanbul in 1979. Dr. Hamdullahpur received his Ph.D. in chemical engineer from the Technical University of Nova Scotia in 1985.

Dr. Timothy Wai Cheung Tong is our independent director, as well as the chairman of the board of AMTD Digital, and has been instrumental in the establishment of our various initiatives with academic institutions and other industry association types to enhance and step up our contributions and support to talents out of the AMTD SpiderNet ecosystem, such as the formation of AMTD FinTech Centre of PolyU Faculty of Business as one of the rare institutions across Asia to be able to award doctoral degree in FinTech. Dr. Tong was appointed as our independent director in February 2022. Dr. Tong is also the chairman and independent director of AMTD Digital Inc. Dr. Tong is the chief executive officer of AMTD Charity Foundation, and chairman of the Hong Kong Laureate Forum, which is an organization formed by distinguished personalities and academics of Hong Kong. The mission is to connect the current and next generations of leaders in scientific pursuit, and to promote understanding and interests of the young generation in Hong Kong and around the world in various disciplines in science and technology. Dr. Tong is an internationally renowned educator and expert in heat transfer. He served as the President of The Hong Kong Polytechnic University from January 2009 to December 2018. He is also the former dean of the school of engineering and applied science at The George Washington University, the former chairman of the steering committee of the Pilot Green Transport Fund of the Environmental Protection Department, a fellow of the American Society of Mechanical Engineers, and a fellow and former president of the Hong Kong Academy of Engineering Sciences. Dr. Tong currently serves as an independent non-executive director of Airstar Bank Limited, an independent non-executive director of Xiaomi Corporation (SEHK: 1810); an independent non-executive director of Gold Peak Technology Group Limited (SEHK: 40); a non-executive director of Freetech Road Recycling Technology (Holdings) Limited (SEHK: 6888); and an independent non-executive director of Gold Peak Industries Limited (SGX: G20). Dr. Tong has been a Justice of the Peace in Hong Kong since July 2010. Dr. Tong received a Ph.D. degree in mechanical engineering from the University of California at Berkeley in December 1980. Dr. Tong received a master of science degree in engineering from University of California Berkeley in June 1978 and a bachelor degree of science in mechanical engineering from Oregon State University in June 1976.

Dr. Annie Koh has served as our independent director since June 2020. Dr. Koh is a renowned conference speaker, panel moderator, and commentator. Dr. Koh chairs the Asian Bond Fund 2 supervisory committee for the Monetary Authority of Singapore and is a committee member of Singapore's Customs Advisory Council and HR Industry Transformation Advisory Panel. Dr. Koh has recently been appointed board member of Singapore

Food Agency with effect from April 1st 2023. Dr. Koh is currently Chairman of Prime US REIT and an independent director of Prudential Assurance Company Singapore Pte Ltd, Yoma Strategic Holdings Ltd and EtonHouse Community Fund (Charity). Dr. Koh previously served on GovTech, Singapore's CPF, HMI, K1 Ventures boards, and was a member of the World Economic Forum Global Future Council from 2019 – 2022. Dr. Koh also advises privately owned enterprises such as Flexxon Pte Ltd., PBA Group and TOP International, and startups such as Dedoco, Hyperscal Solutions Pte Ltd, Pyxis Maritime Pte Ltd, RABC Holdings Pte Ltd and non-profits such as Blockchain Association of Singapore and Cyber Youth Singapore. Dr. Koh has been an investment committee member of iGlobe Partners since July 2010, advisor to CUBE3 Ventures since October 2021, and Asia Food Sustainability Fund since February 2022. Previously held leadership positions at SMU include Vice President for Business Development; V3 Group Professor of Family Entrepreneurship; Academic Director of Business Families Institute and International Trading Institute; Associate Dean, Lee Kong Chian School of Business; and Dean, Office of Executive and Professional Education. Dr. Koh received her Ph.D. degree in International Finance as a Fulbright scholar from Stern School of Business, New York University in 1988. Dr. Koh's research interests are in Family Office and Family Business, Investor Behaviour, Alternative Investments and Enterprise Risk Management. Dr. Koh co-authored *Financial Management: Theory and Practice*, 2nd edition (2021), and *Financing Internationalisation – Growth Strategies for Successful Companies* (2004), co-editor of *Asian Family Business: Succession, Governance and Innovation* (2020), and author of a number of Asian family business cases and survey reports. In recognition of her contribution to education and the public sector, Dr. Koh was awarded the bronze and silver Singapore Public Administration medal in 2010 and 2016 respectively, and the Adult Education Prism Award in 2017.

Marcellus Wong is our director and has over 40 years of experience in accounting and taxation. Mr. Wong was chairman of our executive management committee before he stepped from the position in November 2021. Since then, Mr. Wong has been a non-executive officer of ours. Mr. Wong has been serving as the vice chairman of the board of directors of our Controlling Shareholder since October 2015. Mr. Wong served in a number of other positions including, from June 2015 to June 2021, independent non-executive director of SEHK-listed Xinte Energy Co., Ltd. (SEHK: 1799); from July 2012 to June 2017, senior advisor of PricewaterhouseCoopers; and, from November 2001 to October 2021, a member of the Joint Liaison Committee on Taxation that advises the government of Hong Kong on tax issues. Mr. Wong has also served as a council member of the Taxation Institute of Hong Kong from 1995 to 2017, president from 1996 to 1999, and chairman of advisory board since 2017. He was the president of CPA Australia-Hong Kong China Division from 2004 to 2005 and has served as its honorary adviser of Greater China region since July 2014. Mr. Wong joined PricewaterhouseCoopers in February 1990 and, prior to his retirement in June 2012, served as a partner and compliance leader in Hong Kong and Mainland China as well as risk and quality leader for its tax practice in the Asia Pacific region. Mr. Wong graduated from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) with a higher diploma in accountancy in October 1977, and also obtained a degree through the external program from the University of London in the United Kingdom in August 1989. Mr. Wong was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants in December 1987, a fellow of CPA Australia in October 2001, and a fellow of the Taxation Institute of Hong Kong in March 2004.

Raymond Yung is our director, and has over 40 years of experience in advising financial institutions in Hong Kong and Mainland China. Mr. Yung sits on the board of Citibank (Hong Kong) Limited as an independent non-executive director. Mr. Yung has extensive experience in the operational, risk management, internal controls, and financial reform of many large-scale financial institutions. Mr. Yung headed PricewaterhouseCoopers's financial services practice in China for over ten years, and has been serving on PwC's China, Hong Kong and Singapore Firm's Board of Partners until his retirement in 2016. From September 1992 to June 2002, Mr. Yung led Arthur Andersen's financial services group in Hong Kong. Mr. Yung was the lead engagement partner for the restructuring and IPO of eleven licensed banks which were merged to form the BOC Hong Kong (Holdings) Limited in 2002. Between 1991 and 1992, Mr. Yung was appointed as a special advisor to the deputy chief executive of the Hong Kong Monetary Authority in relation to internal controls and accounting matters, and was subsequently appointed to serve on its banking advisory committee. Mr. Yung is a member of the Hong Kong Institute of Certified Public Accountants and a certified accountant registered with the

UK Chartered Association of Certified Accountants and CPA Australia. Mr. Yung graduated from The Hong Kong Polytechnic University with a higher diploma in accountancy in November 1980.

William Fung is our chief executive officer and group vice president of our Controlling Shareholder, and has over 16 years of experience in global capital markets including investing, syndicating, and executing global capital markets transactions; as well as managerial experience. Mr. Fung has served as the group vice president of our Controlling Shareholder since September 2019 and the managing director of the chief investment officer of our Controlling Shareholder since March 2016. From September 2009 to February 2016, Mr. Fung worked at UBS AG Hong Kong as an executive director. Prior to that, he worked at Nomura International (Hong Kong) Limited from September 2008 to September 2009. From January 2005 to September 2008, Mr. Fung worked at Lehman Brothers Asia Limited. Prior to that, Mr. Fung also practiced professional engineering in the United States. Mr. Fung received a bachelor of science degree in industrial engineering from Purdue University in May 2002 and a master of science degree in financial engineering from the University of Michigan in December 2004.

Xavier Ho Sum Zee is our chief financial officer and chief financial officer of our Controlling Shareholder. Mr. Zee joined our Controlling Shareholder in November 2020. Mr. Zee currently serves as a non-executive director of Airstar Bank Limited. Mr. Zee was admitted to the partnership of PricewaterhouseCoopers in July 2008, and has over 24 years of experience in providing assurance, business advisory, and capital market services to companies, especially in the financial service industry, in Mainland China and Hong Kong. Mr. Zee obtained his bachelor's degree in business administration with first class honors in The Chinese University of Hong Kong in December 1996. Mr. Zee is currently a member of Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants, and is a Chartered Global Management Accountant.

Jason Man Chun Chiu is our co-chief financial officer. Mr. Chiu is specialized in financial reporting with more than seven years of financial management experience in public companies and nine years of external auditing experience focusing on financial institutions including investment banks, securities brokerage companies and asset management companies. Mr. Chiu joined our Controlling Shareholder in January 2020 and was previously the finance director before being promoted to his current position as co-chief financial officer of our Company in April 2021. Prior to joining our Controlling Shareholder, Mr. Chiu worked as financial controller and company secretary for several listed companies in Hong Kong from July 2015 to January 2020. Mr. Chiu worked as an audit manager at Deloitte Touche Tohmatsu from September 2006 to July 2015. Mr. Chiu is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chiu received a bachelor's degree in economics and finance from the University of Hong Kong in 2006.

Bert Chun Lung Tsang is our chief accounting officer who is specialized in financial reporting with six years of external auditing experience in property agency, retailing, securities dealings, investment advisory, asset management and corporate finance industries. Mr. Tsang joined our Controlling Shareholder in July 2016 and was previously the assistant manager before being promoted to his current position as chief accounting officer of our Company in April 2021. Prior to joining our Controlling Shareholder, Mr. Tsang worked as an audit senior at RSM Hong Kong from November 2011 to July 2016. Mr. Tsang is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tsang received a bachelor's degree in business administration in accounting with first class honors from the City University of Hong Kong in July 2010.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with our senior executive officers. Pursuant to these agreements, we are entitled to terminate a senior executive officer's employment for cause at any time without remuneration for certain acts of the officer, such as being convicted of any criminal conduct, any act of gross or willful misconduct or any serious, willful, grossly negligent or persistent breach of any employment agreement provision, or engaging in any conduct which may make the continued employment of such officer detrimental to our company. Each executive officer agrees that we shall own all the intellectual property developed by such

officer during his or her employment. We also enter into standard confidentiality and non-compete agreements with our senior management in accordance with market practice.

We have entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify them against certain liabilities and expenses that they incur in connection with claims made by reason of their being a director or officer of our company.

B. Compensation

For the year ended December 31, 2022, we paid an aggregate of HK\$435.8 thousand (US\$55.9 thousand) in cash compensation (inclusive of directors' fees) to our directors. Directors are reimbursed for all expenses incurred in connection with each board of directors meeting and when carrying out their duties as directors of our company.

For the year ended December 31, 2022, we paid an aggregate of HK\$22.0 million (US\$2.8 million) in cash compensation to our executive officers, excluding compensation paid to the executive officers who also serve and receive compensation as our directors.

We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our Hong Kong subsidiaries are required by the Hong Kong Mandatory Provident Fund Schemes Ordinance to make monthly contributions to the mandatory provident fund scheme in an amount equal to at least 5% of an employee's salary subject to a cap of HK\$1,500 per month per employee.

Stock Incentive Plan

AMTD SpiderMan Share Incentive Plan

In June 2019, our board of directors approved the AMTD SpiderMan Share Incentive Plan, or the 2019 Plan, to attract and retain the best available personnel, provide additional incentives to employees, directors, and consultants, and promote the success of our business. The maximum aggregate number of ordinary shares that may be issued under the Plan is initially 20,000,000 and on January 1 of each year after the effective date of the 2019 Plan, will automatically increase to the number of shares that is equal to ten percent (10%) of the total issued and outstanding share capital of our company as of December 31 of the preceding year. In addition, on January 1 of each year after the effective date of the Plan, the aggregate number of shares that may be issued under the 2019 Plan will automatically increase by the number of shares representing 1.0% of the total issued and outstanding share capital of our company as of December 31 of the preceding year, or such less number as our board of directors may determine. As of the date of this annual report, no awards have been granted under the 2019 Plan.

The following paragraphs summarize the principal terms of the 2019 Plan.

Type of Awards. The 2019 Plan permits the awards of options, restricted share units, restricted shares, or other types of award approved by the plan administrator.

Plan Administration. Our board of directors or a committee appointed by the board of directors will administer the 2019 Plan. The plan administrator will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each grant.

Award Agreement. Awards granted under the 2019 Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to our directors, employees and consultants.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the relevant award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant. However, the maximum exercisable term is ten years from the date of grant.

Transfer Restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the 2019 Plan or the relevant award agreement or otherwise determined by the plan administrator, such as transfers by will or the laws of descent and distribution.

Termination and Amendment of the Plan. Unless terminated earlier, the 2019 Plan has a term of ten years from the date of effectiveness of the 2019 Plan. Our board of directors has the authority to terminate, amend, suspend or modify the 2019 Plan in accordance with our articles of association. However, without the prior written consent of the participant, no such action may adversely affect in any material way any award previously granted pursuant to the 2019 Plan.

C. Board Practices

Board of Directors

Our board of directors consists of five directors. A director is not required to hold any shares in our company to qualify to serve as a director. Subject to the NYSE rules and disqualification by the chairman of the board of directors, a director may vote with respect to any contract, proposed contract, or arrangement in which he or she is materially interested. A director may exercise all the powers of the company to borrow money, mortgage its business, property, and uncalled capital and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party.

Executive Management Committee of the Board of Directors

We have established an executive management committee under the board of directors as the core of our management decision hub and comprehensive and robust risk management system to conclude key management decisions, evaluate risks across our business lines, and ensure compliance with relevant laws and regulations.

Our executive management committee is responsible for (i) overseeing our operational and business activities, (ii) managing risks across all business units and mid-to-back office functions, and (iii) implementing and executing policies and strategies as determined by our board of directors. The executive management committee supervises our chief executive officer and the rest of the management team, and our chief executive officer regularly reports to the executive management committee as part of our overall corporate management and oversight.

Our executive management committee is chaired by Dr. Feridun Hamdullahpur. Members of our executive management committee will be appointed on a rotation basis by the chairperson of the executive management committee, among different members of the senior management team and/or invitation of external industry experts, depending on the specific agenda to be discussed and resolved by the executive management committee.

Other Committees of the Board of Directors

We have an audit committee, a compensation committee, and a nominating and corporate governance committee, under the board of directors. We have adopted a charter for each of these committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Dr. Feridun Hamdullahpur, Dr. Timothy Tong, and Dr. Annie Koh, and is chaired by Dr. Feridun Hamdullahpur. Dr. Feridun Hamdullahpur, Dr. Timothy Tong, and Dr. Annie Koh each satisfies the “independence” requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange and meet the independence standards under Rule 10A-3 under the Exchange Act. We have determined that Dr. Timothy Tong qualifies as an “audit committee financial expert.” The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be responsible for, among other things:

- selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management’s response;
- reviewing and approving all proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately and periodically with management and the independent registered public accounting firm; and reporting regularly to the board.

All decisions at any meeting of the audit committee are decided by a majority of votes of the members presents and voting and such decision at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration.

Compensation Committee. Our compensation committee consists of Dr. Timothy Tong, Mr. Marcellus Wong, and Dr. Feridun Hamdullahpur, and is chaired by Dr. Timothy Tong. Dr. Timothy Tong and Dr. Feridun Hamdullahpur each satisfies the “independence” requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The compensation committee will assist the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated upon. The compensation committee will be responsible for, among other things:

- reviewing the total compensation package for our executive officers and making recommendations to the board with respect to it;
- reviewing the compensation of our non-employee directors and making recommendations to the board with respect to it; and periodically reviewing and approving any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, and employee pension and welfare benefit plans.

All decisions at any meeting of the compensation committee are decided by a majority of votes of the members presents and voting and such decision at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Dr. Feridun Hamdullahpur, Dr. Timothy Tong, and Dr. Annie Koh, and is chaired by Dr. Feridun Hamdullahpur. Dr. Feridun Hamdullahpur, Dr. Timothy Tong, and Dr. Annie Koh each satisfies the “independence” requirements of Section 303A of the Corporate Governance Rules of the New York Stock

Exchange. The nominating and corporate governance committee will assist the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee will be responsible for, among other things:

- recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, age, skills, experience and availability of service to us;
- selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself;
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance; and
- undertaking generally such other functions and duties as may be required by law or the Listing Manual of the SGX-ST, and by amendments made thereto from time to time.
- All decisions at any meeting of the nominating and corporate governance committee are decided by a majority of votes of the members presents and voting and such decision at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration.

Duties of Directors

Under the laws of Cayman Islands, directors have a fiduciary duty to act honestly in good faith with a view to the company's best interests. Our directors also have a duty to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances that. A shareholder has the right to seek damages if a duty owed by the directors is breached. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Terms of Directors and Officers

Members of our executive management committee will be appointed on a rotation basis by the chairperson of the executive management committee or the chairman of the audit committee, among different members of the senior management team and/or invitation of external industry experts, depending on the specific agenda to be discussed and resolved by the executive management committee.

Our other officers are elected by and serve at the discretion of the board of directors. Our directors are not subject to a term of office and hold office until such time as they are removed from office by ordinary resolution of the shareholders or by the board. A director will be removed from office automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; or (ii) is found by our company to be or becomes of unsound mind.

D. Employees

We had 46, 39 and 116 employees as of December 31, 2020, 2021, and 2022, respectively. As of December 31, 2022, we had approximately 71 employees in Asia and 45 employees in Europe and the United States.

The following tables sets forth the number of our employees by function as of December 31, 2022.

Function	Number of Employees	Percentage
Executive officers	4	3.4%
Licensed professionals	8	6.9%
Supporting staff	104	89.7%
Total	116	100.0%

Our success depends on our ability to attract, retain, and motivate qualified employees. We offer employees competitive salaries, performance-based cash bonuses, comprehensive training and development programs, and other fringe benefits and incentives. We believe that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes or work stoppages. None of our employees are represented by labor unions, and no collective bargaining agreement has been put in place.

As required by Hong Kong laws and regulations, we participate in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance, or MPF Scheme, for all employees in Hong Kong. The contributions to the MPF Scheme are based on a minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income up to a maximum of HK\$1,500 per employee per month. The assets of this pension scheme are held separately from those of our group in independently administered funds. Other than the contributions, we have no further obligation for the payment of retirement and other post-retirement benefits of our employees in Hong Kong.

Dual Appointments

The nominating and corporate governance committee and the board are of the view that our directors and executive officers who hold dual-appointments on both our company and AMTD Group are able to devote sufficient time to the management of our company. In addition, majority of the management's time will rest with our company instead of AMTD Group with the management's attention to be focused on our company first, before AMTD Group.

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of the date of this annual report by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% of our ordinary shares.

The calculations in the shareholder table below are based on 467,604,189 ordinary shares issued and outstanding as of the date of this annual report, comprising of (i) 234,077,210 Class A ordinary shares, and (ii) 233,526,979 Class B ordinary shares.

	Class A Ordinary Shares	Class B Ordinary Shares	Percentage of Beneficial Ownership [†]	Percentage of Voting Power ^{††}
Directors and Executive Officers:[*]				
Dr. Feridun Hamdullahpur ⁽¹⁾	—	—	—	—
Dr. Timothy Tong	—	—	—	—
Dr. Annie Koh ⁽²⁾	—	—	—	—
Marcellus Wong	—	—	—	—
Raymond Yung	—	—	—	—
William Fung	—	—	—	—
Xavier Ho Sum Zee	—	—	—	—
Jason Man Chun Chiu	—	—	—	—
Bert Chun Lung Tsang	—	—	—	—
All directors and executive officers as a group	—	—	—	—
Principal Shareholders:				
AMTD Group ⁽³⁾	41,729,647	143,274,449	39.6	85.5
Infinity Power Investments Limited ⁽⁴⁾	13,718,791	62,161,528	16.2	50.0

Notes:

- * Less than 1% of our total outstanding ordinary shares.
 - ** Except as indicated otherwise below, the business address of our directors and executive officers is 23/F Nexxus Building, 41 Connaught Road Central, Hong Kong.
 - † Beneficial ownership is determined in accordance with the SEC rules, and includes voting or investment power with respect to the securities. For each person and group included in this column, percentage of beneficial ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the total number of shares outstanding and the number of shares such person or group has the right to acquire upon exercise of option, warrant, or other right within 60 days after the date of this annual report.
 - †† For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A and Class B ordinary shares as a single class. Each holder of Class B ordinary shares is entitled to twenty votes per share, and each holder of our Class A ordinary shares is entitled to one vote per share on all matters submitted to them for a vote. Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. Our Class B ordinary shares are convertible at any time by the holder thereof into Class A ordinary shares on a one-for-one basis.
- (1) The business address of Dr. Feridun Hamdullahpur is University of Waterloo, 200 University Avenue, West Waterloo, Ontario, Canada N2L3G1.
 - (2) The business address of Dr. Annie Koh is Singapore Management University, 81 Victoria Street, Singapore 188065.
 - (3) AMTD Group directly holds 143,274,449 Class B ordinary shares of the Company and indirectly and effectively holds 41,729,647 Class A ordinary shares of the Company through its subsidiaries including AMTD Assets Alpha Group and AMTD Education Group. AMTD Group is a British Virgin Islands company, with its registered address at the offices of Vistra (BVI) Limited, Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The board of directors of AMTD Group consists of Dr. Calvin Choi, Marcellus Wong, Yu Gao, and Dr. Feridun Hamdullahpur.

- (4) Infinity Power Investments Limited directly holds (i) 15,059,470 Class B ordinary shares of the Company and (ii) 32.9% of the issued and outstanding shares of AMTD Group, which in turn effectively holds 41,729,647 Class A ordinary shares and 143,274,449 Class B ordinary shares of the Company. Infinity Power Investments Limited is a British Virgin Islands company wholly-owned by Dr. Calvin Choi. The registered address of Infinity Power Investments Limited is Vistra Corporate Services Center, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

To our knowledge and based on our review of our register of shareholders as of the date of this annual report, 135,024,008 Class A ordinary shares were held of record by one holder that resides in the United States, being The Bank of New York Mellon, the depository of our ADS program. The number of beneficial owners of the ADSs in the United States is likely to be much larger than the number of record holders of our Class A ordinary shares in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

Enforceability of Civil Liabilities

Most of our operations are conducted in Hong Kong, and most of our assets are located in Hong Kong. All of our directors and executive officers are nationals or residents of jurisdictions other than the United States and most of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

Our Cayman Islands legal counsel has advised us that there is uncertainty as to whether the courts of the Cayman Islands would: (i) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States, or (ii) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the federal securities laws of the United States or the securities laws of any state in the United States.

Our Cayman Islands legal counsel has informed us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment *in personam* obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (a) is given by a competent foreign court with jurisdiction to give the judgment, (b) imposes a specific positive obligation on the judgment debtor (such as an obligation to pay a liquidated sum or perform a specified obligation), (c) is final and conclusive, (d) is not in respect of taxes, a fine or a penalty; (e) has not been obtained by fraud; and (f) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. Because such a determination has not yet been made by a court of the Cayman Islands, it is uncertain whether such civil liability judgments from U.S. courts would be enforceable in the Cayman Islands. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Our Hong Kong legal counsel has advised us that judgment of United States courts will not be directly enforced in Hong Kong. There are currently no treaties or other arrangements providing for reciprocal enforcement of foreign judgments between Hong Kong and the United States. However, the common law permits an action to be

brought upon a foreign judgment. That is to say, a foreign judgment itself may form the basis of a cause of action since the judgment may be regarded as creating a debt between the parties to it. In a common law action for enforcement of a foreign judgment in Hong Kong, the enforcement is subject to various conditions, including but not limited to, that the foreign judgment is a final judgment conclusive upon the merits of the claim, the judgment is for a liquidated amount in a civil matter and not in respect of taxes, fines, penalties, or similar charges, the proceedings in which the judgment was obtained were not contrary to natural justice, and the enforcement of the judgment is not contrary to public policy of Hong Kong. Such a judgment must be for a fixed sum and must also come from a “competent” court as determined by the private international law rules applied by the Hong Kong courts. The defenses that are available to a defendant in a common law action brought on the basis of a foreign judgment include lack of jurisdiction, breach of natural justice, fraud, and contrary to public policy. However, a separate legal action for debt must be commenced in Hong Kong in order to recover such debt from the judgment debtor.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Please refer to “Item 6.E. Directors, Senior Management and Employees—Share Ownership.”

B. Related Party Transactions

Transactions with Our Controlling Shareholder

Immediately following our initial public offering in August 2019, we entered into an intercompany financing agreement with our Controlling Shareholder, pursuant to which we may from time to time incur expenses for each other, settle each other’s liabilities, and/or transfer certain excess cash to each other at an interest rate of 2% per annum, repayable upon demand.

Our Controlling Shareholder recharged staff costs and premises costs to us. For the year ended December 31, 2022, HK\$43.5 million (US\$5.6 million) was charged by our Controlling Shareholder in this regard. Moreover, starting from July 2022, our Controlling Shareholder charged a fixed service fee of HK\$9,000,000 (HK\$6,000,000 prior to July 2022) per quarter for other administrative expenses to us. For the year ended December 31, 2022, HK\$29.5 million (US\$3.8 million) was charged by our Controlling Shareholder in this regard. The Company also incurred other management fee of HK\$137.5 thousand (US\$17.6 thousand) to the Controlling Shareholder for the year ended December 31, 2022.

In August 2019, we entered into an intercompany financing agreement with our Controlling Shareholder, we made unsecured, interest bearing advances with no fixed term of repayment to our Controlling Shareholder and its subsidiaries for fund allocation purposes. As of December 31, 2022, the amount of outstanding balance due from our Controlling Shareholder and its subsidiaries was HK\$2.2 billion (US\$0.3 billion). For the year ended December 31, 2022, interest income of HK\$76.0 million (US\$9.7 million) was charged to our Controlling Shareholder.

On December 31, 2022, HK\$2.5 billion (US\$320.5 million) out of the amount of the outstanding balance due from our Controlling Shareholder and its subsidiaries was offset against the consideration for the 36,923,963 Class B ordinary shares repurchased from our Controlling Shareholder.

AMTD Digital provided our Controlling Shareholder with insurance brokerage services. For the fiscal year ended December 31, 2022, the total amount of insurance brokerage commissions that we charged our Controlling Shareholder through AMTD Digital was HK\$31.5 thousand (US\$4.0 thousand).

