

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

**FORM 20-F**

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2023

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

OR

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

Date of event requiring this shell company report \_\_\_\_\_

Commission File Number: 001-39006

**AMTD IDEA GROUP**

(Exact Name of Registrant as Specified in Its Charter)

N/A

(Translation of Registrant's Name into English)

Cayman Islands

(Jurisdiction of Incorporation or Organization)

66 rue Jean-Jacques

Rousseau

75001 Paris

France

(Address of Principal Executive Offices)

Feridun Hamdullahpur, Chairman of Executive Management Committee and Board of Directors

66 rue Jean-Jacques

Rousseau

75001 Paris

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Telephone: +33 (0) 1 4236 4597

(Name, Telephone, Email and/or Facsimile Number and Address of Company Contact Person)

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

Title of Each Class

Trading Symbol

Name of Each Exchange on Which Registered

American depositary shares, each representing six Class A ordinary shares, par value US\$0.0001 per share Class A ordinary shares, par value US\$0.0001 per share\*

AMTD

New York Stock Exchange

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

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

None

(Title of Class)

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

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 242,765,736 Class A ordinary shares, par value US\$0.0001 per share, and 233,526,979 Class B ordinary shares, par value US\$0.0001 per share, as of December 31, 2023.

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

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.  Yes  No

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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

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

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Emerging growth company

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

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

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

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

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

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

U.S. GAAP

International Financial Reporting Standards as issued  
by the International Accounting Standards Board

Other

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

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

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

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

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## INTRODUCTION

### **Our Corporate Structure**

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

### **Cash Transfers and Dividend Distribution**

We conduct the majority of our operations in Europe, the United Kingdom, the United States, and Asia and maintain our bank accounts and balances primarily in licensed banks in major cities of our operations. If needed, cash can be transferred between our holding company and subsidiaries through intercompany fund advances. In 2023, a total of US\$0.2 million was transferred in the form of cash advances from our subsidiaries to our Cayman Islands holding company and a total of US\$93.0 million was transferred from our Cayman Islands holding company to our subsidiaries. No other transfer of assets was made between our holding company and subsidiaries in 2023, except for the transfer of AMTD Assets from AMTD Group to us and our subsequent injection of AMTD Assets into AMTD Digital in February 2023, and we intend to settle amounts owed between our Cayman Islands holding company and our subsidiaries to the extent required by our business operations. No dividends or distributions were made by a subsidiary to our holding company in the past, and no dividends or distributions are intended to be made by a subsidiary to our holding company in the near future. Our Cayman Islands holding company has not declared or made any dividend or other distribution to its shareholders, including U.S. investors, in the past, and no such dividends or distributions are intended to be made by our Cayman Islands holding company in the near future. See “Part I—Cash Transfers and Dividend Distribution.”

### **Frequently Used Terms**

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

- “ADSs” refers to our American depositary shares, each of which represents six Class A ordinary shares;
- “AMTD,” “we,” “us,” or “our company” refers, prior to the restructuring which was completed in April 2019, to capital market solutions, and strategic investment businesses and, after the completion of the restructuring, to AMTD IDEA Group (formerly known as AMTD International Inc.), a Cayman Islands exempted company with limited liability, and its subsidiaries;
- “AMTD Assets” refers to AMTD Assets Group, a Cayman Islands exempted company with limited liability, and its subsidiaries;
- “AMTD Digital” refers to AMTD Digital Inc., a Cayman Islands exempted company with limited liability, and its subsidiaries;
- “AMTD Group” or “Controlling Shareholder” refers to AMTD Group Inc. (formerly known as AMTD Group Company Limited), a British Virgin Islands company;
- “Class A ordinary shares” refers to our Class A ordinary shares of par value US\$0.0001 each;
- “Class B ordinary shares” refers to our Class B ordinary shares of par value US\$0.0001 each;
- “France” refers to French Republic;

- “L’Officiel” refers to L’Officiel Inc. SAS, a company incorporated and headquartered in France, and its subsidiaries;
- “SG\$” refers to the legal currency of Singapore;
- “SEC” refers to the United States Securities and Exchange Commission;
- “SGX-ST” refers to the Singapore Exchange Securities Trading Limited;
- “shares” or “ordinary shares” refers to our Class A ordinary shares and Class B ordinary shares;
- “The Art Newspaper” refers to The Art Newspaper SA, a company incorporated in Switzerland, and its subsidiaries; and
- “US\$” or “U.S. dollars” refers to the legal currency of the United States.

#### **Presentation of Financial Data**

We changed our basis of accounting from International Financial Reporting Standards as issued by the International Accounting Standards Board, or IFRS, to U.S. Generally Accepted Accounting Principles, or U.S. GAAP, in early 2024. Our consolidated financial statements for the years ended December 31, 2021, 2022 and 2023 and as of December 31, 2021, 2022 and 2023 included elsewhere in this annual report have been prepared in accordance with U.S. GAAP.

#### **Rounding and Currency**

Any discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding. Our reporting currency is United States dollars.

We have elected to change the presentation currency in our financial statements from HK\$ to US\$ which better reflects the economic footprint of our international business. We believe that the presentation currency change will give investors and other stakeholders a clearer understanding of our performance over time. The change in presentation currency is a voluntary change. We have applied the change of presentation currency retrospectively to our historical results of operations and financial statements included in this annual report.

## **FORWARD-LOOKING INFORMATION**

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

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

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

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

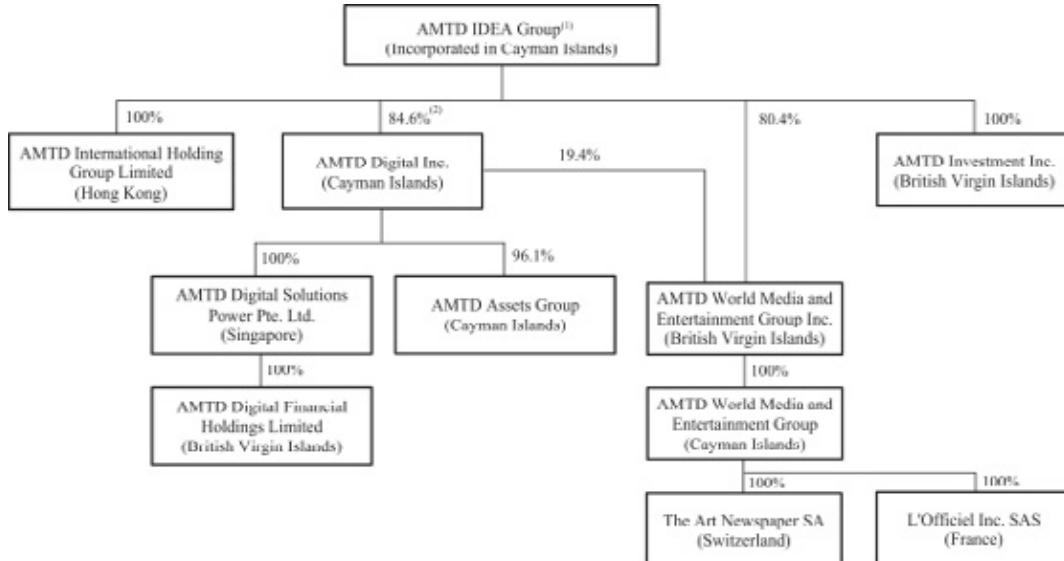
You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. We undertake no obligation to update or revise any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

## PART I

### Our Corporate Structure

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

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



Notes:

- (1) Our shareholders include (i) key holder of our ordinary shares such as AMTD Group, and (ii) public investors.
- (2) The other shareholders of AMTD Digital mainly include third party investors and public investors.
- (3) The above organizational chart is evolving based on the dynamics of our overall businesses and acquisitive approaches. There could be updates or latest changes that are not reflective on the chart above which are subject to certain filing procedures and/or registrar update in process as of the date of this annual report.

