

RISK FACTORS

You should carefully consider all of the information set out in this document, including the risks and uncertainties described below, before making an [REDACTED] in the Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and prospects. In any such case, the market price of our Shares could decline, and you may lose all or part of your [REDACTED].

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, which will not be updated after the date hereof, and is subject to the cautionary statements in the section headed “Forward Looking Statements” in this document. You should also pay particular attention to the fact that our operations are governed by legal and regulatory systems of Hong Kong, Macau and Mainland China. For more information concerning the laws and regulatory systems and certain related matters discussed below, please see “Supervision and Regulation.”

RISKS RELATING TO OUR BUSINESS

If we are unable to effectively maintain the quality and growth of our assets and overall business, our financial conditions and results of operations may be materially and adversely affected.

The quality and growth of our assets, particularly our loans and advances to customers, are critical to our financial performance and results of operation. As of December 31, 2020, 2021 and 2022, our total loans and advances to customers amounted to HK\$197,317.9 million, HK\$207,251.5 million and HK\$211,602.5 million, respectively, representing 51.4%, 50.4% and 50.5%, respectively, of our total assets as of the same dates. As of December 31, 2020, 2021 and 2022, our loans and advances to our customers provided through CYB’s banking operations amounted to HK\$79,158.1 million, HK\$84,675.0 million and HK\$87,961.1 million, respectively. The balance of CYB’s non-performing loans was HK\$307.9 million, HK\$675.9 million and HK\$1,209.9 million, representing a NPL ratio of 0.39%, 0.80% and 1.38%, respectively, as of the same dates. Our loans and advances to customers provided through LIB’s banking operations, as of December 31, 2020, 2021 and 2022, amounted to HK\$118,159.8 million, HK\$122,576.5 million and HK\$123,641.4 million, respectively, and the non-performing balance was HK\$476.2 million, HK\$592.1 million and HK\$1,711.3 million, respectively, as of the same dates, representing a NPL ratio of 0.40%, 0.48% and 1.38%, respectively, as of the same dates. For details of our asset quality, please see “Assets and Liabilities — Presentation of Financial Statements and Management Analysis and Discussion — Assets — Asset Quality of Our Loan Portfolio.”

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Maintaining and improving the quality and growth of our assets is essential to our ability to generate revenue and remain financially stable. However, this can be challenging due to a variety of factors that are beyond our control. For example, outbreaks of disasters, fluctuations in capital markets, interest rates or foreign exchange rates, or any slowdown or adverse macroeconomic development in Hong Kong, Macau, or Mainland China could significantly impact the financial stability and repayment capabilities of our customers, transacting counterparties, or ultimate financing parties of our business, and we may not be able to realize the value of the collateral or pledges securing the assets. All of these may, in turn, lead to a significant deterioration in our asset quality, which may materially and adversely affect our business, financial condition, and results of operations.

In addition, any significant deterioration in our asset quality may lead to increased levels of non-performing assets, loss allowance for impairments, and certain written-off in line with our internal policies, which could negatively impact our profitability and financial stability, and can have material and adverse effects on our business, financial condition, and results of operations. Despite our proactive approach to monitor our asset quality, utilization of risk management tools and index, and periodic reviews to ensure migration of risk exposures are timely reflected, there is no assurance that we could always obtain quality business development, achieve assets growth, and effectively manage our asset quality.

Furthermore, despite our efforts of offering new products to keep up with evolving market trends and customer demands, we cannot assure you that we can continue to attract new customers, to expand our offering portfolio, and to secure asset growth. In addition, the growth of our business will require substantial managerial and operational resources and additional capital, and we may not be able to obtain such capital on acceptable terms. For details, please also see “— Our operations depend on key management and professional staff and experts and our business may be materially and adversely affected if we are unable to recruit, train or retain a sufficient number of qualified employees.” Any change in the above factors may materially and adversely affect our business, financial condition and results of operations.

Our ECL allowances on loans and advances to customers may be insufficient to cover the actual losses on our loan portfolio in future.

Our loan portfolio is subject to potential losses that may exceed the level of our ECL allowances on such loans. Despite internal policies on pre-credit investigations, credit review and approval, post-disbursement monitoring, various factors beyond our control such as changes in our customers’ financial condition or adverse developments in the macroeconomic condition may result in additional impairments, which our ECL allowances cannot fully cover. As of December 31, 2020, 2021 and 2022, our total impairment allowances on loans and advances to customers through CYB was HK\$768.3 million, HK\$529.5 million and HK\$472.3 million, representing an allowance coverage ratio of 249.5%, 78.3% and 39.0%, respectively, and an allowance to gross loan ratio of 0.97%, 0.63% and 0.54%, respectively, as of the same dates. On the other hand, our total allowance for losses on loans and advances to customers through LIB as of December 31, 2020, 2021 and 2022 was HK\$2,709.5 million, HK\$1,814.3 million and HK\$1,853.4 million, representing allowance

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coverage ratio of 569.0%, 306.4% and 108.3%, and allowance to loan ratio of 2.29%, 1.48% and 1.50%, respectively, as of the same dates. For details of our allowance for losses on loans and advances to customers, please refer to “Assets and Liabilities — Presentation of Financial Statements and Management Analysis and Discussion — Assets — Allowance for Impairment Losses on Loans to Customers.”

The ECL allowances are probability-weighted estimates, which are based on historical credit losses as well as future events, hence subject to inherent uncertainties beyond our control. This may happen due to unforeseen circumstances, such as legal or regulatory changes and requirements, adverse change in the customers’ financial condition, or an unforeseeable downturn in the economy, which may significantly impact these borrowers’ repayment abilities or the realizable value of collateral or the guarantors’ ability to fulfill their obligations, resulting in insufficient allowances to fully cover actual credit losses. We also face risks relating to future regulatory and accounting policy changes, deviations in loan classification or the adoption of a more conservative provisioning practice. These could lead to an increase in our loss allowances and a reduction in our profits. In any of such cases, we may have to recognize additional impairment, which could materially and adversely affect our business, financial condition, and results of operations.

We are subject to concentration risks in our credit exposures to certain industries, geographical regions and significant single borrowers.

We are subject to concentration risks arising from our credit exposures to specific industries, geographical regions, and significant single borrowers, which could adversely affect our business, financial condition, and results of operations. Our corporate loans and advances represent a large portion of our total loans and advances to our customers. As of December 31, 2020, 2021 and 2022, our corporate loans and advances amounted to HK\$155,394.5 million, HK\$157,746.0 million and HK\$153,364.1 million, respectively, representing 78.7%, 76.1% and 72.5%, respectively, of our total loans and advances as of the same dates. As our corporate loans and advances are granted to customers in various industries, any negative changes in the economic outlook, regulatory environment, or financial health of these industries may materially and adversely affect our business, financial condition and results of operations.

As of December 31, 2022, our top five industries of our CYB’s corporate loans by loan usage were Financial Concerns, wholesale and retail trade, property development, manufacturing, and property investment, accounting for 30.0%, 18.2%, 12.0%, 8.2% and 4.9%, respectively, of our CYB’s total corporate loans, and the NPL ratio of these loans was 0.00%, 0.84%, 10.13%, 0.00% and 0.00%, respectively. For our LIB, the top five industries by industry classification were property development, leasing and business services, wholesale and retail trade, water resources, environmental and public facilities management, and Financial Concerns, accounting for 22.9%, 20.7%, 15.6%, 11.1%, and 9.4%, respectively, of our LIB’s total corporate loans and the NPL ratio of these loans was 3.07%, 3.34%, 0.08%, 0.00% and 0.00%, respectively, as of the same date. Any deterioration or any significant changes in relevant policies and regulatory environment of these

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industries where our loans are concentrated could adversely affect our credit extension and credit risk exposure, which in turn could materially and adversely affect our business, financial condition, and results of operations.

Moreover, our financial performance may be materially and adversely affected by the quality of our loans and advances to significant borrowers. As of December 31, 2022, all ten largest personal borrowers loans of CYB and LIB and a vast majority of the loans to the ten largest corporate borrowers were classified as “Pass” in line with governing authorities’ guidelines and our internal loan classification, indicating that we generally cast no doubt on said borrowers’ ability to repay the principal and interests in full and on time, and that they could fulfill obligations as the loan terms provided. For details of our loan classifications, please see “Risk Management — Credit Risk Management — Credit Risk Management — Post-disbursement Monitoring.” Nevertheless, there is no assurance that these loans would not deteriorate in terms of quality and risk exposure, and even become non-performing in the foreseeable future. In such cases, our asset quality could decline significantly, and our financial condition and results of operations could be materially and adversely affected.

In addition, we may be exposed to geographical concentration risks in Hong Kong and Macau, where a significant portion of our loans to customers are concentrated. As of December 31, 2020, 2021 and 2022, the percentage of CYB’s loans and advances to customers in Hong Kong represented 77.3%, 77.0% and 80.5%, respectively, of CYB’s total loans and advances to customers as of the same dates. As of the same dates, the percentage of LIB’s loans and advances to customers in Macau represented 65.1%, 65.4% and 70.6%, respectively, of LIB’s total loans and advances to customers as of the same dates. Any downturn in the regional economy of Hong Kong or Macau could materially and adversely affect our profitability. Although we have implemented relevant measures to manage concentration risks, there is no assurance that such measures will always be sufficient and effective in all respects. Any such failure of management may materially and adversely affect our business, financial condition, and results of operations.

We are exposed to risks relating to the value or realization of the collateral, pledges or guarantees securing our loans to customers.

As of December 31, 2022, 27.4%, 26.3% and 13.3% of our total loans to customers were secured by collateral, pledges and guarantees, respectively. The collateral and pledges securing our loans to customers primarily comprised cash value of life, insurance, commercial and residential properties, shares, and pledged deposits. However, the value of the collateral and pledges securing our loans may fluctuate or decline due to factors beyond our control, including for example, unfavorable policies, deterioration in market conditions, or adverse macroeconomic developments. Any of these events may result in declines in the value of the collateral securing our loans. For example, a slowdown in or unfavorable policies promulgated by governing authorities for the real estate market may lead to a downturn in the overall market activities, which in turn, may result in decreased value in said real estate assets securing our loans, even to the level below the outstanding principal balance. Additionally, our assessment of the value of collateral and pledges may not always

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suggest its estimated valuation, and if the collateral proves to be insufficient, we may have to obtain additional collateral or pledges from the borrowers, which we cannot assure will be possible on satisfactory terms or at all.

The procedures for liquidating or realizing the value of collateral in Hong Kong, Macau, and Mainland China may also be time-consuming, and the value of collateral or pledges may not be fully realized, making it difficult to enforce claims in respect of such collateral. Furthermore, other claims may be senior or prior in sequence to our claims on the collateral, which could lead to impairment allowances that may materially and adversely affect our business, financial condition, and results of operations. Reduction in value of our collateral or pledges, our inability to obtain additional collateral or failure to enforce our claims, may result in additional impairment allowance, which may materially and adversely affect our business, financial condition, and results of operations.

The guarantees under our guaranteed loans may not be backed by sufficient collateral or other security interests. Excessive guarantees provided by borrowers or guarantors towards third parties may negatively affect the value of collateral or guarantee provided by relevant guarantors securing relevant loans. Moreover, a court or any other judicial or government authority may declare a guarantee invalid or refuse to enforce such guarantee if certain conditions are met, such as if the guarantor providing the guarantee lacked the capacity or proper authorization to do so, or if the guarantee violates applicable laws and regulations or damages national or public interest. Additionally, some of the guarantees may be provided by affiliates of the relevant borrower. As a result, factors affecting a borrower’s ability to repay a guaranteed loan in full and on time may also affect the affiliated guarantor’s ability to fully perform its guarantee obligations. If we are unable to dispose of the assets of borrowers or guarantors at reasonable terms or in a timely manner, or if the guarantors fail to fully perform their guarantee obligations on a timely basis, our business, financial condition, and results of operations may be materially and adversely affected.

As of December 31, 2022, the unsecured portion of our total loans to customers was 32.4%. We granted such unsecured loans mainly based on credit evaluation of the relevant customers. Despite our credit review procedures, there is no assurance that our credit assessments are always ensured. In the event that the borrowers become late on repayments, as we have only general claims on the assets of the relevant borrowers for unsecured loans. We are exposed to risk of losing the entire outstanding amount, which may materially and adversely affect our business, financial condition and results of operations.

If we fail to maintain the growth rate of our deposits from customers or our deposits from customers decrease substantially, we may need to seek alternative funding to meet liquidity requirements, failure of which could materially and adversely affect our business, financial condition and results of operations.