AMTD Digital entered into an agreement with our Controlling Shareholder in October 2020, pursuant to which AMTD Digital agree to provide SpiderNet ecosystem solutions services to support the management of its 10%

investee company, Airstar Bank, for a fixed annual service fee of HK\$12.8 million. The fee was adjusted to HK\$20 million from October 1, 2022. In addition to the fixed annual service fee, AMTD Digital is entitled to receive 15% of all distributions, in any form, received by our Controlling Shareholder from Airstar Bank, including but not limited to cash or share dividends, regardless of whether on a regular or one-off basis. AMTD Digital is also entitled to receive 15% of any profit generated by our Controlling Shareholder from the disposal of any shares of Airstar Bank. However, AMTD Digital is not liable for any loss arising from the disposal of any shares of Airstar Bank by our Controlling Shareholder. This agreement will remain effective until terminated by mutual agreement. For the fiscal year ended December 31, 2022, the total amount of SpiderNet ecosystem solutions services income that we charged our Controlling Shareholder through AMTD Digital was HK\$12.5 million (US\$1.6 million).

During the year ended December 31, 2022, we acquired a total of 31,732,000 Class A ordinary shares and 24,202,000 Class B ordinary shares of AMTD Digital Inc., priced at US\$17.75 per share, from certain of its shareholders, for a total consideration of approximately US\$992.6 million (HK\$7,756.2 million), including HK\$5.8 billion (US\$742.6 million) from our Controlling Shareholder and fellow subsidiaries. We issued a total of 67,200,330 Class A ordinary shares and 51,253,702 Class B ordinary shares in settlement of the consideration payable for the acquisition. AMTD Digital Inc. is a comprehensive one-stop digital solutions platform in Asia and was a subsidiary of AMTD Group prior to the acquisition. AMTD Digital Inc. became our consolidated subsidiary as a result of the acquisition.

L'Officiel entered into a global sponsorship agreement with our Controlling Shareholder in July 2022, pursuant to which L'Officiel provides fashion and luxury media advertising and marketing services to our Controlling Shareholder. For the fiscal year ended December 31, 2022, the total amount that we charged our Controlling Shareholder through L'Officiel was HK\$22.6 million (US\$2.9 million).

Other Transactions with Related Parties

For the year ended December 31, 2022, the total amount of capital market solutions fees that we earned from fellow subsidiaries and a company controlled by a director of the Company was HK\$9.0 million (US\$1.2 million).

The Company also incurred investment advisory fee of HK\$165.0 thousand (US\$21.1 thousand) to a fellow subsidiary for the year ended December 31, 2022.

Through AMTD Digital, we provide our fellow subsidiary with insurance brokerage services. For the fiscal year ended December 31, 2022, the total amount of insurance brokerage commission that we charged our fellow subsidiary through AMTD Digital was HK\$1.7 thousand (US\$0.2 thousand).

In March 2020, AMTD IDEA Group listed the MTN Program on the SEHK and, subsequently in April 2020, AMTD IDEA Group dual listed the MTN Program on the SGX-ST. Later in the same month, we extended the Exchange Offer under the MTN Program. For further details, see “Item 4.— Information on the Company—A. History and Development of the Company—Our Company.” In May 2020, we issued US\$200 million 7.25% senior perpetual securities and SG\$50 million 4.5% senior perpetual securities. On October 27, 2021, approximately SG\$11.2 million 4.5% senior perpetual securities were repurchased from other subsidiaries of AMTD Group.

Employment Agreements

See “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Employment Agreements and Indemnification Agreements.”

Share Options

As of the date of this annual report, no awards have been granted under the 2019 Plan.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

From time to time, we may become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to intellectual property infringement, conflicts with regard to third-party license or other rights, exposures to disputes with regard to contracts, or labor and employment claims. We are currently not a party to, and we are not aware of any threat of, any legal or administrative proceedings that, in the opinion of our management, are likely to have a material and adverse effect on our business, financial condition or results of operations and cash flows.

Other Matters

AMTD Global Markets Limited, or AMTD GM, a subsidiary previously owned by us, was penalized by the Hong Kong Confederation of Insurance Brokers, or HKCIB, four times from 2016 to 2019 in relation to the retail advisory business distributing investment-linked products for failure to do everything possible to satisfy the insurance requirements of client and to place the interests of client before all other considerations, as well as failure to ensure that its technical representative is a fit and proper person. HKCIB issued fines to AMTD GM ranging from HK\$50,000 to HK\$250,000.

AMTD Group, our Controlling Shareholder, was founded by CK Hutchison Holdings Limited in 2003. The management teams of AMTD Group as well as AMTD GM were appointed by CK Hutchison Holdings Limited. In late 2015, L.R. Capital Group Inc. (“L.R. Capital”) acquired a majority stake in AMTD Group and the then management team was replaced by the current management team in 2016. On December 31, 2020, AMTD Group and L.R. Capital entered into a share repurchase agreement, where AMTD Group repurchased certain shares in AMTD Group previously allotted to L.R. Capital. The remaining shares held by L.R. Capital in AMTD Group Inc. were disposed to a third party with a completion on December 31, 2021. Subsequently, L.R. Capital ceased to be a shareholder of AMTD Group.

Three of four of the cases for which the AMTD GM had been penalized by HKCIB were in relation to matters of similar nature whereby the previous management team and its insurance staff had not carried out their work in accordance with regulatory standards. Three separate cases occurred in 2011, 2012, and 2014, and were recorded as each case arose from a separate complaint. These cases were concluded in April 2016, September 2016, and April 2019, respectively. These cases concluded in fines of HK\$150,000, HK\$50,000, and HK\$250,000, respectively, on AMTD GM. Since the current management team had assumed its position in 2016, it had enhanced its internal control processes in order to prevent the reoccurrence of such lapses in proper procedures in the future.

Additionally, AMTD Group had terminated its retail advisory business distributing investment-linked products in May 2016, and had not been involved in the sale of investment-linked assurance schemes to new individual clients but remains focusing only on corporate and institutional clients.

In 2018, HKCIB had conducted a regular inspection on AMTD GM and the result was a clean report with no identified issues or follow-up items. In addition, the profit from insurance brokerage business constitutes around 1% of net profit to AMTD GM, which is immaterial.

In December 2022, we transferred our subsidiary, AMTD Securities Limited, which directly holds 100% of the equity interest in AMTD Global Markets Limited, to certain independent purchasers. After the transfer of AMTD Securities Limited, we continue to provide capital market solutions business through other AMTD entities.

Dividend Policy

Although we intend to distribute dividends in the future, the amount, timing, and whether or not AMTD IDEA Group, our holding company, actually distribute dividends at all is at the discretion of our board of directors.

AMTD IDEA Group is a holding company incorporated in the Cayman Islands. AMTD IDEA Group may rely on dividends from our subsidiaries for its cash requirements, including any payment of dividends to our shareholders.

Our board of directors has complete discretion on whether to distribute dividends, subject to applicable laws. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Under the Cayman Islands law, a Cayman Islands company may pay a dividend either out of profit or share premium account, provided that in no circumstances may a dividend be paid if the dividend payment would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency, and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, and other factors that the board of directors may deem relevant.

If AMTD IDEA Group, our holding company, pays any dividends on our ordinary shares, it will pay those dividends that are payable in respect of the ordinary shares underlying the ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

See “—C. Markets.”

B. Plan of Distribution

Not applicable.

C. Markets

The ADSs have been listed on NYSE since August 5, 2019. The ADSs are currently traded under the symbol “AMTD.” Our Class A ordinary shares have also been listed on SGX-ST since April 8, 2020 and trade under the

symbol “HKB.” On November 22, 2022, we effected a change to the ratio of ADSs to Class A ordinary shares, par value US\$0.0001 per share, from one ADS to one Class A ordinary share to one ADS to two Class A ordinary shares.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Our fourth amended and restated memorandum and articles of association became effective on March 1, 2022. The following are summaries of material provisions of our fourth amended and restated memorandum and articles of association and the Companies Act of the Cayman Islands (as revised) insofar as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Pursuant to Article 2 of our fourth amended and restated memorandum of association, our registered office is at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands or at such other place as our board of directors may from time to time decide. Pursuant to Article 3 of our fourth amended and restated memorandum of association, the objects for which our company is established are unrestricted and our company has full power and authority to carry out any object not prohibited by the Companies Act of the Cayman Islands (as revised) as the same may be revised from time to time, or any other law of the Cayman Islands.

Directors

See “Item 6.C. Directors, Senior Management and Employees—Board Practices.”

Ordinary Shares

General. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Each Class B ordinary share shall entitle the holder thereof to twenty votes on all matters subject to vote at our general meetings, and each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to vote at our general meetings. Our ordinary shares are issued in registered form and are issued when registered in our register of members.

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. The right to convert shall be exercisable by the holder of the Class B ordinary share delivering a written

notice to the Company that such holder elects to convert a specified number of Class B ordinary shares into Class A ordinary shares. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary shares by a holder thereof to any person other than our founder, Dr. Calvin Choi, or any other person or entity designated by Dr. Choi, each of such Class B ordinary shares will be automatically and immediately converted into an equal number of Class A ordinary share.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors or declared by our shareholders by ordinary resolution (provided that no dividend may be declared by our shareholders which exceeds the amount recommended by our directors). Our currently effective memorandum and articles of association provide that subject to any rights and restrictions for the time being attached to any shares, the directors of the Company may from time to time declare dividends (including interim dividends) and other distributions on shares in issue and authorize payment of the same out of funds of the Company lawfully available therefor. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if the dividend payment would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights. Our ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law, or otherwise agreed in our currently effective memorandum and articles of association. On a poll, each holder of Class B ordinary shares is entitled to twenty votes per share, and each holder of our Class A ordinary shares is entitled to one vote per share on all matters submitted to them for a vote. On a show of hands, each holder of Class A ordinary shares or Class B ordinary shares has one vote. Voting at any shareholders' meeting is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one or more shareholders who together hold not less than 10% of the total number of votes attaching to all issued and outstanding ordinary shares which are present in person or by proxy entitled to vote at the meeting.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a general meeting of our company, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast by such shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting of our company. A special resolution will be required for important matters such as a change of name or making changes to our currently effective memorandum and articles of association. Our shareholders may, among other things, divide or combine their shares by ordinary resolution.

General Meetings of Shareholders. As a Cayman Islands exempted company with limited liability, we are not obliged by the Companies Act (as revised) to call shareholders' annual general meetings. Our currently effective memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by a majority of our board of directors. Advance notice of at least seven days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of at least one shareholder present or by proxy, representing not less than one-third of all votes attaching to all of our shares in issue and entitled to vote.

The Companies Act of the Cayman Islands (as revised) provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our currently

effective memorandum and articles of association provide that upon the requisition of any one or more of our shareholders who together holds shares at the date of deposit of the requisite shares which carry in aggregate not less than one-third of all issued and outstanding shares of the Company that as at the date of the deposit carry the right to vote at general meetings of our company, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our currently effective memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Election, Removal and Remuneration of Directors. Unless otherwise determined by our company in general meeting, our currently effective memorandum and articles of association provide that our board will consist of not less than three directors. There are no provisions relating to retirement of directors upon reaching any age limit.

The directors have the power to appoint any person as a director either to fill a vacancy on the board or as an addition to the existing board. Our shareholders may also appoint any person to be a director by ordinary resolution. A director shall not be required to hold any Shares in the Company by way of qualification.

A director may be removed with or without cause by ordinary resolution.

The remuneration of the directors may be determined by the directors or by ordinary resolution of shareholders.

Transfer of Ordinary Shares. Subject to the restrictions set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and a fee of such maximum sum as the NYSE may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the NYSE, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year as our board may determine.

Liquidation. On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at

the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors. Our company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Act of the Cayman Islands (as revised), the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act of the Cayman Islands (as revised) no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares. If at any time, our share capital is divided into different classes or series of shares, the rights attached to any such class or series of shares may, subject to any rights or restrictions for the time being attached to any classes or series, only be materially adversely varied with the consent in writing of the holders of all of the issued shares of that class or series or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the shares of that class or series. The rights conferred upon the holders of the shares of any class or series issued with preferred or other rights will not, subject to any rights or restrictions for the time being attached to the shares of that class or series, be deemed to be materially adversely varied by the creation, allotment, or issue of further shares ranking *pari passu* with or subsequent to them. The rights of the holders of shares will not be deemed to be materially adversely varied by the creation or issue of class or series of shares with preferred or other rights including, without limitation, the creation of class or series of shares with enhanced or weighted voting rights.

Issuance of Additional Shares. Our currently effective memorandum and articles of association authorizes our board of directors to issue additional shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our currently effective memorandum and articles of association also authorizes our board of directors to create from time to time one or more classes or series of preferred shares and to determine, with respect to any such class or series of preferred shares, the terms and rights of that class or series, including:

- the designation of the class or series;
- the number of shares of the class or series;
- the dividend rights, dividend rates, conversion rights, voting rights; and the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Inspection of Books and Records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements.

Anti-Takeover Provisions. Some provisions of our currently effective memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to create and issue new classes or series of shares (including preferred shares) and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our currently effective memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted Company. We are incorporated as an exempted company with limited liability under the Companies Act of the Cayman Islands (as revised). The Companies Act of the Cayman Islands (as revised) distinguishes between ordinary resident companies and exempted companies. Any company that is incorporated in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be incorporated as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil)

C. Material Contracts

Other than in the ordinary course of business and other than those described under this item, in “Item 4. Information on the Company,” “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions,” or elsewhere in this annual report, we have not entered into any material contract during the two years immediately preceding the date of this annual report.

D. Exchange Controls

There are currently no foreign exchange control restrictions in Hong Kong or similar laws, decrees, regulatory or other requirements that may affect the following:

- (a) The ability to transfer funds by or to the Company in the form of repatriation of capital and remittance of profits;

- (b) The availability of cash and cash equivalents for use by the Company; and

The remittance of dividends, interest or other payments to holders of the Company's securities.

E. Taxation

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations outside of the Cayman Islands based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the ADSs or ordinary shares, nor will gains derived from the disposal of the ADSs or ordinary shares be subject to Cayman Islands income or corporation tax.

Hong Kong Taxation

The following summary of certain relevant taxation provisions under the laws of Hong Kong is based on current law and practice and is subject to changes therein. This summary does not purport to address all possible tax consequences relating to purchasing, holding or selling the ADSs and/or Class A ordinary shares, and does not take into account the specific circumstances of any particular investors, some of whom may be subject to special rules. Accordingly, holders or prospective purchasers (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult their own tax advisers regarding the tax consequences of purchasing, holding or selling the ADSs and/or Class A ordinary shares. Under the current laws of Hong Kong:

- No profit tax is imposed in Hong Kong in respect of capital gains from the sale of the ADSs and/or Class A ordinary shares.
- Revenue gains from the sale of ADSs and/or Class A ordinary shares by persons carrying on a trade, profession or business in Hong Kong where the gains are derived from or arise in Hong Kong from the trade, profession or business will be chargeable to Hong Kong profits tax, or Assessable Profits. Corporations will be subject to a 8.25% profit tax on the first HK\$2,000,000 of any generated Assessable Profits, and any Assessable Profits above HK\$2,000,000 will be subject to a 16.5% profit tax. Unincorporated businesses will be subject to a 7.5% profit tax on the first HK\$2,000,000 of any generated Assessable Profits, and any Assessable Profits above HK\$2,000,000 will be subject to a 15% profit tax.
- Purchases and sales of ADSs and/or Class A ordinary shares are effected outside of Hong Kong such as, for example, on the NYSE, should not be subject to Hong Kong profits tax.

According to the current tax practice of the Hong Kong Inland Revenue Department, dividends paid on the ADSs and/or Class A ordinary shares would not be subject to any Hong Kong tax.

No Hong Kong stamp duty is payable on the purchase and sale of the ADSs and/or Class A ordinary shares.

United States Federal Income Tax Considerations

The following is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of the ADSs or ordinary shares by a U.S. Holder (as defined below). This summary applies only to U.S. Holders that hold the ADSs or ordinary shares as “capital assets” (generally, property held for investment) as defined in the U.S. Internal Revenue Code of 1986, as amended, or the Code. This discussion is based upon existing U.S. federal tax law, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service, or the IRS, with respect to any U.S. federal income tax considerations described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift, and alternative minimum tax considerations, the Medicare tax on certain net investment income, information reporting or backup withholding or any state, local, and non-U.S. tax considerations relating to the ownership or disposition of the ADSs or ordinary shares. The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- individual retirement accounts or other tax-deferred accounts;
- persons liable for alternative minimum tax;
- persons who acquire their ADSs or ordinary shares pursuant to any employee share option or otherwise as compensation;
- investors that will hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- investors that have a functional currency other than the U.S. dollar;
- persons that actually or constructively own 10% or more of our ADSs or ordinary shares (by vote or value); or
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes, or persons holding the ADSs or ordinary shares through such entities,

all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S., and other tax considerations of the ownership and disposition of our ADSs or ordinary shares.

General

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of our ADSs or ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (i) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust, or (ii) that has otherwise validly elected to be treated as a U.S. person under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ADSs or ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding our ADSs or ordinary shares and their partners are urged to consult their tax advisors regarding an investment in our ADSs or ordinary shares.

The discussion below assumes that the representations contained in the deposit agreement are and will continue to be true, and that the obligations in the deposit agreement and any related agreement have been and will be complied with in accordance with the terms. For U.S. federal income tax purposes, a U.S. Holder of ADSs will generally be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner. Accordingly, deposits or withdrawals of ordinary shares for ADSs will generally not be subject to U.S. federal income tax.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the average quarterly value of its assets during such year is attributable to assets that produce or are held for the production of passive income. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. Passive assets are those that give rise to passive income, and include assets held for investment, as well as cash, assets readily convertible into cash, and working capital. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

Based upon our income and assets as well as our market capitalization and that of certain of our affiliates, we believe that we were not a PFIC in 2022. There can be no assurance regarding our PFIC status for the foreseeable future, however, because our PFIC status is a factual determination made annually that will depend, in part, upon the composition and classification of our income and assets, including the relative amounts of income generated by our strategic investment business as compared to our other businesses, and the value of the assets held by our strategic investment business as compared to our other businesses. Fluctuations in the market price of the ADSs or Class A ordinary shares (and the ADSs or shares of certain of our listed affiliates) may cause us to become a PFIC for subsequent taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to our market capitalization (determined based on the market price of the ADSs or Class A ordinary shares from time to time) as well as the market capitalization from time to time of such listed affiliates, in each case, which may be volatile. Recent fluctuations in our market capitalization and that of certain of our listed affiliates may create risks that we may be

classified as a PFIC for the foreseeable future. In addition, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. Under circumstances where our revenue from activities that produce passive income significantly increases relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming a PFIC may substantially increase.

Because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge our classification of certain income and assets as non-passive, which may result in our being or becoming classified as a PFIC in any single year. Accordingly, there can be no assurance regarding our PFIC status for our current or subsequent taxable years, and U.S. Holders of the ADSs or ordinary shares should be willing to assume the risks of investing in a PFIC. If we are a PFIC for any year during which a U.S. Holder holds the ADSs or ordinary shares, the PFIC rules discussed below under “Passive Foreign Investment Company Rules” will generally apply to such U.S. Holder for such taxable year and, in the absence of certain elections, will continue to apply in future years even if we cease to be a PFIC. The discussion below under “—Dividends” and “—Sale or Other Disposition” is written on the basis that we will not be or become classified as a PFIC for U.S. federal income tax purposes. The U.S. federal income tax rules that apply generally if we are treated as a PFIC are discussed below under “—Passive Foreign Investment Company Rules.”

Dividends

Any cash distributions paid on the ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depository, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, you should expect to treat the full amount of any distribution as a “dividend” for U.S. federal income tax purposes. Dividends received on the ADSs or ordinary shares will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from U.S. corporations.

Dividends received by individuals and other non-corporate U.S. Holders will be subject to tax at the lower capital gain tax rate applicable to “qualified dividend income,” provided that certain conditions are satisfied, including that (i) the ADSs or ordinary shares on which the dividends are paid are readily tradable on an established securities market in the United States, (ii) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed below) for the taxable year in which the dividend is paid and the preceding taxable year, and (iii) certain holding period requirements are met. The ADSs are listed on the NYSE, and therefore are considered to be readily tradeable on an established securities market in the United States, although there can be no assurance that the ADSs will continue to be so listed. Although the law in this regard is not entirely clear, because the ordinary shares will not be listed on a U.S. exchange, we do not believe that dividends received with respect to ordinary shares that are not represented by ADSs will be treated as qualified dividends. U.S. Holders are urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to the ADSs or ordinary shares.

For U.S. foreign tax credit purposes, dividends paid on the ADSs or ordinary shares will generally be treated as income from foreign sources and will generally constitute passive category income. The rules governing the foreign tax credit are complex and U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit in their particular circumstances.

Sale or Other Disposition of ADSs or Ordinary Shares

Subject to the discussion below under “Passive Foreign Investment Company Rules,” a U.S. Holder will generally recognize gain or loss upon the sale or other disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder’s adjusted tax basis in such

ADSs or ordinary shares. Such gain or loss will generally be capital gain or loss and will be long-term if the ADSs or ordinary shares have been held for more than one year. Non-corporate U.S. Holders (including individuals) generally will be subject to U.S. federal income tax on long-term capital gain at preferential rates. The deductibility of a capital loss may be subject to limitations. Any such gain or loss that the U.S. Holder recognizes will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes, which could limit the availability of foreign tax credits. Each U.S. Holder is advised to consult its tax advisor regarding the tax consequences if a foreign tax is imposed on a disposition of the ADSs or ordinary shares, including the applicability of any tax treaty and the availability of the foreign tax credit under its particular circumstances.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds the ADSs or ordinary shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125 percent of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or ordinary shares), and (ii) any gain realized on the sale or other disposition, including, under certain circumstances, a pledge, of ADSs or ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year and to any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (each, a "pre-PFIC year"), will be taxable as ordinary income; and
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year, increased by an additional tax equal to the interest on the resulting tax deemed deferred with respect to each such taxable year.

If we are a PFIC for any taxable year during which a U.S. Holder holds the ADSs or ordinary shares, and any of our subsidiaries is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock. If a U.S. Holder makes this election with respect to the ADSs, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of the ADSs and we cease to be classified as a PFIC, the holder will not be required to take into account the gain or loss described above during any period that we are not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of the ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

The mark-to-market election is available only for "marketable stock," which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter, or regularly traded, on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. We expect that our ADSs, but not

our ordinary shares, will be treated as marketable stock so long as our ADSs are listed on the NYSE, but no assurances may be given in this regard.

Because a mark-to-market election cannot technically be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns the ADSs or ordinary shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621. You should consult your tax advisor regarding the U.S. federal income tax consequences of owning and disposing of the ADSs or ordinary shares if we are or become a PFIC.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We have filed with SEC a registration statement on Form F-1 (File No. 333-232224), including relevant exhibits and securities under the Securities Act with respect to underlying ordinary shares represented by the ADSs. We have also filed with SEC a related registration statement on Form F-6 (File No. 333-232822) to register the ADSs.

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we are required to file reports, including annual reports on Form 20-F, and other information with SEC. All information filed with SEC can be obtained over the Internet at SEC's website at <https://www.sec.gov>.

As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of proxy statements to shareholders, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with IFRS, and all notices of shareholders' meeting and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports, and communications available to holders of ADSs and, upon our written request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our exposure to interest rate risk primarily relates to fixed-rate amount due from immediate holding company, convertible bond and bank borrowings. We have not been exposed to material risks due to changes in interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure. However, our future interest income may fall short of expectations due to changes in market interest rates.

Foreign Exchange Risk

Most of our revenues and expenses are denominated in Hong Kong dollar or U.S. dollar. Certain of our transactions are denominated in foreign currencies and therefore we are exposed to foreign currency risk. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge exposure to such risk. Although our exposure to foreign exchange risks should be limited in general, the value of your investment in the ADSs will be affected by the exchange rate between U.S. dollar and Hong Kong dollar because the value of our business is mainly denominated in Hong Kong dollar, while the ADSs will be traded in U.S. dollars.

In addition, foreign exchange risk also arises from the possibility that fluctuations in foreign exchange rates can impact the value of financial instruments. We are exposed to minimal foreign exchange risk since Hong Kong dollars are pegged against U.S. dollars. The impact of foreign exchange fluctuations in our earnings is included in foreign exchange differences, net in the consolidated statements of cash flows.

To the extent we need to convert U.S. dollars into Hong Kong dollars for our operations, appreciation of Hong Kong dollar against the U.S. dollar would reduce the amount in Hong Kong dollars we receive from the conversion. Conversely, if we decide to convert Hong Kong dollars into U.S. dollars for the purpose of making payments for dividends on our Class A ordinary shares or ADSs, servicing our outstanding debt, or for other business purposes, appreciation of the U.S. dollar against the Hong Kong dollar would reduce the U.S. dollar amounts available to us.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

On November 22, 2022, we effected a change to the ratio of ADSs to Class A ordinary shares, par value US\$0.0001 per share, from one ADS to one Class A ordinary share to one ADS to two Class A ordinary shares.

Fees and Charges The ADS Holders May Have to Pay

The Bank of New York Mellon, as depositary, will register and deliver American Depositary shares, also referred to as ADSs. Each ADS will represent two ordinary shares (or a right to receive two ordinary shares) deposited

with The Hong Kong and Shanghai Banking Corporation Limited, as custodian for the depositary in Hong Kong. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered is located at 240 Greenwich Street, New York, New York 10286.

Persons depositing or withdrawing shares or ADS holders must

pay:

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$0.05 (or less) per ADS

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs

\$0.05 (or less) per ADS per calendar year

Registration or transfer fees

Expenses of the depositary

Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depositary or its agents for servicing the deposited securities

For:

Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property

Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates

Any cash distribution to ADS holders

Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders

Depositary services

Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares

Cable and facsimile transmissions (when expressly provided in the deposit agreement)

Converting foreign currency to U.S. dollars

As necessary

As necessary

Fees and Other Payments Made by the Depositary to Us

The depositary has agreed to reimburse us for a portion of certain expenses we incur that are related to establishment and maintenance of the ADR program, including investor relations expenses. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the depositary collects from investors. Further, the depositary has agreed to reimburse us certain fees payable to the depositary by holders of ADSs. Neither the depositary nor we can determine the exact amount to be made available to us because (i) the number of ADSs that will be issued and outstanding, (ii) the level of service fees to be charged to holders of ADSs and, (iii) our reimbursable expenses related to the program are not known at this time.

We did not receive any payments from the depositary for its ADR program, in 2022.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Material Modifications to the Rights of Security Holders

See “Item 10. Additional Information” for a description of the rights of securities holders, which remain unchanged.

Use of Proceeds

The following “Use of Proceeds” information relates to the registration statement on Form F-1 (File Number: 333-232224) relating to our initial public offering of 20,759,700 ADSs representing 20,759,700 Class A ordinary shares, and the underwriters’ full exercise of their option to purchase from us 3,113,955 additional ADSs representing 3,113,955 Class A ordinary shares, at an initial offering price of US\$8.38 per ADS. The registration statement was declared effective by the SEC on August 2, 2019. AMTD Global Markets Limited and Loop Capital Markets LLC were the representatives of the underwriters.