As used in this annual report, “AMTD,” “we,” “us,” “our company,” or “our” refers, prior to the restructuring which was completed in April 2019, to our capital market solutions, and strategic investment businesses and, after the completion of the restructuring, to AMTD IDEA Group (formerly known as AMTD International Inc.), a Cayman Islands exempted company with limited liability, and its subsidiaries.

### Cash Transfers and Dividend Distribution

We conduct the majority of our operations in Europe, the United Kingdom, the United States, and Asia and maintain our bank accounts and balances primarily in licensed banks in major cities for our operations. Out of

our total bank balances of US\$120.2 million as of December 31, 2023, if needed, cash can be transferred between our holding company and subsidiaries through intercompany fund advances, and there are currently no restrictions of transferring funds between our Cayman Islands holding company and subsidiaries.

The following table sets forth the material cash transfers in the form of cash advances in both directions that occurred between our Cayman Islands holding company and our subsidiaries in 2023.

Subsidiaries	<u>To Holding Company</u> US\$ (in million)	<u>From Holding Company</u> US\$ (in million)
AMTD Digital Inc.	0.2	93.0

No other transfer of assets was made between our holding company and subsidiaries in 2023, except for the transfer of AMTD Assets from AMTD Group to us and our subsequent injection of AMTD Assets into AMTD Digital in February 2023.

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

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

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

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

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

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

#### **ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

#### **ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

### **ITEM 3. KEY INFORMATION**

#### **A. [Reserved]**

#### **B. Capitalization and Indebtedness**

Not applicable.

#### **C. Reasons for the Offer and Use of Proceeds**

Not applicable.

#### **D. Risk Factors**

##### **Summary of Risk Factors**

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

##### ***Risks Relating to Our Business and Industries***

- We face numerous risks and challenges as we continue to operate and expand our businesses and undertake new businesses across a broad spectrum of industries, which makes it difficult to effectively assess our future prospects.
- Unfavorable financial markets and economic conditions in Asia and elsewhere in the world could materially and adversely affect our business, financial condition, and results of operations.
- We face significant competition in all aspects of our business.
- Our businesses depend on key management executives and professional staff, and our business may suffer if we are unable to recruit and retain them.
- Our brands and reputation are our key assets. Any negative publicity with respect to us, our founder, our directors, officers, employees, shareholders, or other beneficial owners, our peers, business partners, or our industries in general, may materially and adversely affect our reputation, business, and results of operations.
- We may be subject to litigation and regulatory investigations and proceedings and may not always be successful in defending ourselves against such claims or proceedings.
- We make strategic investments using our own capital, and may not be able to realize any profits from these investments for a considerable period of time, or may lose some or all of the principal amounts of these investments. Our results of operations and financial condition may be materially affected by fluctuations in the fair value of our equity investments in our investee companies.
- Our investments are subject to liquidity, concentration, regulatory, credit and other risks.
- Our capital market solutions business depends on our ability to identify, execute, and complete projects successfully and is subject to various risks associated with underwriting and financial advisory services, the overall market sentiment and macroeconomic conditions. We cannot assure you that the income level of our capital market solutions business can be sustained.
- We have undertaken and may in the future undertake acquisitions, investments, joint ventures, or other strategic alliances, which could present unforeseen integration difficulties or costs and may not enhance our business as we expect.
- We face risks and challenges associated with the recent changes to our businesses.

- Our subsidiary AMTD Digital operates in the emerging, dynamic, and competitive digital media and entertainment industry, which makes it difficult for investors to evaluate its future prospects, and we cannot assure you that its current or future strategies will be successfully implemented or will generate sustainable profit.
- Our subsidiaries L'Officiel and The Art Newspaper operate in a highly competitive advertising and marketing and promotional industry and face significant competition for advertising spending from operators of new and traditional advertising channels. If L'Officiel or The Art Newspaper cannot compete successfully, our results of operations would be materially and adversely affected.
- Our success depends on our ability to anticipate trends and respond to changing consumer preferences for fashion, arts and entertainment content, which impact demand for our content, products and services and the profitability of our businesses.
- The film and entertainment industries are highly competitive.
- Industry changes in the film and entertainment industries may have a negative impact on our operations.
- The hospitality market is highly competitive, and our subsidiary AMTD Assets may be unable to compete successfully with its current or future competitors.
- Our hospitality services are subject to the business, financial, and operating risks inherent to the hospitality industry, any of which could reduce our revenue and limit opportunities for growth.
- We are subject to extensive and evolving regulatory requirements, non-compliance with which may result in penalties, limitations, and prohibitions on our future business activities or suspension or revocation of our licenses, and consequently may materially and adversely affect our business, financial condition, and results of operations. In addition, we may, from time to time, be subject to regulatory inquiries and investigations by the regulatory authorities or government agencies.
- Our revenue and profits are highly volatile, and fluctuate significantly, which may result in volatility of the price of the ADSs or our Class A ordinary shares.
- We may be subject to a variety of laws and other obligations, including those regarding cybersecurity and data protection, and failure to comply with any of them may result in proceedings against us by government authorities or others and harm our public image and reputation, which could materially and adversely affect our business, financial condition, and results of operations.

#### ***Risks Relating to Our Relationship with our Controlling Shareholder***

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

#### ***Risks Relating to the ADSs and Our Ordinary Shares***

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

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

## **Risks Relating to Our Business and Industries**

*We face numerous risks and challenges as we continue to operate and expand our businesses and undertake new businesses across a broad spectrum of industries, which makes it difficult to effectively assess our future prospects.*

We have a relatively short operating history for capital market and digital solutions businesses compared to our globally established competitors. We expanded into fashion, arts and luxury media advertising and marketing services after our acquisition of L'Officiel and The Art Newspaper in 2022 and 2023, respectively. We also assumed hotel operations, hospitality and VIP services after our acquisition of AMTD Assets in 2023. Certain of our business initiatives and expansion may put us into direct or indirect contact with individuals and entities that are not within our traditional client and counterparty base, and may expose us to new asset classes, new markets and new challenges.

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

- build and maintain a well-recognized and respected brand;
- establish and expand our client base;
- maintain and enhance our relationships with our business partners;
- attract, retain, and motivate talented employees;
- anticipate and adapt to changing market conditions and competitive landscape;
- manage our future growth and business and geographic expansion;
- ensure that the performance of our products and services meets client expectations;
- maintain or improve our operational efficiency;
- navigate a complex and evolving regulatory environment;
- defend ourselves in any legal or regulatory actions against us;
- enhance our technology infrastructure and maintain the security of our system and the confidentiality of the information provided and utilized across our system;
- identify operational system or infrastructure inefficiency or those of third parties, avoid and remedy operating errors as a result of human or system errors or other misconduct;
- identify and address conflicts of interest;
- manage our strategic investments (including monitoring of market risks and operating performance of our investments and derivatives); and
- identify, account for and appropriately manage our related party transactions.

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

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

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

Our businesses are materially affected by conditions in the financial markets and economic conditions. The global macroeconomic environment still faces numerous challenges. Financial markets and economic conditions could be negatively impacted by many factors beyond our control, such as inability to access capital markets, control of foreign exchange, changes in exchange rates, rising interest rates or inflation, slowing or negative growth rate, government involvement in allocation of resources, inability to meet financial commitments in a timely manner, terrorism, political uncertainty, epidemic or pandemic, civil unrest, fiscal or other economic policy of governments, and the timing and nature of any regulatory reform. The global spread of coronavirus disease (COVID-19) in a significant number of countries around the world and the traveling restrictions due to COVID-19 resulted in global economic distress. The recent geo-political uncertainties may also give rise to uncertainties in global economic conditions and adversely affect general investor confidence.