Deposits from customers serve as a critical funding source of us that helps meet liquidity requirement. Our total deposits from customers amounted to HK\$279,995.9 million, HK\$274,930.8 million and HK\$289,564.8 million, respectively, as of December 31, 2020, 2021 and 2022. If deposits from customers decrease or fail to grow in line with our increased capital requirements, our business, financial condition and results of operations may be materially and adversely affected.

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Deposits from customers are affected by various factors, many of which are not within our control, including but not limited to economic and political conditions, availability of alternative investment products or changes in customers’ saving preferences. Under tightened credit environments, for example, we may not be able to attract or retain adequate corporate deposits, in which higher financing costs and more difficulties in raising financing may result in increased corporate deposits withdrawals and corporates may be less willing or able to place deposits. In such cases, our liquidity, results of operations and financial conditions may be adversely affected.

Furthermore, we are subject to the risk of mismatch between the maturities of our liabilities and our assets in future. As of December 31, 2022, 18.4% of our total deposits from customers, and 13.6% of our total loans and advances to customers, respectively, was on demand. 79.8% of our total deposits from customers, and 47.0% of our total loans and advances to customers, respectively, was with a contractual maturity of less than one year (excluding on demand) as of the same date. 41.9% of our total deposits from customers, and 20.5% of total loans and advances to customers, respectively, was with a contractual maturity of less than three months as of the same date. Despite our liquidity management measures, there is no assurance that we would not be subject to a mismatch between the maturities of our liabilities and our assets in the foreseeable future. For example, our customers may choose not to renew their deposits with us upon maturity or may decide not to deposit with us at all due to the rising availability of alternative investment products such as wealth management products, and even higher interest rates offered by other financial institutions in the market.

If we are unable to maintain the growth rate of our deposits from customers, or a substantial portion of our customers withdraw their demand deposits or do not roll over their time deposits upon maturity, our ability to meet capital liquidity requirements may be materially and adversely affected. As a result, we may need to seek funding from alternative sources, which may not be available on reasonable terms or at all. Failure to secure funding from alternative sources on reasonable terms under such circumstances could materially and adversely affect our business, financial condition and results of operations.

We invest in securities, and adverse development in relation to the underlying assets of our investments, or that associated with market interest rate, market liquidity, market sentiments and other economic conditions may adversely affect our profitability and liquidity.

We are exposed to the risk associated with our securities investments, which amounted to HK\$116,256.7 million, HK\$133,473.2 million and HK\$137,741.9 million, respectively, as of December 31, 2020, 2021 and 2022, representing 30.3%, 32.5% and 32.8%, respectively, of our total assets as of the same dates. Such investments primarily comprise debt securities, such as treasury bills, government bonds, credit bonds, certificates of deposits, and equity securities, including those listed in or outside Hong Kong, and certain unlisted securities.

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Investing in securities involve certain risks and we cannot assure you that our internal measures will fully protect us from credit, liquidity and other risk exposures associated with our investments. In such cases, our business, financial condition and results of operations may be adversely affected. For instance, we may not be able to receive repayment of the principal of, or the returns on, these investments due to material and adverse changes in the financial condition of the relevant trust companies, securities companies or the ultimate borrowers. In the event that the anticipated or agreed-upon return rates of our investment cannot be achieved or the principal of our investments cannot be repaid, we will depend on the entities that issued the securities to help minimize our losses by enforcing our rights under the relevant contracts and guarantees. However, we may not be able to directly seek recourse from the ultimate borrowers or their guarantors involved in the underlying transactions and there is no assurance that the ultimate borrowers or their guarantors will fulfill their relevant obligation. Furthermore, some of our investments are not traded on the interbank market or stock exchanges, and there is not yet an active trading market for them. Consequently, their liquidity is limited and we may not be able to dispose of them or realize their value before maturity.

Furthermore, despite that our current debt and equity securities investments are within the scope of qualification permits obtained from relevant governing authorities in Hong Kong, Macau, and Mainland China, we cannot assure you that future regulatory policies will not restrict such transactions. In addition, any adverse regulatory developments in relation to these types of investments could cause the value of our investment portfolio to decline and, as a result, may adversely affect our business, financial condition and results of operations.

We are exposed to the risks arising from our offering of financing solutions to SMEs, and in the case when the relevant borrowers default on their repayments, our business, financial condition and results of operations could be materially and adversely affected.

In response to the local governments’ initiative to support SMEs, we have been providing loans to SMEs primarily in Hong Kong and Macau as part of our efforts to facilitate inclusive growth. We participate in various government-backed schemes to provide term loans and revolving credit facilities to SMEs. For example, our CYB has participated in the “SME Financing Guarantee Scheme” launched by the Hong Kong Mortgage Corporation Limited since January 2011, which provides term loans and revolving credit facility to qualified SMEs customers. Similarly, our LIB also participates in the “SME Credit Guarantee Scheme” initiated by the Economic and Technological Development Bureau of Macau Government, and the “SME Credit Guarantee Scheme designed for Special Projects” initiated by the Economic and Technological Development Bureau of Macau Government. As of December 31, 2020, 2021 and 2022, our CYB’s loans and advances to SMEs amounted to HK\$6,994.6 million, HK\$7,778.5 million and HK\$14,752.7 million, respectively, representing 10.8%, 11.7% and 22.7%, respectively, of its total loans and advances as of the same dates. Our LIB’s Loan and advances to SMEs amounted to HK\$9,816.4 million, HK\$12,555.4 million and HK\$10,363.6 million, respectively, as of December 31, 2020, 2021 and 2022, representing 10.8%, 13.7% and 11.7%, respectively, of its total loans and advances as of the

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same dates. For details of our loans offered to SMEs, please see “Business — Corporate Banking — Corporate Loans and Advances — Distribution of Corporate Loans and Advances by Customer Scale — Loans to Small and Medium Sized Enterprises.”

As SMEs are generally smaller in scale and less sophisticated than large enterprises in terms of financial and management resources, they are more vulnerable and susceptible to market fluctuations, changes in the regulatory policies and environment, or other adverse developments of macroeconomic conditions. In addition, any adverse change in the economy, occurrence or development of natural disaster or epidemics or pandemic, may affect the repayment ability of SMEs, hence casting a materially adverse impact on our business, financial condition and results of operations.

Despite the credit risk management measures and the benefit from government guarantees under relevant government-backed schemes, there is no assurance that such measures are always effective or that the government guarantees could provide adequate cover for our losses if SMEs default on their repayment. As of December 31, 2020, 2021 and 2022, the NPL ratio for SMEs loan granted through CYB was 0.15%, 0.07% and 0.68%, respectively, whilst the NPL ratio for SMEs loan granted through LIB was 0.37%, 1.73% and 0.14%, respectively, as of the same dates. Any adverse economic development, economic slowdowns or unfavorable industries or policy changes in Hong Kong, Macau and Mainland China, may further increase our NPL ratio for SMEs loans and result in a materially adverse impact on our business, financial condition and results of operations.

Our loss allowances on certain financial assets may not be sufficient to fully cover the actual losses on such assets we may incur in the future.

We maintain ECL allowances on certain of our financial assets in line with internal policies. As of December 31, 2020, 2021 and 2022, we recorded ECL allowances of HK\$4,291.2 million, HK\$2,744.5 million and HK\$2,794.3 million, respectively, relating primarily to our financial assets of loans and advances to customers, balances and placements with banks and other financial institutions, investment in securities at amortized costs, certain debt securities carried at FVOCI, lease receivables, financial guarantee contracts and loan commitments issued. The measurement of our ECL allowances takes into consideration both quantitative and qualitative factors. Such factors include risk characteristics of the portfolios such as estimation of the amount and timing of future cash flows, operational and financial conditions of counterparties or underlying financing parties, the realizable value of collateral, the ability of the guarantors to fulfil their obligations, as well as forward-looking elements during the ECL calculation process, macroeconomic factors, legal, and regulatory environment. Our ECL allowances is regularly reviewed and updated to reflect possible developments and changes in credit risk since initial recognition.

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The measurement of ECL allowances is determined with reference to a comprehensive set of factors including risk characteristics of the portfolios as well as forward-looking elements during the calculation process. Macroeconomic factors, legal, and regulatory environment changes that are not within our control may also have a bearing on the performance of underlying assets in the course of determinations. Attributable to the nature of such determination processes, the measurement is subject to uncertainties, hence may not be ensured. For details of recognition of loss allowance for ECL, please refer to “Appendix I Accountants’ Report — Basis of preparation of Historical Financial Information and Significant Accounting Policies — Impairment of Financial Assets.”

As illustrated in the above, the measurements inherently rely on observed historical market behavior or data, and future risk exposure could be significantly greater than what these methods have historically estimated. Moreover, the information and empirical data could become obsolete as a result of market and regulatory developments and our historical data may not be able to adequately reflect risks that may emerge from time to time. There is no assurance, as a result, that we can always make secured estimate or the actual losses on such assets will not significantly exceed our expected losses. In such cases, our ECL allowance may not be sufficient to cover our actual or all losses we may incur in the future. In such cases, our business prospects, financial condition and results of operations may be materially and adversely affected.

Fair value changes in our financial instruments may materially and adversely affect our operating results, financial condition and prospects.

Our financial assets are subject to fair value changes, which can significantly impact our financial condition, operating results, and prospects. We classify our financial assets into various measurement categories based on management and cash flow characteristics, including amortized costs, FVTPL and FVOCI. Financial assets measured at FVTPL, such as debt and equity securities held for trading, are subject to fair value changes recognized in profit or loss. Financial assets measured at FVOCI, such as debt and equity securities not held for trading, are subject to fair value changes recognized under other comprehensive income.

As of December 31, 2020, 2021 and 2022, our financial assets measured at FVTPL were HK\$14,115.6 million, HK\$9,873.1 million and HK\$9,357.3 million, respectively, while our financial assets measured at FVOCI were HK\$93,194.1 million, HK\$113,504.0 million and HK\$92,306.3 million, respectively. For details of our financial assets measured at fair value, please see “Assets and Liabilities — Assets — Presentation of Financial Statements and Management Analysis and Discussion — Financial Investments.”

There is no assurance that no adverse change or deterioration may occur in the future, which could result in a decrease in fair values of these financial investments, and materially and adversely affect our financial condition and results of operations. Although we have implemented credit review and monitoring mechanisms, we cannot assure you that we can always obtain all necessary and reliable data required to apply relevant financial valuation models. Furthermore, factors beyond our control, such as the loss of data or insufficient market information, may create further uncertainties in determining fair values of our financial assets. In such circumstances, we may need to make assumptions, judgments, and estimates to establish the fair value, which are subjective and

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inherently accompanied by the risk of differences from actual results. Consequently, any impairments or write-downs could have a material adverse effect on our operating results, financial condition, and prospects.

We determine fair value measurements of certain of our financial instruments based on valuation techniques and models with unobservable inputs, which may fluctuate according to the changes in these unobservable inputs.

The fair value of a financial instrument refers to the amount of money we would receive if we were to sell the financial asset or transfer the financial liability to someone else in a fair market transaction at the measurement date. In line with our internal accounting policies, we have established a fair value hierarchy that prioritizes the inputs used in our valuation techniques to determine the fair value of our financial assets. This hierarchy helps us prioritize and assess the reliability of the inputs used, and ensures that our fair value measurements are in line with industry standards and regulatory requirements. In other word, the methods with the most reliable inputs are prioritized over those with less reliable inputs. This helps ensure that we are using the most accurate methods possible to determine the value of our financial assets.

We determine fair value of our financial assets classified under levels 1 and 2 of our fair value hierarchy based on observable prices and inputs from external and independent sources. Level 1 financial assets are those that have quoted prices in active markets for identical assets or liabilities. Essentially, this means that the fair value of the financial assets can be determined by looking at the current market price of an identical asset or liability. Level 2 financial assets are those whose fair values are determined using observable inputs other than quoted market prices, and which may relate indirectly or directly to assets or liabilities classified as level 1 financial instruments. As of December 31, 2020, 2021 and 2022, our level 1 financial assets amounted to HK\$2,064.1 million, HK\$102.6 million and HK\$1,737.0 million, respectively, representing 1.9%, 0.1% and 1.7%, respectively, of our total financial assets measured at fair value as of the same dates. Our level 2 financial assets amounted to HK\$105,373.0 million, HK\$123,342.5 million and HK\$99,902.5 million, respectively, representing 95.6%, 98.3% and 96.6%, respectively, of our total financial assets and measured at fair value as of the same dates.