We raised approximately US\$192.6 million in net proceeds from our initial public offering, after deducting underwriting commissions and the offering expenses payable by us, including the net proceeds we received from the underwriters’ full exercise of their option to purchase from us additional ADSs. For the period from August 2, 2019 to December 31, 2022, we have used approximately US\$68.1 million of the net proceeds from our initial public offering for business and infrastructure expansion, branding and marketing activities, working capital needs, and other general administrative matters.

We still intend to use the proceeds from our initial public offering, as disclosed in our registration statements on Form F-1, to invest in our business and infrastructure expansion, fund potential acquisitions and investments, and use the remainder for general corporate purposes.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, our senior management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures within the meaning of Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, our senior management has concluded that, as of December 31, 2022, our disclosure controls and procedures were effective.

Disclosure controls and procedures means controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in SEC’s rule and forms and that such information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) under the Exchange Act. Because of its inherent limitations, internal

control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Our management, with the participation of our chief executive officer and our chief financial officer, evaluated the effectiveness of our internal control over financial reporting based on criteria established in the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon its evaluation, our senior management has concluded that, as of December 31, 2022, our internal control over financial reporting was effective.

As a company with less than US\$1.235 billion in revenue for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company’s internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

See “—Management’s Annual Report on Internal Control over Financial Reporting.”

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

See “Item 6.C. Directors, Senior Management and Employees—Board Practices.”

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to all of the directors, officers and employees of us and our subsidiaries, whether they work for us on a full-time, part-time, consultative, or temporary basis. In addition, we expect those who do business with us, such as consultants, suppliers and collaborators, to also adhere to the principles outlined in the code of ethics. Certain provisions of the code of ethics apply specifically to our chief executive officer, chief financial officer, senior finance officer, controller, vice presidents and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as an exhibit to our registration statement on Form F-1 (No. 333-232224) in connection with our initial public offering in August 2019, which was incorporated by reference thereto in this annual report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Ernst & Young and Deloitte Touche Tohmatsu, our principal accountants, for the periods indicated. We did not pay or accrue for payment any other fees to our principal accountants during the periods except as indicated below.

	2021	2022	
	HK\$	HK\$	US\$
	(in thousands)		
Audit Fees ⁽¹⁾			
- Ernst & Young	1,137	—	—
- Deloitte Touche Tohmatsu	6,300	8,430	1,081
Audit-related Fees ⁽²⁾			
- Deloitte Touche Tohmatsu	—	3,288	421
All Other Fees ⁽³⁾			
- Deloitte Touche Tohmatsu	—	2,428	311

- (1) “Audit Fees” represent the aggregate fees billed for each of the fiscal years listed for professional services rendered by our principal accountant for the audit of our annual consolidated financial statements, review of quarterly financial information, and audit services that are normally provided by the principal accountant in connection with regulatory filings or engagements for those fiscal years.
- (2) “Audit-Related Fees” represent the aggregate fees billed in each of the fiscal years listed for assurance and related services by our principal accountant that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit Fees.”
- (3) “All Other Fees” represent the aggregate fees billed in each of the fiscal years for products and services provided by the principal accountant, other than the services reporting in “Audit Fees” and “Audit-Related Fees”.

All audit and permitted non-audit services provided by our principal accountant, including audit services, audit-related services, tax services, and other services as described above, must be and have been approved in advance by our audit committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Effective from January 22, 2021, we engaged Deloitte Touche Tohmatsu, or Deloitte, as our independent registered public accounting firm to rotate out Ernst & Young (“EY”), to audit our consolidated financial statements as of and for the fiscal year ended December 31, 2020. Our financial statements as of and for the fiscal year ended December 31, 2019 had previously been audited by EY. The retirement of EY and the appointment of Deloitte were made as part of the global auditor rotation process being initiated by the audit committee and approved by our board to conform with international best practices on auditor independence.

EY has issued unqualified opinions on the Company’s consolidated financial statements for the fiscal year ended December 31, 2019.

During the fiscal year ended December 31, 2019 through December 24, 2020, which is the date of EY’s letter to the PCAOB confirming that the client-auditor relationship has ceased, there were no disagreements between the Company and EY on, any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures, which, if not resolved to EY’s satisfaction, would have caused EY to make reference thereto in their reports on the financial statements for such years. In addition, there were no “reportable events” as defined in Form 20-F Item 16F(a)(1) (v) other than the material weaknesses reported in the Company’s 2019 Form 20-F filed with the U.S. Securities and Exchange Commission on April 30, 2020.

The audit committee of our board discussed the material weaknesses with EY and authorized EY to fully respond to the inquiries of Deloitte on the material weaknesses, if any. There is no disagreement with EY on the above matters.

We provided EY with a copy of the disclosures under this Item 16F and requested from EY a letter addressed to the Securities and Exchange Commission indicating whether it agrees with such disclosures. A copy of EY’s letter dated April 28, 2021, is attached as Exhibit 16.1.

During the Company’s three most recent fiscal years and through the subsequent interim period on or prior to the engagement of Deloitte, neither the Company nor anyone on its behalf consulted with Deloitte on either (a) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company’s financial statements, and neither a written report nor oral advice was provided to us that Deloitte concluded was an important factor considered by the Company in

reaching a decision as to any accounting, auditing or financial reporting issue, or (b) any matter that was the subject of a disagreement, as that term is defined in Item 16F(a)(1)(iv) of Form 20-F (and the related instructions thereto) or a reportable event as set forth in Item 16F(a)(1)(v)(A) through (D) of Form 20-F.

ITEM 16G. CORPORATE GOVERNANCE

As a “controlled company” as defined under the NYSE Listed Company Manual, we are permitted to, and we have elected, not to comply with certain corporate governance requirements. We have elected to rely on exemptions with respect to the requirement that we have a compensation committee that is composed entirely of independent directors. We followed home country practice with respect to annual general meetings and did not hold an annual general meeting of shareholders in 2022. We also relied upon the relevant home country exemption in lieu of the requirement for shareholder approval of share issuances (i) to certain related parties where the number of shares issued exceeded either one percent of the number of shares or of the voting power outstanding before the issuance, and (ii) where such share are issued as consideration in a transaction or series of related transactions in which a related party has a five percent or greater interest (or such persons collectively have a ten percent or greater interest), directly or indirectly, in the company or assets to be acquired or in the consideration to be paid in the transaction or series of related transactions and the issuance exceeded either five percent of the number of shares or of the voting power outstanding before the issuance.

Other than as described above, we are not aware of any significant differences between our corporate governance practices and those followed by domestic companies under the NYSE Listed Company Manual.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

In May 2022, the SEC conclusively listed AMTD IDEA Group as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. Our auditor who issued the audit report for us for the fiscal year ended December 31, 2021 is a registered public accounting firm located in China, a jurisdiction where the PCAOB determined that it was unable to inspect or investigate registered public accounting firms headquartered there until December 2022.

On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed Mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F.

As of the date of this annual report, to our knowledge, (i) no Cayman Islands or PRC government entities owns any shares of AMTD IDEA Group, (ii) the PRC government entities do not have a controlling financial interest in AMTD IDEA Group, (iii) none of the members of the board of directors of AMTD IDEA Group or its operating entities, is an official of the Communist Party of China, and (iv) the currently effective memorandum and articles of association (or equivalent organizing document) of AMTD IDEA Group does not contain any charter of the Communist Party of China.

ITEM 16J. INSIDER TRADING POLICIES

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of AMTD IDEA Group are included at the end of this annual report.

ITEM 19. EXHIBITS

<u>Exhibit Number</u>	<u>Document</u>
1.1	Fourth Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated by reference to Exhibit 3.1 of Form 6-K furnished with the Securities and Exchange Commission on March 2, 2022)
1.2	Registrant's Specimen American Depositary Receipt (incorporated by reference to Exhibit 4.1 of our Registration Statement on Form F-1 (File No. 333-232224), as amended, initially filed with the Securities and Exchange Commission on June 20, 2019)
2.1	Registrant's Specimen Certificate for Ordinary Shares (incorporated by reference to Exhibit 4.2 to our Registration Statement on Form F-1 (File No. 333-232224), as amended, initially filed with the Securities and Exchange Commission on June 20, 2019)
2.2	Form of Deposit Agreement among the Registrant, the depository and all holders of the American Depositary Receipts of the Registrant (incorporated by reference to Exhibit 4.3 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
2.3	AMTD SpiderMan Share Incentive Plan (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form F-1 (File No. 333-232224), as amended, initially filed with the Securities and Exchange Commission on June 20, 2019)
2.4*	Description of Securities
4.1	Form of Employment Agreement between the Registrant and the executive officers of the Registrant (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.2	Form of Indemnification Agreement between the Registrant and the directors and executive officers of the Registrant (incorporated by reference to Exhibit 10.3 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.3	Master Transaction Agreement between the Registrant and its controlling shareholder dated June 20, 2019 (incorporated by reference to Exhibit 10.4 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.4	Transitional Services Agreement between the Registrant and its controlling shareholder dated June 20, 2019 (incorporated by reference to Exhibit 10.5 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.5	Non-Competition Agreement between the Registrant and its controlling shareholder dated June 20, 2019 (incorporated by reference to Exhibit 10.6 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)

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<u>Exhibit Number</u>	<u>Document</u>
4.6	Intercompany Financing Agreement between the Registrant and AMTD Group Company Limited dated August 5, 2019 (incorporated herein by reference to Exhibit 4.22 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 30, 2020).
4.7	Share Purchase Agreement between the Registrant and Value Partners Greater China High Yield Income Fund dated December 19, 2019 (incorporated herein by reference to Exhibit 4.23 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 30, 2020).
4.8	Share Purchase Agreement between the Registrant and Ariana Capital Investment Limited dated December 19, 2019 (incorporated herein by reference to Exhibit 4.24 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 30, 2020).
4.9	Share Purchase Agreement between the Registrant and Infinity Power Investments Limited dated December 19, 2019 (incorporated herein by reference to Exhibit 4.25 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 30, 2020).
4.10	Convertible Note Purchase Agreement between the Registrant and Value Partners Greater China High Yield Income Fund dated December 19, 2019 (incorporated herein by reference to Exhibit 4.26 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 30, 2020).
4.11	Fiscal Agency Agreement between the Registrant, The Bank of New York Mellon, London Branch, The Bank of New York Mellon SA/NV, Luxembourg Branch, and The Bank of New York Mellon, Hong Kong Branch dated March 30, 2020 (incorporated herein by reference to Exhibit 4.27 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 28, 2021).
4.12	Facility Letter between Nanyang Commercial Bank, Limited and the Registrant dated September 22, 2020 (incorporated herein by reference to Exhibit 4.28 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 28, 2021).
4.13	Share Purchase Agreement between AMTD Group Company Limited and the Registrant dated July 9, 2021 (incorporated herein by reference to Exhibit 4.13 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.14	Share Repurchase Agreement between AMTD Group Company Limited and the Registrant dated September 30, 2021 (incorporated herein by reference to Exhibit 4.14 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.15	Share Purchase Agreement between the Registrant and Cheng Huang dated December 27, 2021 (incorporated herein by reference to Exhibit 4.15 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.16	Business Loan Agreement between the Registrant and East West Bank dated December 28, 2021 (incorporated herein by reference to Exhibit 4.16 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.17	Share Purchase Agreement between the Registrant and Unicorn Star Limited dated December 29, 2021 (incorporated herein by reference to Exhibit 4.17 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.18	Share Purchase Agreement between the Registrant and Longling Capital Ltd dated December 29, 2021 (incorporated herein by reference to Exhibit 4.18 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).

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<u>Exhibit Number</u>	<u>Document</u>
4.19	Share Purchase Agreement between the Registrant and EverGlory Strategic Investment Limited dated December 29, 2021 (incorporated herein by reference to Exhibit 4.19 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.20	Share Purchase Agreement between the Registrant and Infinity Power Investments Limited dated December 29, 2021 (incorporated herein by reference to Exhibit 4.20 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.21	Share Purchase Agreement between the Registrant and NGSP Holdings Limited dated January 15, 2022 (incorporated herein by reference to Exhibit 4.21 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.22	Share Purchase Agreement between the Registrant and Value Partners Greater China High Yield Income Fund dated January 19, 2022 (incorporated herein by reference to Exhibit 4.22 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.23	Share Purchase Agreement between the Registrant and Maoyan Entertainment dated January 19, 2022 (incorporated herein by reference to Exhibit 4.23 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.24	Share Purchase Agreement between the Registrant and Chestnut Business Limited dated January 19, 2022 (incorporated herein by reference to Exhibit 4.24 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.25	Share Purchase Agreement between the Registrant and EverGlory Strategic Investment Limited dated January 19, 2022 (incorporated herein by reference to Exhibit 4.25 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.26	Share Purchase Agreement between the Registrant and AMTD Education Group dated January 19, 2022 (incorporated herein by reference to Exhibit 4.26 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.27	Share Purchase Agreement between the Registrant and AMTD Assets Alpha Group dated January 19, 2022 (incorporated herein by reference to Exhibit 4.27 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.28	Share Purchase Agreement between the Registrant and AMTD Group Company Limited dated January 19, 2022 (incorporated herein by reference to Exhibit 4.28 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.29	Share Purchase Agreement between the Registrant and Infinity Power Investments Limited dated January 19, 2022 (incorporated herein by reference to Exhibit 4.29 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.30	Share Purchase Agreement between the Registrant and Poly Platinum Enterprises Limited dated January 21, 2022 (incorporated herein by reference to Exhibit 4.30 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022).
4.31	Share Purchase Agreement among the Registrant, GEM Global Yield LLC SCS and GEM Yield Bahamas Limited dated April 26, 2022 (incorporated by reference to Exhibit 99.1 of Form 6-K furnished with the Securities and Exchange Commission on April 27, 2022).
4.32	Registration Rights Agreement among the Registrant, GEM Global Yield LLC SCS and GEM Yield Bahamas Limited dated April 26, 2022 (incorporated by reference to Exhibit 99.2 of Form 6-K furnished with the Securities and Exchange Commission on April 27, 2022).

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<u>Exhibit Number</u>	<u>Document</u>
4.33	Form of Share Subscription Agreement by and between the Registrant and each investor, and a schedule of all executed agreements adopting the same form (incorporated by reference to Exhibit 99.2 of Form 6-K furnished with the Securities and Exchange Commission on April 21, 2023)
8.1*	List of Subsidiaries of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 to our Registration Statement on Form F-1 (File No. 333-232224), as amended, initially filed with the Securities and Exchange Commission on June 20, 2019)
12.1*	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
16.1	Letter from Ernst & Young to the Securities and Exchange Commission (incorporated herein by reference to Exhibit 16.1 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 28, 2021)
101.INS*	Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline Taxonomy Extension Scheme Document
101.CAL*	Inline Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline Taxonomy Extension Label Linkbase Document
101.PRE*	Inline Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed with this annual report on Form 20-F.

** Furnished with this annual report on Form 20-F.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

AMTD IDEA Group

By: /s/ William Fung

Name: William Fung

Title: Chief Executive Officer

Date: April 28, 2023

AMTD IDEA GROUP
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of AMTD IDEA Group

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of AMTD IDEA Group and subsidiaries (the “Company”) as of December 31, 2022 and 2021, the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, the People’s Republic of China
April 21, 2023
We have served as the Company’s auditor since 2021.

AMTD IDEA GROUP
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 and 2022

	Notes	Year ended December 31,		
		2020 HK\$	2021 HK\$	2022 HK\$
REVENUE				
Capital market solutions services income (including income generated from related parties of HK\$128,419,020 and HK\$105,448,459 and HK\$9,020,655 for the years ended December 31, 2020, 2021 and 2022, respectively)		607,263,125	680,477,636	581,932,693
Digital solutions and other services income (including income generated from related parties of nil, nil and HK\$12,499,860 for the years ended December 31, 2020, 2021 and 2022, respectively)		—	—	183,572,996
Fashion and luxury media advertising and marketing services income (including income generated from related parties of nil, nil and HK\$22,616,160 for the years ended December 31, 2020, 2021 and 2022, respectively)		—	—	59,679,071
Dividend and gain related to disposed financial assets at fair value through profit or loss (including net disposal gain generated from related parties of HK\$82,948,508 and HK\$125,112,176 and nil for the years ended December 31, 2020, 2021 and 2022, respectively)		171,026,667	173,823,384	223,342,854
Net fair value changes on financial assets at fair value through profit or loss (except derivative financial assets and gain related to disposed financial assets at fair value through profit or loss)	29(A)(ii)	(31,054,945)	597,551,244	(161,406,875)
Net fair value changes on derivative financial assets	14	371,305,326	(54,008,047)	484,760,273
	5	1,118,540,173	1,397,844,217	1,371,881,012
Other income	5	111,867,468	125,538,171	141,461,546
Other gain	5	—	—	153,487,985
Impairment losses under expected credit loss model on financial assets	11, 12	(17,109,001)	—	(3,920,121)
Other operating expenses	6	(103,723,211)	(83,794,012)	(178,572,464)
Staff costs	7	(94,410,281)	(95,585,898)	(129,257,473)
Finance costs	8	(21,510,079)	(12,825,923)	(6,729,278)
Net fair value changes on derivative financial liability	25	7,765,148	—	13,347,266
PROFIT BEFORE TAX		1,001,420,217	1,331,176,555	1,361,698,473
Income tax credit/(expense)	9	137,540,767	(109,295,037)	(104,984,438)
PROFIT FOR THE YEAR		<u>1,138,960,984</u>	<u>1,221,881,518</u>	<u>1,256,714,035</u>
Attributable to:				
Owners of the parent:				
- Ordinary shareholders		1,059,973,270	1,096,452,084	1,110,007,521
- Holders of perpetual securities	27	78,987,714	125,742,843	122,971,145
Non-controlling interests		—	(313,409)	23,735,369
		<u>1,138,960,984</u>	<u>1,221,881,518</u>	<u>1,256,714,035</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY				
HOLDERS OF THE PARENT				
Class A ordinary shares:				
Basic (HK\$ per share)	10	4.34	4.81	3.71
Diluted (HK\$ per share)	10	4.22	4.81	3.71
Class B ordinary shares:				
Basic (HK\$ per share)	10	4.34	4.81	3.71
Diluted (HK\$ per share)	10	4.34	4.81	3.71

The accompanying notes are an integral part of the consolidated financial statements.

AMTD IDEA GROUP
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 and 2022

	Notes	Year ended December 31,		
		2020 HK\$	2021 HK\$	2022 HK\$
PROFIT FOR THE YEAR		1,138,960,984	1,221,881,518	1,256,714,035
OTHER COMPREHENSIVE INCOME				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		1,022,840	738,972	1,670,568
Cumulative exchange differences reclassified to profit or loss upon disposal of foreign operations		—	—	121,623
OTHER COMPREHENSIVE INCOME FOR THE YEAR		1,022,840	738,972	1,792,191
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,139,983,824</u>	<u>1,222,620,490</u>	<u>1,258,506,226</u>
Attributable to:				
Owners of the parent:				
—Ordinary shareholders		1,060,996,110	1,096,896,235	1,113,282,452
—Holders of perpetual securities	27	78,987,714	125,742,843	122,971,145
Non-controlling interests		—	(18,588)	22,252,629
		<u>1,139,983,824</u>	<u>1,222,620,490</u>	<u>1,258,506,226</u>

The accompanying notes are an integral part of the consolidated financial statements.

AMTD IDEA GROUP
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2022

	Notes	December 31,	
		2021 HK\$	2022 HK\$
Assets			
Current assets			
Accounts receivable	11	86,514,680	187,673,616
Prepayments, deposits and other receivables	12	21,916,382	968,662,540
Due from immediate holding company	29(B)(i)	2,144,975,230	2,239,358,702
Derivative financial assets	14	969,894,519	1,443,134,162
Tax recoverable		—	3,099,712
Other assets	15	136,065,738	9,620,468
Restricted cash	16	—	3,239,362
Cash and bank balances	16	526,206,108	1,078,411,335
Total current assets		<u>3,885,572,657</u>	<u>5,933,199,897</u>
Non-current assets			
Property, plant and equipment	17	67,131	90,078
Goodwill	18	—	58,675,041
Intangible assets	19	15,171,170	756,131,422
Financial assets at fair value through profit or loss	13	2,786,027,085	1,523,195,334
Total non-current assets		<u>2,801,265,386</u>	<u>2,338,091,875</u>
Total assets		<u>6,686,838,043</u>	<u>8,271,291,772</u>
Equity and liabilities			
Current liabilities			
Accounts payable	20	155,020,918	82,315,173
Bank borrowings	21	388,870,500	156,910,059
Other payables and accruals	22	92,225,549	131,795,895
Provisions	23	—	31,805,843
Tax payable		136,124,845	22,482,162
Total current liabilities		<u>772,241,812</u>	<u>425,309,132</u>
Non-current liabilities			
Bank borrowings	21	—	3,569,042
Deferred tax liabilities	24	—	25,785,453
Derivative financial liability	25	13,752,673	—
Convertible bond	25	111,970,384	—
Total non-current liabilities		<u>125,723,057</u>	<u>29,354,495</u>
Total liabilities		<u>897,964,869</u>	<u>454,663,627</u>

The accompanying notes are an integral part of the consolidated financial statements.

AMTD IDEA GROUP
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2021 AND 2022

	Notes	December 31,	
		2021 HK\$	2022 HK\$
Equity			
Class A ordinary shares (par value of US\$0.0001 as of December 31, 2021 and 2022; 8,000,000,000 shares authorized as of December 31, 2021 and 2022; 62,327,851 and 144,077,210 shares issued and outstanding as of December 31, 2021 and 2022, respectively)	26	48,838	92,706
Class B ordinary shares (par value of US\$0.0001 as of December 31, 2021 and 2022; 2,000,000,000 shares authorized as of December 31, 2021 and 2022; 183,283,628 and 233,526,979 shares issued and outstanding as of December 31, 2021 and 2022)	26	143,864	203,154
Treasury shares	26	(5,000,000,000)	(7,500,000,000)
Capital reserve		4,551,183,728	7,734,456,434
Exchange reserve		1,466,991	4,741,922
Retained profits		4,449,489,995	5,559,497,516
Total equity attributable to ordinary shareholders of the Company		4,002,333,416	5,798,991,732
Non-controlling interests		15,496,320	247,242,319
Perpetual securities	27	1,771,043,438	1,770,394,094
Total equity		5,788,873,174	7,816,628,145
Total liabilities and equity		6,686,838,043	8,271,291,772

The accompanying notes are an integral part of the consolidated financial statements.

AMTD IDEA GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

	Share capital	Capital reserve	Treasury shares	Exchange reserve	Retained profits	Equity attributable to ordinary shareholders of the Company	Equity attributable to holders of perpetual securities	Non-controlling interests	Total equity
	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS
As of January 1, 2020	192,702	4,551,187,228	—	—	2,277,115,014	6,828,494,944	—	—	6,828,494,944
Profit for the year	—	—	—	—	1,059,973,270	1,059,973,270	78,987,714	—	1,138,960,984
Exchange differences on translation of foreign operations	—	—	—	1,022,840	—	1,022,840	—	—	1,022,840
Total comprehensive income for the year	—	—	—	1,022,840	1,059,973,270	1,060,996,110	78,987,714	—	1,139,983,824
Issuance of perpetual securities (Note 27)	—	—	—	—	—	—	1,818,450,452	—	1,818,450,452
Distribution to holders of perpetual securities (Note 27)	—	—	—	—	—	—	(62,753,625)	—	(62,753,625)
As of December 31, 2020	192,702	4,551,187,228	—	1,022,840	3,337,088,284	7,889,491,054	1,834,684,541	—	9,724,175,595
As of January 1, 2021	192,702	4,551,187,228	—	1,022,840	3,337,088,284	7,889,491,054	1,834,684,541	—	9,724,175,595
Profit for the year	—	—	—	—	1,096,452,084	1,096,452,084	125,742,843	(313,409)	1,221,881,518
Exchange differences on translation of foreign operations	—	—	—	444,151	—	444,151	—	294,821	738,972
Total comprehensive income for the year	—	—	—	444,151	1,096,452,084	1,096,896,235	125,742,843	(18,588)	1,222,620,490
Redemption of perpetual securities (Note 27)	—	—	—	—	15,949,627	15,949,627	(65,104,192)	—	(49,154,565)
Distribution to holders of perpetual securities (Note 27)	—	—	—	—	—	—	(124,279,754)	—	(124,279,754)
Capital injection by non-controlling interest	—	(3,500)	—	—	—	(3,500)	—	15,514,908	15,511,408
Repurchase of shares from a shareholder (Note 26)	—	—	(5,000,000,000)	—	—	(5,000,000,000)	—	—	(5,000,000,000)
As of December 31, 2021	192,702	4,551,183,728	(5,000,000,000)	1,466,991	4,449,489,995	4,002,333,416	1,771,043,438	15,496,320	5,788,873,174
As of January 1, 2022	192,702	4,551,183,728	(5,000,000,000)	1,466,991	4,449,489,995	4,002,333,416	1,771,043,438	15,496,320	5,788,873,174
Profit for the year	—	—	—	—	1,110,007,521	1,110,007,521	122,971,145	23,735,369	1,256,714,035
Other comprehensive income for the year	—	—	—	3,274,931	—	3,274,931	—	(1,482,740)	1,792,191
Total comprehensive income for the year	—	—	—	3,274,931	1,110,007,521	1,113,282,452	122,971,145	22,252,629	1,258,506,226
Conversion of convertible bond (Note 25)	1,447	112,805,046	—	—	—	112,806,493	—	—	112,806,493
Distribution to holders of perpetual securities (Note 27)	—	—	—	—	—	—	(123,620,489)	—	(123,620,489)
Issuance of shares (Note 26)	9,156	391,848,766	—	—	—	391,857,922	—	—	391,857,922
Acquisition of AMTD Digital under common control (Note 34)	—	(6,049,339,914)	—	—	—	(6,049,339,914)	—	110,142,338	(5,939,197,576)
Issuance of shares for acquisition of AMTD Digital (Note 34)	92,555	7,756,136,026	—	—	—	7,756,228,581	—	—	7,756,228,581
Issuance of shares by AMTD Digital upon listing	—	662,788,466	—	—	—	662,788,466	—	422,264,201	1,085,052,667
Disposal of subsidiaries	—	—	—	—	—	—	—	(13,878,853)	(13,878,853)
Repurchase of shares by a subsidiary	—	309,034,316	—	—	—	309,034,316	—	(309,034,316)	—
Repurchase of shares from immediate holding company (Note 26)	—	—	(2,500,000,000)	—	—	(2,500,000,000)	—	—	(2,500,000,000)
As of December 31, 2022	295,860	7,734,456,434	(7,500,000,000)	4,741,922	5,559,497,516	5,798,991,732	1,770,394,094	247,242,319	7,816,628,145

The accompanying notes are an integral part of the consolidated financial statements.