The Russia-Ukraine conflict, the Hamas-Israel conflict and the attacks on shipping in the Red Sea have heightened geopolitical tensions across the world. The credit and financial markets have experienced extreme volatility and disruptions due to the conflict between Ukraine and Russia. The impact of the Russia-Ukraine conflict on Ukraine food exports has contributed to increases in food prices and thus to inflation more generally. The conflict is also expected to have further global economic consequences, including the possibility of severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in inflation rates and uncertainty about economic and political stability. In addition, the United States and other countries have imposed sanctions on Russia which increases the risk that Russia may resort to retaliatory actions, including the launching of cyberattacks. Any of the foregoing consequences, including those we cannot yet predict, may cause our business, financial condition, results of operations and the price of the ADSs to be adversely affected.

Unfavorable financial markets and economic conditions could negatively affect our clients' business and materially reduce demand for our products and services and increase price competition, and thus could materially and adversely affect our business, financial condition, and results of operations.

In addition, our profitability could be adversely affected due to our fixed costs and the possibility that we would be unable to reduce our variable costs without reducing revenue or within a timeframe sufficient to offset any decreases in revenue relating to changes in market and economic conditions. During a market or general economic downturn, we may also derive lower revenue from our strategic investment business due to lower mark-to-market or fair value of the strategic investments that we made.

***We face significant competition in all aspects of our business.***

We operate in a highly competitive environment that is subject to rapid change.

The financial services industry is intensely competitive, highly fragmented, and subject to rapid change, and we expect it to remain so. We compete on the basis of a number of factors, including the ability to adapt to evolving financial needs of a broad spectrum of clients, our ability to identify market demands and business opportunities,

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

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

We compete for market share in luxury and fashion, arts, motion picture production and other media and entertainment content. The proliferation of choices available to consumers for entertainment and information results in audience fragmentation and negatively affects the overall consumer demand for our content and products. Our competitors include conventional magazine publishers, digital publishers, social media platforms, search platforms, portals, digital marketing services and other movie producers, among others. Competition among these companies is robust, and new competitors can quickly emerge. Some of our current and potential competitors provide free or lower-priced alternatives to our products, or have greater resources than we do, which may allow them to compete more effectively than us. In addition, companies with compelling media and entertainment resources may control how content is discovered, displayed and monetized in some of the primary environments in which we develop relationships with our customers, and therefore can affect our ability to compete effectively.

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

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

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

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

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

Our reputation and brand recognition play an important role in earning and maintaining the trust and confidence of our existing and prospective clients. We believe the brands we own are powerful and trusted. For example, *L'Officiel* and *The Art Newspaper* have the reputation for high-quality editorial and content independence and are key to our business.

Our reputation and brand are vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Negative publicity about us, such as alleged misconduct, other improper activities, or negative rumors or investigations relating to our business, shareholders, or other beneficial owners, founder, affiliates, directors, officers, or other employees, can harm our reputation, business, and results of operations, even if they are baseless or satisfactorily addressed. These negative publicity or allegations, even if unproven or meritless, may lead to media attention, public inquiries, investigations, or other legal actions against us, our shareholders, founder, affiliates, directors, officers, or other employees by any regulatory or government authorities. Any such regulatory inquiries or investigations and lawsuits, and perceptions of conflicts of interest, inappropriate business conduct by us or perceived wrongdoing by any key member of our management team, board of directors or founder, among other things, could substantially damage our reputation regardless of their merits, and cause us to incur significant costs to defend ourselves. As we reinforce our ecosystem and stay close to our clients, any negative market perception or publicity on our business partners that we closely cooperate with, or any regulatory inquiries or investigations and lawsuits initiated against them, may also have an impact on our brand and reputation, or subject us to regulatory inquiries or investigations or lawsuits. Moreover, any negative media publicity about the industries in which we operate in general or product or service quality problems of other firms in our industries, including our competitors, may also negatively impact our reputation and brand.

Our brands and reputation could also be damaged if we fail to provide adequate service or support. We invest in defining and enhancing our brands. These investments are considerable and may not be successful.

If we are unable to maintain a good reputation or further enhance our brand recognition, our ability to attract and retain clients, third-party partners, and key employees could be harmed and, as a result, our business, financial position, and results of operations would be materially and adversely affected.

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

We derived a considerable portion of our revenue from our strategic investment business. Our dividend and gain from disposed financial assets at fair value through profit or loss and settled derivative financial assets accounted for 12.4%, 16.3%, and 102.0% of our total revenue for the years ended December 31, 2021, 2022 and 2023, respectively, and our net fair value changes on derivative financial asset and financial assets at fair value through profit or loss accounted for 38.9%, 23.6%, and -31.2% of our total revenue for the corresponding periods, respectively. Our strategic investment portfolio primarily consists of investments in equity and equity-linked securities of public and private companies. Making a sound investment decision requires us to carefully identify and select a target company based on its business, financial condition, operations, and the industry in which it operates. In general, this process involves analytical assessment and estimation of the target company's profitability and sustainability. We may make unsound investment decisions due to fraudulent and concealed, inaccurate or misleading statements from a target company in the course of our due diligence, which could lead us to mistakenly estimate the value of the target company and affect our ability to derive profit from such investments. In addition, our understanding of and judgment on the target company's business and prospects, and the industry in which the target company operates may deviate and result in inaccurate investment decisions.

Our investments are concentrated in relatively few industries or sectors and our investment portfolio may be concentrated in certain geographic regions, individual investments, or types of securities that may or may not be listed. Any significant decline in the value of our investment portfolio may therefore adversely impact our business, results of operations, and financial condition. We also make strategic investments in the highly regulated banking sector in China. Any change in PRC laws, regulations, or policies may adversely affect our equity holding as a foreign investor, our ability to exit from the investment, or the fair value of our equity investment.

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

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

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

Our investments are long-term, strategic in nature to reinforce our ecosystem. We have made significant equity investments in public and private companies and recognize dividend and gain related to disposed investments and net fair value changes on investments and derivatives on our consolidated statements of profit or loss and other comprehensive income. For the years ended December 31, 2021, 2022 and 2023 dividend and gain from disposed financial assets at fair value through profit or loss and settled derivative financial assets accounted for 12.4%, 16.3% and 102.0%, and net fair value changes on stock loan, derivative financial asset and financial assets at fair value through profit or loss accounted for 38.9%, 23.6% and -31.2%, of our total revenue, respectively. Since we intend to hold our investments on a long-term basis, fair value of our equity investments is subject to market fluctuations due to changes in the market prices of securities, interest rates, or other market factors, such as liquidity, or regulatory factors, such as changes in policies affecting the businesses of our investee companies. Technology has been one of our key sectors of focus and the fair value of our investments in technology companies may be subject to significant valuation fluctuations. For our equity investments in private companies, we measure their fair value based on an assessment of each underlying security, considering rounds of financing, third-party transactions, and market-based information, including comparable company transactions, trading multiples, and changes in market outlook. As of December 31, 2023, the aggregate fair value of our strategic investment portfolio was US\$79.6 million. Although we do not intend to make frequent trades on investments for profit, the nature of investment and significance of our investment holdings could adversely affect our results of operations and financial condition.

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

Our portfolio is concentrated in a limited number of portfolio companies. As of December 31, 2023, our strategic investment portfolio reached an aggregate fair value of US\$79.6 million, of which our investment in the Hong

Kong-and Shenzhen-listed Bank of Qingdao accounted for 68.5%. As a result, the aggregate returns we realize may be significantly affected adversely if any of the investment performs poorly or if we need to write down its value. Additionally, our investments are concentrated in relatively few industries or sectors. As a result, a downturn in any particular industry or sector in which we are invested, such as the banking sector that Bank of Qingdao operates in, could significantly impact the aggregate returns we realize and therefore materially and adversely affect our results of operations and financial condition.

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

Given our significant stake in, and affiliation with, Bank of Qingdao, our investment in Bank of Qingdao is also subject to liquidity and concentration risk. There may not be a readily available market to sell the shares of Bank of Qingdao. We might need to gradually sell down our holdings subject to market conditions, if we want to liquidate our position in Bank of Qingdao. In addition, the banking sector in China is highly regulated and any change in PRC laws, regulations, or policies may adversely affect our holding in Bank of Qingdao as a foreign investor, our ability to exit from the investment, or the fair value of our equity investment in Bank of Qingdao. Any adverse impact on our investment in Bank of Qingdao could materially and adversely affect our business, results of operations, and financial condition.