Different from level 1 and level 2, we determine fair value of level 3 financial assets based on valuation techniques and various assumptions of unobservable inputs, which may fluctuate according to the changes in these unobservable inputs. Level 3 financial instruments may include complex and illiquid financial instruments that have no observable market inputs. For instance, equity securities of an unlisted company or a structured debt security that is backed by a portfolio of loans or other financial assets. As of December 31, 2020, 2021 and 2022, our level 3 financial assets amounted to HK\$2,786.9 million, HK\$2,058.7 million and HK\$1,820.6 million, respectively, representing approximately 2.5%, 1.6% and 1.8%, respectively, of our total financial assets measured at fair value as of the same dates.

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Although we have implemented and established a comprehensive assessment mechanism and considered various sets of aspects, fair value measurements for financial instruments classified under level 2 and 3 may not be assured estimates. In particular, financial instruments falling under level 3 in which no observable market inputs are available, and we rely on internal judgment from our management, which takes into account various factors such as estimated future cash flows and discount rates that may not be consistently available and are beyond our control. Due to the subjective nature of these judgments and estimates and their inherent limitations, the fair value of relevant financial instruments may be materially and adversely affected, resulting in material and adverse impact to our financial conditions and results of operations.

We recorded net operating outflows historically and there can be no assurance that we will not have net cash outflow in the future.

We recorded net cash outflow from operating activities of HK\$5,678.1 million in 2022, mainly due to the increased lending activities, and increase in investment in securities. For detailed operating cash flow analysis, please see “Financial Information — Cash Flows — Cash Flows Generated from/(Used in) Operating Activities.” We cannot assure you that we will be able to generate positive cash flows from operating activities in the future or we will have sufficient cash from other sources to fund our operations. In such cases, our liquidity and financial condition may be materially and adversely affected.

Unexpected interruptions resulting from natural disasters, epidemics, acts of war, terrorism, social unrests or other unfavorable factors beyond our control may lead to serious disruptions to our business and general activities, which could materially and adversely affect our business, financial position and results of operations.

Natural disasters, epidemics, acts of war, terrorism, social unrests or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions we conduct our business. Natural disasters such as the threat of flood, earthquake, sandstorm, snowstorm, fire or drought, power shortages or failures, acts of war or terrorism or other factors beyond our control may also adversely affect the macro economy, and may disrupt our business and operations. Severe communicable disease outbreaks, such as the Zika virus, Ebola virus, coronavirus or other diseases could lead to widespread health crises which may materially and adversely affect the financial markets and the national economy. Acts of war or terrorism may also injure our employees, cause loss of life, or disrupt our business operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

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The effective operation of our business is highly dependent on the proper functioning and improvement of our information technology systems. Any security breaches and attacks against our systems and network and any potentially resulting breach or failure to protect personal, confidential and proprietary information, could damage our reputation and materially and adversely affect our business, financial condition and results of operation.

Our business largely relies on the secure and efficient operation of our information technology systems, including our business, accounting, internal control, risk management, customer service and other data processing systems, each of which is critical to the sustainable development of our business and our ability to maintain competitiveness. For more details of the operation and backup mechanism of our information technology systems, please see “Business — Information Technology — Information Technology System.” However, our information technology systems may encounter events beyond our control, including but not limited to network breakdowns, hardware failure, software failure, program errors, computer virus attacks, intrusion attacks, catastrophic incidents or providers’ failure to provide ongoing maintenance, many of which are beyond our control. If the fundamental system which supports our business suffers from malfunction or disruption, including system problems, loss of data or communication disruption, our ongoing business may be materially and adversely disrupted. For example, failure to prevent cyber-attacks or the occurrence of other data security incidents can affect the normal operation of online banking, mobile banking, and other systems to support customer applications, causing suspension of system services, data leakages and other adverse consequences, which may further lead to litigation risks. There is no assurance that our information technology system will be immune to security breaches or remain completely unscathed in the event of an attack. If any of the above-mentioned risk events or safety intrusion incidents occur, our business, financial condition and results of operations could be materially and adversely affected.

In addition, we cannot guarantee that our cybersecurity measures will be able to detect, prevent or mitigate all attempts to compromise our systems. This includes but is not limited to distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, third-party manipulation, security breaches, employee misconduct or negligence or other attacks, risks, data leakage and similar disruptions that may jeopardize the security of data stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of user information, or a denial-of-service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently, we may not be able to anticipate or implement adequate measures to protect against these attacks. In addition, we could be subject to an attack, breach or data leakage that is not immediately discovered or whose consequences are not immediately apparent, leading to material damages or remediation costs. In the event that we are unable to prevent or mitigate these attacks, and security breaches, we could be subject to significant legal and financial liabilities, harm to our reputation and substantial revenue loss from lost transactions and consumer dissatisfaction. We may not have the resources or technical sophistication to anticipate or prevent rapidly-evolving cyber-attacks.

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Cyber-attacks may target us, consumers, businesses, or the communication infrastructure on which we depend. Cybersecurity breaches would not only harm our reputation and business, but also could materially decrease our revenues and net income.

In addition, our subsidiaries provide online financial services to customers. Disruption to or instability of our online financial services platform or mobile service platform could impair our ability to serve our customers and execute trades on their behalf and on our own account, which could materially and adversely affect our results of operations and reputation. Further, our ability to remain competitive depends partially on our ability to constantly upgrade our information technology systems in a cost-effective manner in order to address increasing market demand for financial products and services, and evolving technology challenges. Any failure to effectively and timely develop or upgrade our information technology systems may materially and adversely affect our business, financial condition and results of operations.

If the percentage of our short-term corporate loans and advances remains or increases, the stability of our interest income may be adversely affected.

During the Track Record Period, interest income from our corporate loans and advances has been an important source of our income. Historically, short-term corporate loans and advances constituted a significant portion of our total corporate loans and advances. As of December 31, 2020, 2021 and 2022, corporate loans with a maturity of one year or less and advances amounted to HK\$89,893.4 million, HK\$82,917.6 million and HK\$77,279.7 million, respectively, representing 57.8%, 52.6% and 50.4%, respectively, of our total corporate loans and advances as of the same dates. For details of our short-term corporate loans and advances, please see “Assets and Liabilities — Distribution of Corporate Loans and Advances by Remaining Maturity.” Despite a decreased trend during the Track Record Period, going forward, if the portion of our short-term loans to customers remains or increases, we cannot assure you that we will continue to maintain this stable source of interest income, in particular, when there is greater competition or funds of lower interest are available to customers, which may have an adverse effect on the stability of our interest income stream and our financial performance.

Furthermore, changes in the economic environment or regulatory policies may affect our ability to maintain a stable interest income stream from short-term loans. For instance, if interest rates rise or the regulatory framework is amended to restrict or discourage short-term lending, our ability to generate interest income from short-term loans could be adversely impacted. In addition, if our short-term borrowers experience financial difficulties or defaults, our interest income and financial performance could also be negatively affected.

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Any protracted downturn in or significant change in national policies affecting the real estate sector in Hong Kong, Macau or Mainland China may have a material adverse effect on our asset quality, financial condition and results of operations.

We are exposed to risks associated with the real estate sector. During the Track Record Period, we extended a large portion of our loans to corporate borrowers in the property development industry and construction industry. As a result, any prolonged downturn or significant changes in national policies affecting the real estate sector may have a material adverse effect on our asset quality, financial condition, and results of operations.

As of December 31, 2020, 2021 and 2022, our CYB’s corporate loans to the property development industry by loan usage amounted to HK\$11,046.8 million, HK\$12,133.7 million and HK\$7,838.6 million, respectively, representing 17.1%, 18.3% and 12.0%, respectively, of its total corporate loans. As of the same dates, its corporate loans to the property investment industry by loan usage amounted to HK\$3,948.4 million, HK\$3,591.6 million and HK\$3,215.2 million, respectively, representing 6.1%, 5.4% and 4.9%, respectively, of its total corporate loans. As of December 31, 2020, 2021 and 2022, our LIB’s corporate loans to borrowers in the property development industry amounted to HK\$14,062.8 million, HK\$18,255.6 million, and HK\$20,241.2 million, respectively, representing 15.5%, 19.9% and 22.9%, respectively, of its total corporate loans.

Since real estate and related markets are prone to fluctuation due to various factors, we are exposed to risks associated with these fluctuations. Since certain collaterals provided by our borrowers are real properties, these collaterals and hence the loans secured by such collaterals are exposed to risks associated with macroeconomic policies issued by relevant governing authorities to regulate the real estate market. These policies, such as imposing value-added tax on the transfer of residential apartments or austerity measures, could negatively impact the value of our real estate properties serving as collateral for our loans. In the event of defaults, the value of these properties may decrease to a level insufficient to cover the principal and interest on the loans, thereby preventing us from recovering part, if not all, of our principal and interest. Despite our efforts of making pre-loan credit assessments, there is no assurance that the measures we have taken will be effective or sufficient to protect us against the foregoing adverse effects.

We are subject to the risks associated with our offering of cross-border wealth management services in the Greater Bay Area.

We aim to further strengthen our presence in the Greater Bay Area, primarily through offering cross-border wealth management services to qualified investors in the region. Since the release of “Outline Development Plan for the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (《粵港澳大灣區發展規劃綱要》)” in 2019, significant development results including those relating to the financial industry, have been achieved in the Greater Bay Area. In June 2020, aiming to open up customer sources and business development opportunities for the banking industry in Hong Kong and Macau, and to further promote cross-border investments, the PBoC, the HKMA and the AMCM jointly issued the “Joint Announcement on the Launch of the Cross-boundary Wealth Management Connect Pilot Scheme in the Greater Bay Area (《關於在粵港

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澳大灣區開展「跨境理財通」業務試點的聯合公告》),” which allows eligible Hong Kong, Macau and Mainland China residents in the Greater Bay Area to invest in wealth management products distributed by banks in each other’s market through a closed-loop flow channel established between the respective banking systems, which further fuels development in the region’s financial industry. According to F&S, the financial industry’s GDP in the Greater Bay Area reached RMB1.6 trillion in 2022, and with the full implementation of the “Cross-Boundary Wealth Management Connect Scheme (跨境理財通),” the “Southbound and Northbound Schemes (南北向通)” will provide residents in the Greater Bay Area with more convenient and global channels for wealth preservation and appreciation. For more details, please see “Industry Overview — Economic Overview of the Greater Bay Area Major Development Plans of the Greater Bay Area.”

Leveraging our established accumulations in the Greater Bay Area, we offer cross-border wealth management services in the Greater Bay Area via designated investment accounts under the Cross-Boundary Wealth Management Connect Scheme. With further development in the financial markets in the Greater Bay Area, the deepened synergies could also bring additional complexities in terms of regulatory compliance, application of regulations and policies from multiple jurisdictions of Hong Kong, Macau or Mainland China. In such case, if we are not able to fully comply with all applicable additions and updates of rules and regulations within a short period of time, our business performance, operational results and financial conditions may be subject to material and adverse impacts.

We use interbank placements to manage our liquidity and meet funding requirements from time to time, which is subject to fluctuations in interbank rates, as well as legal and regulatory requirements in the jurisdictions in which we operate.

Our ability to meet our funding requirements depends on our access to diverse funding sources. We manage our liquidity partly through placements in the interbank market. As of December 31, 2020, 2021 and 2022, our CYB’s cash and balances with banks and other financial institutions amounted to HK\$22,971.8 million, HK\$24,218.4 million and HK\$22,549.7 million, respectively, representing 14.1%, 13.7% and 12.4%, respectively, of our CYB’s total assets. As of the same dates, our LIB’s cash and balances with banks and other financial institutions amounted to HK\$18,758.9 million, HK\$24,597.2 million and HK\$22,876.7 million, respectively, representing 8.6%, 10.6% and 9.8%, respectively, of our LIB’s total assets.

As of December 31, 2020, 2021 and 2022, our CYB’s placements with banks and other financial institutions amounted to HK\$7,440.3 million, HK\$227.7 million and HK\$3,503.2 million, respectively, representing 4.6%, 0.1% and 1.9%, respectively, of our CYB’s total assets. As of the same dates, our LIB’s placements with banks and other financial institutions amounted to HK\$1,558.4 million, HK\$5,272.8 million and HK\$2,925.7 million, respectively, representing 0.7%, 2.3% and 1.2%, respectively, of our LIB’s total assets.