AMTD IDEA GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

	Notes	Year ended December 31,		
		2020 HK\$	2021 HK\$	2022 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		1,001,420,217	1,331,176,555	1,361,698,473
Adjustments for:				
Interest income	5	(101,226,862)	(116,078,163)	(127,308,396)
Finance costs	8	21,510,079	12,825,923	6,729,278
Depreciation	6	30,374	44,226	96,115
Amortization	6	—	—	5,688,143
Dividend income	5	(88,078,159)	(48,711,208)	(50,213,509)
Gain related to disposed investments	5	(82,948,508)	(125,112,176)	(173,129,345)
Gain from a bargain purchase	34	—	—	(37,966,405)
Gain from disposal of subsidiaries	5	—	—	(115,521,580)
Net fair value changes on financial assets at fair value through profit or loss (except derivative financial asset)	5	31,054,945	(597,551,244)	161,406,875
Net fair value changes on derivative financial asset	14	(371,305,326)	54,008,047	(484,760,273)
Net fair value changes on derivative financial liability	25	(7,765,148)	—	(13,347,266)
Impairment losses under expected credit loss model on financial assets	11	17,109,001	—	3,920,121
Operating cash flows before changes in working capital		419,800,613	510,601,960	537,292,231
Decrease/(increase) in accounts receivable		251,920,323	(9,164,430)	(227,888,044)
Decrease in prepayments, deposits and other receivables		11,568,581	2,956,009	89,589,897
Decrease in other payables and accruals		(49,718,674)	(36,178,634)	(89,143,854)
Decrease in financial assets at fair value through profit or loss		972,215,580	—	—
Decrease in derivative financial asset		618,682,641	—	—
Decrease in restricted cash		—	—	507,461
Decrease in provisions		—	—	(739,547)
Changes in accounts payable and other assets		(241,859,529)	14,278,153	60,324,886
Cash generated from operations		1,982,609,535	482,493,058	369,943,030
Profits tax paid		(76,778,218)	(96,460,047)	(242,717,404)
Dividend received		88,078,159	48,711,208	50,213,509
Interest received		67,783	15,379	31,784,569
Net cash generated from operating activities		1,993,977,259	434,759,598	209,223,704

AMTD IDEA GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

	Notes	Year ended December 31,		
		2020 HK\$	2021 HK\$	2022 HK\$
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of items of property, plant and equipment	17	(110,734)	—	(12,848)
Purchase of financial assets at fair value through profit or loss		—	(9,968,000)	(37,476,390)
Increase in amount due from immediate holding company		(3,581,230,632)	(348,701,497)	(535,885,128)
Acquisition of subsidiaries, net of cash acquired	34	—	—	103,912,858
Cash disposed of upon disposal of subsidiaries	5	—	—	(144,050,060)
Receipt of return from movie income right investments		—	—	20,899,338
Proceeds from disposal of financial assets at fair value through profit or loss		—	—	15,965,179
Net cash used in investing activities		<u>(3,581,341,366)</u>	<u>(358,669,497)</u>	<u>(576,647,051)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		—	—	195,265,523
Proceeds from listing of a subsidiary		—	—	1,085,052,667
Repayment of bank borrowings		—	—	(233,118,919)
Repayment of margin loans		(317,722,438)	—	—
Redemption of perpetual securities		—	(49,154,565)	—
Proceeds from bank borrowings		232,280,000	155,926,000	—
Net proceeds from perpetual securities		1,436,368,339	—	—
Distribution to perpetual securities holders	27	(62,753,625)	(124,279,754)	(123,620,489)
Financing costs paid		(13,765,758)	(4,662,214)	(6,264,231)
Capital injection by non-controlling interest		—	15,511,408	—
Net cash flows generated from (used in) financing activities		<u>1,274,406,518</u>	<u>(6,659,125)</u>	<u>917,314,551</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		<u>(312,957,589)</u>	<u>69,430,976</u>	<u>549,891,204</u>
Cash and cash equivalents at beginning of year		766,430,471	453,966,764	526,206,108
Effect of foreign exchange rate change, net		493,882	2,808,368	2,314,023
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>453,966,764</u>	<u>526,206,108</u>	<u>1,078,411,335</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	16	<u>453,966,764</u>	<u>526,206,108</u>	<u>1,078,411,335</u>

The accompanying notes are an integral part of the consolidated financial statements.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

1 CORPORATE INFORMATION

AMTD IDEA Group (the “Company”) is a limited liability company incorporated in Cayman Islands on February 4, 2019. The Company completed its initial public offering on New York Stock Exchange on August 5, 2019 and its shares are listed on Singapore Exchange on April 8, 2020.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are involved in the provision of capital market solutions services, digital solutions and other services, fashion and luxury media advertising and marketing services, and strategic investment.

The Company’s immediate holding company is AMTD Group Inc. (formerly known as AMTD Group Company Limited) (“AMTD Group”), a private company incorporated in the British Virgin Islands (“BVI”).

Prior to December 31, 2020, the Company’s ultimate holding company was L.R. Capital Group Inc. (“L.R. Capital”), a private company incorporated in the Cayman Islands. On December 31, 2020, AMTD Group and L.R. Capital entered into a share repurchase agreement, where AMTD Group has repurchased certain shares previously allotted to L.R. Capital. From then onwards, AMTD Group became the ultimate holding company of the Group.

Information about principal subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation	Issued and registered share capital	Percentage of equity attributable to the Company				Principal activities
			2021		2022		
			Direct	Indirect	Direct	Indirect	
AMTD International Holding Group Limited (“AMTD IHG”)	Hong Kong (“HK”)	HK\$500,000	100%	—	100%	—	Investment holding and provision of capital market solutions services
AMTD Global Markets Limited	HK	HK\$1,561,610,980	—	100%	—	—	Provision of capital market solutions services
AMTD Strategic Investment Limited	HK	HK\$1	—	100%	—	100%	Strategic investment
AMTD Investment Solutions Group Limited	HK	HK\$1	—	100%	—	100%	Strategic investment
AMTD Overseas Limited	HK	HK\$1	—	100%	—	100%	Strategic investment
AMTD Fintech Investment Limited	HK	HK\$1	—	100%	—	100%	Strategic investment
AMTD Investment Inc.	Cayman Islands	US\$1	100%	—	100%	—	Investment holding
AMTD Strategic Investment (BVI) Limited	BVI	US\$1	—	100%	—	100%	Investment holding
AMTD Investment Solutions Group (BVI) Limited	BVI	US\$1	—	100%	—	100%	Investment holding
AMTD IDEA International Limited	BVI	US\$1	—	100%	—	100%	Investment holding
AMTD Fintech Investment (BVI) Limited	BVI	US\$1	—	100%	—	100%	Investment holding

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

1 CORPORATE INFORMATION (CONTINUED)

Particulars of the Company's principal subsidiaries are as follows (continued):

Name	Place of incorporation	Issued and registered share capital	Percentage of equity attributable to the Company				Principal activities
			2021		2022		
			Direct	Indirect	Direct	Indirect	
L'Officiel Inc. SAS ("L'Officiel")	France	EUR6,960,100	—	—	—	100%	Investment holding and provision of fashion and luxury media advertising and marketing services
AMTD Digital Inc. ("AMTD Digital")	Cayman Islands	US\$7,658	—	—	84.9%*	—	Investment holding
AMTD Biomedical Investment Limited	BVI	US\$1	—	—	—	84.9%	Investment holding
AMTD Digital Media Holdings Limited	BVI	US\$1	—	—	—	84.9%	Investment holding
AMTD Digital Media Limited	HK	HK\$1	—	—	—	84.9%	Provision of digital solutions and other services
AMTD Risk Solutions Group Limited	HK	HK\$300,000	—	—	—	84.9%	Provision of digital solutions and other services

* During the year ended December 31, 2022, the Company acquired 82.7% equity interest in AMTD Digital, a fellow subsidiary, by issuing new Class A and Class B shares to the selling shareholders of AMTD Digital. Upon completion of the foregoing transaction, the Company owned 97.1% of AMTD Digital, and AMTD Digital became a consolidated subsidiary of the Group. AMTD Digital has been considered as business under IFRS 3 Business Combination. Since the Group and AMTD Digital are under common control of AMTD Group, the acquisition of AMTD Digital has been accounted for as business combination under common control which has been detailed in Note 2.

After the completion of the listing of AMTD Digital in July 2022, exercise of over-allotment option in August 2022, private placement in October 2022 and shares repurchased in December 2022, the ownership interest of AMTD IDEA in AMTD Digital decreased from 97.1% to 84.9%.

2.1 BASIS OF PRESENTATION

Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") issued by the International Accounting Standards Board ("IASB"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, derivative financial assets and derivative financial liability which are measured at fair value. The consolidated financial statements are presented in Hong Kong Dollars ("HK\$") unless otherwise stated, which is also the functional currency of the Company.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

2.2 APPLICATION OF AMENDMENTS TO IFRSs

Amendments to IFRSs that are mandatorily effective for current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after January 1, 2022. The amendments update a reference in IFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting issued by International Accounting Standards Board in March 2018 (the “Conceptual Framework”) instead of the International Accounting Standards Committee’s Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010), add a requirement that, for transactions and events within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group’s consolidated financial statements.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs and International Accounting Standards (“IASs”) that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1	Non-current Liabilities with Covenants ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimate ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after January 1, 2023

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after January 1, 2024

Except for the impact mentioned below, the directors of the Company anticipate that the application of the other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the “2020 Amendments”) and Amendments to IAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the “2020 Amendments”) and Amendments to IAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”) (continued)

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at December 31, 2022 and the related terms and conditions stipulated in the agreements between the Group and the related lenders, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group’s liabilities.

Amendments to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies”

IAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

Amendments to IAS 8 “Definition of Accounting Estimates” (continued)

In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the years ended December 31, 2020, 2021 and 2022. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group has power over investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each item of other comprehensive income, if any, is attributed to the owners of the parent of the Group (including ordinary shareholders and holders of perpetual securities) and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions among members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group’s interests in existing subsidiaries

Changes in the Group’s interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group’s and the non-controlling interests’ proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the Group's interests in existing subsidiaries (continued)

comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organized workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

For business combinations in which the acquisition date is on or after January 1, 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework except for transactions and events within the scope of IAS 37 or IFRIC 21, in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations under common control

The Company accounts for the business combination with entities under common control using historical carrying values and under a prospective basis (referred to herein as predecessor accounting) which involves the Company accounting for the combination prospectively from the date on which it occurred. For predecessor accounting:

- Assets and liabilities of the acquired entity are stated at carrying amounts. Fair value measurement is not required.
- Income statement reflects the results of the combining parties.
- No new goodwill arises in predecessor accounting.
- Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is recognized in capital reserve.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Fair value measurement

The Group measures its derivative financial instruments, movie income right investments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the year in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture and fixtures	20%
Computer equipment	33 $\frac{1}{3}$ %

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses being their fair value at the date of the revaluation less subsequent accumulated amortization and any accumulated

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill),(continued)

Intangible assets acquired in a business combination (continued)

impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Financial instruments - Investments and other financial assets

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivable arising from contracts with customers that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers ("IFRS 15") in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost, the contractual terms needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding and the financial asset needs to be held within a business model whose objective is to collect contractual cash flows.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective to hold financial assets in order to sell and collect contractual cash flows. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments - Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of profit or loss when the asset is derecognized, modified or impaired.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in profit or loss. The amount of realized gains and losses represents the difference between the fair value at the beginning of the year or purchase date in the year and disposal date of the financial instruments, which is recognized in the consolidated statements of profit or loss and included in "dividend and gain related to disposed financial assets at fair value through profit or loss".

This category includes debt investments at fair value through profit or loss, derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends income which is derived from Group's ordinary course of business is recognized as revenue in the consolidated statements of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets (continued)

nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for debt instruments or financial assets at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial asset as of the reporting date with the risk of a default occurring on the financial asset as of the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information available without undue cost or effort.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivable arising from IFRS 15 which apply the simplified approach as detailed below.

Stage 1	—	Financial assets for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial assets for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Simplified approach

For accounts receivable arising from IFRS 15 that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization ; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for accounts receivable from contract with customers are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Measurement and recognition of ECL (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable from contracts with customers where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments/receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or at fair value through profit or loss (derivative financial instruments), as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Group's financial liabilities include accounts payable, bank borrowings, financial liabilities included in other payables and accruals, derivative financial liability and convertible bond.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Derivative financial liability and convertible bonds

If the conversion option of convertible bond exhibits characteristics of an embedded derivative (when the conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative), it is separated from its liability component. On initial recognition, the derivative component of the convertible bond is measured at fair value and presented separately as derivative financial instruments. Transaction costs are apportioned between the liability and derivative components of the convertible bond based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognized. The portion of the transaction costs relating to the liability component is recognized initially as part of the liability. The portion relating to the derivative component is recognized immediately in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Derivative financial instruments

Derivative financial asset is initially recognized at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value. Derivative financial instruments are carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any gain or loss arising from changes in fair value of the derivative financial instruments is taken directly to profit or loss.

Day 1 profit or loss

If the fair value of the derivative financial instrument at initial recognition differs from the transaction price and the fair value is not evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or a valuation technique that uses only data from observable markets, the difference between the fair value at initial recognition and the transaction price is deferred and is only recognized as a gain or loss during the term of the derivative financial instrument using a systematic basis that reflects a change in a factor (including time) that market participants would take into account when pricing the derivative financial instrument.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognized in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent liabilities (continued)

an item previously dealt with as a contingent liability, a provision is recognized in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

AMTD IDEA GROUP
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxable entity by the same taxation authority.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. During the years ended December 31, 2020, 2021 2022, no, one and three customers, under capital market solutions segment, contributed ten percent or more of the total revenue of the Group, respectively.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Capital market solutions

Capital market solutions service income is composed of underwriting commission, brokerage and handling fee and financial advisory fee and asset management fee. Underwriting commission earned from underwriting equity and debt securities is recognized at the point in time when the Group's performance under the terms of a contractual arrangement is completed, which is typically at the closing of a transaction if there is no uncertainty or contingency related to the amount to be paid. The normal credit term is 60 to 120 days upon the completion of performance.

The Group considers that all the services promised in a particular contract of being a financial advisor are interdependent and interrelated and should be therefore accounted for as a single performance obligation. As it is unlikely that a customer can obtain benefit before the Group completes all its services up to listing or the completion of the underlying transaction and since the contracts do not provide the Group an enforceable right to payment performance completed up to date, the financial advisory fees are recognized at a point in time upon listing or when the underlying transactions are completed.

Asset management fee primarily includes fees associated with asset management, performance-based incentive fee, brokerage and handling fee. The management fee and the performance-based incentive fee are earned for the provision of asset management services, which include portfolio diversification and rebalancing. These services represent a single performance obligation comprised of a series of distinct services which are substantially the same, being provided continuously over the contract period. Asset management fees consist of management and performance fees that are fixed or variable. Variable consideration is determined based on underlying assets under management, i.e. AUM, of a customer's account at a specified period end. At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period. Management fee is recognized when services are performed. Fixed consideration is recognized over the schedule period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Company. Performance-based

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Capital market solutions (continued)

incentive fee is recognized when the performance target is met and the revenue is not probable of a significant reversal. For asset management services, when a single contract contains both asset management services and brokerage services, the stand-alone selling prices of each of the distinct services underlying the performance obligations (i.e. management fee and performance-based incentive fee for asset management service and brokerage and handling fee for transaction processing service) are stated separately in the contract. These are the observable prices of services when the Company sells each of them separately.

Brokerage and handling fee is recognized at the point in time when the associated service is fulfilled, generally on the trade execution date.

Digital solutions and other services

(i) Insurance brokerage services

The Group earns commission income by facilitating the arrangement between insurance company partners and individuals/businesses. The service promised to the customer is placement of an effective insurance or reinsurance policy. Commission revenue is usually a percentage of the premium paid by the insured and generally depends upon the type of insurance or reinsurance policy and the insurance company partner. Revenue is recognized at a point in time upon execution and effectiveness of insurance contracts. The Group allows a credit period up to 15 days to its customers.

(ii) Digital solutions services

The Group provides its corporate clients exclusive access to the membership program for a fixed membership fee negotiated on case by case basis and agreed upon entering the contract with each customer based on the level of annual fee including the depth of cooperation and relationship, expected spectrum of services required, expected near term and long-term benefits from participating in the membership program, and the relative bargaining power of respective customers taking into consideration the reputation, stage of growth, future revenue potential from other services which can be rendered, and other factors, under the digital solutions and other services segment, which provides its members networking opportunities with prestigious corporate members, prominent business executives and partners. Contract terms of contracts entered during the period generally ranged from 1 to 3 years. Revenue from such service is recognized over time as the customers simultaneously receive and consume the service provided by the Group. The Group may require customers to provide partial upfront payments of total service fees. Upfront payment may be requested at the point the customer entered into the service contracts. The remaining payments will be settled according to the payment schedules stated in the service contracts. The Group may allow a credit period ranging from 0 to 90 days to its customers for the demand note issued in accordance with the payment schedules. When the Group receives an upfront payment, this will give rise to contract liabilities at the time of the initial sales transaction for which revenue is recognized over the membership service period.

Fashion and luxury media advertising and marketing services

Fashion and luxury media advertising and marketing services income is composed of fashion and luxury magazines and advertising service income and fashion and luxury media licensing and marketing services income. The Group distributes of fashion and luxury magazines. The Group also provides advertising services on fashion and luxury magazines to the customers. Revenue is recognized at a point in time when

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Fashion and luxury media advertising and marketing services (continued)

control of the goods has transferred to the customers or upon the edition in which the advertisement is displayed. The Group also provides fashion and luxury media licensing and marketing services to its customers on its multimedia channels. The Group recognizes revenues of such services over time based on the contract term. The Group allows a credit period up to 90 days to its customers.

Revenue from other sources

Fair value changes on financial assets at fair value through profit or loss and derivative financial assets are recognized in the period in which they arise. Gain/loss recognized during the current period is recognized as gain/loss related to disposed investments, whereas gain/loss recognized for those financial assets at fair value through profit or loss and derivative financial assets held at the end of the reporting period is recognized as net fair value changes on financial assets at fair value through profit or loss and net fair value changes on derivative financial assets.

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognized when the payment is made and received or the payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

For certain customers, the Company requires upfront payment and recorded such upfront fee as contract liabilities in other payables and accruals. Upfront fee is recognized as revenue based on the time elapsed for the service period.

Government grant

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under other income.

Employee benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Restricted ordinary shares granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period. When the restricted ordinary shares are vested, the amount previously recognized in share-based payment reserve will be transferred to share premium.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease; and
- The amount expected to be payable by the lessee under remaining value guarantees.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the condensed consolidated statement of financial position.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

AMTD IDEA GROUP
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in an exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

All borrowing costs not eligible for capitalization are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Fair value of unlisted equity investments and movie income right investments

The Group's unlisted equity instruments and movie income right investments are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments.

As of December 31, 2021, the fair value of the unlisted equity investment-Investment D (Note 13) and Investment E (Note 13) were estimated using an equity valuation allocation ("EVA") valuation technique relying on the hybrid method, considering two scenarios in a probability weighted expected return method ("PWERM") framework, and using the option pricing method ("OPM") to allocate value in the IPO exit scenario. The valuation requires the management to consider two scenarios in its PWERM analysis which was non-IPO exit event and IPO exit event and hence they were subject to uncertainty. The input of the equity value of unlisted equity investment-Investment D and Investment E were estimated using forward price/earnings ("P/E") ratio as the valuation multiple.

As of December 31, 2020, the fair value of unlisted equity investment-Investment F (Note 13) was based on the prices of recent transactions of the same instruments with the same rights of the same issuers. During the year ended December 31, 2021, the valuation technique for the fair value of Investment F has been changed due to the lack of recent transaction price. Thus, the instruments were transferred from Level 2 to Level 3 category. The fair value of this investment as at December 31, 2021 was measured using an EVA valuation technique relying on P/E ratio as the valuation multiple and discount of lack of marketability.

As of December 31, 2021, the fair value of unlisted equity investment — Investment G (Note 13) was determined by the recent transaction price.

As of December 31, 2021 and 2022, the fair value of unlisted equity investment-Investment H (Note 13) was estimated using an asset-based valuation. The asset-based approach measures the value of Investment H by making reference to the value of individual assets and liabilities. Adjustments are made to the balance sheet based on the differences between the fair value and book value of the assets and liabilities. The adjusted net asset value represents the fair value of Investment H.

As of December 31, 2021, the fair value of unlisted equity investment-Investment I (Note 13) were determined by the recent transaction price. During the year ended December 31, 2022, the valuation technique for the fair value of Investment I has been changed due to the lack of recent transaction price. Thus, the instruments were transferred from Level 2 to Level 3 category. The fair value of this investment as at December 31, 2022 was measured using EVA valuation technique applying equity volatility as an input.

As of December 31, 2022, the fair value of unlisted equity investments — Investment J (Note 13) and Investment K (Note 13) were determined by the recent transaction price.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimation uncertainty (continued)

Fair value of unlisted equity investments and movie income right investments (continued)

As of December 31, 2022, the fair value of movie income right investments which have no recent transaction price was determined in accordance with the assumptions including the expected ticket sales performance, expected movie production costs and discount rate.

Fair value of derivative financial assets in relation to the Agreements (Note 14)

The fair value of the derivative financial assets in relation to the Agreements was estimated using the Geometric Brownian Motion and simulated using the Monte Carlo Simulation (“MCS”) and was determined based on significant observable and unobservable inputs including the current stock price, dividend yield, risk-free rate, volatility of the underlying equity securities and the credit rating of the counterparty on the valuation date. MCS is a financial model that is commonly used to simulate variables that are highly unpredictable. The valuations performed using the MCS require management to estimate the volatility of the underlying equity securities and the credit rating of the counterparty and hence the valuations are subject to estimation uncertainty. The Group classifies the fair value of derivative financial instrument in relation to the Agreements as Level 3.

Impairment assessment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill and intangible assets have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future revenue are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at December 31, 2021 and 2022, the carrying amount of goodwill was nil and HK\$58,675,041, respectively, and the carrying amount of intangible assets subject to impairment assessment was nil and HK\$756,131,422, respectively.

4. OPERATING SEGMENT INFORMATION

In the prior years, the Group had identified three operating segments, investment banking segment, asset management segment and strategic investment segment. As a result of the business acquisitions in 2022, the Group updated its internal organizational structure and the financial measures provided to the Group’s chief operating decision maker “CODM”.

These changes in segment reporting align with the manner in which the Group’s CODM currently receives and uses financial information to allocate resources and evaluate the performance of operating segments. These changes in segment presentation do not affect consolidated statements of financial position, consolidated statements of profit or loss and other comprehensive income or consolidated statements of cash flows. The Group retrospectively revised prior period segment information, to conform to current period presentation.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

4. OPERATING SEGMENT INFORMATION (CONTINUED)

The Group now operates its businesses in four operating segments: capital market solutions segment, digital solutions and other services segment, fashion and luxury media advertising and marketing services segment and strategic investment segment. The following summary describes the operations in each of the Group's reportable segment:

The Group's reportable and operating segments are therefore as follows:

- (a) The capital market solutions segment assists customers in raising funds through equity and debt financing, private placements and debt issuances, providing financial advisory services (including but not limited to domestic and cross border advisory services for merger and acquisitions) and providing asset management products and services.
- (b) The digital solutions and other services segment, which arises from the business combination of AMTD Digital under common control during the current period, provides its institutional and corporate clients with exclusive, paid access to enhance their investor communication, investor relations and corporate communication to potentially maximize their valuation, as well as provides digital financial solution services.
- (c) The fashion and luxury media advertising and marketing services segment, which arises from the business acquisition of L'Officiel in current period, engages in the provision of print and digital advertising campaigns, licensing, and value-added marketing services including branded content, video production, social media activation, event creation, and experiential marketing, among other services.
- (d) The strategic investment segment engages in proprietary investments and management of global investment portfolio (including listed and unlisted equity shares investments and movie income right investments).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment result, which is a measure of profit before tax from operations. The profit before tax from operations is measured after allocation of ECL, attributable costs of specialized staff, commission paid to asset management segment consistently with the Group's profit before tax from operations. Net fair value change on derivative financial liability, other income, other gain and corporate expenses such as staff costs not directly attributable to segments, office rental and administrative expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, amounts due from immediate holding company, prepayments, deposits and other receivables, tax recoverable, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, convertible bond, derivative financial liability, bank borrowings, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The following tables present information by segment, with prior period segment information retrospectively recast to conform to current period presentation:

For the year ended December 31, 2020

	Capital market solutions HK\$	Strategic investment HK\$	Total HK\$
Segment revenue (Note 5)			
Revenue			
—from contract with customers	607,263,125	—	607,263,125
—others	—	511,277,048	511,277,048
	<u>607,263,125</u>	<u>511,277,048</u>	<u>1,118,540,173</u>
Segment results	<u>565,271,220</u>	<u>511,277,048</u>	<u>1,076,548,268</u>
Unallocated other income			111,867,468
Unallocated finance costs			(21,510,079)
Unallocated net changes in fair value on derivative financial liability			7,765,148
Corporate and other unallocated expenses			(173,250,588)
Profit before tax			<u>1,001,420,217</u>
Other segment information			
Depreciation			30,374
Capital expenditure			<u>110,734</u>

For the year ended December 31, 2021

	Capital market solutions HK\$	Strategic investment HK\$	Total HK\$
Segment revenue (Note 5)			
Revenue			
—from contract with customers	680,477,636	—	680,477,636
—others	—	717,366,581	717,366,581
	<u>680,477,636</u>	<u>717,366,581</u>	<u>1,397,844,217</u>
Segment results	<u>658,504,447</u>	<u>717,366,581</u>	<u>1,375,871,028</u>
Unallocated other income			125,538,171
Unallocated finance costs			(12,825,923)
Corporate and other unallocated expenses			(157,406,721)
Profit before tax			<u>1,331,176,555</u>
Other segment information			
Depreciation			<u>44,226</u>

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the year ended December 31, 2022

	Capital market solutions HK\$	Digital solutions and other services HK\$	Fashion and luxury media advertising and marketing services HK\$	Strategic investment HK\$	Total HK\$
Segment revenue (Note 5)					
Revenue					
—from contract with customers	581,932,693	183,572,996	59,679,071	—	825,184,760
—others	—	—	—	546,696,252	546,696,252
	<u>581,932,693</u>	<u>183,572,996</u>	<u>59,679,071</u>	<u>546,696,252</u>	<u>1,371,881,012</u>
Segment results	<u>564,982,684</u>	<u>166,805,327</u>	<u>21,337,768</u>	<u>546,696,252</u>	<u>1,299,822,031</u>
Unallocated other income					141,461,546
Unallocated other gain					153,487,985
Unallocated finance costs					(6,729,278)
Unallocated net changes in fair value on derivative financial liability					13,347,266
Corporate and other unallocated expenses					(239,691,077)
Profit before tax					<u>1,361,698,473</u>
Other segment information					
Depreciation and amortization					<u>5,784,258</u>

Segment assets and liabilities

	December 31, 2021 HK\$	December 31, 2022 HK\$
Segment assets		
Capital market solutions	237,529,210	81,323,982
Digital solutions and other services	—	184,735,467
Fashion and luxury media advertising and marketing services	—	731,083,960
Strategic investment	3,755,921,604	2,966,329,496
Total segment assets	<u>3,993,450,814</u>	<u>3,963,472,905</u>
Unallocated corporate assets	<u>2,693,387,229</u>	<u>4,307,818,867</u>
Total assets	<u>6,686,838,043</u>	<u>8,271,291,772</u>
Segment liabilities		
Capital market solutions	155,651,880	—
Digital solutions and other services	—	18,117,399
Fashion and luxury media advertising and marketing services	—	181,455,718
Total segment liabilities	<u>155,651,880</u>	<u>199,573,117</u>
Unallocated corporate liabilities	<u>742,312,989</u>	<u>255,090,510</u>
Total liabilities	<u>897,964,869</u>	<u>454,663,627</u>

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

The following table sets forth the Group's revenue from contract with customers by geographical areas based on the location of the customers:

For the year ended December 31, 2020

	Capital market solutions HK\$
China (including Hong Kong)	590,441,983
Others	16,821,142
	<u>607,263,125</u>

For the year ended December 31, 2021

	Capital market solutions HK\$
China (including Hong Kong)	676,711,632
Others	3,766,004
	<u>680,477,636</u>

For the year ended December 31, 2022

	Capital markets solutions HK\$	Digital solutions and other services HK\$	Fashion and luxury media advertising and marketing services HK\$	Total HK\$
China (including Hong Kong)	581,932,693	182,111,835	23,862,618	787,907,146
Europe	—	—	18,030,423	18,030,423
America	—	—	9,411,504	9,411,504
Others	—	1,461,161	8,374,526	9,835,687
	<u>581,932,693</u>	<u>183,572,996</u>	<u>59,679,071</u>	<u>825,184,760</u>

As of December 31, 2022, non-current assets other than financial instruments of HK\$66,000 (2021:HK\$15,238,000), HK\$90,577,000 (2021:Nil) and HK\$724,254,000 (2021:Nil), for the purpose of geographical information were located in Hong Kong, Singapore and Europe, respectively.