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

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

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

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

to us. The costs of completing an acquisition or alliance may be costly and we may not be able to access funding sources on terms commercially acceptable to us.

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

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

We have recently effected certain changes to our businesses through acquisitions, disposals and other adjustments. The acquisitions we made in 2022 and 2023 have brought new businesses or service offerings to our organization. For example, L'Officiel is a global fashion media holding group that provides print and digital advertising campaigns and value-added marketing services, among other things. AMTD Assets conducts hotel operations and provides hospitality services in major cities globally, among other things. The Art Newspaper is one of the top publications of the art industry internationally and a leading source of information in the art world.

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

***Our subsidiaries L'Officiel and The Art Newspaper operate in a highly competitive advertising and marketing industry and face significant competition for advertising spending from operators of new and traditional advertising channels. If L'Officiel or The Art Newspaper cannot compete successfully, our results of operations would be materially and adversely affected.***

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

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

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

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

Our advertising revenue is also sensitive to the macroeconomic environment, as advertiser budgets can fluctuate substantially in response to changing economic conditions. In particular, within the fashion, arts and luxury advertising markets, our ability to compete successfully for advertising budgets will depend on, among other factors, our ability to engage and grow our audience base, develop attractive and high-quality content, maintain our influence in the fashion, arts and luxury markets, enhance our relationship with renowned brands and influencers and demonstrate the value of our advertising and the effectiveness of our content, products and services to advertisers. In determining whether to buy advertising with us, advertisers may consider factors such as the demand for our content and products, the focus of our coverage, size and demographics of our audience, advertising rates, targeting capabilities, results observed by advertisers, and perceived effectiveness of advertising offerings and alternative advertising options.

***Our success depends on our ability to anticipate trends and respond to changing consumer preferences for fashion, arts and entertainment content, which impact demand for our content, products and services and the profitability of our businesses.***

Our subsidiaries L'Officiel and The Art Newspaper create content, products and services and their success depends substantially on (i) consumer tastes and preferences that rapidly change in often unpredictable ways and (ii) their ability to originate and define trends and consistently create compelling content in a timely manner. Our content may be distributed, among other ways, through magazines, internet or mobile technology. Such distribution must meet or anticipate the changing preferences of the broad consumer market and respond to competition from an expanding array of choices facilitated by technological developments in the delivery of content. The success of our printed and digital media content depends on demand for fashion and arts experiences. We will be tested on our abilities to successfully predict and adapt to changing consumer tastes and preferences. Consumer tastes and preferences impact, among other items, revenue from advertising sales, subscription fees, and sales of our other consumer products and services. Although we attempt to stay abreast of emerging consumer trends affecting our content, products and services, any failure to identify and respond to such trends could have significant adverse effects on our business, financial condition and results of operations.

***The film and entertainment industries are highly competitive.***

The film and entertainment industries are highly competitive. It is also partially dependent on the availability of potential viable projects and necessary funding to successfully complete such projects. Accordingly, we will need to locate promising projects and be able to secure necessary funding, in what may be uncertain markets. We are therefore susceptible to not only the economics of the film and entertainment businesses, but also the economy in general. Any significant downturn in the market or in general economic conditions would likely negatively affect our business and your investment in the ADSs.

Further, we believe the successful production and distribution of any movie project involves being able to secure qualified personnel to produce, finalize and market the project. Production requires qualified directors, writers, performers and a variety of technical persons to produce a final product. Once produced, it is necessary to distribute and market the project to a receptive public. Because we are a new entry into the industry, we may not have the experience, history and reputation to attract qualified persons, who may be more inclined to work for a larger and more established company. It is also necessary to work with a distributor that will be capable of distributing the finished project to a suitable and receptive audience. The inability to locate and secure qualified professionals to produce, distribute and market our projects would have a severe, negative affect our business and ability to generate revenues.

***Industry changes in the film and entertainment industries may have a negative impact on our operations.***

The film and entertainment industries, in general, are continually undergoing significant changes, primarily due to technological developments. These developments have resulted in the availability of alternative forms of leisure time entertainment, including expanded on demand services, independent productions, streaming and video games. The level of theatrical success remains a critical factor in generating revenues in these ancillary markets. It is difficult to accurately predict the effect that these and other new technological developments may have on the film industry. These uncertainties, among others, may have a negative impact on our business, financial condition, and results of operations.

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

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

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

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

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

- competition from hospitality providers in the localities where we operate our hotels and serviced apartments;

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

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

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

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

The applicable laws, rules, and regulations may continue to develop and evolve. Compliance with these regulations is complicated, time consuming, and expensive. Any changes in the rules and regulations may result in an increase in our cost of compliance, or might restrict our business activities. Our ability to comply with all applicable laws and regulations is largely dependent on the internal compliance system, as well as the license holder's ability to attract and retain qualified compliance personnel. While we maintain systems and procedures

designed to ensure that we comply with applicable laws and regulations, we cannot assure you that we are able to prevent all possible violations. If we fail to comply with the applicable rules and regulations, we may face fines or restrictions on our business activities, or even a suspension or revocation of some or all of our licenses that allow us to carry on our business activities.

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

We conduct our business worldwide and we have operations in Europe, the United Kingdom, the United States, and Asia.

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

- international economic and political conditions, and other political tensions between countries in which we do business;
- unexpected changes in, or impositions of, legislative or regulatory requirements, including changes in tax laws;
- differing legal standards with respect to protection of intellectual property and employment practices;
- local business and cultural factors that differ from our normal standards and practices;
- exporting or importing issues related to export or import restrictions, including deemed export restrictions, tariffs, quotas and other trade barriers and restrictions;
- disruptions of capital and trading markets and currency fluctuations; and
- increased costs due to imposition of climate change regulations, such as carbon taxes, fuel or energy taxes, and pollution limits.

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

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

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

Our revenue and profits are highly volatile and could fluctuate significantly. For example, the revenue generated from capital market solutions business is highly dependent on market conditions, regulatory environment and policies, and the decisions and actions of our clients and interested third parties. Due to slowing economic conditions, we have witnessed a sharp decrease in our capital market solutions revenue in 2023. It may be difficult for us to achieve steady earnings growth, which could, in turn, lead to large adverse movements in the ADS or Class A ordinary share price or increasing volatility in the ADS or Class A ordinary share price generally.

***The due diligence that we undertake in the course of making acquisitions or strategic investments is inherently limited and may not reveal all facts and issues that may be relevant.***

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

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

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

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

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

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

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

against us, with or without merits, may result in administrative measures, settlements, injunctions, fines, penalties, negative publicities, or other results adverse to us that could have material adverse effect on our reputation, business, financial condition, results of operations, and prospects. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant.

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

***Our financial information prepared under U.S. GAAP may not be comparable to our financial information prepared under IFRS.***

We have historically presented our consolidated financial statements, including the consolidated financial statements for the years ended December 31, 2020, 2021 and 2022 included in our annual report file with the SEC on April 28, 2023, in accordance with IFRS. We changed our basis of accounting from IFRS to U.S. GAAP in early 2024. Our consolidated financial statements for the years ended December 31, 2021, 2022 and 2023 included elsewhere in this annual report have been prepared in accordance with U.S. GAAP. IFRS differs in certain significant respects from U.S. GAAP. As a result of the adoption of U.S. GAAP, our consolidated financial information presented in this annual report may not be comparable to our financial information for previous periods prepared under IFRS.