Interest rates in the interbank market can be volatile and are affected by various factors such as economic and capital market conditions, changes in central bank policy, and geopolitical events. In times of market stress, for example, interbank funding can become more expensive or difficult to obtain, which could force us to seek alternative sources of funding at higher costs, resulting in

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increased borrowing costs, which may affect our liquidity, financial condition and results of operations. In addition, our interbank activities are subject to legal restrictions and regulatory requirements in the jurisdictions in which we operate. These regulations may include limits on the amount of interbank deposits and lending, restrictions on the types of counterparties we can transact with, and requirements for collateral or creditworthiness. Failure to comply with these regulations could result in penalties, fines, or restrictions on our ability to conduct business, which could have a significant negative impact on our liquidity, financial condition, and operating results. In Hong Kong, for example, the Banking (Exposure Limits) Rules (the “**BELR**”) specifies the regulatory requirements that we must adhere to concerning our interbank borrowing and lending activities. According to the BELR and other applicable requirements, we are subject to the statutory limit of 25% of our tier-one capital on relevant financial exposure to any one person or a group of linked counterparties. With respect to our operations in Macau, it is subject to the regulation of Macau Financial System Act. Together with the Macau Financial System Act, regulations, notices, circulars, guidelines of the AMCM and notices published from time to time by the Official Gazette of Macau may specify requirements on our financial exposures.

As we have banking operations in Mainland China, the Mainland China branches of CYB’s and LIB could engage in interbank borrowing and lending with other financial institutions in Mainland China from time to time, which is subject to the applicable PRC laws and regulations. For example, the Notice on Regulating Interbank Businesses of Financial Institutions (關於規範金融機構同業業務的通知) jointly issued by the PBoC, the CBRC, the CSRC, the CIRC and the SAFE on April 24, 2014 (the “**Interbank Lending Notice**”) provides that the net balance of interbank lending of a commercial bank to a single incorporated financial institution (excluding interbank deposits for settlement purposes), after deducting assets with zero risk weight, shall not exceed 50% of its Tier 1 capital. Additionally, the balance of interbank borrowing of a commercial bank shall not exceed one-third of its total liabilities.

Regulatory authorities may impose additional restrictions on interbank business and interbank borrowing in the future, which could further increase our funding costs, and our ability to access interbank market may be impacted by changes in market conditions or by negative perceptions of our creditworthiness. In addition, negative perceptions of our creditworthiness could make us less attractive to other banks as a counterparty for interbank transactions, which could further limit our access to funding.

Our capital structure includes capital instruments such as additional tier-one capital or tier-two capital that are subject to redemption and may require re-issuance of new capital instruments to replace the redeemed amounts, failure of which on a timely basis may have a material and adverse effect on our financial condition or results of operations.

Our current capital structure includes certain amount of capital instruments such as additional Tier 1 capital and Tier 2 capital, which are subject to redemption and may require us to issue new capital instruments to replace the redeemed capital instruments. The inability to replace these capital instruments on a timely basis, whether through the issuance of new capital instruments or otherwise, may limit our ability to meet regulatory capital adequacy requirements. Furthermore, we may be

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unable to fully replace our outstanding capital instruments due to various factors, including but not limited to, unfavorable market conditions, changes in regulatory requirements, or changes in our financial condition or credit ratings, which may have a material adverse effect on our financial condition, results of operations, and reputation.

Our risk management policies and procedures and internal controls, as well as the risk management tools available to us, may not be adequate or effective in fully identifying or managing risks to which we are exposed.

The complexity of our operations and services and products expose us to various risks, including credit risk, market risk, interest rate risk, liquidity risk, operational risk, legal and compliance risk, reputational risk, and strategic risk. We have established risk management framework and internal control systems to manage potential risks associated with the financial services and products we offer, and we have been continuously improving these systems and procedures. Such systems are designed and implemented for compliance with both our internal policies and legal and regulatory requirements by relevant authorities in the corresponding jurisdictions in which we operate. For more details, please see “Risk Management.”

Despite the measures we undertake to improve and upgrade our risk management, internal policies and procedures, the design and implementation of such systems are restricted by the information, tools, models and technologies available. In addition, the effectiveness of risk management and internal control systems and procedures may be adversely affected by misjudgment, clerical mishandling and errors. As a result, our risk management methodologies and techniques may not be always effective in fully and accurately identifying, assessing and controlling risks in full extent, and we may not be able to manage in a timely manner. In such cases, our asset quality, business, financial condition and results of operations may be materially and adversely affected.

We are subject to risks associated with off-balance sheet commitments and we are required to provide funds when our customers are unable to perform their obligations under relevant commitments.

We provide certain off-balance sheet credit commitments to our customers in the ordinary course of business. As of December 31, 2022, our off-balance sheet loans and other credit commitments totaled HK\$109,309.2 million, representing 91.3% of our total off-balance sheet instruments as of the same date. For more details, please see “Financial Information — Off-balance Sheet Commitments.” We are subject to credit risks associated with certain of these off-balance sheet commitments and are required to provide funds when our customers are unable to perform their obligations. If we are unable to recover payment from our customers, our financial condition and results of operations may be materially and adversely affected.

Changes in accounting and reporting standards or policies may materially affect our financial condition and results of operations.

The preparation of our financial information is in accordance with HKFRS, which requires our management to exercise judgment in the process of applying our accounting policies. However, financial accounting and reporting standards as well as the relevant interpretations of these

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standards, which govern the form and content of our financial information, are subject to changes from time to time. Such changes are beyond our control and can be difficult to predict, which may materially affect how we record and report our results of operations. For example, upon the adoption of HKFRS 9, we are required to adopt the ECL model, in which a loss event will no longer need to occur before an impairment allowance is recognized, and our management is required to estimate the expected credit losses and the point at which there is a significant increase in credit risk based on available information that our management deems reasonable and applicable, all of which may involve difficult subjective judgment. Because many of these factors are beyond our control and our estimation is subjective by nature, inherently restrictive estimates and uncertainties remain. There is no assurance that we can always make ensured and accurate assessment and expectation, or the actual losses on such assets will not significantly increase in the future compared to our expected losses. Neither could we assure that the impairment allowance will be sufficient to provide full coverage of what we actually incur. In the event of inaccuracy or insufficiency, our business, prospects, financial condition and results of operations may be materially and adversely affected.

We may have difficulties in meeting capital adequacy or working capital requirements implemented by governing authorities in Hong Kong, Macau or Mainland China in the future.

Our operations are subject to capital adequacy or working capital requirements set by the relevant authorities in Hong Kong, Macau and Mainland China, which requires us to maintain certain level of funds in relation to the weighed total assets and off-balance sheet items. The HKMA’s framework of capital adequacy, for example, closely follows the “International Convergence of Capital Measurement and Capital Standards” published by the Basel Committee on Banking Supervision (BCBS), or the Basel III. According to the Banking (Capital) Rules, a Hong Kong-incorporated Authorized Institution is required to maintain a CET1 capital ratio of at least 4.5%, a tier-one capital ratio of at least 6% and a total capital ratio of 8%. The HKMA expects Hong Kong-incorporated Authorized Institutions to have an internal process for assessing their overall capital adequacy (“CAAP”) in relation to their risk profile and a strategy for maintaining the required level of capital. The supervisory standards for an Authorized Institution’s CAAP are set out in the “Supervisory Review Process” module (CA-G-5) of the Supervisory Policy Manual (“SPM”) issued by the HKMA. The HKMA will evaluate an authorized institution’s CAAP and assess to what extent the institutions have risks not captured, or not adequately captured, by the calculations made under the BCR. The HKMA has the authority to impose higher requirements. For an authorized institution with subsidiaries, the HKMA may require the ratio to be calculated on a consolidated basis, or on both a consolidated and an unconsolidated basis, or on a consolidated basis only in respect of certain subsidiaries. For details, please see “Supervision and Regulation — Hong Kong — Capital Adequacy.”

We are subject to the AMCM’s supervisory regime regarding capital adequacy. According to applicable rules, we are required to maintain and report on the level of Own Funds in relation to our weighted total assets and off-balance sheet items. The AMCM will further verify on such ratio upon receipt of our quarterly reports. In addition, pursuant to Regulations of the People’s Republic of China on the Administration of Foreign-funded Banks (《中華人民共和國外資銀行管理條例》), the ratio between the RMB portion of the sum of the operating capital and reserves, among others, and

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the RMB risk assets of a branch of a foreign bank shall not be less than 8%. For details of regulatory regimes in Macau and Mainland China, please see “Supervision and Regulation — Macau,” and “— Risks Relating to Conducting Business in Hong Kong, Macau and Mainland China.” Going forward, the HKMA, the AMCM, the CBIRC (currently as the NFRA)) and other relevant authorities may further increase the minimum capital adequacy ratio or working capital requirements or change the methodology for the calculation, or we may otherwise be subject to new capital adequacy or working capital requirements. Such changes may materially and adversely affect our financial condition and results of operations.

There is no assurance that we could always fully meet relevant requirements on capital adequacy or working capital. If at any time we fail to meet these capital adequacy or working capital requirements, we may be subject to the various restrictions and limitations imposed by the relevant authorities, including, for example, restrictions on our lending and investment activities, restrictions on the growth of our loans and other assets, or limitations on our application to launch new services or products. Such measures may materially and adversely affect our business, financial condition and results of operations.

Further, should our ability to satisfy the requirements be adversely affected, we may need to seek capital by alternative means in the event that our business growth calls for additional capital in excess of what we are able to generate. Such additional capital may not be available on commercially acceptable terms, and our ability to obtain alternative capital itself may be restricted by a number of factors, such as our financial conditions and cash flows, conditions prescribed by relevant law and regulatory approvals, market condition for capital-raising activities, or general economic and political conditions in Hong Kong, Macau and Mainland China. Any of these restrictions may add further hurdles and challenges and our results of operations could be materially and adversely affected.

If we fail to fully comply with various legal and regulatory requirements applicable to us, our business, financial condition, results of operations and reputation could be materially and adversely affected.

We are subject to the legal and regulatory requirements and guidelines set forth by various regulatory authorities in jurisdictions in which our Company and subsidiaries operate. In particular, the banking industry is highly regulated and is subject to the constant evolution of regulatory requirements and guidelines set forth by relevant authorities in Hong Kong, Macau and Mainland China, including the HKMA, the HKAB, the AMCM, the MAB, the CBIRC (currently as the NFRA) and their respective dispatched agencies, PBoC and its dispatched agencies, and administrations of foreign exchange, finance, market regulation and taxation regulation. These laws, regulations, guidelines and regulatory requirements include approvals for banking products and services, market entry, opening of new branches or sub-branches, taxation and accounting policy, risk management, internal control and pricing. These regulatory authorities supervise and conduct periodic or ad hoc inspections, spot checks, enquiries, examinations or investigations on banks and have the authority to impose penalties or remediation requirements based on their findings, which could subject us to various negative impacts, such as demand for timely rectification,

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fine, suspension of certain businesses, revocation of business licenses, restrictions on dividend distributions and asset transfers or disciplinary actions against the directors, officers or persons directly liable for such non-compliance.

Despite our implementation of mechanisms to facilitate our compliance with latest legal and regulatory requirements, we cannot assure you that we will always meet all applicable requirements, guidelines, and regulations, or that we will not be subject to any sanction, fines or other penalties in the future as a result of non-compliance. Any failure to comply with applicable requirements, guidelines, or regulations could have a material adverse effect on our business, financial condition and results of operations, and damage our reputation and our ability to grow our business.

We face risks and uncertainties associated with national and local government policies and initiatives adopted to promote local economic development.

We benefit from favorable policies adopted by the national and local governments to promote the economic development of Hong Kong, Macau or Mainland China, especially those in relation to the development of the Greater Bay Area. For example, the “Cross-boundary Wealth Management Scheme” launched in 2021 allows eligible residents of Hong Kong, Macau and Mainland China in the Greater Bay Area to invest in wealth management products distributed by banks in each other’s market through a closed-loop flow channel established between the respective banking systems. Despite various policies and measures that are favorable to our business, we cannot guarantee that such favorable policies will continue, or in turn, it will not impose additional layers of regulatory requirements, which may further add to our compliance costs. Any discontinuation of or unfavorable change in available policies, any new policies issued or to be issued by the national or local government on curbing the spending limit of the local government on its local economic development, or promulgation of new rules, regulations or guidelines may adversely affect our business, financial condition and results of operations.