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FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

5. REVENUE, OTHER INCOME AND OTHER GAIN

A. Revenue

An analysis of revenue is as follows:

	For the year ended December 31,		
	2020	2021	2022
	HK\$	HK\$	HK\$
Revenue from contracts with customers			
<i>Capital market solutions</i>			
Underwriting commission	165,472,605	29,051,940	94,528,263
Financial advisory fee	210,852,275	568,045,723	427,723,245
Management fee and performance-based incentive fee	196,352,216	57,230,194	16,791,083
Brokerage and handling fees	33,359,007	25,356,917	42,313,366
Others	1,227,022	792,862	576,736
	<u>607,263,125</u>	<u>680,477,636</u>	<u>581,932,693</u>
<i>Digital solutions and other services</i>			
Insurance brokerage services commission	—	—	8,145,147
Digital solutions fees	—	—	175,427,849
	—	—	<u>183,572,996</u>
<i>Fashion and luxury media advertising and marketing services</i>			
Fashion and luxury magazines and advertising services income	—	—	28,254,167
Fashion and luxury media licensing and marketing services income	—	—	31,424,904
	—	—	<u>59,679,071</u>
Revenue from other sources			
<i>Strategic investment</i>			
Dividend income	88,078,159	48,711,208	50,213,509
Gain related to disposed investments	82,948,508	125,112,176	173,129,345
	<u>171,026,667</u>	<u>173,823,384</u>	<u>223,342,854</u>
Net fair value changes on financial assets at fair value through profit or loss			
-from listed equity shares, at quoted price	(371,305,326)	54,008,047	(378,012,020)
-from unlisted equity shares and movie income right investments (note a)	313,561,520	543,543,197	216,605,145
-from unlisted equity linked notes	26,688,861	—	—
Total net fair value changes on financial assets at fair value through profit or loss	<u>139,971,722</u>	<u>771,374,628</u>	<u>61,935,979</u>
Net fair value changes on derivative financial assets			
-from derivative financial assets	371,305,326	(54,008,047)	484,760,273
	<u>511,277,048</u>	<u>717,366,581</u>	<u>546,696,252</u>
Total revenue	<u>1,118,540,173</u>	<u>1,397,844,217</u>	<u>1,371,881,012</u>

Note:

- (a) For the year ended December 2020, 2021 and 2022, net fair value gain arising from investments in equity securities of related parties are HK\$336,403,752, HK\$545,199,207 and HK\$213,791,063, respectively (Note 29(A)(ii)).

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

5. REVENUE, OTHER INCOME AND OTHER GAIN (CONTINUED)

A. Revenue (continued)

(i) Disaggregated revenue information

The Company assesses revenues based upon the nature or type of goods or services it provides and the operating segments of the related businesses. For more information on the operating segments, see Note 4, “Operating Segment Information”. The following tables present disaggregated revenue information:

For the year ended December 31, 2020

<u>Segments</u>	<u>Capital market solutions HK\$</u>	<u>Strategic investment HK\$</u>	<u>Total HK\$</u>
<u>Revenue from contracts with customers</u>			
<i>Capital market solutions</i>			
Underwriting commission	165,472,605	—	165,472,605
Financial advisory fee	210,852,275	—	210,852,275
Management fee and performance-based incentive fee	196,352,216	—	196,352,216
Brokerage and handling fees	33,359,007	—	33,359,007
Others	1,227,022	—	1,227,022
Sub-total	607,263,125	—	607,263,125
<u>Revenue from other sources</u>			
<i>Strategic investment</i>			
Net fair value changes on financial assets at fair value through profit or loss	—	(31,054,945)	(31,054,945)
Net fair value changes on derivative financial assets	—	371,305,326	371,305,326
Gain related to disposed investments	—	82,948,508	82,948,508
Dividend income	—	88,078,159	88,078,159
Total	607,263,125	511,277,048	1,118,540,173

<u>Segments</u>	<u>Capital market solutions HK\$</u>
<u>Timing of revenue recognition</u>	
Services transferred at a point in time	200,058,634
Services transferred over time	407,204,491
Total revenue from contracts with customers	607,263,125

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

5. REVENUE, OTHER INCOME AND OTHER GAIN (CONTINUED)

A. Revenue (continued)

(i) Disaggregated revenue information (continued)

For the year ended December 31, 2021

<u>Segments</u>	<u>Capital market solutions HK\$</u>	<u>Strategic investment HK\$</u>	<u>Total HK\$</u>
<u>Revenue from contracts with customers</u>			
<i>Capital market solutions</i>			
Underwriting commission	29,051,940	—	29,051,940
Financial advisory fee	568,045,723	—	568,045,723
Management fee and performance-based incentive fee	57,230,194	—	57,230,194
Brokerage and handling fees	25,356,917	—	25,356,917
Others	792,862	—	792,862
Sub-total	<u>680,477,636</u>	—	<u>680,477,636</u>
<u>Revenue from other sources</u>			
<i>Strategic investment</i>			
Net fair value changes on financial assets at fair value through profit or loss	—	597,551,244	597,551,244
Net fair value changes on derivative financial assets	—	(54,008,047)	(54,008,047)
Gain related to disposed investments	—	125,112,176	125,112,176
Dividend income	—	48,711,208	48,711,208
Total	<u>680,477,636</u>	<u>717,366,581</u>	<u>1,397,844,217</u>

<u>Segments</u>	<u>Capital market solutions HK\$</u>
<u>Timing of revenue recognition</u>	
Services transferred at a point in time	623,008,452
Services transferred over time	57,469,184
Total revenue from contracts with customers	<u>680,477,636</u>

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

5. REVENUE, OTHER INCOME AND OTHER GAIN (CONTINUED)

A. Revenue (continued)

(i) Disaggregated revenue information (continued)

For the year ended December 31, 2022

Segments	Capital market solutions	Digital solutions and other services	Fashion and luxury media advertising and marketing services	Strategic investment	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Revenue from contracts with customers					
<i>Capital market solutions</i>					
Underwriting commission	94,528,263	—	—	—	94,528,263
Financial advisory fee	427,723,245	—	—	—	427,723,245
Management fee and performance-based incentive fee	16,791,083	—	—	—	16,791,083
Brokerage and handling fees	42,313,366	—	—	—	42,313,366
Others	576,736	—	—	—	576,736
<i>Digital solutions and other services</i>					
Insurance brokerage services	—	8,145,147	—	—	8,145,147
Digital solutions fees	—	175,427,849	—	—	175,427,849
<i>Fashion and luxury media advertising and marketing services</i>					
Fashion and luxury magazines and advertising services income	—	—	28,254,167	—	28,254,167
Fashion and luxury media licensing and marketing services income	—	—	31,424,904	—	31,424,904
Sub-total	581,932,693	183,572,996	59,679,071	—	825,184,760
Revenue from other sources					
<i>Strategic investment</i>					
Net fair value changes on financial assets at fair value through profit or loss	—	—	—	(161,406,875)	(161,406,875)
Net fair value changes on derivative financial assets	—	—	—	484,760,273	484,760,273
Gain related to disposed investments	—	—	—	173,129,345	173,129,345
Dividend income	—	—	—	50,213,509	50,213,509
Total	581,932,693	183,572,996	59,679,071	546,696,252	1,371,881,012

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

5. REVENUE, OTHER INCOME AND OTHER GAIN (CONTINUED)

A. Revenue (continued)

(i) Disaggregated revenue information (continued)

<u>Segments</u>	<u>Capital market solutions</u> HK\$	<u>Digital solutions and other services</u> HK\$	<u>Fashion and luxury media advertising and marketing services</u> HK\$	<u>Total</u> HK\$
<u>Timing of revenue recognition</u>				
Services transferred at a point in time	565,141,610	8,145,147	28,254,167	601,540,924
Services transferred over time	16,791,083	175,427,849	31,424,904	223,643,836
Total revenue from contracts with customers	<u>581,932,693</u>	<u>183,572,996</u>	<u>59,679,071</u>	<u>825,184,760</u>

The following table shows the amount of revenue recognized in the current period that were included in the contract liabilities at the beginning of the reporting period:

	<u>For the year ended</u> <u>December 31,</u>	
	<u>2021</u> HK\$	<u>2022</u> HK\$
Revenue recognized that was included in contract liabilities at the beginning of the reporting period		
Capital market solutions	<u>46,640,036</u>	<u>630,962</u>

(ii) Performance obligations

The transaction prices allocated to the remaining performance obligations of digital solutions services (unsatisfied or partially unsatisfied) as of December 31, 2021 and December 31, 2022 are as follows:

For digital solutions services

	<u>As of December 31,</u>	
	<u>2021</u> HK\$	<u>2022</u> HK\$
Within one year	—	204,702,968
More than one year	—	101,443,644
	<u>—</u>	<u>306,146,612</u>

The performance obligations expected to be recognized in more than one year relate to upfront fee that are to be satisfied within two years. All the other remaining performance obligations are expected to be recognized within one year.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

5. REVENUE, OTHER INCOME AND OTHER GAIN (CONTINUED)

B. Other income

	<u>For the year ended December 31,</u>		
	<u>2020</u>	<u>2021</u>	<u>2022</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Bank interest income	67,783	15,174	12,332
Other interest income (note a)	—	—	51,304,121
Interest income from the immediate holding company (Note 29(A)(iv)) (Note 29(B)(i))	101,159,079	116,028,045	75,991,943
Government grant (note b)	3,061,665	—	1,184,000
Others	7,578,941	9,494,952	12,969,150
	<u>111,867,468</u>	<u>125,538,171</u>	<u>141,461,546</u>

Notes:

- (a) Included in the other interest income is HK\$45,272,261 derived from loan notes due from independent third parties related to the disposal of investments during the year ended December 31, 2022.
- (b) During the year ended December 31, 2022, the Group recognized government grants of HK\$1,184,000 (2021: Nil; 2020: HK\$3,061,665) from the Employment Support Scheme provided by the Hong Kong Government in connection with the COVID-19 related subsidies.

C. Other gain

Other gain of HK\$153,487,985 consists of (i) gain on bargain purchase of HK\$37,966,405 with details included in Note 34; and (ii) gain on disposal of subsidiaries of HK\$115,521,580. During the year ended December 31, 2022, the Group disposed of certain subsidiaries at a cash consideration of HK\$350,000,000, which is included in other receivables and settled in January 2023, to certain independent third parties. The net assets of these subsidiaries, in aggregate, are HK\$248,235,650, which mainly consisted of cash and cash equivalents of HK\$144,050,060, accounts receivable of HK\$200,036,799, other assets of HK\$598,415,823 and accounts payable of HK\$690,228,623.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

6. OTHER OPERATING EXPENSES

	For the year ended December 31,		
	2020	2021	2022
	HK\$	HK\$	HK\$
Advertising and marketing service fees and brand promotional expenses	5,696,606	597,566	20,004,385
Premises costs and office utilities			
—Premises costs	14,244,127	14,226,081	13,095,944
—Office utilities	6,601,790	7,821,627	9,142,411
	<u>20,845,917</u>	<u>22,047,708</u>	<u>22,238,355</u>
Traveling and business development expenses	5,636,354	3,747,166	7,761,633
Commissions and bank charges	1,957,433	1,308,425	1,309,186
Office and maintenance expenses	175,348	55,192	20,729
Administrative service, management and investment advisory fees	24,330,000	24,330,000	29,802,500
Legal and professional related fees	36,314,507	24,663,025	73,729,042
Staff recruitment expenses	1,223,673	2,322,035	4,229,736
Others			
—Depreciation	30,374	44,226	96,115
—Amortization	—	—	5,688,143
—Foreign exchange differences, net	3,222,789	963,422	1,970,158
—Other expenses	4,290,210	3,715,247	11,722,482
	<u>7,543,373</u>	<u>4,722,895</u>	<u>19,476,898</u>
	<u>103,723,211</u>	<u>83,794,012</u>	<u>178,572,464</u>

7. STAFF COSTS

	For the year ended December 31,		
	2020	2021	2022
	HK\$	HK\$	HK\$
Salaries, bonuses and staff welfare	93,660,617	94,776,416	121,314,816
Pension scheme contributions (defined contribution schemes)	749,664	809,482	7,942,657
	<u>94,410,281</u>	<u>95,585,898</u>	<u>129,257,473</u>

8. FINANCE COSTS

	For the year ended December 31,		
	2020	2021	2022
	HK\$	HK\$	HK\$
Interests on margin loans payable	12,475,296	—	—
Interests on convertible bond	7,717,348	8,085,419	430,702
Interests on bank borrowings	1,317,435	4,740,504	6,298,576
	<u>21,510,079</u>	<u>12,825,923</u>	<u>6,729,278</u>

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9. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%; 2020: 16.5%) on the estimated assessable profits arising in Hong Kong. Overseas tax is calculated at rates of tax applicable in countries in which the Group is assessable for tax:

	For the year ended December 31,		
	2020	2021	2022
	HK\$	HK\$	HK\$
Current tax:			
Hong Kong profits tax			
Charge for the year	96,708,600	104,423,916	101,232,315
Overprovision in prior year	(143,606)	—	—
The People's Republic of China withholding tax			
Charge for the year	8,807,816	4,871,121	5,021,351
Other jurisdictions			
Charge for the year	—	—	626,778
Deferred tax	(242,913,577)	—	(1,896,006)
	<u>(137,540,767)</u>	<u>109,295,037</u>	<u>104,984,438</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. For the year ended December 31, 2020, 2021 and 2022, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

A reconciliation of tax (credit)/expense and profit before tax at the statutory tax rate in which the Group's major operating subsidiaries are domiciled is as follows:

	For the year ended December 31,		
	2020	2021	2022
	HK\$	HK\$	HK\$
Profit before tax	1,001,420,217	1,331,176,555	1,361,698,473
Tax at statutory tax rate of 16.5%	165,234,336	219,644,132	224,680,248
Tax effect of foreign tax jurisdictions	—	—	264,583
Tax effect of two-tiered profits tax rate	(165,000)	(165,000)	(165,000)
Tax effect of non-taxable income	(79,190,106)	(95,836,917)	(122,208,901)
Tax effect of distribution to perpetual securities holders that are deductible for tax purpose	—	(20,747,569)	(20,290,239)
Tax effect of non-deductible expenses	10,887,971	1,566,657	17,740,105
Tax effect of unrecognized temporary difference	(25,011)	(4,075)	(2,839)
Tax effect of deferred tax liability reversed	(242,913,577)	—	—
Overprovision in prior year	(143,606)	—	—
Utilization of tax losses previously not recognized	(33,590)	(33,312)	(54,870)
Withholding tax on the dividend income	8,807,816	4,871,121	5,021,351
Income tax (credit)/expense	<u>(137,540,767)</u>	<u>109,295,037</u>	<u>104,984,438</u>

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9. INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

As at December 31, 2022, the Group had tax losses arising in Hong Kong and other countries, subject to the agreement by the tax authorities, which are available for offsetting against the future taxable profits of the Group.

Deferred tax assets have not been recognized in respect of these losses as it is not considered probable that taxable profits will be available against which such tax losses can be utilized.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The Company's ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote and is not convertible into Class B ordinary share under any circumstances. Each Class B ordinary share is entitled to twenty votes and is convertible into one Class A ordinary share at any time by the holder thereof.

The basic earnings per share attributable to Class A ordinary equity holders and Class B ordinary equity holders are calculated by dividing the profit for the year attributable to Class A ordinary equity holders and Class B ordinary equity holders of the parent by the number of Class A ordinary shares and Class B ordinary shares, respectively.

For the year ended December 31, 2020, the diluted earnings per share attributable to Class A ordinary equity holders and Class B ordinary equity holders are based on the profit for the year attributable to Class A ordinary equity holders and Class B ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bond, net fair value change of derivative financial liability and the foreign exchange effect of the convertible bonds of HK\$7,717,348, HK\$7,765,148 and HK\$528,958, respectively. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation plus the weighted average number of ordinary shares assumed to have been issued at on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares. For the year ended December 31, 2021 and 2022, the computation of diluted earnings per share has not taken into account the effect of convertible bond which is anti-dilutive.

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10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

Basic and diluted earnings per share for each of the periods presented are calculated as follows:

	For the year ended December 31,		
	2020	2021	2022
Basic earnings per share:			
<i>Numerator:</i>			
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation (HK\$)-basic Class A	249,206,548	299,742,816	513,186,052
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation (HK\$)-basic Class B	810,766,722	796,709,268	596,821,469
<i>Denominator:</i>			
Weighted average number of Class A ordinary shares outstanding—basic	57,474,495	62,327,851	138,490,789
Weighted average number of Class B ordinary shares outstanding—basic	186,987,093	165,665,944	160,959,872
Basic earnings per share (HK\$) Class A	4.34	4.81	3.71
Basic earnings per share (HK\$) Class B	4.34	4.81	3.71
Diluted earnings per share:			
<i>Numerator:</i>			
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculation (HK\$)-diluted Class A	248,629,790	299,742,816	513,186,052
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculation (HK\$)-diluted Class B	810,766,722	796,709,268	596,821,469
<i>Denominator:</i>			
Weighted average number of Class A ordinary shares outstanding—diluted	58,966,142	62,327,851	138,490,789
Weighted average number of Class B ordinary shares outstanding—diluted	186,987,093	165,665,944	160,959,872
Diluted earnings per share (HK\$) Class A	4.22	4.81	3.71
Diluted earnings per share (HK\$) Class B	4.34	4.81	3.71

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10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

	Number of shares		
	For the year ended December 31,		
	2020	2021	2022
<i>Shares:</i>			
Weighted average number of Class A ordinary shares in issue during the year used in the basic earnings per share calculation	57,474,495	62,327,851	138,490,789
Effect of dilution – weighted average number of ordinary shares:			
Convertible bond	1,491,647	—	—
	<u>58,966,142</u>	<u>62,327,851</u>	<u>138,490,789</u>
Weighted average number of Class B ordinary shares in issue during the year used in the basic earnings per share calculation	186,987,093	165,665,944	160,959,872
Effect of dilution – weighted average number of ordinary shares:			
Convertible bond	—	—	—
	<u>186,987,093</u>	<u>165,665,944</u>	<u>160,959,872</u>

Other than disclosed above and disclosed elsewhere in these consolidated financial statements, there are no other outstanding potential dilutive shares in issue.

11. ACCOUNTS RECEIVABLE

	As of December 31,	
	2021	2022
	HK\$	HK\$
Receivable from capital market solutions services	86,514,680	81,614,733
Commission receivable from insurance brokerage	—	2,718,150
Receivable from digital solutions and other services	—	81,844,175
Receivable from fashion and luxury media advertising and marketing services	—	21,496,558
	<u>86,514,680</u>	<u>187,673,616</u>

As of January 1, 2021, the Group has receivables arising from contracts with customers of HK\$77,350,250. The normal settlement terms of receivables from capital market solutions services are specific terms mutually agreed between the contracting parties. Receivables are non-interest bearing. The Group allows a credit period of up to 15 days to its commission receivable arising from insurance brokerage business and a credit period of up to 90 days to its accounts receivable arising from the digital solutions and other services business and fashion and luxury media advertising and marketing services business.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control team to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral over its accounts receivable.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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11. ACCOUNTS RECEIVABLE (CONTINUED)

An aging analysis of the accounts receivable as of the end of the reporting period, based on the due date, net of loss allowance is as follows:

	As of December 31,	
	2021	2022
	HK\$	HK\$
Not yet due	74,048,058	177,754,160
Past due		
Within 1 month	53,633	7,270,723
1 to 3 months	5,165,947	1,545,263
Over 3 months	7,247,042	1,103,470
	<u>86,514,680</u>	<u>187,673,616</u>

As of December 31, 2021 and 2022, accounts receivable was due from a number of reputable corporate clients, brokers and individual clients.

An impairment analysis of accounts receivable from capital market solutions services is performed at each reporting date using probability of default approach to measure expected credit losses. The probability of default and loss given default are estimated based on the Group's assessment on credit ratings of the accounts receivable and historical loss experience. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The calculation of ECL considers forward looking information through the use of publicly available economic data and forecasts, including macroeconomic data such as GDP growth and unemployment rate, management judgement to reflect the qualitative factors and through the use of multiple probability weighted scenarios.

Other than receivables from brokers and clearing house of HK\$21,545,865 included in receivable from capital market solutions services as of December 31, 2021 which measures the loss allowance equal to 12-month ECL, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. For receivable arising from the digital solutions and other services, the ECL is assessed on an individual basis. The ECL on remaining accounts receivable is performed on a collective basis, grouped by internal credit rating.

An impairment for loss allowance of HK\$17,109,001 was made on receivables with gross amount of HK\$17,109,001 arising from capital market solutions services, and was further written off during the year ended December 31, 2020, as the directors of the Company considered there was no realistic prospect of recovery.

As of December 31, 2021, the probability of default ranged from 0.12% to 4.98% and the loss given default was estimated to be 45%. As of December 31, 2022, the probability of default ranged from 0.39% to 0.57% and the loss given default was estimated to be 45%.

As of December 31, 2021	Internal credit risk rating					Total	
	AAA	AA	A	BBB	BB		CCC
Expected credit loss rate	—	—	0.10%	0.17%	—	0.10%	—
Gross carrying amount (HK\$'000)	—	—	54,763	24,218	—	7,534	86,515

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11. ACCOUNTS RECEIVABLE (CONTINUED)

As of December 31, 2022	Internal credit risk rating						Total
	AAA	AA	A	BBB	BB	CCC	
Expected credit loss rate	—	0.15%	—	0.27%	—	—	—
Gross carrying amount (HK\$'000)	—	84,563	—	103,111	—	—	187,674

The expected credit losses as of December 31, 2021 and 2022 were immaterial and no loss allowance for accounts receivable was provided.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As of December 31,	
	2021	2022
	HK\$	HK\$
Consideration receivables on disposal of investments to independent third parties	—	361,880,000
Consideration receivable on disposal of subsidiaries to independent third parties (Note 5(c))	—	350,000,000
Receivables from former subsidiaries	—	187,300,371
Prepayments	20,720,272	14,143,937
Deposits	516,399	899,027
Other receivables	679,711	58,359,326
Less: impairment loss provided under expected credit loss model	—	(3,920,121)
	<u>21,916,382</u>	<u>968,662,540</u>

The expected credit loss was assessed with reference to the credit status of the debtors, and the expected credit loss as of December 31, 2021 is considered to be minimal and HK\$3,920,121 was provided during the year ended December 31, 2022.

None of the above assets is past due or credit-impaired. The consideration receivables on disposal of investments and subsidiaries and receivables from former subsidiaries are subsequently fully settled as of the date of these financial statements. The other financial assets included in the above balances relate to receivables for which there was no recent history of default.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As of December 31,	
	2021	2022
	HK\$	HK\$
Financial assets at fair value through profit or loss, other than financial asset at fair value through profit or loss under stock loan	2,574,695,685	1,353,611,934
Financial assets at fair value through profit or loss under stock loan	211,331,400	169,583,400
Total financial assets at fair value through profit or loss	<u>2,786,027,085</u>	<u>1,523,195,334</u>
Listed equity shares, at quoted price		
—Investment A	1,055,407,260	695,988,462
—Investment B	—	165,462,000
—Investment C	—	4,824
Total listed equity shares, at quoted price	<u>1,055,407,260</u>	<u>861,455,286</u>
Unlisted equity shares		
—Investment D	86,195,893	—

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13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	As of December 31,	
	2021 HK\$	2022 HK\$
—Investment E	21,954,381	—
—Investment F (Note 29 (A)(ii))	1,120,244,487	—
—Investment G	9,979,264	—
—Investment H (Note 29 (A)(ii))	480,700,000	543,000,000
—Investment I	11,545,800	11,630,000
—Investment J	—	1,559,597
—Investment K	—	2,245,766
Total unlisted equity shares	1,730,619,825	558,435,363
Movie income right investments	—	103,304,685
	<u>2,786,027,085</u>	<u>1,523,195,334</u>

The above unlisted investments at December 31, 2021 and 2022 were equity shares investments issued by enterprises. Financial assets at fair value through profit or loss are categorized into levels 1 to 3. Refer to Note 31 for more information.

On December 28, 2021, the Group entered into a stock lending agreement with a related company, pursuant to which the Group lent certain listed equity shares of Investment A to the related company, with an interest of 2% per annum based on market value of the listed equity shares of the previous month end.

On May 5 and June 1, 2022, the Group entered into certain stock lending agreements with an independent third party, pursuant to which the Group lent certain listed equity shares of Investment A to this independent third party, with an interest of 2% per annum based on the previous month end market value of the listed equity shares.

As of December 31, 2021 and 2022, the fair values of the listed equity shares underlying the stock loan were HK\$211,331,400 and HK\$169,583,400 respectively. In addition, the net fair value changes on the financial assets at fair value through profit or loss under stock loan were HK\$47,378,880 and HK\$70,293,600 for the years ended December 31, 2021 and 2022, respectively.