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

We follow our comprehensive internal risk management framework and procedures to manage our risks, including reputational, legal, regulatory, compliance, operational, market, liquidity, and credit risks. However, our risk management policies, procedures, and internal controls may not be adequate or effective in mitigating our risks or protecting us against unidentified or unanticipated risks. In particular, some methods of managing risks are based upon observed historical market behavior and our experience in the financial industry. These methods may fail to predict future risk exposures, which could be significantly greater than those indicated by our historical measures. Other risk management methods depend upon an evaluation of available information regarding operating and market conditions and other matters, which may not be accurate, complete, up-to-date, or properly evaluated. In addition, the capital markets are constantly developing, the information and experience that we rely on for our risk management methods may become quickly outdated as capital markets and regulatory environment continue to evolve. Although we have not experienced any material deficiencies or failure in our risk management and internal control systems and procedures since we commenced our current businesses in 2015 other than certain material weaknesses in our internal control over financial reporting identified as of December 31, 2019, which had been remediated in 2020, any such deficiencies or failure in our risk management and internal control systems and procedures may adversely affect our ability to identify or report our deficiencies or non-compliance. In addition, failure of our employees to effectively enforce such risk management and

internal controls procedures, or any of the foregoing risks, may have a material and adverse effect on our business, financial condition and operating results.

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

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

***We may have exposure to greater than anticipated tax liabilities.***

Due to shifting economic and political conditions, tax policies and laws, tax rates in jurisdictions in which we operate may be subject to significant changes that could impair our financial results. In 2021, the Organization for Economic Cooperation and Development announced an Inclusive Framework on Base Erosion and Profit Shifting including, Pillar Two Model Rules defining the global minimum tax, which calls for the taxation of large multinational corporations at a minimum rate of 15%. Subsequently, multiple sets of administrative guidance have been issued. Various tax jurisdictions in which we operate have either recently enacted legislation to adopt certain components of the Pillar Two Model Rules beginning in 2024 with the adoption of additional components in later years, or announced their plans to enact such legislation in future years. We will continue to evaluate the impact of such legislative initiatives in the tax jurisdictions in which we operate. There are uncertainties regarding the rules and implementations, and there is no guarantee that these changes will not affect our financial results.

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

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

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

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

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

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

It is not always possible to detect and deter fraud or misconduct by our directors, officers, employees, agents, clients, business partners, or other third parties. The precautions that we take to detect and prevent such activity may not be effective in all cases. Fraud or misconduct by any of these persons or entities may cause us to suffer significant reputational harm and financial loss or result in regulatory disciplinary actions. The potential harm to our reputation and to our business caused by such fraud or misconduct is impossible to quantify.

We are subject to a number of obligations and standards arising from our businesses. The violation of these obligations and standards by any of our directors, officers, employees, agents, clients, or other third parties could materially and adversely affect us and our investors. For example, our businesses require that we properly handle confidential information. If our directors, officers, employees, agents, clients, or other third parties were to improperly use or disclose confidential information, we could suffer serious harm to our reputation, financial position, and existing and future business relationships. If any of these persons or entities were to engage in fraud or misconduct or were to be accused of such fraud or misconduct, our business and reputation could be materially and adversely affected.

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

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

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

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

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

Recently there have been heightened tensions in international economic relations, such as the one between the United States and China and also as a result of the conflict in Ukraine and sanctions on Russia. The uncertainties around these relations could also negatively impact global and regional financial markets. And any escalation of political tensions or economic instability could increase the threat of armed conflict, cyberwarfare and economic instability that could further increase market volatility and uncertainty.

Our businesses could be materially affected by the financial markets and economic conditions around the world. Escalations of the tensions may lead to slower growth in the global economy in general, which in turn could negatively affect our clients' businesses and materially reduce demand for our services, thus potentially negatively affect our business, financial condition, and results of operations.

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

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

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

We may require additional funding for further growth and development of our business, including any investments or acquisitions we may decide to pursue. If our existing resources are insufficient to satisfy our requirements, we may seek to issue additional equity or debt securities or perpetual securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets, and global financial industry. Incurring indebtedness would

subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that we will be able to secure additional financing in a timely manner or in amounts or on terms favorable to us, or at all. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material adverse effect on our business, financial condition, and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing shareholders.

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

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

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

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

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

We are subject to reporting obligations under the U.S. securities laws. The SEC, as required under Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. In addition, an independent registered public accounting firm must attest to and report on the effectiveness of the company's internal control over financial reporting. Our management has concluded that our internal control over financial reporting was effective as of December 31, 2023. See "Item 15. Controls and Procedures." An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 relating to internal controls over financial reporting. Our independent registered public accounting firm, after conducting its own independent testing, may issue an adverse report if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the requirements differently from us.

If we fail to maintain effective internal control over financial reporting in the future, our management and our independent registered public accounting firm may not be able to conclude that we have effective internal control

over financial reporting at a reasonable assurance level. This could in turn result in the loss of investor confidence in the reliability of our financial statements and negatively impact the trading price of our Class A ordinary shares and ADSs. Furthermore, we have incurred and may need to incur additional costs and use additional management and other resources in an effort to comply with Section 404 of the Sarbanes-Oxley Act and other requirements going forward.

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

Our business depends on our intellectual property, including our valuable trademarks and copyrighted content. We believe the protection and monetization of our proprietary trademarks and copyrighted content, as well as other intellectual property, is critical to our continued success and our competitive position.

We will rely on a combination of intellectual property laws and contractual arrangements to protect our intellectual property rights. It is possible that third parties may copy or otherwise obtain and use our trademarks without authorization or otherwise infringe on our rights. Advancements in technology, including advancements in generative AI technology, have made unauthorized copying and wide dissemination of unlicensed content easier, including by anonymous foreign actors. At the same time, detection of unauthorized use of our intellectual property and enforcement of our intellectual property rights have become more challenging, in part due to the increasing volume and sophistication of attempts at unauthorized use of our intellectual property, including from generative AI developers. As our business and the presence and impact of bad actors become more global in scope, we may not be able to protect our proprietary rights in a cost-effective manner in other jurisdictions. In addition, intellectual property protection may not be available in every country in which our products and services are distributed or made available through the internet. While it is our policy to protect and defend vigorously our rights to our intellectual property, we cannot predict whether our steps taken to protect and enforce our intellectual property rights will be adequate to prevent infringement, dilution, misappropriation or other violation of these rights. If we are unable to protect and enforce our intellectual property rights, we may not succeed in realizing the full value of our assets, our business and profitability may suffer, and our brands may be tarnished by misuse of our intellectual property.

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

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

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

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

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

### **Risks Relating to Our Relationship with our Controlling Shareholder**

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

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

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

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

Prior to our establishment, the operations of some of our businesses were carried out by companies owned or controlled by our Controlling Shareholder. For all periods presented, our consolidated financial statements include all assets, liabilities, revenues, expenses, and cash flows that were directly attributable to our businesses

whether held or incurred by our Controlling Shareholder or by us. Only those assets and liabilities that are specifically identifiable to our businesses are included in our consolidated statements of financial position. With respect to costs of operations, an allocation of certain costs and expenses of our Controlling Shareholder were also included. These allocations were made using a proportional cost allocation method by considering the proportion of revenues and actual usage metrics, among other things, attributable to us for all respective accounting periods. We made numerous estimates, assumptions, and allocations in our historical financial statements because our Controlling Shareholder did not account for us, and we did not operate as a stand-alone company for any period prior to our initial public offering. Although our management believes the assumptions underlying our financial statements and the above allocations are reasonable, our financial statements may not necessarily reflect our results of operations, financial position, and cash flows as if we operated as a stand-alone public company during the periods presented. See “Item 7.B. Major Shareholders and Related Party Transactions—Related Party Transactions—Transactions with Our Controlling Shareholder” for our arrangements with our Controlling Shareholder and “Item 5. Operating and Financial Review and Prospects” and the notes to our consolidated financial statements included elsewhere in this annual report for our historical cost allocation. In addition, upon becoming a stand-alone public company, we are gradually establishing our own financial, administrative, and other support systems to replace our Controlling Shareholder’s systems, the cost of which could be significantly different from cost allocation with our Controlling Shareholder for the same services. Therefore, you should not view our historical results as indicators of our future performance.