We received certain income that may become unavailable or is subject to reduction in future, which could adversely affect our business, financial condition and results of operations.

We recorded certain other operating income, which primarily comprised rental income, safety box rental income, and subsidies from the government such as subsidies relating to employment, rental assistance or other investment related schemes. In 2020, 2021 and 2022, our other operating income amounted to HK\$10.0 million, HK\$18.2 million and HK\$43.0 million, respectively, representing 0.2%, 0.3% and 0.7%, respectively, of our Group’s operating income during the same periods.

Our other operating income is subject to reduction or may become unavailable in future. The availability of, or our eligibility for, government subsidies, for example, depends on relevant government policies, the availability of funding at different granting authorities, the granting authorities’ assessments on necessities, or other factors not within our control. Therefore, we cannot assure you that we will continue to receive such income on the same or similar scale and loss or reduction could have an adverse effect on our business, financial condition and results of operations.

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We may not be able to expand our portfolio of products and services.

We have been committed to expanding our portfolio of products and services and intend to continue doing so in the future, to capture ever changing market demand and cope with different challenges. The sustainable development of our business depends on, in part, our ability to expand our product and service portfolio to capture customer demand and evolving industry trends. However, the success of this strategy is subject to various factors beyond our control, including general economic conditions, regulatory restrictions and market competition.

Furthermore, the regulatory regimes for certain offering of our products and services that generate fee and commission income continue to evolve, particularly those relating to our financial market business. Please see “— Risks Relating to Our Business — If we fail to fully comply with various regulatory requirements applicable to us, our business, financial condition and results of operations could be materially and adversely affected.” We cannot assure you that our business will not be materially and adversely affected by the continued development of such relevant regulations. Furthermore, in the event that we are required to obtain regulatory approvals before offering, failure to obtain such approvals or comply with relevant banking regulations in relation to the sales and marketing of our new financial products and services may subject us to legal proceedings or regulatory sanctions, which in turn could lead to significant financial losses and reputational damages to us.

In addition, for products where our income depends on the underlying financing party’s capacity to make timely repayment, we are also subject to the inherent risks associated with financial performance or business operations of the issuers or owners of underlying assets, which are affected by many factors beyond our control, including for example, general economic conditions and proper compliance with laws and regulations by such third parties. We may also be subject to customer complaints, negative news coverage and possible litigations, any occurrence of which could have a materially adverse effect on our reputation, business operations, and financial conditions.

Our business, financial condition, results of operations, prospects and the value of your [REDACTED] may be adversely affected as a result of negative media coverage of us, our senior management and our subsidiaries, or banking industry the locations that we operate our business in general, even if such negative publicity is inaccurate, unsubstantiated or immaterial.

Our business reputation is crucial to our success. The banking industries in Hong Kong, Macau and Mainland China continue to be covered extensively and critically by various news media. In recent years, incidents of fraud and issues in relation to non-performing loans, loan quality, capital adequacy, solvency, internal controls, and risk management have been extensively reported by the media. Any such negative media coverage, accurate or not, may have a material adverse effect on our reputation and will consequently undermine our customers’ confidence in us. As a result, our business, financial condition, results of operations, prospects and the value of your [REDACTED] may be materially and adversely affected.

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We disposed of certain non-performing assets during the course of our business and should we become unable to dispose of or transfer such assets in the future, our liquidity, financial condition and results of operations may be affected.

During the course of our business, we disposed of certain non-performing assets at or without discount, in line with our risk management policies. The disposals were primarily to asset management companies which are Independent Third Parties from us. We may choose to continue disposing of loans and other assets from time to time in accordance with our liquidity management and risk management policies when we deem appropriate.

Our current results of operations and financial condition would be different had these disposals not taken place. As of December 31, 2020, 2021 and 2022, the principal of non-performing assets we disposed of through write-off, transfer, debt-to-equity swap or other measures amounted to approximately HK\$422.4 million, HK\$1,074.4 million and HK\$3,267.4 million, respectively. Such non-performing assets we disposed of were primarily non-performing loans. For details of the non-performing assets we have disposed during the Track Record Period, please see “Assets and Liabilities — Asset Quality of our Loan Portfolio.” Our non-performing loans amount and the relevant ratio during the relevant periods would be higher had such disposals failed to take place. In the future, however, there is no assurance that we will always be able to dispose of such assets or loans on a similar scale or on similar terms, in the event of which our business operations and financial conditions could be materially affected.

We have engaged third-party technology service providers in developing, maintaining and upgrading our information technology system and any difficulties experienced in these arrangements could result in additional expense, loss of customers and income or an interruption of our services.

We engage third-party service providers who work closely with our in-house experts in developing, maintaining and upgrading our information technology system. For details, please see “Business — Information Technology — Information Technology System.” In the event that these service providers either fail to provide support service as usual, terminate our contracts, or refuse to renew our contracts, our business operation and financial condition may be materially and adversely affected. If such an event occurs, though we may pursue new third-party technology and service relationships, it may still disrupt our normal operations, increase the costs of these technology services and divert management’s time and energy. If we are unable to identify a suitable new service provider on a timely basis, or at all, we could be forced to temporarily or permanently discontinue certain services, which could materially and adversely affect our business, prospects, financial condition and results of operations.

We may need government approvals and licenses or make government filings for our growth, both in terms of geographical regions and in terms of the offering of products and services, and we cannot guarantee that we will obtain such approvals and licenses or make such filings.

We may need to submit applications to regulatory authorities if we plan to establish branches and sub-branches in areas outside our existing home regions of operation. For example, to establish a branch of LIB in Mainland China would require certain approvals and permissions from the

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CBIRC (currently as the NFRA) and its dispatched agencies, the AMCM and the Chief Executive of Macau. To establish a branch of CYB in Mainland China, on the other hand, would require approvals and permissions from the HKMA, the CBIRC (currently as the NFRA) and its dispatched agencies. The permissions from the HKMA and the Chief Executive of Macau upon the advice from the AMCM, are also required in the event of establishing a CYB branch in Macau.

Establishing our branches in Mainland China is subject to the reviews of the relevant regulatory authorities. For example, the establishment of a CYB branch in Mainland China is subject to Article 49(1) of the Banking Ordinance, and Implementation Measures of the China Banking and Insurance Regulatory Commission for the Administrative Licensing Items concerning Foreign-Funded Banks. Further, if the preparatory work of the branch fails to complete within six months from the day when the application for the formation preparation is approved (the preparation period may be extended by not more than three months, totaling a maximum of nine months period), the approval documents from the CBIRC (currently as the NFRA) shall be invalidated and a new application will be required. In sum, to obtain such approval or license, we need to satisfy various requirements imposed by the governing authorities. Even if we manage to obtain the approval or license, we may not possess adequate market resources or qualified personnel that comprehensively understand and are experienced in managing local complexities. Any inadequate preparations prior to entering into new markets could materially and adversely affect our ability in competing with pre-existing banks and other financial institutions in those areas or regions. Also, the rate of our growth and the expansion of our business may be affected if we are unable to or unsuccessful in expanding our operation geographically, which, in turn, may materially and adversely affect our business, financial condition and results of operations. In addition, as we further expand our business lines or product and service offerings, we may be subject to additional requirements of approval, license or permit, failure of which may materially and adversely affect our business operations and financial condition.

We may be involved in legal and other disputes from time to time arising out of our business operations.

We were involved in legal and other disputes arising from our ordinary course of business from time to time for a variety of reasons, which are generally related to loan collection purposes or other claims arising out of our ordinary course of business. For details, please see “Business — Legal and Administrative Proceedings.” In general, litigation is inherently uncertain and difficult to predict and we cannot guarantee the outcome of any litigation proceedings in which we are involved or will be involved will be favorable to us, or will subject us to appeal. Furthermore, we may encounter disputes in relation to misappropriation or unauthorized use of our business names or service brand names, or disputes in relation to misappropriation, unauthorized use or registration of our trademarks.

In addition, we also cannot guarantee that any existing, potential or future dispute will not cause a material adverse effect on us including damages to our reputation, loss of revenue, additional operational costs or a diversion of our resources and management’s attention from our business

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operations, negative publicity, strict scrutiny and/or intervention from regulatory authorities, regulation or loss of existing or potential client business, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We are subject to anti-money laundering and governmental economic sanctions laws. Our failure to detect illegal or improper activities in relevant fields on a timely basis, or at all, could expose us to reputational damages and other legal or regulatory liability risks.

We are required to comply with applicable anti-bribery, anti-corruption and anti-money laundering laws and regulations. These laws and regulations require us to adopt and enforce “know-your-customer” policies and procedures and to report suspicious and large transactions to the relevant regulatory authorities. In light of the complexity of money-laundering activities and other illegal or improper activities, such policies and procedures may not be able to eliminate the possibility that other parties use our services to engage in money laundering and other illegal or improper activities. To the extent that we fail to fully comply with applicable anti-money laundering laws and regulations, the relevant governmental authorities may impose fines and other penalties on us. In addition, our business and reputation could deteriorate if customers manipulate their transactions with us for money laundering or other illegal or improper purposes. Please see “Risk Management — Legal and Compliance Risk Management — Legal Risk Management — Anti-money Laundering,” and “Supervision and Regulation — PRC — Overview of the Laws and Regulations Governing the Group’s Operations in Mainland China — Legal Supervision of Domestic Institution of Foreign Commercial Banks — Important Regulatory Indicators for Domestic Branches of Foreign Banks — Regulatory Rating System Anti-money Laundering in Domestic Branches of Foreign Banks.”

In addition, economic sanctions laws imposed by the United States, European Union (the “E.U.”), and other jurisdictions may expose us to potential compliance risks. Sanctions laws prohibit business in or with certain countries or governments, and with certain persons or entities that have been sanctioned by the United States, the E.U. or other governments and international or regional organizations, such as the United Nations Security Council. Although we operate primarily within Hong Kong, Macau, and Mainland China, other parties using our services, from time to time, may engage in certain trade or other international businesses, which in turn expose us to international sanction risks. While we do not believe that we are or have been in violation of any applicable sanctions laws or engaged in sanction-able activities, it is possible that governmental authorities may in the future impose sanctions on us, particularly in the event that we fail to detect and, as appropriate, remediate such violations, and there can be no assurance that we can always be in compliance with all such sanctions laws in the future. We also cannot predict with certainty the interpretation or implementation of any sanctions laws or policies or their future changes. Any alleged violations of sanctions laws or engagement in sanction-able activities could adversely affect our reputation, business, results of operations and financial condition.

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Our operations depend on key management and professional staff and experts and our business may be materially and adversely affected if we are unable to recruit, train or retain a sufficient number of qualified employees.

The success of our business, to a large extent, depends on our ability to attract and retain key personnel who possess in-depth knowledge and understanding of, and extensive working experience in the banking and related industries. These key personnel include, among others, our directors, senior management, professional and experienced staff of investment and wealth management, banking and finance, our product development personnel, research, marketing and sales staff, legal professionals, risk management personnel, IT specialists and other operational personnel. Our future success depends substantially upon our key personnel’s experience in the banking industry and our business operations as well as their sales and marketing skills. The departure of any member of our key personnel may have a material adverse effect on our business and results of operations. Therefore, we devote considerable resources to recruiting and retaining these personnel. However, the market for quality professionals is highly competitive and we face increasing competition in recruiting and retaining these individuals and our business and financial condition could suffer if we are unable to retain our recruitment and talent pools. We cannot assure you that we will be able to recruit or retain qualified employees, or that competition in recruitment will not lead to increases in our employment costs. If we fail to recruit or retain sufficient qualified staff, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to detect and prevent fraud or other misconduct committed by our employees, customers or other third parties, and we may be subject to other operational risks.

We are exposed to fraud or other misconduct committed by our employees, customers or other third parties, which could subject us to financial losses, third party claims, regulatory actions or reputational damage. We are not aware of any instances of fraud, theft and other misconduct involving our employees, customers and other third parties that had any material adverse impact on our business, financial condition and results of operations during the Track Record Period and up to the Latest Practicable Date. However, there can be no assurance that there will not be any such instances in the future. We cannot assure you that our internal control policies and procedures will be sufficient to prevent, detect or deter all incidents of fraud and other misconduct involving our employees, customers or other third parties. Any misconduct committed against our interests (such as embezzlement, corruption, bribery, unauthorized extension of credit, illegal fund-raising, and fraud, as well as misappropriation, theft and deception of customer funds by employees, and theft, robbery and certain armed crimes conducted on us by customers or other third parties), which may include past acts that have gone undetected or future acts, could subject us to financial losses as well as enquiries, examinations or investigations by government authorities, harm our reputation and have a material adverse effect on our business, financial condition and results of operations.