During the year ended December 31, 2022, the Group acquired a controlling stake of Investment F (AMTD Digital) by issuing new Class A and Class B shares to the selling shareholders of AMTD Digital at a consideration of approximately US\$993 million. The original investment in AMTD Digital, accounted for as financial assets at fair value through profit or loss, was derecognized upon consolidation of AMTD Digital.

During the year ended December 31, 2021, the Group obtained certain equity interest in Investment H (AMTD Assets Alpha Group, a fellow subsidiary) in exchange for extinguishment of HK\$163,180,000 of current accounts due from the immediate holding company. The Group does not have right to participate in its policy-making processes, to appoint director nor management and to interchange of managerial personnel; accordingly, the Group concluded that it does not have significant influence to direct the relevant activities of the investee and classified the investment as a financial asset at fair value through profit or loss.

During the year ended December 31, 2022, the Group entered into a movie income right agreement with a production house through a newly acquired subsidiary, which is an independent third party. In accordance with the relevant agreements, the Group is entitled to certain percentage of the profit to be derived from the release of the films upon entering into the agreements. The Group may be required to further contribute to the film program due to the budget overruns. Any agreed further contribution to the film program due to the budget overruns of the film program by the Group will be added to the carrying amounts of financial assets.

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14. DERIVATIVE FINANCIAL ASSETS

	Notes	As of December 31,	
		2021	2022
		HK\$	HK\$
Upside Participation and Profit Distribution Agreements	(a)	969,894,519	1,305,256,317
Future Settlement Contract	(b)	—	137,877,845
		<u>969,894,519</u>	<u>1,443,134,162</u>

Note (a)

On April 1, 2019, two subsidiaries of the Group entered into “Upside Participation and Profit Distribution Agreements” (the “Agreements”) with a counterparty in relation to the movement of the share price of the entirety of the listed shares of Investment A (Note 13) that the Group owns (“Underlying Assets”). The Agreements have an original term of 12 months and can be extended for any further period or terminated at any time upon mutual agreement of the contracting parties. Pursuant to the Agreements:

- (a) The counterparty is entitled to 25% (the “Sharing Percentage”) of the gain of the Underlying Assets if the quoted market price or disposal price of the Underlying Assets is higher than HK\$8.1 per share (the “Underlying Price”);
- (b) The counterparty shall pay a sum equivalent to the loss if the quoted market price or disposal price of the Underlying Assets is lower than Underlying Price (“Participation Cost”); and
- (c) Dividend or cash distributions generated from the Underlying Assets during the term of the Agreements shall be received by the Group for its sole benefit and shall not be included in the computation of the Profit or the Participation Cost.

Further addendums to the Agreements were entered into on June 30, July 1, September 30 and December 31, 2019, March 31, June 26, June 30, September 30 and December 31, 2020 (the “Addendums”), where:

- On June 30, 2019, the term of the Agreements was modified from 12 months to 3 months and could be roll-forward for an additional three-month period upon mutual agreement between the contracting parties provided that the Underlying Assets are not fully disposed by the Group on the termination date.
- On July 1, 2019, the Agreements were extended for a 3-month period to September 30, 2019 and the Underlying Price was modified from HK\$8.1 to HK\$9.0 and the Sharing Percentage was modified from 25% to 40%.
- On September 30 and December 31, 2019 and March 31, 2020, the Agreements were extended for another three-month period and thus lastly to June 30, 2020.
- On June 26, 2020, the underlying listed shares have been partially sold, in which 176,766,469 underlying shares were sold to the counterparty at the disposal price of HK\$5.5 per share, and HK\$618,682,641 was paid by the counterparty to settle 176,766,469 notional of the derivatives reflecting the difference between disposal price and Underlying Price. Accordingly, corresponding revisions were made to the Agreements to reflect the reduction in the number of underlying listed shares.
- On June 30 and September 30, the Agreements were further extended for an additional three months period and thus till December 31, 2020.
- On October 27, 2020, the Agreements was novated by the original counterparty to an external third party.

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14. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

Note (a) (continued)

- On December 31, 2020, March 31, 2021, June 30, 2021, September 30, 2021, December 31, 2021 and March 31, 2022 and June 30 2022, the Agreements were extended for an additional three month period in each case and thus cumulatively till December 31, 2022.
- In December 2022, the underlying listed shares have been partially sold, in which 2,673,000 underlying shares were sold in the market at the average disposal price of HK\$3.27 per share, and HK\$15,306,985 was due from the counterparty to settle 2,673,000 notional of the derivatives reflecting the difference between the average disposal price and Underlying Price. Accordingly, corresponding revisions were made to the Agreements to reflect the reduction in the number of underlying listed shares.
- On December 31, 2022, the Agreements were further extended for an additional three months period and thus till March 31, 2023.

In December 2019, the controlling person of the original counterparty, with which the Group has entered into the Agreements, was appointed as a Director to the Board of Directors of the Company. Accordingly, the counterparty became a related party of the Company until October 27, 2020 when the Agreements were novated to an external party.

The Agreements together with the Addendums satisfied the definition of derivative financial asset in accordance with IFRS 9 and were stated at fair value with any subsequent changes recognized in profit or loss.

The table below shows the movement of:

- (i) the profit or loss not recognized when the derivative financial asset was initially recognized (Day 1 profit or loss);
- (ii) net carrying amount presented in the consolidated statements of financial position; and
- (iii) net changes in fair value on derivative financial asset presented in the consolidated statements of profit or loss and other comprehensive income

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14. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

Note (a) (continued)

	Fair value using valuation technique HK\$	Day 1 (profit)/loss HK\$	Net carrying amount HK\$	Net changes in fair value recognized in profit or loss HK\$
At December 31, 2020	1,036,169,019	(12,266,453)	1,023,902,566	—
Recognized in profit and loss prior to contract renegotiation on March 31, 2021				
—Changes in fair value	(12,266,453)	—	(12,266,453)	(12,266,453)
—Recognition of day 1 profit or loss	—	12,266,453	12,266,453	12,266,453
At March 31, 2021	1,023,902,566	—	1,023,902,566	—
Contract renegotiation on March 31, 2021	(1,678,713)	1,678,713	—	—
At March 31, 2021	1,022,223,853	1,678,713	1,023,902,566	—
Recognized in profit and loss prior to contract renegotiation on June 30, 2021				
—Changes in fair value	(34,326,652)	—	(34,326,652)	(34,326,652)
—Recognition of day 1 profit or loss	—	(1,678,713)	(1,678,713)	(1,678,713)
At June 30, 2021	987,897,201	—	987,897,201	(36,005,365)
Contract renegotiation on June 30, 2021	2,956,755	(2,956,755)	—	—
At June 30, 2021	990,853,956	(2,956,755)	987,897,201	(36,005,365)
Recognized in profit and loss prior to contract renegotiation on September 30, 2021				
—Changes in fair value	89,306,993	—	89,306,993	89,306,993
—Recognition of day 1 profit or loss	—	2,956,755	2,956,755	2,956,755
At September 30, 2021	1,080,160,949	—	1,080,160,949	56,258,383
Contract renegotiation on September 30, 2021	1,046,618	(1,046,618)	—	—
At September 30, 2021	1,081,207,567	(1,046,618)	1,080,160,949	56,258,383
Recognized in profit and loss prior to contract renegotiation on December 31, 2021				
—Changes in fair value	(111,313,048)	—	(111,313,048)	(111,313,048)
—Recognition of day 1 profit or loss	—	1,046,618	1,046,618	1,046,618
At December 31, 2021	969,894,519	—	969,894,519	(54,008,047)
Contract renegotiation on December 31, 2021	(1,507,769)	1,507,769	—	—
At December 31, 2021	968,386,750	1,507,769	969,894,519	(54,008,047)

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14. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

Note (a) (continued)

	Fair value using valuation technique	Day 1 (profit)/loss	Net carrying amount	Net changes in fair value recognized in profit or loss
	HK\$	HK\$	HK\$	HK\$
At December 31, 2021	968,386,750	1,507,769	969,894,519	—
Recognized in profit and loss prior to contract renegotiation on March 31, 2022				
—Changes in fair value	201,787,611	—	201,787,611	201,787,611
—Recognition of day 1 profit or loss	—	(1,507,769)	(1,507,769)	(1,507,769)
At March 31, 2022	1,170,174,361	—	1,170,174,361	200,279,842
Contract renegotiation on March 31, 2022	42,824,157	(42,824,157)	—	—
At March 31, 2022	1,212,998,518	(42,824,157)	1,170,174,361	200,279,842
Recognized in profit and loss prior to contract renegotiation on June 30, 2022				
—Changes in fair value	44,938,920	—	44,938,920	44,938,920
—Recognition of day 1 profit or loss	—	42,824,157	42,824,157	42,824,157
At June 30, 2022	1,257,937,438	—	1,257,937,438	288,042,919
Contract renegotiation on June 30, 2022	(9,371,394)	9,371,394	—	—
At June 30, 2022	1,248,566,044	9,371,394	1,257,937,438	288,042,919
Recognized in profit and loss prior to contract renegotiation on September 30, 2022				
—Changes in fair value	83,632,460	—	83,632,460	83,632,460
—Recognition of day 1 profit or loss	—	(9,371,394)	(9,371,394)	(9,371,394)
At September 30, 2022	1,332,198,504	—	1,332,198,504	362,303,985
Contract renegotiation on September 30, 2022	(16,356,494)	16,356,494	—	—
At September 30, 2022	1,315,842,010	16,356,494	1,332,198,504	362,303,985
Recognized in profit and loss prior to contract renegotiation on December 31, 2022				
—Changes in fair value	934,937	—	934,937	934,937
—Partial settlement	(15,306,985)	—	(15,306,985)	—
—Realized gain upon disposal	3,786,355	—	3,786,355	—
—Recognition of day 1 profit or loss	—	(16,356,494)	(16,356,494)	(16,356,494)
At December 31, 2022	1,305,256,317	—	1,305,256,317	346,882,428
Contract renegotiation on December 31, 2022	80,156	(80,156)	—	—
At December 31, 2022	1,305,336,473	(80,156)	1,305,256,317	346,882,428

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14. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

Note (a) (continued)

As of December 31, 2022, the counterparty of the derivative contracts pledged certain listed securities as collateral in favour of the Company which had a market value of HK\$3,781,638,616 (2021: HK\$3,089,570,978).

Note (b)

In June 2022, the Group entered into a future settlement contract with a counterparty, pursuant to which the Group is entitled to receive certain listed equity shares at a mutually agreed price at HK\$415,401,202 in aggregate (the "Future Settlement Contract") within one year. The fair value of the underlying shares as of December 31, 2022 was HK\$553,279,047. The Future Settlement Contract was accounted for as a derivative financial asset and the net fair value changes recognized in profit or loss was HK\$137,877,845 for the year ended December 31, 2022.

15. OTHER ASSETS

The Group maintains segregated bank accounts with corporate banks to hold clients' monies on trust under custody for the conduct of the regulated activities. The Group has classified the clients' monies as other assets under the assets section of the consolidated statements of financial position and recognized the corresponding amounts as clients' monies held on trust in accounts payable (Note 20) to respective clients on the basis that it is legally liable for any possible loss or misappropriation of the clients' monies.

16. CASH AND BANK BALANCES AND RESTRICTED CASH

(a) Cash and cash equivalents

	<u>As of December 31,</u>	
	<u>2021</u>	<u>2022</u>
	<u>HK\$</u>	<u>HK\$</u>
Cash and cash equivalents:		
—Cash on hand	595,992	1,497
—General bank accounts	525,610,116	1,078,409,838
Total cash and cash equivalents	<u>526,206,108</u>	<u>1,078,411,335</u>

Cash and cash equivalents include demand deposits at banks, earn interest at floating rates based on daily bank deposit rates for all the periods. The bank balances are deposited with creditworthy banks with no recent history of default.

(b) Restricted cash

As at December 31, 2022, restricted deposits held at banks amounted to HK\$3,239,362, which would be used to settle certain payables to vendors.

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17. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Computer equipment HK\$	Total HK\$
Cost:			
At January 1, 2021 and December 31, 2021	11,090	4,184,368	4,195,458
Additions	—	12,848	12,848
Additions from acquisition of subsidiaries (Note 34)	—	138,647	138,647
Disposal of subsidiaries	(11,090)	(4,184,368)	(4,195,458)
Exchange realignment	—	411	411
At December 31, 2022	<u>—</u>	<u>151,906</u>	<u>151,906</u>
Accumulated depreciation:			
At January 1, 2021	(10,714)	(4,073,387)	(4,084,101)
Charge for the year	(376)	(43,850)	(44,226)
At December 31, 2021 and January 1, 2022	(11,090)	(4,117,237)	(4,128,327)
Charge for the year	—	(96,115)	(96,115)
Disposal of subsidiaries	11,090	4,151,834	4,162,924
Exchange realignment	—	(310)	(310)
At December 31, 2022	<u>—</u>	<u>(61,828)</u>	<u>(61,828)</u>
Carrying amount:			
At January 1, 2021	<u>376</u>	<u>110,981</u>	<u>111,357</u>
At December 31, 2021	<u>—</u>	<u>67,131</u>	<u>67,131</u>
At December 31, 2022	<u>—</u>	<u>90,078</u>	<u>90,078</u>

18. GOODWILL

	Total HK\$
Cost:	
At January 1, 2021 and December 31, 2021	—
Arising from acquisition of AMTD Digital (Note 34)	58,675,041
At December 31, 2022	<u>58,675,041</u>

For the purpose of impairment testing, goodwill of HK\$58,675,041 and intangible assets (including developed technology of HK\$30,606,150 and brand name of HK\$1,271,483) as of December 31, 2022 are allocated to a cash-generating unit in digital solutions and other services segment. The recoverable amount of the cash-generating unit has been determined based on value in use calculation which uses cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 28.03% for the year ended December 31, 2022. Cash flows beyond the 5-year period are extrapolated using a steady 1.5% growth rate for the year ended December 31, 2022. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin and such estimation is based on past performance and management's expectations for the market development. Based on the result of the assessment, management of the Group determined that the recoverable amount of the cash-generating unit is higher than the carrying amount and there is no impairment of goodwill and related intangible assets allocated to cash-generating unit.

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18. GOODWILL (CONTINUED)

Management of the Group believes that any reasonably possible changes in any of these assumptions would not cause the carrying amount of the cash-generating unit to exceed its recoverable amount.

19. INTANGIBLE ASSETS

	<u>Archived images</u> HK\$	<u>Developed technology</u> HK\$	<u>Brand names</u> HK\$	<u>Securities trading licenses and trading right</u> HK\$	<u>Total</u> HK\$
Net carrying amount as of January 1, 2021 and December 31, 2021	—	—	—	15,171,170	15,171,170
Acquired on acquisition of L'Officiel (Note 34(b))	3,901,193	—	720,352,596	—	724,253,789
Acquired on acquisition of AMTD Digital (Note 34(a))	—	36,191,200	1,374,576	—	37,565,776
Amortization charge during the year	—	(5,585,050)	(103,093)	—	(5,688,143)
Disposal of subsidiaries	—	—	—	(15,171,170)	(15,171,170)
Net carrying amount as of December 31, 2022	<u>3,901,193</u>	<u>30,606,150</u>	<u>721,624,079</u>	<u>—</u>	<u>756,131,422</u>

The intangible assets are amortized on a straight-line basis as follows:

Developed technology	7 years
Brand names	20 years or indefinite useful lives
Archive images	Indefinite useful lives

As at January 1, 2021 and December 31, 2021, the intangible assets represented securities trading licenses and trading right with indefinite useful lives because they are expected to contribute to the net cash flows of the Group indefinitely and therefore, are not amortized. The recoverable amount of the securities trading licenses and trading right is determined by reference to the market evidence of recent transaction prices for similar licensed corporations.

As at December 31, 2022, included in the above carrying amounts of brand name of HK\$720,352,596 and archived images of HK\$3,901,193 are considered by management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The brand name and archived images will not be amortised until its useful life is determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

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19. INTANGIBLE ASSETS (CONTINUED)

As at December 31, 2022, carrying amount of brand name of HK\$726,375,807 and archived images of HK\$3,901,193 are allocated to a cash-generating unit in fashion and luxury media advertising and marketing services segment. For the purpose of impairment testing, the recoverable amount of this cash-generating unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 18.01%. Cash flows beyond the 5-year period are extrapolated using a steady 1.56% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the past performance and management's expectations for the market development. Based on the result of the assessment, management of the Group determined that the recoverable of the cash-generating unit is higher than the carrying amount and there is no impairment of the related intangible assets allocated to cash-generating unit. Management of the Group believes that any reasonably possible changes in any of these assumptions would not cause the carrying amount of cash-generating unit to exceed its recoverable amount.

20. ACCOUNTS PAYABLE

	<u>As of December 31,</u>	
	<u>2021</u>	<u>2022</u>
	<u>HK\$</u>	<u>HK\$</u>
Payables to suppliers of fashion and luxury media advertising and marketing services	—	76,778,957
Clients' monies held on trust (Note 5(c) and Note 15)	146,283,760	—
Others	8,737,158	5,536,216
	<u>155,020,918</u>	<u>82,315,173</u>

21. BANK BORROWINGS

A currency analysis of bank borrowings at the end of the reporting periods is as follows:

	<u>As of December 31,</u>	
	<u>2021</u>	<u>2022</u>
	<u>HK\$</u>	<u>HK\$</u>
Hong Kong dollars	116,000,000	—
United States dollars	272,870,500	156,309,551
Euro	—	4,169,550
	<u>388,870,500</u>	<u>160,479,101</u>

As of December 31, 2021 and December 31, 2022, the bank borrowings were unsecured. As of December 31, 2021 and December 31, 2022, bank borrowings of HK\$388,870,500 and HK\$156,910,059 were repayable in one year or on demand, and nil and HK\$3,569,042 were repayable more than one year but within 5 years.

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21. BANK BORROWINGS (CONTINUED)

As of December 31, 2021 and December 31, 2022, the Group's aggregate banking facilities amounted to US\$50,000,000 (equivalent to HK\$389,815,000), and US\$20,068,000 and Euro 500,000 (equivalent to HK\$160,645,400 in aggregate) of which HK\$388,870,500 and HK\$160,479,101 were utilized, respectively and bore contractual interest rate of 2.1% p.a. and 6.3% p.a., respectively.

22. OTHER PAYABLES AND ACCRUALS

	As of December 31,	
	2021	2022
	HK\$	HK\$
Accruals and other payables	91,594,587	114,718,709
Contract liabilities (note)	630,962	17,077,186
	92,225,549	131,795,895

Note: Contract liabilities as at December 31, 2021 include upfront fees received to deliver capital market solutions services. As at December 31, 2022, contract liabilities included upfront fees received to deliver digital solutions services.

As at January 1, 2021, contract liabilities amounted to HK\$47,270,998. For the year ended December 31, 2022, revenue of HK\$630,962 recognized was included in the contract liabilities balance at the beginning of the year (2021: HK\$46,640,036).

23. PROVISIONS

	Claims from vendors HK\$
At January 1, 2021 and December 31, 2021	—
Additions from acquisition of subsidiaries (Note 34)	32,131,266
Settled during the year	(739,547)
Exchange alignment	414,124
At December 31, 2022	31,805,843

The amount represents the best estimate of the Group's liability on the claims from vendors having taken the view of legal advice.

24. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the years are as follows:

	Intangible assets HK\$
At January 1, 2021 and December 31, 2021	—
Acquisitions of subsidiaries (Note 34)	27,681,459
Deferred tax credit to profit or loss during the year (Note 9)	(1,896,006)
At December 31, 2022	25,785,453

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25. CONVERTIBLE BOND AND DERIVATIVE FINANCIAL LIABILITY

On December 19, 2019, the Company issued 2% convertible bond with a principal amount of US\$15,000,000. The bond is convertible at the option of the bondholders into class A ordinary shares at any time after six months following the date of issuance of the bond and prior to the close of business on the second business day immediately preceding the maturity date of June 30, 2023. The conversion rate is 99.44 American Depositary Shares (“ADSs”) per US\$1,000 principal. The conversion rate is subject to adjustment upon the occurrence of certain events that have an impact on the number of outstanding shares of the company. The bondholders can convert all or any portion of the bond that equals to or greater than US\$10,000,000. However, the bondholders can only exercise such right to convert no more than twice. Any convertible notes not converted, as well as the accrued interest, will be repaid on June 30, 2023. In January 2022, the conversion price of the bond was adjusted to US\$8.08 per share and the convertible bond were converted into 1,856,436 class A ordinary shares. The directors of the Company considered that the effect of the modification of this financial liability is considered as immaterial.

On initial recognition, the derivative component of the convertible bond is measured at fair value and presented as a derivative financial liability.

The movement of convertible bond during the years ended December 31, 2021 and 2022 are as follows:

	Liability component	Derivative financial liability
	HKS	HKS
At January 1, 2021	103,278,429	12,954,313
Interest for the year	8,085,419	—
Exchange alignment	606,536	798,360
At December 31, 2021	111,970,384	13,752,673
Interest for the year	430,702	—
Fair value gain recognized in profit or loss	—	(13,347,266)
Converted into class A shares	(112,401,086)	(405,407)
At December 31, 2022	—	—

26. SHARE CAPITAL AND TREASURY SHARES

Each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to vote at general meetings of the Company, and each Class B ordinary share shall entitle the holder thereof to twenty votes on all matters subject to vote at general meetings of the Company. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Each Class A ordinary share is not convertible into Class B ordinary shares under any circumstances. Except for the voting rights and the conversion rights, the Class A ordinary shares and the Class B ordinary shares shall rank pari passu with one another and shall have the same rights, preferences, privileges and restrictions.

As of December 31, 2022, the Company had ordinary shares outstanding comprising of 144,077,210 Class A ordinary shares and 233,526,979 Class B ordinary shares (including those repurchased), respectively. During the years ended December 31, 2022 and 2020, 4,281,379 and 21,243,000 Class B ordinary shares held by the controlling shareholder were converted into Class A ordinary shares, respectively. No Class B ordinary shares were converted into Class A ordinary shares for the year ended December 31, 2021.

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26. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

	Notes	Class A ordinary shares	Numbers of shares Class B ordinary shares	Class B treasury shares
At January 1, 2020		41,084,851	204,526,628	—
Conversion of class B ordinary shares to class A ordinary shares		21,243,000	(21,243,000)	—
At December 31, 2020 and January 1, 2021		62,327,851	183,283,628	—
Repurchase of ordinary shares	(i)	—	(69,144,673)	69,144,673
As December 31, 2021		62,327,851	114,138,955	69,144,673
Issued during the year	(ii), (iii), (iv)	77,467,980	54,524,730	—
Conversion of class B ordinary shares to class A ordinary shares		4,281,379	(4,281,379)	—
Repurchase of ordinary shares	(i)	—	(36,923,963)	36,923,963
As December 31, 2022		<u>144,077,210</u>	<u>127,458,343</u>	<u>106,068,636</u>

Notes:

- (i) On September 30, 2021 and December 31, 2022, the Company repurchased 69,144,673 and 36,923,963, respectively, Class B ordinary shares from the immediate holding company, amounting to HK\$5,000,000,000 and HK\$2,500,000,000. Details on Note 28.
- (ii) In January 2022, the convertible bond has been converted into 1,856,436 class A ordinary shares at the conversion price of US\$8.08 per share.
- (iii) During the year ended December 31, 2022, the Company acquired a controlling stake in AMTD Digital by issuing 67,200,330 Class A and 51,253,702 Class B shares to the selling shareholders of AMTD Digital at a consideration of HK\$7,756,228,581.
- (iv) In January and April 2022, the Company issued 8,411,215 Class A and 3,271,028 Class B shares to the private investors at US\$4.28 per share.

27. PERPETUAL SECURITIES

On May 14, 2020, the Company issued US\$200,000,000 (equivalent to HK\$1,550,020,000) and SGD50,000,000 (equivalent to HK\$272,890,845) of perpetual securities at initial distribution rate of 7.25% p.a. (the “Perpetual Securities I”) and 4.5% p.a. (the “Perpetual Securities II”) which are listed on Hong Kong Stock Exchange and Singapore Stock Exchange respectively (collectively the “Perpetual Securities”). Of which, US\$38,920,000 (equivalent to HK\$301,633,892) of Perpetual Securities I and SGD14,740,000 (equivalent to HK\$80,448,221) of Perpetual Securities II were issued in settlement for the redemption of Perpetual Securities issued by the immediate holding company in 2017. The consideration amounting to HK\$382,082,113 was settled through the current account with the immediate holding company during the year ended December 31, 2020.

The direct transaction costs attributable to the Perpetual Securities I and Perpetual Securities II in aggregate amounted to HK\$4,460,393.

Distributions of the Perpetual Securities I and Perpetual Securities II may be paid semi-annually in arrears on May 14 and November 14 in each year and may be deferred at the discretion of the Company unless a compulsory distribution payment event (including distributions to ordinary shareholders of the Company) has occurred. Following a deferral, arrears of distributions are cumulative.

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27. PERPETUAL SECURITIES (CONTINUED)

The Perpetual Securities I are unsecured, have no fixed maturity date and are callable at the Company's option in whole on May 14, 2023 ("First Reset Date") or any Distribution Payment Date falling after the First Reset Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will reset, on First Reset Date and every three years after the First Reset Date, to the sum of the initial spread of 7.011% p.a., the Treasury Rate and a step-up margin of 5.00% p.a..

The Perpetual Securities II are unsecured, have no fixed maturity date and are callable at the Company's option in whole on May 14, 2025, which is five years after the issue date or any Distribution Payment Date thereafter at their principal amounts together with any accrued, unpaid or deferred distributions.

On October 27, 2021, the Group has partially early redeemed Perpetual Securities II at the redemption price equal to 75% of the principal amount which amounted to SGD11,188,000 (equivalent to HK\$65,104,192). A gain of HK\$15,949,627 was recorded directly in the retained earnings.

The Perpetual Securities are included in equity in the Group's consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the Perpetual Securities. For the year ended December 31, 2021 and 2022, the profit attributable to holders of Perpetual Securities based on the applicable distribution rate, was HK\$125,742,843 and HK\$122,971,145, respectively, where any distribution could be deferred at the discretion of the Company unless a compulsory distribution payment event (including distributions to ordinary shareholders of the Company) has occurred. The Company distributed HK\$124,279,754 and HK\$123,620,489 to the holders of perpetual securities during the year ended December 31, 2021 and 2022, respectively.

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

Save as disclosed elsewhere in these consolidated financial statements, the following non-cash transactions were recorded.

During the year ended December 31, 2020, the Group subscribed two equity linked notes for a consideration of HK\$148,671,602 issued by two former subsidiaries. The underlying securities for an equity linked note were disposed by one of the former fellow subsidiaries, triggering a settlement of equity linked note for a consideration of HK\$195,789,033 which was settled in 2021 through the current accounts with AMTD Group under central treasury function. The Group recognized a gain of HK\$82,948,667 from this transaction.