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

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

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

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

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

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

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

As of the date of this annual report, our Controlling Shareholder beneficially owned 40.8% of our issued and outstanding ordinary shares, representing 85.3% of our total voting power.

Accordingly, our Controlling Shareholder continues to be our controlling shareholder and may have significant influence in determining the outcome of any corporate actions or other matters that require shareholder approval, such as mergers, consolidations, change of our name, and amendments of our memorandum and articles of association.

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

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

Controlling Shareholder, except that we may (i) continue to provide capital market solutions services to our existing individual clients, and (ii) own non-controlling equity interests in any company competing with our Controlling Shareholder.

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

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

## Risks Relating to the ADSs and Our Ordinary Shares

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

Since the ADSs became listed on the NYSE on August 5, 2019, the trading price of the ADSs has experienced significant fluctuations. The trading prices of the ADSs or Class A ordinary shares are likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen due to broad market and industry factors, such as performance and fluctuation in the market prices or underperformance or deteriorating financial results of similarly-situated companies. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of the securities of these companies may affect the attitudes of investors towards us, which consequently may affect the trading performance of the ADSs or Class A ordinary shares, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of these companies may also negatively affect the attitudes of investors towards us, regardless of whether we have conducted any inappropriate activities.

Furthermore, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, which may have a material and adverse effect on the trading price of the ADSs or Class A ordinary shares.

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

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

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

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

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

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

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

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

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

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

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

The United States and the Cayman Islands do not have a treaty providing for reciprocal recognition and enforcement of judgments of U.S. courts in civil and commercial matters and that there is uncertainty as to whether the courts of the Cayman Islands would (i) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers, predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (ii) entertain original actions brought in the Cayman Islands against us or our directors or officers, predicated upon the securities laws of the United States or any state in the United States. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments with the United States), the courts of the Cayman Islands may recognize as a valid judgment, a final and conclusive judgment in personam obtained in the federal or state courts of the United States against the Company under which a sum of money is payable (other than a

sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an in personam judgment for non-monetary relief, and may give a judgment based thereon, provided that (a) such courts had proper jurisdiction over the parties subject to such judgment; (b) such courts did not contravene the rules of natural justice of the Cayman Islands; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from United States courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. Because such a determination has not yet been made by a court of the Cayman Islands, it is uncertain whether such civil liability judgments from U.S. courts would be enforceable in the Cayman Islands. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

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

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

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

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

The respective trading markets for the ADSs and our Class A ordinary shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades the ADSs or our Class A ordinary shares or publishes inaccurate or unfavorable research about our business, the market price for the ADSs or our Class A ordinary shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs or our Class A ordinary shares to decline.

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

Sales of substantial numbers of the ADSs or our Class A ordinary shares in the public market, or the perception that these sales could occur, could adversely affect the market price of the ADSs or our Class A ordinary shares and could materially impair our ability to raise capital through equity offerings in the future. As of the date of

this annual report, AMTD IDEA Group has 242,765,736 Class A ordinary shares, including 143,698,004 Class A ordinary shares represented by ADSs, and 233,526,979 Class B ordinary shares issued and outstanding, respectively. All of the ADSs representing our Class A ordinary shares are freely tradable by persons other than our “affiliates” without restriction or further registration under the Securities Act of 1933, as amended, or the Securities Act.

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

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

As of the date of this annual report, our Controlling Shareholder beneficially owned 138,501,179 of our issued and outstanding Class B ordinary shares (excluding the treasury shares held by the Company). These Class B ordinary shares constitute approximately 29.1% of our total issued and outstanding ordinary shares and 83.6% of the aggregate voting power of our total issued and outstanding ordinary shares due to the disparate voting powers associated with our dual-class share structure. See “Item 6.E. Directors, Senior Management and Employees—Share Ownership.” As a result of the dual-class share structure and the concentration of ownership, holders of Class B ordinary shares will have considerable influence over matters such as decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. Such holders may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

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

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

Our board of directors has complete discretion as to whether to distribute dividends. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under the Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our

board of directors. Accordingly, the return on your investment in the ADSs or our Class A ordinary shares will likely depend entirely upon any future price appreciation of the ADSs or our Class A ordinary shares. We cannot assure you that the ADSs or our Class A ordinary shares will appreciate in value in the future or even maintain the price at which you purchased the ADSs or our Class A ordinary shares. You may not realize a return on your investment in, and you may even lose your entire investment in, the ADSs or our Class A ordinary shares.

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

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

You will only be able to exercise the voting rights that are carried by the underlying Class A ordinary shares represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary. If we instruct the depositary to ask for your instructions, then upon receipt of your voting instructions, the depositary will try, as far as practicable, to vote the underlying Class A ordinary shares represented by your ADSs in accordance with your instructions.

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

When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the Class A ordinary shares underlying your ADSs and become the registered holder of such shares to allow you to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our currently effective memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the Class A ordinary shares underlying your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. If we ask for your instructions, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We have agreed to give the depositary at least 40 days' prior notice of shareholder meetings.

Nevertheless, we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the underlying Class A ordinary shares represented by your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the Class A ordinary shares underlying your ADSs are voted and you may have no legal remedy if the Class A ordinary shares underlying your ADSs are not voted as you requested.

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

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirement is available. Under the deposit agreement, the depositary will not make rights available to you unless both the rights

and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from the registration requirement under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings in the future and may experience dilution in your holdings.

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

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

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

We and the depositary are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. We and the depositary may agree to amend the deposit agreement in any way we decide is necessary or advantageous to us. Amendments may reflect, among other things, operational changes in the ADS program, legal developments affecting ADSs or changes in the terms of our business relationship with the depositary. In the event that the terms of an amendment are disadvantageous to ADS holders, ADS holders will only receive 30 days' advance notice of the amendment, and no prior consent of the ADS holders is required under the deposit agreement. Furthermore, we may decide to terminate the ADS facility at any time for any reason. For example, terminations may occur when we decide to list our shares on a non-U.S. securities exchange and determine not to continue to sponsor an ADS facility or when we become the subject of a takeover or a going-private transaction. If the ADS facility will terminate, ADS holders will receive at least 90 days' prior notice, but no prior consent is required from them. Under the circumstances that we decide to make an amendment to the deposit agreement that is disadvantageous to ADS holders or terminate the deposit agreement, the ADS holders may choose to sell their ADSs or surrender their ADSs and become direct holders of the underlying Class A ordinary shares, but will have no right to any compensation whatsoever.

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

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

If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under

the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

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

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

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

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems it expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

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

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

Shareholders of Cayman Islands companies like us have no general rights under the Cayman Islands law to inspect corporate records (other than the memorandum and articles of association and any special resolutions

passed by such companies, and the registers of mortgages and charges of such companies) or to obtain copies of lists of shareholders of these companies. Under the Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies. Our directors have discretion under our currently effective memorandum and articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from requirements for companies incorporated in other jurisdictions such as the United States and Singapore. For more details, see “Item 16G. Corporate Governance.”

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

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

Our currently effective memorandum and articles of association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, our board of directors has the authority, without further action by our shareholders, to create and issue new classes or series of shares (including preferred shares) and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADSs or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs or our Class A ordinary shares may fall and the voting and other rights of the holders of our ordinary shares and the ADSs may be materially and adversely affected.

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

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

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

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

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

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

We are permitted to elect to rely on home country practice to be exempted from the NYSE corporate governance requirements. Currently, we rely on the exemptions applicable to “controlled” companies under the NYSE Listed Company Manual with respect to the requirements that the compensation committee is composed entirely of independent directors (under Section 303A.05 of the NYSE Listed Company Manual) and we follow certain home country practices as a foreign private issuer such as with respect to the requirements of shareholder approval for certain types of transactions. For more details, see “Item 16G. Corporate Governance.” Our shareholders may be afforded less protection than they would otherwise enjoy under the NYSE listing standards applicable to U.S. domestic issuers or the SGX-ST listing standards applicable to Singapore domestic issuers or foreign issuers with a primary listing on the SGX-ST.