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Furthermore, the illegal activities, misconduct or improper behavior of our customers or other third parties, whether or not they are related to us, may damage our reputation or cause us to incur economic losses. As we have no control over these and other third parties, we cannot assure you that we can always effectively prevent or mitigate the negative impact their misconduct may cause on our reputation, business, financial condition or results of operations.

Failure to protect confidential information of our customers and our network against security breaches, failure by us or third-parties to comply with applicable data privacy and protection laws, regulations and policies could harm our reputation and our business, deterring customers from using our services, which could materially affect our results of operations.

During the ordinary course of our business, we collect, store and process certain private information about our customers, such as their names, addresses and contact information, as well as their social and financial information, such as employment, proof of income and credit ratings. Such collections are subject to the strict regulations and constant monitoring from relevant authorities. For more details, please see “Business — Personal Data and Privacy Protection.” Although we strive to implement our data protection policy and procedures in a strict and consistent manner, unauthorized access to or leakage of personal data may still occur due to malfeasance, system errors, negligence or otherwise. Any accidental, negligent or willful security breaches or other unauthorized access to our database could cause confidential customer information to be leaked and used for unlawful purposes. Security breaches or unauthorized access to confidential information could also expose us to liabilities relating to information loss, prolonged litigations and negative publicities, which could materially and adversely affect our business, financial condition and results of operations.

The Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong or other applicable laws) (《香港個人資料(私隱)條例》) (the “PDPO”) imposes strict compliance requirements on the proper collection, use and storage of personal data. The PDPO generally provides that personal data shall only be collected for a lawful purpose directly related to a function or activity of the data user, and the data collected should be necessary and adequate but not excessive for such purposes. Once collected, the personal data should be processed in a secure manner and should only be kept for as long as necessary for the fulfillment of the purposes of using the data, and that its use should be limited to or related to the original collection purpose. The PDPO requires that data users take all practicable steps to protect the personal data they hold against unauthorized or accidental access, processing, erasure, loss or use. Breaches of the PDPO may have financial penalty and imprisonment sentence consequences.

The Macau Personal Data Protection Act (Law No.8/2005) (the “PDPA”) (《澳門個人資料保護法》) introduces comprehensive legal regime on the protection of personal data, requiring processing be carried out transparently and in strict respect for privacy and for other fundamental rights such as freedoms, guarantees, as set out in the Basic Law of the Macau Special Administrative Region. Specifically, it is based on and was significantly influenced by the European data protection legislation, and sets forth a privacy legal framework that processing of personal data is carried out where necessary with consent.

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The PRC also has established a data privacy protection regime, comprising primarily the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Data Security Law of the PRC (《中華人民共和國數據安全法》), and the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》). According to the aforementioned laws, collection and procession of sensitive personal information is permitted only under limited circumstances in specific ways. According to the PRC Civil Code, the personal information of natural persons is protected by law, and any organization or individual seeking to obtain others’ personal information shall ensure information security and overall compliance in accordance with applicable laws, including in particular, that personal information processor shall not illegally collect, use, process or transmit other people’s personal information, or illegally buy, sell, provide or disclose other people’s personal information or make other people’s personal information public. The Cybersecurity Law also stipulates that network operators should keep users’ personal information strictly confidential and establish and improve users’ personal information protection systems. Only when there is a specific purpose and with sufficient necessity and strict protection measures, shall relevant entities handle sensitive personal information, as provided under the Personal Information Protection Law. Under certain circumstances, personal information processors incompliant with data privacy laws and regulations.

The Several Provisions on Regulating the Order of the Internet Information Service Market promulgated by the Ministry of Industry and Information Technology (the “MIIT”) on December 29, 2011 stipulates that without user consent, Internet information service providers shall not collect users’ personal information and shall not provide such personal information to others without consent, unless otherwise stipulated by laws and administrative regulations. Decision of the Standing Committee of the National People’s Congress on Strengthening Network Information Protection on December 28, 2012 (《關於加強網絡信息保護的決定》) and the Regulations on the Protection of Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》) provide that collection and use of personal information shall in strict compliance with the general principles of legality, justness and necessity, and shall inform users of the purpose and use of information. In particular, when collecting and using personal information, telecommunication service operators and network information service providers shall disclose detailed collection and use rules. The joint announcement¹ on “Announcement of Launching Special Crackdown Against Illegal Collection and Use of Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》)” also requires App operators to operate in line with principles of legality, legitimacy and necessity and do not collect and use personal information unrelated to the services provided or in violation of laws and regulations or against the agreements with users. In addition, rules for collection and use of personal information should be displayed in an easy-to-understand, simple and clear way, and does not force users to authorize by default, bundling, stopping installation and use.

¹ On January 23, 2019, the Office of the Cyber Security and Information Committee of the Central Committee of the Communist Party of China, the Ministry of Industry and Information Technology, the Ministry of Public Security and the State Administration of Markets jointly issued the “Announcement on Carrying out Special Governance for the Illegal Collection and Use of Personal Information by App.”

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In addition, the regulatory authorities in the industries in which we operate are paying increasing emphasis on the protection of personal data. For example, the Administrative Measures for the Identification of Clients and the Keeping of Clients’ Identity Information and Transaction Records by Financial Institution (《金融機構客戶身份識別和客戶身份資料及交易記錄保存管理辦法》) issued by the PBoC, the former CBRC, the former CIRC and the CSRC stipulate that financial institutions should take necessary management measures and technical measures to prevent the loss or damage of clients’ identity information and transaction records and prevent the leakage of clients’ identity information and transaction data. The Guiding Opinions of General Office of the State Council on Strengthening the Protection of Financial Consumers’ Rights and Interests (《國務院辦公廳關於加強金融消費者權益保護工作的指導意見》) issued by General Office of the State Council clearly requires that financial institutions shall fully respect and consciously protect financial consumers’ basic rights such as property rights, right to know, right to choose independently, right to fair trade, right to education and right to information security.

We are subject to laws and regulations regarding cybersecurity, information security, privacy and data protection and other related requirements, which may incur substantial costs and are subject to changes and uncertain interpretations, failure of compliance with which could result in negative publicity, legal proceedings against us, suspension of operations or increased costs of operations, which may substantially and adversely affect our business and results of operations.

The PRC Cybersecurity Law, which became effective in June 2017, created the first national-level cybersecurity protection framework for “network operators,” which may potentially include all organizations in the PRC that provide services over the internet or through other types of information network. Subsequently, various regulations, guidelines and other measures have been and are expected to be adopted under the PRC Cybersecurity Law. Any actual or perceived non-compliance with relevant requirements may result in administrative penalties, including for example, fines, shut-down or suspension of our business, or revocation of requisite licenses, which could result in reputational damage or legal proceedings or other materially adverse effects on our business, financial conditions or results of operations.

On December 28, 2021, the CAC, the NDRC, the MIIT and several other administrations jointly promulgated the Measures for Cybersecurity Review (the “**New Review Measures**”) (《網絡安全審查辦法》), which took effect on February 15, 2022. The New Review Measures has replaced its previous version promulgated on April 13, 2020. In particular, it stipulates that critical information infrastructure operators (the “**CIIOs**”) (關鍵信息基礎設施運營者) who purchase network products and services that affect or may affect national security, as well as Internet platform operators conducting data processing activities that affect or may affect national security, shall be subject to a cybersecurity review. Internet platform operators who hold more than one million users’ personal information must also apply for a cybersecurity review before seeking a listing abroad (“赴國外上市”).

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As advised by our PRC Legal Advisors, since the term [REDACTED] under Article 7 of the New Review Measures does not include Hong Kong, according to the consultation from the CCRC our PRC Legal Advisors conducted on behalf of us on May 5, 2023 we are not subject to the application for cybersecurity review for [REDACTED] plan in Hong Kong. As of the Latest Practicable Date, we have not been notified by relevant authorities of being identified as a critical information infrastructure operator, or been involved in any investigations on cybersecurity review made by CAC and other relevant authorities, nor had we received any inquiry notice, warning, or sanctions in such respects. Notwithstanding, as uncertainties remain with respect to the regulatory regime, there is no assurance that we will always comply in full extent with the requirements of the New Review Measures or other similar legal and regulatory developments. In such cases, we may be ordered to rectify or terminate our activities that are deemed illegal by regulatory authorities.

CAC promulgated Regulations on Network Data Security Management (Draft Data Security Regulations for Comments) (《網絡數據安全管理條例(徵求意見稿)》) on November 14, 2021. The Draft Data Security Regulations for Comments stipulate that a data processor contemplating to list its securities on a stock exchange in Hong Kong which affects or may affect national security, is required to apply for a cybersecurity review pursuant to relevant rules and regulations. However, the Draft Data Security Regulations for Comments do not provide the standard to determine under what specific circumstances such listings would “affect or may affect national security.” As of the Latest Practicable Date, Draft Data Security Regulations for Comments was only released for public comments only and its final version and effective date may be subject to change and uncertainty. Provided that the regulations were to be implemented in its current form, and our [REDACTED] were deemed as “affect or may affect national security,” and we failed to initiate and apply for a cybersecurity review in line with relevant requirements, we would be subject to requests of rectification, warning, suspension or termination of operations, or other penalties, which may materially affect our business and financial conditions.

On July 7, 2022, the CAC promulgated the Security Assessment Measures for Outbound Data Transfers (《數據出境安全評估辦法》), which became effective on September 1, 2022. Such measures require that in any of the circumstances below data processors shall apply for data cross-border transfer security assessment before any outbound data cross-border transfer can occur: (i) the data transferred abroad is important data; (ii) outbound data cross-border transfer of personal information by CIOs or data processor that processes personal information of more than one million individuals; (iii) a data processor has provided a total of 100,000 persons’ personal information or 10,000 persons’ sensitive personal information to overseas, in each case as calculated cumulatively, since January 1 of the previous year; or (iv) under other circumstances as stipulated by the CAC.

On February 22, 2023, the CAC promulgated Measures for the Standard Contract for Outbound Cross-Border Transfer of Personal Information (《個人信息出境標準合同辦法》), which has come into effect on June 1, 2023. Pursuant to Measures for the Standard Contract for Outbound Cross-Border Transfer of Personal Information, personal information processor transferring personal information abroad shall conclude Standard Contract when satisfying all the following conditions: (i) the data processor who intends to transfer personal information abroad is not a critical information infrastructure operator; (ii) the data processor processes personal information of

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less than one million individuals; (iii) the data processor has cumulatively transferred abroad the personal information of less than 100,000 individuals since January 1 of the previous year; and (iv) the data processor has cumulatively transferred abroad the sensitive personal information of less than 10,000 individuals since January 1 of the previous year. In such case, we may incur substantial costs to comply with such laws and regulations, and failure of compliance may subject us to warnings, suspension, termination or other penalties, which may materially and adversely affect our business operations and financial results.

Moreover, different regulatory bodies in Mainland China, including among others, the MIIT, the CAC, the Ministry of Public Security and the regulatory authorities of the industry in which we operate have enforced laws and regulations regarding cybersecurity, information security, privacy and data protection with various standards and applications. We may from time to time be required to rectify or further improve our measures regarding cybersecurity, information security, privacy and data protection. Any failure or perceived failure by us to comply with all applicable laws and regulations regarding cybersecurity, information security, privacy and data protection, or any failure or perceived failure of our business partners to do so, or any failure or perceived failure of our employees to comply with our internal control measures, may result in negative publicity, legal proceedings or regulatory actions against us, and could result in fines, revocation of licenses or other legal or administrative penalties, which may in turn have a material and adverse effect on our business and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN HONG KONG, MACAU AND MAINLAND CHINA

We derive our revenue from operations in Hong Kong, Macau and Mainland China and are susceptible to the developments, economic conditions and the state of political environment in such markets.

As we derive, and expect to continue to derive, our revenue from operations in Hong Kong, Macau and Mainland China, we are exposed to the general factors that affect the overall development in these regions, including but not limited to, any deterioration in the economic, social and/or political conditions, any unfavorable state, social unrests, strike, riot, civil disturbance or disobedience, or implementation of provincial policies applicable to the region that is beyond our control. Any occurrence of the above-mentioned factor could cast negative impact to our operations therein, and we may not be able to respond promptly. In such event, our business, financial position and results of operations could be materially and adversely affected.