During the year ended December 31, 2021, the underlying securities for the other equity linked note were disposed by one of the former fellow subsidiaries, triggering a settlement of equity linked note for a consideration of HK\$181,633,667. The Group recognized a gain related to the disposed investment of HK\$119,113,730 from this transaction which was settled through the current accounts with AMTD Group.

During the year ended December 31, 2021, the Group disposed financial assets at fair value through profit or loss of HK\$196,036,584 to a then fellow subsidiary. The Group recognized a gain related to the disposed investment of HK\$5,998,446. The consideration of HK\$196,036,584 was settled by way of the current accounts with AMTD Group.

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28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(a) Major non-cash transactions (continued)

During the year ended December 31, 2021, the Group purchased financial assets at fair value through profit or loss of HK\$163,180,000 from the immediate holding company. The consideration was settled through the current accounts with AMTD Group.

During the year ended December 31, 2021, the Group repurchased 69,144,673 Class B ordinary shares from AMTD Group amounting to HK\$5,000,000,000. The consideration was settled through the current accounts with AMTD Group.

During the year ended December 31, 2022, the Group repurchased 36,923,963 Class B ordinary shares from AMTD Group amounting to HK\$2,500,000,000. The consideration was settled through the current accounts with AMTD Group.

During the year ended December 31, 2022, the convertible bond was converted into 1,856,436 Class A ordinary shares.

During the year ended December 31, 2022, the Company issued 5,852,805 Class A ordinary shares to a private investor at US\$4.28 per share. The consideration amounting to HK\$196,592,400 was settled through the transfer of a listed equity investment to the Group.

(b) Changes in liabilities arising from financing activities

	Margin loans payable HK\$	Derivative financial liability HK\$	Convertible bond HK\$	Bank borrowings HK\$	Total HK\$
At January 1, 2020	317,722,438	20,813,810	95,995,690	—	434,531,938
Cash flow from financing activities	(330,197,734)	—	—	230,962,565	(99,235,169)
Interest expenses	12,475,296	—	7,717,348	1,317,435	21,510,079
Fair value gain recognized in profit or loss	—	(7,765,148)	—	—	(7,765,148)
Exchange alignment	—	(94,349)	(434,609)	—	(528,958)
At December 31, 2020	—	12,954,313	103,278,429	232,280,000	348,512,742
Cash flow from financing activities	—	—	—	151,263,786	151,263,786
Interest expenses	—	—	8,085,419	4,740,504	12,825,923
Exchange alignment	—	798,360	606,536	586,210	1,991,106
At December 31, 2021	—	13,752,673	111,970,384	388,870,500	514,593,557
Cash flow from financing activities	—	—	—	(239,383,150)	(239,383,150)
Interest expenses	—	—	430,702	6,298,576	6,729,278
Fair value change	—	(13,347,266)	—	—	(13,347,266)
Non-cash transactions:					
Conversion of convertible bond	—	(405,407)	(112,401,086)	—	(112,806,493)
Acquisition of subsidiaries	—	—	—	4,589,759	4,589,759
Exchange alignment	—	—	—	103,416	103,416
At December 31, 2022	—	—	—	160,479,101	160,479,101

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29. RELATED PARTY TRANSACTIONS

(A) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the years:

	Notes	For the year ended December 31,		
		2020 HK\$	2021 HK\$	2022 HK\$
Capital market solutions services rendered to fellow subsidiaries	(i)	30,233,187	1,147,769	20,655
Capital market solutions services rendered to related companies controlled by a director of the Company	(i)	98,185,833	—	9,000,000
Capital market solutions services rendered to former fellow subsidiaries	(i)	—	104,300,690	—
Management fee paid to immediate holding company	(i)	150,000	150,000	137,500
Investment advisory fee paid to a fellow subsidiary	(i)	180,000	180,000	165,000
Insurance commission paid to a fellow subsidiary	(i)	105,251	58,228	—
Insurance commission received from immediate holding company	(i)	—	—	31,531
Insurance commission received from a fellow subsidiary	(i)	—	—	1,662
Digital solutions and other services income from immediate holding company	(i)	—	—	12,466,667
Fashion and luxury media advertising and marketing services from immediate holding company	(i)	—	—	22,616,160
Acquisition of investment from immediate holding company	(ii)(a)	556,161,528	163,180,000	—
Acquisition of investments from fellow subsidiaries	(ii)(b)	148,671,602	11,545,800	—
Disposal of an investment to a former fellow subsidiary	(ii)(c)	—	196,036,584	—
Administrative service fee paid to immediate holding company	(iii)	24,000,000	24,000,000	29,500,000

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29. RELATED PARTY TRANSACTIONS (CONTINUED)

- (A) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the years (continued):

	Notes	For the year ended December 31,		
		2020 HK\$	2021 HK\$	2022 HK\$
Interest income from immediate holding company	(iv)	101,159,079	116,028,045	75,991,943
Stock lending interest income from a former fellow subsidiary	(i)	—	34,740	—
Recharge from/(to) immediate holding company				
—Staff costs		20,156,843	22,081,545	31,986,661
—Premises cost		14,010,263	13,964,993	11,507,635
	(iii)	34,167,106	36,046,538	43,494,296
Treasury shares repurchased from immediate holding company	28	—	5,000,000,000	2,500,000,000
Perpetual securities redeemed from a former fellow subsidiary		—	4,648,331	—
Perpetual securities redeemed from a related company		—	35,719,218	—
Acquisition of AMTD Digital from immediate holding company and fellow subsidiaries	(ii) (d)	—	—	5,793,768,692
Net changes in fair value on derivative financial asset entered into with a related party controlled by a director of the Company	(v)	321,797,949	—	—
Consideration received for disposal of investments to a related party controlled by a director of the Company	(v)	972,215,580	—	—
Consideration received for settlement of derivatives contracts with a related party controlled by a director of the Company	(v)	618,682,641	—	—

Notes:

- (i) The terms of these services were comparable to the fee and conditions offered to the major customers of the Group.
- (ii) a. In 2020, the transaction represented the acquisition of 14.37% interest in a fellow subsidiary, AMTD Digital from AMTD Group based on fair value at the date of acquisition. In 2021, the transaction represented the acquisition of 19.9% interest in another fellow subsidiary, AMTD Assets Alpha Group, from AMTD Group based on the investee's net asset value on the date of acquisition. The considerations were settled through the current account with AMTD Group.

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29. RELATED PARTY TRANSACTIONS (CONTINUED)

- (A) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the years (continued):

Notes: (continued)

- b. In 2020, the transactions represented the acquisition of equity linked notes from a former fellow subsidiaries based on the fair value as of the date of acquisition. In 2021, the transaction represented the acquisition of an unlisted equity investment from a fellow subsidiary.
 - c. The transactions represented the disposal of unlisted equity investment to a related company based on the fair value as of the date of disposal. The gain on disposal amounted to HK\$5,998,446.
 - d. In 2022, the Group acquired 82.7% interest in AMTD Digital from the immediate holding company and fellow subsidiaries at a consideration of approximately US\$993 million. Details refer to Note 34 (a).
- (iii) The staff costs and premises cost was recharged by the immediate holding company based on actual usage. Starting from July 2022, the immediate holding company charged a fixed service fee of HK\$9,000,000 (HK\$6,000,000 prior to July 2022) per quarter for other administrative expenses.
- (iv) The transaction represented the interest income charged at 2% per annum (Note 5) on the outstanding amount due from the immediate holding company which was payable on demand.
- (v) In December 2019, the controlling person of the counterparty, with which the Group has entered into the Agreements (Note 14), was appointed as a Director to the Board of Directors of the Company. Accordingly, the counterparty became a related party of the Company. On October 27, 2020, the Agreements were novated to an external party.
- (B) In addition to balances disclosed elsewhere in these consolidated financial statements, the Group had the following outstanding balances with related parties:
- (i) Treasury functions of the Group are conducted centrally under AMTD Group and inter-company fund transfers were carried out among the entities within AMTD Group. The treasury function manages available funds at AMTD Group level and allocates the funds to various entities within AMTD Group for their operations. On August 5, 2019 and July 15, 2022, the Group and its subsidiary entered into an intercompany financing agreement with its immediate holding company. Under such agreement, any intercompany receivables and payables balances with the immediate holding company and the fellow subsidiaries shall be settled on a net basis with the immediate holding company. As of December 31, 2021 and 2022, the net balance between the Group and the immediate holding company was an amount due from immediate holding company of HK\$2,144,975,230 and HK\$2,239,358,702 respectively, which bears interest at 2% per annum and are unsecured and repayable on demand. The Group did not have any outstanding balances with its fellow subsidiaries. For the years ended December 31, 2020, 2021 and 2022, there was no provision for credit loss on amounts due from immediate holding company.

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29. RELATED PARTY TRANSACTIONS (CONTINUED)

(C) Compensation of key management personnel of the Group:

	For the year ended December 31,		
	2020	2021	2022
	HKS	HKS	HKS
Short-term employee benefits	32,692,568	22,426,846	33,320,024
Other long-term benefit	54,745	55,200	99,750
	<u>32,747,313</u>	<u>22,482,046</u>	<u>33,419,774</u>

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as of the end of the reporting period are as follows:

As of December 31, 2021

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at amortized cost	Total
	Mandatorily required to be measured at fair value		HKS	HKS
	HKS		HKS	HKS
Accounts receivable	—		86,514,680	86,514,680
Financial assets included in prepayments, deposits and other receivables	—		1,196,110	1,196,110
Due from immediate holding company	—		2,144,975,230	2,144,975,230
Financial assets at fair value through profit or loss	2,786,027,085		—	2,786,027,085
Derivative financial assets	969,894,519		—	969,894,519
Other assets	—		136,065,738	136,065,738
Cash and bank balances	—		526,206,108	526,206,108
	<u>3,755,921,604</u>		<u>2,894,957,866</u>	<u>6,650,879,470</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	Total
	HKS		HKS	HKS
Accounts payable	—		155,020,918	155,020,918
Financial liabilities included in other payables and accruals	—		72,107,680	72,107,680
Bank borrowings	—		388,870,500	388,870,500
Derivative financial liability	13,752,673		—	13,752,673
Convertible bond	—		111,970,384	111,970,384
	<u>13,752,673</u>		<u>727,969,482</u>	<u>741,722,155</u>

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30. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as of the end of the reporting period are as follows (continued):

As of December 31, 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	Mandatorily required to be measured at fair value		
	HK\$	HK\$	HK\$
Accounts receivable	—	187,673,616	187,673,616
Financial assets included in prepayments, deposits and other receivables	—	954,518,603	954,518,603
Due from immediate holding company	—	2,239,358,702	2,239,358,702
Financial assets at fair value through profit or loss	1,523,195,334	—	1,523,195,334
Derivative financial assets	1,443,134,162	—	1,443,134,162
Other assets	—	9,620,468	9,620,468
Restricted cash	—	3,239,362	3,239,362
Cash and bank balances	—	1,078,411,335	1,078,411,335
	<u>2,966,329,496</u>	<u>4,472,822,086</u>	<u>7,439,151,582</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	HK\$	HK\$	HK\$
Accounts payable	—	82,315,173	82,315,173
Financial liabilities included in other payables and accruals	—	102,788,191	102,788,191
Bank borrowings	—	160,479,101	160,479,101
	<u>—</u>	<u>345,582,465</u>	<u>345,582,465</u>

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31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments measured at fair value are as follows:

	Carrying amounts		Fair values	
	As of December 31,		As of December 31,	
	2021	2022	2021	2022
	HK\$	HK\$	HK\$	HK\$
Financial assets				
Financial assets at fair value through profit or loss	2,786,027,085	1,523,195,334	2,786,027,085	1,523,195,334
Derivative financial assets	969,894,519	1,443,134,162	968,386,750	1,443,214,318
	<u>3,755,921,604</u>	<u>2,966,329,496</u>	<u>3,754,413,835</u>	<u>2,966,409,652</u>
Financial liabilities				
Derivative financial liability	13,752,673	—	13,752,673	—

Management has assessed that the fair values of cash and bank balances, restricted cash, accounts receivable, financial assets included in prepayments, deposits and other receivables, amount due from immediate holding company, other assets, accounts payable, financial liabilities included in other payables and accruals, bank borrowings and convertible bond, approximate to their carrying amounts largely due to the short-term maturities of these instruments or repayable on demand, or that they are interest-bearing at market rates.

The Group's finance department headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance director reports directly to the chief financial officer. At each reporting date, finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The valuation procedures applied include consideration of recent transactions in the same security or financial instrument, recent financing of the investee companies, economic and market conditions, current and projected financial performance of the investee companies, and the investee companies' management team as well as potential future strategies to realize the investments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

As of December 31, 2021 and 2022, the fair values of listed equity investments, including the stock loan, were based on quoted market prices.

The valuation methodologies for material unlisted equity securities and movie income right investments are set out in Note 3 to the consolidated financial statements.

The fair value of the derivative financial assets in relation to the Agreements was estimated using the MCS and was determined based on significant observable and unobservable inputs including the current stock price, dividend yield, risk-free rate, volatility of the underlying equity securities and the credit rating of the counterparty on the valuation date. MCS is a financial model that is commonly used to simulate variables that are highly unpredictable. The valuations performed using the MCS require management to estimate the volatility of the underlying equity securities and the credit rating of the counterparty and hence the valuations are subject to estimation uncertainty. The Group classifies the fair value of derivative financial assets in relation to the Agreement as Level 3. The management believed that the estimated fair values resulting from the valuation technique were reasonable. The accounting policy of the day 1 profit or loss arising from the difference between the transaction price and the fair value upon initial recognition is disclosed in Note 2.4 to the consolidated financial statements.

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31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of the conversion option embedded in the convertible bond is calculated based on the difference of the fair value of convertible bond as a whole using binomial method, and the fair value of the loan using the discounted cash flow method. The valuation of the fair value of convertible bond as a whole requires the Group to determine credit spread, discount rate, liquidity spread and volatility.

Below is summary of significant unobservable inputs to valuation of financial instruments together with a quantitative sensitivity analysis as of December 31, 2021:

	Valuation technique	Significant unobservable input	Range or estimate	Sensitivity of value to the input
Unlisted equity investment Investment D	Multiple/EVA	Equity volatility	75.29%	5% increase/decrease in volatility results in decrease/increase in fair value by 0%/ 0%
		Median Forward P/E multiple of peers	2.10	5% increase/decrease in P/E multiple results in increase/decrease in fair value by 0%/1.9%
Unlisted equity investment Investment E	Multiple/EVA	Equity volatility	48.52%	5% increase/decrease in volatility results in decrease/increase in fair value by 1.3%/1.3%
		Median Forward P/E multiple of peers	18.97	5% increase/decrease in P/E multiple results in increase/decrease in fair value by 4.2%/4.3%
Unlisted equity investment Investment F	Multiple/EVA	Average P/E multiple of peers	61.29	5% increase/decrease in P/E multiple results in increase/decrease in fair value by 5.0%/5.0%
		Discount of lack of marketability	45%	5% increase/decrease in discount of lack of marketability results in decrease/increase in fair value by 4.1%/4.1%
Unlisted equity investment Investment H	Net asset value method	Net asset value	Note (a)	5% increase/decrease in net asset value results in increase/decrease in fair value by 5.0%/5.0%
Derivative financial assets in relation to the Agreements	MCS	Volatility of Underlying Assets	35.95%	5% increase/decrease in volatility results in increase/decrease in fair value by 0.06%
Derivative financial liability	Binomial option pricing model	Volatility	46.21%	5% increase/decrease in volatility results in increase/decrease in fair value by 0.07%/0.13%
		Discount rate	12.52%	5% increase/decrease in discount rate results in decrease/increase in fair value by 0.70%/0.71%

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31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is summary of significant unobservable inputs to valuation of financial instruments together with a quantitative sensitivity analysis as of December 31, 2022:

	Valuation technique	Significant unobservable input	Range or estimate	Sensitivity of value to the input
Unlisted equity investment Investment H	Net asset value method	Net asset value	Note (a)	5% increase/decrease in net asset value results in increase/decrease in fair value by 5.0%/5.0%
Unlisted equity investment Investment I	Multiple/EVA	Equity volatility	69.60%	5% increase/decrease in volatility results in decrease/increase in fair value by 0.0%/0.0%
Movie income right investments	Income approach	Discount rate	10.40%-12.59%	5% increase/decrease in the discount rate results in decrease/increase in fair value by 5.0%/5.0%
Derivative financial assets in relation to the Agreements	MCS	Volatility of Underlying Assets	49.78%	5% increase/decrease in volatility results in increase/decrease in fair value by 0.1%/0.1%

Note:

- (a) The fair value is derived from the net asset value of Investment H that is mostly attributable from its underlying property investments with their fair value being measured by income approach. The directors of the Company considered that remaining assets or liabilities in Investment H are not significant to the amount of overall investment and approximated to their fair value.

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31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair Value Hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
As of December 31, 2021				
Financial assets at fair value through profit or loss	1,055,407,260	21,525,064	1,709,094,761	2,786,027,085
Derivative financial asset	—	—	969,894,519	969,894,519
	<u>1,055,407,260</u>	<u>21,525,064</u>	<u>2,678,989,280</u>	<u>3,755,921,604</u>
As of December 31, 2022				
Financial assets at fair value through profit or loss	861,455,286	33,804,838	627,935,210	1,523,195,334
Derivative financial assets	—	137,877,845	1,305,256,317	1,443,134,162
	<u>861,455,286</u>	<u>171,682,683</u>	<u>1,933,191,527</u>	<u>2,966,329,496</u>

Liability measured at fair value:

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
As of December 31, 2021				
Derivative financial liabilities	—	—	13,752,673	13,752,673

During the year ended December 31, 2021, the valuation technique for the fair value of Investment F has been changed due to the lack of recent transaction price. Upon the completion of acquisition of majority stake of AMTD Digital in 2022, the original investment in AMTD Digital was derecognized upon the consolidation of AMTD Digital. During the year ended December 31, 2021 and 2022, there were no transfers of fair value measurements between Level 1 and Level 2. Transfers between levels of the fair value hierarchy are deemed to occur at the end of each reporting period.

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31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The movements in fair value measurements within Level 3 during the years are as follow:

	For the year ended December 31,		
	2020	2021	2022
	HK\$	HK\$	HK\$
Financial assets at fair value through profit or loss:			
At January 1,	322,697,916	299,855,685	1,709,094,761
Addition	—	163,180,000	169,303,189
Disposal	—	(196,036,584)	(354,050,259)
Transfer (Note 3)	—	1,120,244,487	11,630,000
Derecognition (Note 34(a))	—	—	(1,271,643,878)
Receipt of investment return	—	—	(20,899,338)
Total (losses) gains in profit or loss	(22,842,231)	321,851,173	384,500,735
At December 31,	<u>299,855,685</u>	<u>1,709,094,761</u>	<u>627,935,210</u>

The total profits for the year included an unrealized gain of HK\$216,520,744 relating to level 3 financial assets at FVTPL that are measured at fair value held as at December 31, 2022 (Unrealized gain of HK\$321,851,173 and unrealized loss of HK\$22,842,231 as at December 31, 2021 and 2020, respectively). Fair value gains or losses on financial assets at FVTPL are included in the “Net fair value changes on financial assets at fair value through profit or loss (except derivative financial assets)” line item. Included in the total (losses) gains in profit or loss for the year ended December 31, 2022 is HK\$168,063,704 relating to gain from disposal of financial assets at fair value through profit or loss.

	For the year ended	
	December 31,	
	2021	2022
	HK\$	HK\$
Derivative financial assets in relation to the Agreements (Note 14):		
At January 1,	1,023,902,566	969,894,519
Recognition of day 1 profit or loss deferred on inception of contract, renegotiation and extension	14,591,113	15,588,500
Net fair value gains recognized in profit or loss	(68,599,160)	331,293,928
Gain related to disposed investment	—	3,786,355
Partial settlement	—	(15,306,985)
At December 31,	<u>969,894,519</u>	<u>1,305,256,317</u>

	For the year ended	
	December 31,	
	2021	2022
	HK\$	HK\$
Derivative financial liability (Note 25):		
At January 1,	12,954,313	13,752,673
Net fair value changes recognized in profit or loss	798,360	(13,347,266)
Converted into class A shares	—	(405,407)
At December 31,	<u>13,752,673</u>	<u>—</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and liabilities such as financial assets at fair value through profit or loss, accounts receivable, financial assets included in prepayments, deposits and other receivables, amount due from immediate holding company, other assets, restricted cash and cash and bank balances, accounts payable, financial liabilities included in other payables and accruals, bank borrowings, convertible bond and derivative financial liability which primarily arise directly from its operations.

The main risks arising from the Group's financial instruments are price risk, foreign currency risk, interest rate risk, credit risk and liquidity risk. Management manages and monitors these risks to ensure appropriate measures are implemented on a timely and effective manner.

Price risk

Equity price risk is the risk that the fair values of equity investments decrease as a result of changes in the levels of equity indices and the value of individual securities.

The Group is exposed to equity securities price risk because certain investments held by the Group are classified in the consolidated statements of financial position as financial assets at fair value through profit or loss. Profit for the year would increase/decrease as a result of gains/losses on equity securities classified as financial assets at fair value through profit or loss.

At December 31, 2021 and 2022, if there had been a 5% increase/decrease in the equity price of listed equity shares, included in financial assets at fair value through profit or loss, with all other variables held constant, the Group's profit before tax would have been approximately HK\$52,770,000 and HK\$43,073,000 higher/lower.

At December 31, 2021 and 2022, if there had been a 5% increase/decrease in the equity price of unlisted equity shares, included in financial assets at fair value through profit or loss, with all other variables held constant, the Group's profit before tax would have been approximately HK\$86,531,000 and HK\$27,922,000 higher/lower.

The Group had concentration risk in its strategic investments segment as 81% (2021: 100%) of listed equity shares at December 31, 2021 and 2022 were investments in listed equity shares in Investment A, and 0% (2021: 65%) and 97% (2021: 28%) of unlisted equity shares at December 31, 2021 and 2022 were investments in Investment F and Investment H, respectively.

On April 1, 2019, the Group entered Agreements with the counterparty in relation to the movement of the share price of the entirety of the Underlying Assets to reduce the Group's exposure the changes in fair value of financial assets. The Agreements were modified and renewed several times as disclosed in Note 14. The derivative financial asset is initially recognized at fair value and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair value of derivative financial asset are taken directly to profit or loss. During the year ended December 31, 2021 and 2022, changes in the fair value of the derivative financial asset of HK\$54,008,047 and HK\$484,760,273, were charged to profit or loss.

Foreign currency risk

Certain transactions of the Group are denominated in foreign currencies which are different from the functional currency of group entities, and therefore the Group is exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. As HK\$ is currently pegged to United States dollars ("US\$"), management considers that there is no significant foreign currency risk arising from the Group's monetary assets and the liability denominated in US\$.

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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

The Group's key currency risk exposure primarily arises from accounts receivable, payable and bank balances denominated in other currencies. As of December 2021 and 2022, the Group had no significant exposure to foreign currency risk. Consequently, no sensitivity analysis has been performed and disclosed.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate amount due from immediate holding company, convertible bond and bank borrowings. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balance, and US\$ denominated bank borrowings based on Wall Street Journal prime rate. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

No sensitivity analysis has been presented for variable rate bank balances and variable rate bank borrowings as the bank deposit and bank borrowings as the cash flow interest rate risk exposure is insignificant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group's exposure of its counterparties is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management periodically.

The Group has credit risk exposure in relation the Agreements entered into with a counterparty amounting to HK\$969,894,519 and HK\$1,305,256,317 as of December 31, 2021 and 2022, respectively (Note 14). As of December 31, 2021 and 2022, the market value of listed securities pledged to the Group in relation to the Agreements amounted to approximately HK\$3,089,570,978 and HK\$3,781,638,616, respectively (Note 14).

The carrying amount of financial assets recorded in the consolidated financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk.

Other than accounts receivable mentioned in Note 11, the credit risk on liquid funds is limited because the counterparties are mainly banks with sound credit. The directors of the Company consider the credit risk on amounts from immediate holding company and other receivables are not significant after considering counterparties' financial background and creditability. Therefore, the directors of the Company concluded that no ECL impairment is recognized as the amount is not material.

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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and staging as of December 31, 2021 and 2022

As of December 31, 2021

	12-month ECLs	Lifetime ECLs			HK\$
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	
Accounts receivable*	21,545,865	—	—	64,968,815	86,514,680
Financial assets included in prepayments, deposits and other receivables					
—Normal**	1,196,110	—	—	—	1,196,110
Due from immediate holding company					
—Normal**	2,144,975,230	—	—	—	2,144,975,230
Other assets					
— Not yet past due	136,065,738	—	—	—	136,065,738
Cash and bank balances					
— Not yet past due	526,206,108	—	—	—	526,206,108
	<u>2,829,989,051</u>	<u>—</u>	<u>—</u>	<u>64,968,815</u>	<u>2,894,957,866</u>

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix and internal credit rating mentioned in Note 11 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables, and due from immediate holding company is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition; “doubtful” when there has been significant increase in credit risk since initial recognition through information developed internally or externally; “loss” when there is evidence indicating the asset is credit-impaired; and “write-off” when there is evidence indicating that the debtor is in severe financial difficulty and Group has no realistic prospect of recovery.

AMTD IDEA GROUP
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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and staging as of December 31, 2021 and 2022 (continued)

As of December 31, 2022

	12-month ECLs	Lifetime ECLs			HK\$
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	
Accounts receivable*	—	—	—	187,673,616	187,673,616
Financial assets included in prepayments, deposits and other receivables					
—Normal**	954,518,603	—	—	—	954,518,603
Due from immediate holding company					
—Normal**	2,239,358,702	—	—	—	2,239,358,702
Other assets					
— Not yet past due	9,620,468	—	—	—	9,620,468
Restricted cash					
— Not yet past due	3,239,362	—	—	—	3,239,362
Cash and bank balances					
— Not yet past due	1,078,411,335	—	—	—	1,078,411,335
	<u>4,285,148,470</u>	<u>—</u>	<u>—</u>	<u>187,673,616</u>	<u>4,472,822,086</u>

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix and internal credit rating mentioned in Note 11 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables, and due from immediate holding company is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition; “doubtful” when there has been significant increase in credit risk since initial recognition through information developed internally or externally; “loss” when there is evidence indicating the asset is credit-impaired; and “write-off” when there is evidence indicating that the debtor is in severe financial difficulty and Group has no realistic prospect of recovery.

Liquidity risk

The Group aims to maintain cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, loans and equity financing.