*There can be no assurances that we will not be a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year. If we are a PFIC for any taxable year, United States investors in the ADSs or ordinary shares could be subject to significant adverse United States income tax consequences.*

Depending upon the value of our assets, which is determined based, in part, on the market value of our ADSs and ordinary shares, and the nature of our assets and income over time, we could be classified as a PFIC for U.S. federal income tax purposes. We will be a PFIC if, in any particular taxable year, either (i) 75% or more of our gross income for such year consists of certain types of “passive” income, or the income test, or (ii) 50% or more of the average quarterly value of our assets during such year is attributable to assets that produce or are held for the production of passive income, or the asset test.

Based on our current and expected income and assets, including goodwill, we intend to take the position that we were not a PFIC for taxable year ended December 31, 2023 and we do not presently expect to be classified as a PFIC for the current taxable year. Nevertheless, there can be no assurances in this regard because the value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to our market capitalization (determined based on the market prices of the ADSs and our ordinary shares, which may be volatile and which, from time to time, may reflect different market capitalizations), and because the determination of whether we are or a PFIC for any taxable year also depends, in part, on the composition and classification of our income and the value of our assets, including the relative amounts of

income generated by and the value of assets of our strategic investment business as compared to our other businesses, and the value of the assets held by our strategic investment business as compared to our other businesses.

Because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge the valuation of our assets, including our goodwill, and our classification of certain income and assets as non-passive, which may result in our being or becoming a PFIC in any single year. In addition, the composition of our income and assets will also be affected by how, and how quickly, we use our liquid assets. If we determine not to deploy significant amounts of cash for active purposes, our risk of being a PFIC may substantially increase. Because there are uncertainties in the application of the relevant rules and because PFIC status is a factual determination made annually after the close of each taxable year, there can be no assurance that we will not be a PFIC for the current taxable year or any future taxable year.

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

***We may incur additional costs after we cease to qualify as an emerging growth company.***

As a company with less than US\$1.235 billion in net revenues for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 relating to internal controls over financial reporting.

After we are no longer an “emerging growth company,” we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC.

**ITEM 4. INFORMATION ON THE COMPANY**

**A. History and Development of the Company**

**Our Company**

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

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

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

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

In December 2019, AMTD IDEA Group issued and sold (i) a total of 7,307,692 Class A ordinary shares and 4,526,627 Class B ordinary shares for an aggregate amount of US\$100 million (representing a per share price of US\$8.45) to Value Partners Greater China High Yield Income Fund, and other investors, and (ii) a convertible note due 2023, or the VP Note, in an aggregate principal amount of US\$15 million to Value Partners Greater China High Yield Income Fund, all in the form of private placement pursuant to an exemption from registration with the SEC under the Securities Act. The VP Note has been converted in January 2022.

In March 2020, AMTD IDEA Group listed a US\$1.0 billion medium term note program, or the MTN Program, for a period of twelve months by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) on the Stock Exchange of Hong Kong Limited. Under the MTN Program, AMTD IDEA Group may from time-to-time issue medium term notes or perpetual securities up to an aggregate amount of US\$1.0 billion. We intend to use the net proceeds from the issuances of debt securities under the MTN Program for long-term development needs, international expansion, and general corporate purposes. In April 2020, AMTD IDEA Group dual-listed the MTN Program on the SGX-ST. Later in the same month, we extended an invitation to holders of the US\$200 million 7.625% senior perpetual securities of AMTD Group, or the Existing Securities, to offer exchange any and all of their outstanding Existing Securities for new securities to be issued by AMTD IDEA Group under the MTN Program.

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

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

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

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

In September 2021, we repurchased approximately 69.1 million Class B ordinary shares from AMTD Group for US\$642.1 million (HK\$5 billion).

Subsequent to December 31, 2021, AMTD IDEA Group issued an aggregate of 8,411,215 Class A ordinary shares and 3,271,028 Class B ordinary shares through a private placement of US\$50 million to a number of reputable professional investors.

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

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

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

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

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

In December 2022, we repurchased approximately 36.9 million Class B ordinary shares from AMTD Group for US\$320.6 million (HK\$2.5 billion).

In February 2023, we acquired 96.1% of the equity interest in AMTD Assets from AMTD Group for a net purchase consideration of US\$268 million, which was settled by us through the issuance of 30,875,576 newly issued Class B ordinary shares to AMTD Group. AMTD Assets holds a global portfolio of premium whole building properties, with a fair market value of approximately US\$500 million at the time we entered into the relevant agreements. The acquisition was followed immediately by our injection of AMTD Assets into AMTD Digital at the same valuation in return for 515,385 newly issued Class B ordinary shares of AMTD Digital.

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

In October 2023, we acquired 100% of the equity interest in The Art Newspaper, the group holding one of the top publications of the art industry internationally and a leading source of information in the art world.

In November 2023, AMTD Assets entered into a definitive agreement with an independent third party to dispose of certain real estate assets. The consideration for the disposal was determined with reference to the assets' then latest valuation, with potential adjustments based on the final valuation performed by the independent valuer. The disposal was carried out with an aim to reallocate the proceeds into other premium assets at more preferred locations or more favorable pricing.

In August 2023, AMTD IDEA Group authorized a new share repurchase program under which it may repurchase up to US\$20 million of its ADSs or ordinary shares until the close of business on December 29, 2023. The cap was subsequently increased to US\$40 million and the program was extended until the end of the last business day of the first quarter in 2024. In February 2024, the Company has completed the repurchase of all of the shares authorized under the US\$40 million repurchase program.

In August 2023, AMTD IDEA Group approved the subscription of Class B ordinary shares from AMTD Digital for a total consideration of not more than US\$100 million (at US\$520 per share) and voluntarily committed to a 5-year lock up period on such shares acquired. The subscription of Class B ordinary shares of AMTD Digital has been completed in December 2023.

In November 2023, AMTD IDEA Group, AMTD Group and AMTD Digital set up a joint entity, AMTD World Media and Entertainment Group, in Paris, France, to embark and focus on global strategies and developments of a multi-media, entertainment and cultures worldwide platform.

On November 17, 2023, we effected an ADS ratio change from the previous ratio of one (1) ADS to two (2) Class A ordinary shares to a new ratio of one (1) ADS to six (6) Class A ordinary shares.

In December 2023, we repurchased approximately 4.8 million Class B ordinary shares from AMTD Group for US\$40 million.

In February 2024, AMTD IDEA Group further authorized a new share repurchase program under which it may repurchase up to US\$20 million of its ADSs or ordinary shares until the end of the last business day of the first quarter of 2024.

Our principal executive offices are located at 66 rue Jean-Jacques Rousseau, 75001 Paris, France. Our telephone number at this address is +33(0)1 4236 4597. Our registered office in the Cayman Islands is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our agent for service of process in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, DE 19711. Our website is <https://www.amtdinc.com>. The information on our websites should not be deemed to be part of this annual report. The SEC also maintains a website at <https://www.sec.gov> that contains reports, proxy, and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

## **B. Business Overview**

We are a diversified institution and digital solutions group connecting companies and investors with global markets. Our comprehensive one-stop business services plus digital solutions platform address different clients' diverse and inter-connected business needs and digital requirements across all phases of their life cycles as well as hospitality and VIP services.

We operate a full-service platform encompassing the business lines as follows:

- *Capital Market Solutions.* We offer a broad range of capital market solutions services to our clients. Our solutions cover a variety of capital market transactions, including equity and debt offerings, credit rating advisory, other financing transactions, and merger and acquisitions. We are able to serve clients and develop long-term relationships through multiple engagements.
- *Strategic Investment.* We make long-term strategic investments through several entities in our group, focusing on global financial and new economy sectors. Through investing in market leaders and technological innovators, we gain access to unique opportunities and resources that complement our other businesses.