For Hong Kong, Macau and certain regions within Mainland China, our operations are also susceptible to the acts of God, such as the typhoons which could disrupt the normal business operations of our customers and ours. Further, with respect to our operations in Mainland China, relevant authorities have taken measures to introduce free market mechanism and to promote the establishment of sound corporate governance regime in business entities, and have continued to play a significant role in regulating related industries by issuing industrial policies, guidelines and regulations. Failure to comply with such implementations could materially and adversely affect our business, financial conditions and results of operations.

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Further, since we plan to further establish our presence into the Greater Bay Area, our financial results and prospects are also subject to the dynamics of political, economic, socio-cultural, legal environment and other external factors among Hong Kong, Macau and Mainland China. Any economic downturn, regulatory changes or social disturbances could place burdens on us or on our customers, which could materially and adversely affect our business, financial position and prospects.

We face keen competitions in banking and related industries in multiple jurisdictions in which we operate.

We face competition from Hong Kong, Macau and Mainland China, which may further intensify as the banking and related industries in Hong Kong, Macau and Mainland China are becoming increasingly competitive, further intensified in response to the increased consumer demands, technological advances, and market consolidations under the continuous development of the Greater Bay Area.

For example, the HKMA has promulgated a series of initiatives that facilitate competitiveness in the banking sector in Hong Kong. For example, the recent un-veilment of “Fintech 2025” strategy to promote wide adoption of fintech by the financial sector, to deepen the research of digital currency, leverage the data infrastructure, and expand the FinTech talent pool, so as to help strengthen Hong Kong’s position as a fintech hub in Asia, attracting more capital investment, energies and competitiveness into the market as a whole. Further, notable efforts have been taken by the HKMA to create new business opportunities to strengthen the competitiveness of Hong Kong’s financial platform, including in areas of bond issuance, assets and wealth management, corporate treasury centers and others.

Such competition may further intensify in the future with our increased presence in the Greater Bay Area, in which our peers are striving to increase their market share and product portfolio designed for the Greater Bay Area. For example, in February 2023, the PBoC, the CBIRC (currently as the NFRA), CSRC, the SAFE and the Guangdong Provincial People’s Government issued the “Opinions on Financial Support for the Construction of Hengqin-Guangdong-Macao Deep Cooperation Zone” (《關於金融支持橫琴粵澳深度合作區建設的意見》) (Yin Fa [2023] No. 41) and the “Opinions on Financial Support for the Comprehensive Deepening of Reform and Opening-up of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone” (《關於金融支持前海深港現代服務業合作區全面深化改革開放的意見》) (Yin Fa [2023] No. 42), the former aiming to promote financial reform and innovation and external cooperation and opening-up of Zhuhai Hengqin Guangdong-Macau In-Depth Cooperation Zone, strengthen the connection with the financial market of Macau, while the latter comprehensively strengthens the functions of the Qianhai Cooperation Zone as a pilot for the opening up of the national financial industry and a pilot zone for cross-border RMB business innovation, focuses on the free flow of capitals across the border, and promotes a high level of opening up and connectivity between the financial services industries of Shenzhen and Hong Kong.

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In addition to competition from banks and financial institutions, we also face competition from other forms of investment alternatives. Our deposit customers may move their funds deposited with us to invest into stock, debt securities or wealth management products, which may result in a decrease in our deposits from customers, the most important source of funds for our lending business, further impacting our net interest income. In addition, due to the development of the capital markets, we may face competition from direct corporate financing, such as the issuance of debt or equity securities in the domestic and international capital markets. If a substantial number of our customers choose alternative ways of financing to meet their funding needs, this may adversely affect our interest income. A decrease in the demand from our corporate customers could materially and adversely affect our business, financial condition and results of operations.

Furthermore, traditional banking institutions in Hong Kong, Macau and Mainland China are also facing new challenges from innovations in financial products and technology, such as virtual banks or Internet financing service platforms, online wealth management products, and third party online payment platforms. We cannot assure you that we will be able to cope with the challenges presented by such new entrants, and, in the event that we are unable to effectively respond to the changes in the competitive environment of banking industries in Hong Kong, Macau or Mainland China, or any failure to manage the competitive dynamics to which we are exposed, our business, financial condition and results of operations could be materially and adversely affected.

The effectiveness of our credit risk management is affected by the quality and scope of information available in Hong Kong, Macau and Mainland China.

Although credit information databases have been developed in Hong Kong, Macau and Mainland China because our operations involve multiple jurisdictions, the fact that information in one system is not necessarily unified to another could impose additional burdens on the measures of credit risk management. Without reliable information, and until the full implementation and effective operation of comprehensive national credit databases with respect to corporate and individual borrowers, we will have to rely on other publicly available information and our internal resources, which may not be effective in assessing the credit risk associated with a particular customer as information other than compliance or legal violation records, in relation to factors such as capital resources or professional background are not easily ascertainable from outside sources. As a result, our ability to effectively manage our credit risk may be limited, which could materially and adversely affect our business, financial condition and results of operations.

Uncertainties with respect to the legal systems of Macau and Mainland China could have a material adverse effect on our business, financial position and results of operations.

Our operations in Macau and Mainland China are subject to the respective legal system of Macau and Mainland China which are based on written statutes. Prior decisions may be adduced for reference but have limited precedential value. For example, since the late 1970s, governing authorities in Mainland China have promulgated laws and regulations dealing with various economic matters in line with its economic development, such as the issuance and trading of securities, shareholders’ rights, foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial

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law. However, as many of these laws and regulations are relatively new and the banking industry continues to evolve, the interpretations of these laws and regulations and its impact on the rights and obligations of the parties involved are still subject to uncertainties, which could have a material adverse effect on our business, financial position and results of operations.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

Many of our Directors and senior management personnel reside within Macau and Mainland China. As a result, it may not be possible to effect service of process upon us or most of our Directors and senior management personnel within the United States or elsewhere outside Mainland China, including with respect to matters arising under the U.S. federal securities laws or applicable state securities laws. Mainland China does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong and Macau have no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in Hong Kong, Macau or Mainland China of judgments entered by a court of the United States or of any other jurisdictions mentioned above may be difficult or impossible.

The courts of Macau may not recognize a judgment obtained in the courts of Hong Kong unless of the following are satisfied, including (i) there are no doubts about the authenticity of the document containing the foreign judgment, or on its meaning, (ii) the foreign judgment is final and no appeal is possible under the laws of the relevant foreign jurisdiction, (iii) the foreign judgment was not obtained fraudulently and was not issued on one of the matters for which the Macau courts consider themselves (by law) to have exclusive jurisdiction no identical suit is pending before a court in Macau and no identical suit has already been judged by a Macau court, (iv) effective service of process was made on the defendant in accordance with the laws of such foreign jurisdiction and due process was followed and equitable rights and principles were granted to the parties by the foreign courts, and (v) the foreign judgment obtained does not violate any public policy of Macau. In addition, courts of Macau consider themselves as having exclusive jurisdictions in determining upon the ownership rights and cases over immovable assets located in Macau as well as bankruptcies of companies with their registered main office in Macau.

On July 14, 2006, the Supreme People’s Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of the Mainland and the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**Arrangement**”). Under the Arrangement, where any designated court in Hong Kong or Mainland China has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing, any party concerned may apply to the relevant court in Hong Kong or Mainland China for recognition and enforcement of the judgment. Nevertheless, there still remain uncertainties of the enforceability under this arrangement. Under the Arrangement, a choice of court agreement in writing refers to an agreement in writing

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entered into between parties after the effective date of the Arrangement in which a court in Hong Kong or Mainland China is expressly selected as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a court in Hong Kong or Mainland China if the parties in dispute have not agreed to enter into a choice of court agreement in writing. On January 18, 2019, the Supreme People’s Court and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of Mainland China and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and Mainland China. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People’s Court and the completion of relevant legislative procedures in the Hong Kong. The New Arrangement will, upon its effectiveness, supersede the Arrangement.

Withholding tax may be imposed on payments on the Shares if we fail to comply with FATCA should we receive U.S. source income in the future.

The United States has enacted rules, commonly referred to as “FATCA,” that generally impose a withholding regime with respect to “withholdable payments,” generally U.S. source payments of dividends and interest and, beginning in 2019, gross proceeds from the disposition of property that can produce U.S. source payments, and, in the future, may impose such withholding on “foreign passthru payments” made by a “foreign financial institution” (an “**FFI**”), unless such FFI complies with certain diligence and reporting requirements. Under current guidance, the term “foreign passthru payment” is not defined and it is therefore not clear whether or to what extent payments on the Shares would be considered foreign passthru payments. Withholding on foreign passthru payments would not be required with respect to payments on the Shares made before January 1, 2019.

The United States has entered into an intergovernmental agreement (an “**IGA**”) with Hong Kong (the “**Hong Kong IGA**”), and has agreed in substance with the PRC to an IGA (the “**PRC IGA**”), which potentially modifies the FATCA withholding regime described above. Under the FATCA rules and the IGAs, we and our subsidiaries that are treated as FFIs will be subject to the diligence and reporting obligations under FATCA or an applicable IGA. In order to avoid the withholding regime described above, we and each of our subsidiaries intend to comply with the diligence and reporting requirements under FATCA in accordance with relevant laws and regulations, which may affect how we structure our operations and conduct our business.

It is not yet clear how the Hong Kong IGA and the PRC IGA will address foreign pass-through payments. Prospective [REDACTED] in the Shares should consult their tax advisors regarding the potential impact of FATCA, the PRC IGA, the Hong Kong IGA and any non-U.S. legislation implementing FATCA, on their [REDACTED] in the Shares.

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Further development of interest rate liberalization, the HKAB, AMCM and PBoC’s adjustments to the benchmark interest rate applicable in the respective regions, the deposit insurance program or other regulatory changes in the banking industry may materially and adversely affect our results of operations.

Our net interest income is sensitive to adjustments in the benchmark interest rates set by HKAB and HKMA. In Hong Kong, the benchmark interest rate is the Hong Kong Interbank Offered Rate (HIBOR), which is determined by the HKAB based on market conditions. The HIBOR set by HKAB is further subject to the supervisions of HKMA, which monitors the market closely and may intervene if necessary to maintain financial stability. For more details, please see “Supervision and Regulation — Hong Kong.” Our operations are also subject to the Macau Interbank Offered Rate (MOPBOR), which is also determined by market conditions. Even though the AMCM, which is the central bank of Macau, does not set the MOPBOR, it monitors the market closely and may intervene if necessary to maintain financial stability. Please see “Supervision and Regulation — Macau” for details.

Our operations in Mainland China are also subject to the benchmark interest rates set by PBoC. For example, changes in the PBoC benchmark interest rates could affect the average yield of our interest-earning assets to a different extent than the average cost of our interest-bearing liabilities and, therefore, may narrow our net interest margin. Such a change would lead to a decrease in our net interest income, and may materially and adversely affect our results of operations and financial condition. Other monetary policies, including adjustments on the PBoC statutory deposit reserve ratios are implemented from time to time. These monetary policies may have a significant impact on the liquidity and funding costs of our branches in Mainland China and borrowers’ demand for bank financing, which in turn may affect our business, results of operations and financial condition. For more details, please see “Supervision and Regulation — PRC.”

We also conduct trading and investment activities involving certain financial instruments. Our income generated from these activities is subject to volatility caused by, among other things, changes in interest rates and foreign exchange rates. For example, increases in interest rates generally cause the fair value of our fixed income securities portfolio to drop, which may materially and adversely affect our results of operations and financial condition. In addition, the derivatives market in Mainland China is still in the early stage of development despite that the risk hedging tools are gradually improving. As a result, we may not be able to effectively hedge such market risks.

We may be classified as a “Chinese resident enterprise” for EIT purposes, which could result in our global income being subject to the uniform 25% Chinese enterprise income tax and gains on the sales of shares and dividends on the shares may be subject to Chinese income tax.