AMTD IDEA GROUP
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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	As of December 31, 2021				
	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total
	%	HK\$	HK\$	HK\$	HK\$
Accounts payable	N/A	155,020,918	—	—	155,020,918
Bank borrowings	2.1%	390,926,836	2,631,251	—	393,558,087
Financial liabilities included in other payables and accruals	N/A	72,107,680	—	—	72,107,680
Convertible bond	7.8%	—	—	125,319,026	125,319,026
		<u>618,055,434</u>	<u>2,631,251</u>	<u>125,319,026</u>	<u>746,005,711</u>

	As of December 31, 2022				
	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total
	%	HK\$	HK\$	HK\$	HK\$
Accounts payable	N/A	82,315,173	—	—	82,315,173
Bank borrowings	6.3%	158,011,249	622,237	3,614,825	162,248,311
Financial liabilities included in other payables and accruals	N/A	102,788,191	—	—	102,788,191
		<u>343,114,613</u>	<u>622,237</u>	<u>3,614,825</u>	<u>347,351,675</u>

Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt which includes bank borrowings and equity attributable to equity holders of the Company, comprising share capital, treasury shares, retained profits, capital reserve and perpetual securities, as disclosed in consolidated statements of changes in equity.

There were no changes on the Group's approach to capital risk management during the years ended December 31, 2021 and 2022.

33. SHARE-BASED COMPENSATION

AMTD SpiderMan Share Incentive Plan

In June 2019, the Group's board of directors approved the AMTD SpiderMan Share Incentive Plan, or the 2019 Plan, to attract and retain the best available personnel, provide additional incentives to employees, directors, and consultants, and promote the success of the business. The maximum aggregate number of ordinary shares that may be issued under the 2019 Plan is initially 20,000,000 and on January 1 of each year

AMTD IDEA GROUP
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33. SHARE-BASED COMPENSATION (CONTINUED)

AMTD SpiderMan Share Incentive Plan (continued)

after the effective date of the 2019 Plan, will automatically increase to the number of shares that is equal to ten percent (10%) of the total issued and outstanding share capital of the Group as of December 31 of the preceding year. In addition, on January 1 of each year after the effective date of the 2019 Plan, the aggregate number of shares that may be issued under the 2019 Plan will automatically increase by the number of shares representing 1.0% of the total issued and outstanding share capital of the Group as of December 31 of the preceding year, or such less number as the board of directors may determine. As of the date of this annual report, no awards have been granted under the 2019 Plan.

Share-based compensation of AMTD Digital

On August 3, 2020, AMTD Digital granted 38,710 shares of Class A ordinary shares, which has a vesting period of 3 years, to an employee of AMTD Digital. The grant date fair value of the Class A ordinary shares of AMTD Digital is determined based on recent transaction price of equity share of AMTD Digital.

On July 31, 2021, AMTD Digital granted 17,540 restricted shares units of Class A ordinary shares of AMTD Digital (“RSUs”) to an employee of AMTD Digital. The RSUs granted have a vesting period of three years of employment services with the first one-third vesting on the first anniversary from grant date, and the remaining two third vesting on an annual basis over a two-year period ending on the third anniversary of the grant date. The grant date fair value of the RSUs is determined based on recent transaction price of the equity share of AMTD Digital.

The non-vested shares and RSUs are not transferable and may not be sold or pledged and the holder has no voting or dividend right. In the event a non-vested shareholder’s employment for AMTD Digital is terminated for any reason prior to the third anniversary of the grant date, the holder’s right to the non-vested shares and RSUs will terminate effectively. The outstanding non-vested shares and RSUs shall be forfeited and automatically transferred to and reacquired by AMTD Digital without any consideration.

The aggregate fair value of the restricted shares and RSUs at grant date was HK\$5,743,340 for the year ended December 31, 2022.

5,847 RSUs were vested during the year ended December 31, 2022.

The share-based payment expense amounted to HK\$1,595,372 was recognized in the consolidated financial statements during the year ended December 31, 2022.

As of December 31, 2022, there was HK\$1,788,809 unrecognized compensation cost related to non-vested shares and RSUs of AMTD Digital which is expected to be recognized over a weighted average vesting period of 1.1 years.

34. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisition of AMTD Digital

During the year ended December 31, 2022, the Company acquired an 82.7% shareholding of AMTD Digital by issuing new Class A and Class B shares to the selling shareholders of AMTD Digital at a consideration of approximately US\$993 million, which was based on the agreed share price of US\$8.38 per share of the Company. The transaction was completed and AMTD Digital became a consolidated subsidiary of the Company since March 1, 2022 based on business combination under common control using predecessor accounting prospectively. The original 14.4% equity interest in AMTD Digital, accounted for as financial assets at fair value through profit or loss, was derecognized upon consolidation of AMTD Digital. The

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

34. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of AMTD Digital (continued)

difference between the consideration and the net asset value of AMTD Digital, amounting to approximately HK\$6,049 million, was recorded in capital reserve within the statement of changes in equity.

Consideration transferred

	HK\$
Fair value of previously held equity interest	1,271,643,878
Ordinary shares of the Company	7,756,228,581
	<u>9,027,872,459</u>

No acquisition-related cost has been recognized as an expense for the year ended December 31, 2022.

Assets acquired and liabilities recognized at the date of acquisition

	HK\$
Intangible assets	37,565,776
Goodwill	58,675,041
Property, plant and equipment	138,647
Other assets	13,695,802
Cash and bank balances	101,977,036
Accounts receivable	58,752,389
Prepayments, deposits and other receivables	278,018,221
Due from immediate holding company	2,484,684,809
Financial assets at fair value through profit or loss	165,643,411
Accounts payable	(8,739,902)
Other payables and accruals	(67,568,783)
Tax payable	(28,213,719)
Deferred tax liabilities	(5,953,845)
Total identifiable net assets	<u>3,088,674,883</u>

Reserve arising on acquisition:

	HK\$
Consideration transferred	9,027,872,459
Plus: non-controlling interests of AMTD Digital (2.91%) (note)	89,294,338
Plus: non-controlling interests of AMTD Digital's subsidiaries	20,848,000
Less: recognized amounts of net assets acquired	(3,088,674,883)
	<u>6,049,339,914</u>

Note: The non-controlling interests recognized at the acquisition date were measured by reference to the non-controlling interests proportionate share of the recognized amounts of acquiree's identifiable net assets which is at carrying amounts under predecessor accounting.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

34. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of AMTD Digital (continued)

Assets acquired and liabilities recognized at the date of acquisition (continued)

Net cash inflow on acquisition of AMTD Digital

	HK\$
Cash consideration paid	—
Add: cash and cash equivalent balances acquired	101,977,036
	<u>101,977,036</u>

Impact of acquisition of AMTD Digital on the results of the Group

Revenue for the year includes HK\$298.0 million generated from AMTD Digital from March 1, 2022 to December 31, 2022. Included in the profit for the year is HK\$250.5 million segmental result attributable to the additional business generated by AMTD Digital from March 1, 2022 to December 31, 2022.

Had the acquisition of AMTD Digital been completed on January 1, 2022, revenue for the year of the Group would have been HK\$1,252.4 million, and the profit for the year would have been HK\$1,130.8 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2022, nor is it intended to be a projection of future results.

(b) Acquisition of L'Officiel

During the year ended December 31, 2022, the Company acquired 100% equity interest of L'Officiel. The consideration of the acquisition amounting to HK\$492,824,872 was paid by immediate holding company on behalf of the Group which was subsequently settled through the current account with the immediate holding company during the year ended December 31, 2022. The transaction was completed and L'Officiel became a consolidated subsidiary of the Company since May 1, 2022 using acquisition accounting. As of end of the reporting period, the initial recognition and measurement of intangible assets acquired has not been completed. Accordingly, the purchase price allocation and accounting of the acquisition is not complete and on a provisional basis. Those provisional amounts may be adjusted during the measurement period or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Consideration transferred

	HK\$
Consideration settled by amount due from immediate holding company	<u>492,824,872</u>

No acquisition-related cost has been recognized as an expense for the year ended December 31, 2022.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

34. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Acquisition of L'Officiel (continued)

Assets acquired and liabilities recognized at the date of acquisition

	HK\$
Intangible assets	724,253,789
Restricted cash	3,746,823
Cash and bank balances	1,935,822
Accounts receivables	14,555,302
Prepayments, deposits and other receivables	21,537,765
Accounts payable	(90,183,339)
Other payables and accruals	(86,606,246)
Provisions	(32,131,266)
Bank borrowings	(4,589,759)
Deferred tax liabilities	(21,727,614)
Total identifiable net assets at fair value	<u>530,791,277</u>

The gross contractual amounts of accounts receivable and other receivables as at the date of acquisition amounted to HK\$14,555,302 and HK\$19,557,396, respectively. No accounts receivable and other receivables were expected to be uncollectible.

Gain arising on acquisition:

	HK\$
Recognized amounts of net assets acquired	530,791,277
Less: Consideration transferred	(492,824,872)
	<u>37,966,405</u>

Bargain purchase gain amounting to HK\$37,966,405 on acquisition of L'Officiel is recognized in profit or loss within the other gain line item in the consolidated statements of profit or loss and other comprehensive income. The transaction resulted in a bargain purchase gain, reflecting the financial and operating conditions of the acquiree at the time of acquisition.

Net cash inflow on acquisition of L'Officiel

	HK\$
Cash consideration paid	—
Add: cash and cash equivalent balances acquired	1,935,822
	<u>1,935,822</u>

Impact of acquisition of L'Officiel on the results of the Group

Revenue for the year includes HK\$59.7 million generated from L'Officiel from May 1, 2022 to December 31, 2022. Included in the profit for the year is HK\$21.3 million segmental result attributable to the additional business generated by L'Officiel from May 1, 2022 to December 31, 2022.

Had the acquisition of L'Officiel been completed on January 1, 2022, revenue for the year of the Group would have been HK\$1,391.1 million, and the profit for the year would have been HK\$1,269.4 million. The

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

34. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Acquisition of L'Officiel (continued)

Assets acquired and liabilities recognized at the date of acquisition (continued)

pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2022, nor is it intended to be a projection of future results.

35. PENDING LITIGATION

The Group is subject to periodic legal or administrative proceedings in the ordinary course of business. Any situation will be reviewed in conjunction with the Group's legal advisors. The Group does not believe that any currently pending legal proceeding to which the Group is a party will have a material effect on its business, results of operations or cash flows.

36. SUBSEQUENT EVENTS

On August 16, 2022, the Group entered into certain agreements with the immediate holding company of the Group, pursuant to which AMTD Group will inject into the Group 100% of the equity interest in AMTD Assets Group ("AMTD Assets"), which holds a global portfolio of premium whole building properties, with a fair market value of approximately US\$500 million. After deducting the outstanding liabilities associated with the properties, the net purchase consideration amounted to US\$268 million, which will be settled by the issuance of 30,875,576 newly issued Class B ordinary shares of the Company at US\$8.68 per share. The transaction has been completed in February 2023 and the Group will adopt the principle of pooling of interest method. The Company is in the process of concluding the assets acquired and liabilities assumed and therefore such information has not been included in these consolidated financial statements.

The Company entered into share subscription agreements with certain selected investors on April 19, 2023. The investors agreed to subscribe for and purchase from the Company a total of 90,000,000 newly issued Class A ordinary shares of Company with total proceeds of US\$93.6 million.

37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on April 21, 2023.

Description of Rights of Each Class of Securities
Registered under Section 12 of the Securities Exchange Act of 1934 (the “Exchange Act”)

American Depositary Shares (“ADSs”) each representing two Class A ordinary shares of AMTD IDEA Group, (the “we,” “our,” “our company,” or “us”) are listed and traded on the New York Stock Exchange and, in connection with this listing (but not for trading), the Class A ordinary shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of (i) the holders of Class A ordinary shares and (ii) the holders of ADSs. Class A ordinary shares underlying the ADSs are held by The Bank of New York Mellon, as depositary, and holders of ADSs will not be treated as holders of the Class A ordinary shares.

Description of Class A Ordinary Shares

The following is a summary of material provisions of our currently effective fourth amended and restated memorandum and articles of association (the “Memorandum and Articles of Association”), as well as the Companies Law (as amended) of the Cayman Islands (the “Companies Law”) insofar as they relate to the material terms of our ordinary shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Memorandum and Articles of Association, which has been filed with the SEC as an exhibit to our annual report on Form 20-F for the financial year ended December 31, 2021.

Type and Class of Securities (Item 9.A.5 of Form 20-F)

Each Class A ordinary share has US\$0.0001 par value. The number of Class A ordinary shares that have been issued as of the last day of the financial year ended December 31, 2022 is provided on the cover of the annual report on Form 20-F filed in April 2023 (the “Form 20-F”). Our Class A ordinary shares may be held in either certificated or uncertificated form.

Preemptive Rights (Item 9.A.3 of Form 20-F)

Our shareholders do not have preemptive rights.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

We have a dual-class voting structure such that our ordinary shares consist of Class A ordinary shares and Class B ordinary shares. Each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to the vote at general meetings of our company, and each Class B ordinary share shall entitle the holder thereof to twenty votes on all matters subject to the vote at general meetings of our company. Due to the super voting power of Class B ordinary share holder, the voting power of the Class A ordinary shares may be materially limited.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of Class A Ordinary Shares (Item 10.B.3 of Form 20-F)

Classes of Ordinary Shares

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Each Class B ordinary Share shall entitle the holder thereof to twenty votes on all matters subject to vote at our general meetings, and each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to vote at our general meetings. Our ordinary shares are issued in registered form and are issued when registered in our register of members.

Conversion

Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary shares by a holder thereof to any person other than our chairman of the board of directors and chief executive officer, Dr. Calvin Choi, or any other person or entity designated by Dr. Choi, each of such Class B ordinary shares will be automatically and immediately converted into an equal number of Class A ordinary share.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors or declared by our shareholders by ordinary resolution (provided that no dividend may be declared by our shareholders which exceeds the amount recommended by our directors). Our currently effective Memorandum and Articles of Association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if the dividend payment would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights

Our ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law, or otherwise agreed in our currently effective Memorandum and Articles of Association. On a poll, each holder of Class B ordinary shares is entitled to twenty votes per share, and each holder of our Class A ordinary shares is entitled to one vote per share on all matters submitted to them for a vote. On a show of hands, each holder of Class A ordinary shares or Class B ordinary shares has one vote. Voting at any shareholders' meeting is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one or more shareholders who together hold not less than 10% of the total number of votes attaching to all issued and outstanding ordinary shares which are present in person or by proxy entitled to vote at the meeting.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the issued and outstanding ordinary shares at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our currently effective Memorandum and Articles of Association. Our shareholders may, among other things, divide or combine their shares by ordinary resolution.

General Meetings of Shareholders

As a Cayman Islands exempted company, we are not obliged by the Companies Law to call shareholders' annual general meetings. Our currently effective Memorandum and Articles of Association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by a majority of our board of directors. Advance notice of at least seven days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of at least one shareholder present or by proxy, representing not less than one-third of all votes attaching to all of our shares in issue and entitled to vote.

The Companies Law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our currently effective Memorandum and Articles of Association provide that upon the requisition of any one or more of our shareholders who together holds shares which carry in aggregate not less than one-third of the total number of votes attaching to the issued and outstanding shares of our

company entitled to vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our currently effective Memorandum and Articles of Association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Election, Removal and Remuneration of Directors

Unless otherwise determined by our company in general meeting, our currently effective Memorandum and Articles of Association provide that our board will consist of not less than three directors. There are no provisions relating to retirement of directors upon reaching any age limit.

The directors have the power to appoint any person as a director either to fill a vacancy on the board or as an addition to the existing board. Our shareholders may also appoint any person to be a director by ordinary resolution. A director shall not be required to hold any Shares in our company by way of qualification.

A director may be removed with or without cause by ordinary resolution.

The remuneration of the directors may be determined by the directors or by ordinary resolution of shareholders.

Transfer of Ordinary Shares

Subject to the restrictions set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the New York Stock Exchange may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the New York Stock Exchange, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year as our board may determine.

Liquidation Rights

On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares

We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors. Our company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Law, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Law no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration. *Issuance of Additional Shares.*

Our currently effective Memorandum and Articles of Association authorizes our board of directors to issue additional shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our currently effective Memorandum and Articles of Association also authorizes our board of directors to create from time to time one or more classes or series of preferred shares and to determine, with respect to any such class or series of preferred shares, the terms and rights of that class or series, including:

- the designation of the class or series;
- the number of shares of the class or series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Requirements to Change the Rights of Holders of Class A Ordinary Shares (Item 10.B.4 of Form 20-F)

Variations of Rights of Shares

If at any time, our share capital is divided into different classes or series of shares, the rights attached to any such class or series of shares may, subject to any rights or restrictions for the time being attached to any classes or series, only be materially adversely varied with the consent in writing of the holders of all of the issued shares of that class or series or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the shares of that class or series. The rights conferred upon the holders of the shares of any class or series issued with preferred or other rights will not, subject to any rights or restrictions for the time being attached to the shares of that class or series, be deemed to be materially adversely varied by the creation, allotment, or issue of further shares ranking *pari passu* with or subsequent to them. The rights of the holders of shares will not be deemed to be materially adversely varied by the creation or issue of class or series of shares with preferred or other rights including, without limitation, the creation of class or series of shares with enhanced or weighted voting rights.

Limitations on the Rights to Own Class A Ordinary Shares (Item 10.B.6 of Form 20-F)

There are no limitations under the laws of the Cayman Islands or under the Memorandum and Articles of Association that limit the right of non-resident or foreign owners to hold or vote Class A ordinary shares, other than anti-takeover provisions contained in the Memorandum and Articles of Association to limit the ability of others to acquire control of our company or cause our company to engage in change-of-control transactions.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Anti-Takeover Provisions in the Memorandum and Articles of Association. Some provisions of our currently effective Memorandum and Articles of Association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to create and issue new classes or series of shares (including preferred shares) and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our currently effective Memorandum and Articles of Association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions under the laws of the Cayman Islands or under the Memorandum and Articles of Association that govern the ownership threshold above which shareholder ownership must be disclosed.

Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

The Companies Law is derived, to a large extent, from the older Companies Act of England but does not follow recent English statutory enactments and accordingly there are significant differences between the Companies Law and the current Companies Act of England. In addition, the Companies Law differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The plan must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a statement setting out the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose, a company is a “parent company” of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances under the Companies Law, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Law. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Law also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

The Companies Law also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, save that objectors to a takeover offer may apply to the Grand Court of the Cayman Islands for various orders that the Grand Court of the Cayman Islands has a broad discretion to make, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits. In principle, we will normally be the proper plaintiff for a wrong done to us as a company and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;

- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority.”

Indemnification of Directors and Executive Officers and Limitation of Liability. Cayman Islands law does not limit the extent to which a company’s Memorandum and Articles of Association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our currently effective Memorandum and Articles of Association provide that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person’s dishonesty, willful default or fraud, in or about the conduct of our company’s business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our currently effective Memorandum and Articles of Association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Anti-Takeover Provisions in the Memorandum and Articles of Association. Some provisions of our currently effective Memorandum and Articles of Association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to create and issue new classes or series of shares (including preferred shares) and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders and limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our currently effective Memorandum and Articles of Association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Directors’ Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our currently effective articles of association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Law does not provide shareholders with rights to requisition a general meeting nor any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our currently effective articles of association allow any one or more of our shareholders who together hold shares which carry in aggregate not less than one-third of the total number of votes attaching to all issued and outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our currently effective articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our currently effective articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our currently effective articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, as mentioned above the directors have certain fiduciary duties including a duty to act bona fide in the best interest of our company.

Dissolution; Winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Law and our currently effective articles of association, our company may be dissolved, liquidated or wound up by a special resolution of our shareholders.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our currently effective Memorandum and Articles of Association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the consent in writing of the holders of all of the issued shares of that class or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the shares of that class.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law, our currently effective Memorandum and Articles of Association may only be amended with a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our currently effective Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our currently effective Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

Exempted Company. We are incorporated as an exempted company with limited liability under the Companies Law. The Companies Law distinguishes between ordinary resident companies and exempted companies. Any company that is incorporated in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be incorporated as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Changes in Capital (Item 10.B.10 of Form 20-F)

Our shareholders may from time to time by ordinary resolution:

- increase our share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so canceled.

Our shareholders may by special resolution, subject to confirmation by the Grand Court of the Cayman Islands on an application by our company for an order confirming such reduction, reduce our share capital or any capital redemption reserve in any manner permitted by law.

Debt Securities (Item 12.A of Form 20-F)

Not applicable.

Warrants and Rights (Item 12.B of Form 20-F)

Not applicable.

Other Securities (Item 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent two Class A ordinary shares (or a right to receive two Class A ordinary shares) deposited with The Hongkong and Shanghai Banking Corporation Limited, as custodian for the depositary in Hong Kong. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash, or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office are located at 240 Greenwich Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. The deposit agreement and the form of ADR have been filed with the SEC as exhibits to a Registration Statement on Form F-6 (File No. 333-232822) for our company. The form of ADR is on file with the SEC (as a prospectus) and was filed on July 25, 2019.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

Cash. The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See "Taxation." The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution.*

Shares. The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

Rights to purchase additional shares. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. *In that case, you will receive no value for them.* The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

Other Distributions. The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share or other security. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

Voting Rights

How do you vote?

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, you won't be able to exercise voting rights unless you surrender your ADSs and withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 40 days in advance of the meeting date.

Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are canceled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender of those ADSs or cancel those ADSs upon notice to the ADS holders.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges, or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

How may the deposit agreement be terminated?

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if:

- 90 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange in the United States on which they were listed and do not list the ADSs on another exchange in the United States or make arrangements for trading of ADSs on the U.S. over-the-counter market;
- we delist our shares from an exchange outside the United States on which they were listed and do not list the shares on another exchange outside the United States;
- the depositary has reason to believe the ADSs have become, or will become, ineligible for registration on Form F-6 under the Securities Act of 1933;

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- we appear to be insolvent or enter insolvency proceedings
 - all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
 - there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
 - there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depository will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depository may sell the deposited securities. After that, the depository will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depository will sell as soon as practicable after the termination date.

After the termination date and before the depository sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depository may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind that have not settled if it would interfere with the selling process. The depository may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depository will continue to collect distributions on deposited securities, but, after the termination date, the depository is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

Limitations on Obligations and Liability to ADR Holders

Limits on Our Obligations and the Obligations of the Depository; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depository. It also limits our liability and the liability of the depository. We and the depository:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depository will not be a fiduciary or have any fiduciary duty to holders of ADSs;
- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its control from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the depository has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Shares Underlying your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is a feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Shareholder Communications; Inspection of Register of Holders of ADSs

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

Jury Trial Waiver

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law.

You will not be agreeing to the terms of the deposit agreement nor be deemed to have waived our or the depository's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

Arbitration Provision

The deposit agreement gives the depository or an ADS holder asserting a claim against us the right to require us to submit that claim to binding arbitration in New York under the Rules of the American Arbitration Association, including any U.S. federal securities law claim. However, a claimant could also elect not to submit its claim to arbitration and instead bring its claim in any court having jurisdiction of it. The deposit agreement does not give us the right to require anyone to submit any claim to arbitration.

List of Subsidiaries of the Registrant

Subsidiaries	Place of Incorporation
AMTD Investment Inc.	Cayman Islands
AMTD Digital Inc.	Cayman Islands
AMTD Strategic Investment (BVI) Limited	British Virgin Islands
AMTD Investment Solutions Group (BVI) Limited	British Virgin Islands
AMTD IDEA International Limited	British Virgin Islands
AMTD Fintech Investment (BVI) Limited	British Virgin Islands
AMTD Digital Financial Holdings Limited	British Virgin Islands
AMTD Digital Media Holdings Limited	British Virgin Islands
AMTD Digital Investments Holdings Limited	British Virgin Islands
AMTD Digital Connectors Holdings Limited	British Virgin Islands
AMTD (Singapore) Group Holdings Ltd.	British Virgin Islands
PolicyPal Group Limited	British Virgin Islands
AMTD Risk Solutions Limited	British Virgin Islands
AMTD Direct Investment III Limited	British Virgin Islands
AMTD Investment Solutions Limited	British Virgin Islands
AMTD Biomedical Investment Limited	British Virgin Islands
AMTD Direct Investment I Limited	British Virgin Islands
AMTD Principal Investment Solutions Group Limited	British Virgin Islands
AMTD Strategic Investment Limited	Hong Kong
AMTD Investment Solutions Group Limited	Hong Kong
AMTD Overseas Limited	Hong Kong
AMTD Fintech Investment Limited	Hong Kong
AMTD International Holding Group Limited	Hong Kong
AMTD Digital Media Limited	Hong Kong
AMTD Risk Solutions Group Limited	Hong Kong
Digital Finance Media Limited	Hong Kong
AMTD Digital Solutions Power Pte. Ltd.	Singapore
AMTD Singapore Solidarity Fund Pte. Ltd.	Singapore
AMTD Digital Holdings Pte. Ltd.	Singapore
AMTD Solidarity Fund 1 Pte. Ltd.	Singapore
AMTD Solidarity Fund 2 Pte. Ltd.	Singapore
AMTD Solidarity Fund 3 Pte. Ltd.	Singapore
AMTD Solidarity Fund 4 Pte. Ltd.	Singapore
AMTD Solidarity Fund 5 Pte. Ltd.	Singapore
L'Officiel Inc. SAS	France
L'Officiel USA Inc.	United States
Les Editions Jalou	France
L'Official Italia SRL	Italy
Jalou Production SRL	France
Jalou Production Italia SRL	Italy
L'Official Asia Inc.	Cayman Islands
L'Officiel Singapore Pte. Ltd.	Singapore
L'Officiel Malaysia Sdn. Bhd.	Malaysia
Singa Digital Ptd. Ltd.	Singapore
AMTD Digital Solutions Pte. Ltd.	Singapore
Applaud Digital Solutions Pte. Ltd.	Singapore
PolicyPal Pte. Ltd.	Singapore
Baoxianbaobao Pte. Ltd.	Singapore
PolicyPal Tech Pte. Ltd.	Singapore
AMTD Assets Group	Cayman Islands
AMTD Property Investment Holdings Limited	British Virgin Islands
AMTD Properties (HK) Limited	British Virgin Islands
Dense Globe Investments Limited	British Virgin Islands
Fine Cosmos Development Limited	Hong Kong
AMTD Properties (North America) Limited	British Virgin Islands
AMTD Direct Investment IV Limited	British Virgin Islands
AMTD Properties (SEA) Limited	British Virgin Islands

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, William Fung, certify that:

1. I have reviewed this annual report on Form 20-F of AMTD IDEA Group (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: April 28, 2023

By: /s/ William Fung
Name: William Fung
Title: Chief Executive Officer

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Xavier Ho Sum Zee, certify that:

1. I have reviewed this annual report on Form 20-F of AMTD IDEA Group (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: April 28, 2023

By: /s/ Xavier Ho Sum Zee

Name: Xavier Ho Sum Zee

Title: Chief Financial Officer

**Certification of Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of AMTD IDEA Group (the "Company") on Form 20-F for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Fung, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended;
and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2023

By: /s/ William Fung
Name: William Fung
Title: Chief Executive Officer

**Certification of Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of AMTD IDEA Group (the "Company") on Form 20-F for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Xavier Ho Sum Zee, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended;
and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2023

By: /s/ Xavier Ho Sum Zee
Name: Xavier Ho Sum Zee
Title: Chief Financial Officer