We are incorporated in Hong Kong and have operating entities in Mainland China. The EIT law provides that enterprises established under the laws of foreign countries or regions and whose “*de facto management bodies*” are located in Mainland China are considered “Chinese resident enterprises” and will generally be subject to the uniform 25% EIT rate on their global income. On April 22, 2009, the SAT issued the Notice on Identifying Chinese-Controlled Offshore Enterprises as Chinese Resident Enterprises in accordance with Criteria for Determining Place of Effective

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Management (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), which was most recently amended on December 29, 2017 and known as Circular 82 (《82號通知》), which provides certain specific criteria for determining whether the “*de facto management body*” of an enterprise that is incorporated offshore and controlled by enterprises or enterprise groups of Mainland China is located in Mainland China. According to Circular 82, an offshore incorporated enterprise controlled by an enterprise or an enterprise group in Mainland China will be regarded as a Chinese tax resident by virtue of having its “*de facto management body*” in Mainland China, and will be subject to Chinese enterprise income tax on its global income only if all of the following conditions are met: (i) the places where the senior management personnel and their senior management departments that are responsible for the implementation of daily production and management operations are mainly located in Mainland China; (ii) decisions relating to the enterprise’s financial and human resource matters are made, or are subject to approval by organisations or personnel in Mainland China; (iii) the enterprise’s primary assets, accounting books, and records, company seals, and board and shareholders meeting minutes are located or maintained in Mainland China; and (iv) at least 50% of voting board members or senior executives habitually reside in Mainland China. In addition, Circular 82 also requires that the determination of “*de facto management body*” shall be based on the principle that substance is more important than form. Further to Circular 82, the SAT issued the Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (Trial Implementation) (境外註冊中資控股居民企業所得稅管理辦法(試行)), which took effect on September 1, 2011, and amended on April 17, 2015, June 28, 2016 and June 15, 2018, and Announcement of the State Administration of Taxation on Issues concerning the Accreditation of Resident Enterprises Based on the Place of Effective Management Criteria (《國家稅務總局關於依據實際管理機構標準實施居民企業認定有關問題的公告》) (SAT, [2014], No.9) to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such “Chinese-controlled offshore incorporated resident enterprises.”

However, the tax resident status of an enterprise is subject to the determinations by the Chinese tax authorities and uncertainties remain with respect to the interpretation of the term “*de facto management body*”. If the Chinese tax authorities determine that our Company is a Chinese resident enterprise for Chinese enterprise income tax purposes, then we will be subject to a uniform 25% EIT rate as to our global income as well as tax reporting obligations. Our business, financial condition and operating results may be materially and adversely affected if we are subject to PRC taxation on our worldwide income.

Holders of Shares may be subject to Macau or Mainland China taxations on dividends paid by us and gains realized through their disposal of our Shares.

As mentioned above, uncertainties remain as for whether we would be classified as a resident enterprise for EIT purpose. Therefore, it remains unclear whether dividends paid on our shares or any gains arising from the transfer of our shares would be considered as income derived from sources in Mainland China and therefore subject to relevant income tax therein. If we are considered a resident enterprise in Mainland China, any dividends paid to “non-resident” shareholders and any gain from the transfer of our shares may be treated as income derived from sources in Mainland

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China and, unless otherwise reduced or exempted, will be subject to withholding income tax of Mainland China, which is 10% for non-resident enterprises under the EIT Law and 20% for non-resident individuals under the Individual Income Tax Law. It is unclear whether our shareholders will be able to benefit from income tax agreements or arrangements entered with other countries or regions. If dividends payable to non-resident shareholders or gains from the transfer of our shares are subject to tax obligations of Mainland China, the [REDACTED] of our non-resident shareholders in our shares could be materially and adversely affected.

There remains uncertainty as to how the tax laws, regulations and statutory documents are interpreted and implemented by relevant tax authorities, and the tax laws, regulations and statutory documents themselves may also change. If there are any unfavorable changes to applicable tax laws or interpretations or application with respect to such laws, the value of your [REDACTED] in our Shares may be materially affected.

We may be subject to the permit, filing or other requirements issued by CSRC or other governing authorities in relation to our proposed [REDACTED] or further capital raise activities.

On February 17, 2023, the CSRC released the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five ancillary interpretive guidelines (collectively, the “**Overseas Listing Trial Measures**”), which apply to overseas offerings and listing by domestic companies of equity shares, depository receipts, corporate bonds convertible to equity shares, and other equity securities, and came into effect on March 31, 2023. According to the Overseas Listing Trial Measures, overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, and data security, and duly fulfill their obligations to protect national security, and the domestic companies may be required to rectify, make commitment, divest business or assets, or take any other measures as per the competent authorities’ requirements, so as to eliminate or avert any impact of national security resulting from such overseas offering and listing. No overseas listing shall be made under any of the following circumstances: (i) such public offering financing is explicitly prohibited by provisions in laws, administrative regulations or relevant state rules; (ii) the overseas listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law, among other scenarios. The Overseas Listing Trial Measures provide that if an issuer meets both of the following conditions, the overseas initial public offering

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conducted by such issuer will be determined as an indirect overseas offering and listing subject to the filing procedure set forth under the Overseas Listing Trial Measures: (i) 50% or more of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements over the same period for the most recent accounting year is accounted for by domestic companies; and (ii) the main parts of the issuer’s business activities are conducted in the Mainland China, or its main places of business are located in the Mainland China, or the senior managers in charge of its business operation and management are mostly Chinese citizens or domiciled in the Mainland China. For an initial public offering and listing in an overseas market, the issuer shall designate a major domestic operating entity to file with the CSRC within three working days after the relevant application is submitted overseas. In addition, in the process of filing, where the issuer is not allowed to conduct initial overseas public offering provided under the Overseas Listing Trial Measures, the CSRC may solicit the opinions of the competent government authorities under the State Council.

As the Overseas Listing Trial Measures has just recently come into effect, there remains substantial uncertainties as to its interpretation and implementation. The PRC Government authority may have wide discretion in the interpretation and enforcement of these laws. In addition, regulatory authorities might, in the future, enact other rules, regulations, or procedures that will impose additional requirements or obligation on us. If we fail to meet such other requirements or obligations in a timely manner or at all, we may be subject to an order of rectification, warnings, fines or other penalties, which may have a material adverse effect on our reputation, business prospect, and financial positions.

RISKS RELATING TO THE [REDACTED]

No prior public market for our Shares exists, an active [REDACTED] market for our Shares may not develop and their [REDACTED] prices may fluctuate significantly.

Prior to the [REDACTED], there was no public market for our Shares. There can be no assurance that an active [REDACTED] market for our Shares will develop and sustain following the [REDACTED]. In addition, the initial [REDACTED] of our Shares is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, and may not be indicative of the [REDACTED] of our Shares following the completion of the [REDACTED]. Moreover, the [REDACTED] volume and the [REDACTED] of our Shares may be affected by various factors, including the research reports yet to be released about us prepared by securities and industries analysts or a reduction of their ratings on our Shares. If an active public market for our Shares does not develop after the [REDACTED], the [REDACTED] and liquidity of our Shares could be materially and adversely affected.

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Future sales or perceived sales of a substantial number of our Shares in [REDACTED] could adversely affect the prevailing market price of our Shares and our ability to raise capital in the future.

The [REDACTED] of our Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the [REDACTED], or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future [REDACTED], could also materially and adversely affect our ability to raise capital at a time and on terms favorable to us. In addition, our shareholders may experience dilution in their holdings to the extent we will issue additional securities in future [REDACTED]. New equity or equity-linked securities [REDACTED] by us may also confer rights and privileges that take priority over those conferred by the Shares.

If the [REDACTED] of our Shares is higher than our net tangible asset value per Share, you will experience immediate dilution upon the purchase of these Shares.

The [REDACTED] price of our Shares may be substantially higher than the [REDACTED] adjusted net tangible assets per Share as of December 31, 2022. Therefore, purchasers of our Shares in the [REDACTED] may experience an immediate dilution in [REDACTED] net tangible assets per Share and our existing Shareholders may receive an increase in the [REDACTED] adjusted net tangible assets per Share of their Shares. In addition, holders of our Shares may experience a dilution of their shareholding percentage if the [REDACTED] is exercised or if we obtain additional capital in the future through equity [REDACTED] other than on a pro rata basis to our then existing Shareholders.

We cannot guarantee when, if and in what form dividends will be paid in the future.

Whether to pay dividends, the amount of dividends to be paid, or the dividend payout ratio, is based on our results of operations, cash flows, financial condition, capital adequacy ratios, future business prospects, statutory and regulatory restrictions on the payment of dividends by us, and other factors that our Board of Directors considers relevant. We currently do not have a pre-determined dividend payout ratio. For more details, please see “Financial Information — Dividend.” We cannot guarantee if and when we will pay dividends in the future.

Since there may be a gap of several Business Days between [REDACTED] and [REDACTED] of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period.

The [REDACTED] of our Shares is expected to be determined on the [REDACTED]. However, our Shares will not commence [REDACTED] on the Hong Kong Stock Exchange until they are delivered, which is expected to be several Business Days after the [REDACTED]. As a result, [REDACTED] may not be able to sell or otherwise [REDACTED] our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before [REDACTED] begins as a result of adverse market conditions or other that could occur between the time of sale and the time [REDACTED] begins.

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Our Controlling Shareholder may have substantial influence over our Company and its interests may not be aligned with the interests of other Shareholders.

Prior to and immediately following the completion of the [REDACTED], our Controlling Shareholder will have, and will continue to have, substantial influence over its interests in the issued share capital of our Company. The interests of our Controlling Shareholder may differ from the interests of our other Shareholders. For details, see “Relationship with Our Controlling Shareholder.” Our Controlling Shareholder will have significant influence on the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations, sales of all or substantially all of our assets, election of directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent changes in control of the Company that would otherwise benefit our other shareholders. To the extent that the interests of our Controlling Shareholder conflict with those of our other Shareholders, our other shareholders may be deprived of opportunities to advance or protect their interests.

During the Track Record Period, our Controlling Shareholder has entered into a keepwell deed as part of our refinancing arrangement. If our Controlling Shareholder fails to uphold the commitments outlined in the keepwell deed, our business, financial conditions and results of operations may be materially and adversely affected.

In light of our acquisition plan of CYB in 2017 and our subsequent capital contribution to CYB in 2018 and 2020, we had obtained three separate loans from independent syndicates (collectively, the “**Previous Outstanding Loans**”). For further details on our acquisition plan of CYB in 2017 and our subsequent capital contribution in 2018 and 2019, see “History and Corporate Structure — Our Major Subsidiaries — CYB” in this document. In December 2021, we refinanced the Previous Outstanding Loans then outstanding by obtaining a term loan facility of HK\$5.35 billion with an independent syndicate (the “**Loan Facility**”) for a term of 60 months from the date of first drawdown. The Loan Facility was supported by a keepwell deed provided by our Controlling Shareholder (the “**XIB Keepwell Deed**”). The XIB Keepwell Deed includes commitments from our Controlling Shareholder to ensure sufficient liquidity and compliance of other capital-related ratios requirements as required by the relevant authorities. Save for certain exemptions prescribed under the XIB Keepwell Deed or otherwise waived by the parties thereto, the Controlling Shareholder also agreed to directly or indirectly control all issued shares of our Company which carry voting rights and to refrain from creating security interests over any of their assets or properties. Furthermore, the Controlling Shareholder shall ensure our Company maintains sufficient liquidity and assets to ensure normal business operation and financial conditions. It should be noted that, the XIB Keepwell Deed explicitly provides that it does not constitute a guarantee by our Controlling Shareholder in relation to the repayment of indebtedness or performance of obligations by our Company under the Loan Facility. Further, as advised by our legal advisors as to Hong Kong laws in respect of matters relating to the business operations of our Group in Hong Kong, the XIB Keepwell Deed or any actions taken by our Controlling Shareholder thereunder will not be deemed

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as a guarantee of our payment obligations under the Loan Facility. For further details on the specifics of the XIB Keepwell Deed, please refer to the section titled “Relationship with Our Controlling Shareholder — Financial Independence.”

There is no assurance that our Controlling Shareholder will uphold their commitment under the XIB Keepwell Deed or assurance from our Controlling Shareholder from disposing of our Company’s shares. In the event that the Controlling Shareholder fails to comply with any of term as stated in the XIB Keepwell Deed, we will be deemed in breach of the Loan Facility and it could have a significant and adverse impact on our business, financial conditions, and operational results.

You should only place reliance on information released by us including this document, the [REDACTED] and other formal announcements made with respect to our [REDACTED], and not place any reliance on any information contained in press articles or other media when making your [REDACTED] decision.

We have not authorized anyone to provide you with information that is not contained in this document and the [REDACTED]. Any financial information, financial projections, valuations and other information purported about us contained in any press articles or other media have not been authorized by us, and we make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication, and accordingly do not accept any responsibility for any such press or media coverage or the inaccuracy or incompleteness of any such information. In making your decision as to whether to [REDACTED] our Shares, you should rely only on the information in this document, the [REDACTED] and other formal announcements made with respect to our [REDACTED].