- *Fashion, Arts and Luxury Media Advertising and Marketing Services.* Our subsidiary, L'Officiel, publishes *L'Officiel*, a leading fashion magazines in the world. The Art Newspaper, another subsidiary of ours, publishes *The Art Newspaper*, a leading publication of the art industry internationally and source of information in the art world. L'Officiel and The Art Newspaper engage in the provision of print and digital advertising campaigns, and value-added marketing services including branded content, video production, social media activation, event creation, and experiential marketing, among other services.
- *Hotel Operations, Hospitality and VIP Services.* Our subsidiary AMTD Assets, which was acquired during the year ended December 31, 2023, holds a portfolio of premium whole building properties and provides hospitality services including stylish hotels and serviced apartments, food and beverage, among other services.

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

With each business opportunity, we consider ourselves a business partner for the prospective client, rather than merely a service agency of a particular product or service. We strive to unlock and maximize the extraordinary value embedded in each relationship and to expand opportunities for collaboration and partnership both between us and our clients, as well as among clients.

## **Our Services**

### ***Capital Market Solutions***

Our capital market solutions business provides a one-stop solution for corporate and other institutional clients. To this end, we deliver capital market solutions services with the following features.

- *Full service capabilities.* We offer our clients a full suite of solutions for capital market transactions, covering equity and debt offerings, credit rating advisory, other financing transactions, and merger and acquisitions. We are able to serve clients and develop long-term relationships through multiple engagements.
- *Full value chain's client focuses.* We focus on client needs and always strive to explore long-term business collaboration rather than completing individual transactions.
- *Industry expertise.* Our services are enriched by our experience and expertise in certain important industries, allowing us to better understand and anticipate clients' circumstances and needs. We have particular expertise in the regional banks and new economy sectors.

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

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

### ***Strategic Investment***

Our strategic investment business focuses on long-term equity investments using our own capital. We view it as a natural extension of our other businesses, allowing us to deepen our relationship with clients by participating in their value creation.

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

#### ***Fashion, Arts and Luxury Media Advertising and Marketing Services***

Our subsidiaries L'Officiel and The Art Newspaper engage in the provision of print and digital advertising campaigns, and value-added marketing services including branded content, video production, social media activation, event creation, and experiential marketing, among other services.

#### ***Hotel Operations, Hospitality and VIP Services***

Our subsidiary AMTD Assets holds a portfolio of premium whole building properties and provides hospitality services. It focuses on and specializes in hospitality and lifestyle concepts globally in the key areas comprising stylish hotels and serviced apartments, food and beverage, and club membership services.

#### **Investment Portfolio**

As of December 31, 2023, our investment portfolio reached an aggregate fair value of US\$79.6 million, in which (i) our strategic investment in the Hong Kong- and Shenzhen-listed Bank of Qingdao accounted for 68.5%, and (ii) our investment in other companies accounted for 31.5%.

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

#### **Intellectual Property**

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

#### **Competition**

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

With respect to our capital market solutions businesses, our primary competitors are international investment banking firms, financial advisory firms and financial institutions, many of which have greater financial and other resources as well as scale and are capable of offering a wider range of products and services, such as loans, deposit-taking, and a full range of investment banking services. Some of our competitors also have the ability to use revenues derived from commercial banking, insurance, and other financial services in an effort to gain market share. In addition, we operate these businesses in a highly competitive environment and the barriers to entry into these businesses are low.

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

For fashion, arts and luxury media advertising and marketing services, our primary competitors include not only other large multinational advertising and marketing communications companies, but also smaller entities that operate in local or regional markets as well as new forms of market participants.

We also compete with other hotel operators and hospitality service provider with respect to our hotel operations and hospitality services.

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

For additional information concerning the competitive risks that we face, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industries.”

## **Regulations**

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

### ***Insurance Brokerage Regulatory Regime***

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

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

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

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

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

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

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

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

### ***Insurance Brokerage Registration Requirements in Hong Kong Under the Current Regime***

#### *Insurance Broker License*

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

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

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

#### *Appointment of Responsible Officer*

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

The responsible officer is expected to:

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

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

The Hong Kong Insurance Authority will normally not allow a person to be appointed as a responsible officer of more than one licensed insurance broker company unless the insurance broker companies concerned belong to

the same group of companies or have common shareholder(s), or there is any other justification acceptable to the Hong Kong Insurance Authority. The Hong Kong Insurance Authority will consider each application on a case-by-case basis.

*Financial and Other Requirements for Licensed Insurance Broker Companies*

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

(a) Capital and Net Assets

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

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

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

(b) Professional Indemnity Insurance

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

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

(c) Keeping of Separate Client Accounts

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

(d) Keeping Proper Books and Accounts

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

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

#### *Conduct requirements for licensed insurance broker companies*

Section 92(1) of the Insurance Ordinance sets out the conduct requirements for a licensed insurance broker company notably, including but not limited to, the following:

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

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

#### *Guideline on continuing professional development for licensed insurance intermediaries*

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

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

#### ***Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong***

The Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong imposes a statutory duty on data users to comply with the requirements of the six data protection principles contained in Schedule 1 to the ordinance. The ordinance provides that a data user shall not do an act, or engage in a practice, that contravenes any data protection principle unless the act or practice, as the case may be, is required or permitted under the ordinance. The six data protection principles are:

- Principle 1—purpose and manner of collection of personal data;
- Principle 2—accuracy and duration of retention of personal data;
- Principle 3—use of personal data;
- Principle 4—security of personal data;

- Principle 5—information to be generally available; and
- Principle 6—access to personal data.

Non-compliance with any data protection principle may lead to a complaint to the privacy commissioner for personal data. The privacy commissioner may serve an enforcement notice to direct the data user to remedy the contravention and/or instigate prosecution actions. A data user who contravenes an enforcement notice commits an offense which may lead to a fine and imprisonment.

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

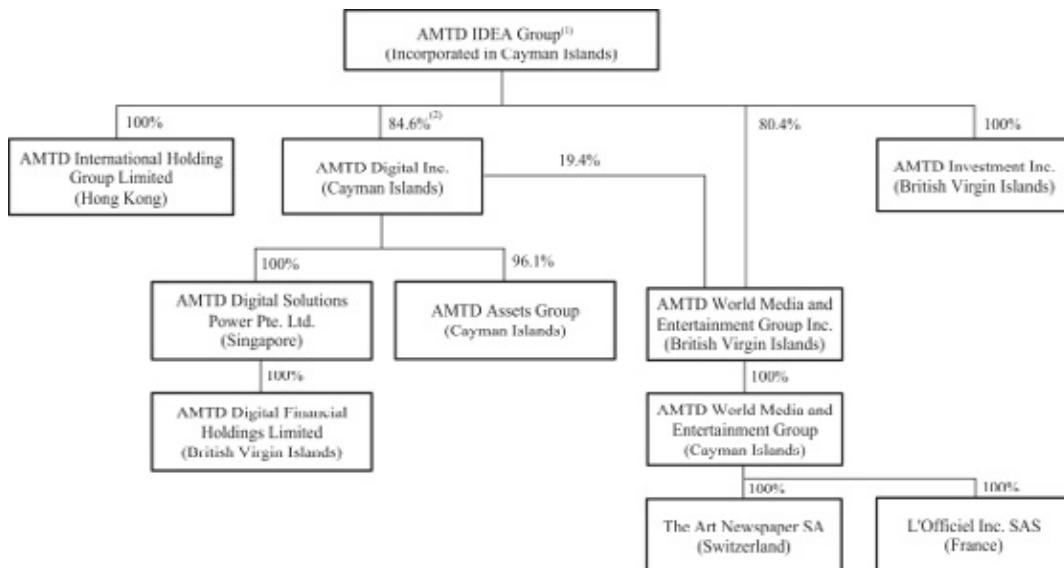
- the right to be informed by a data user whether the data user holds personal data of which the individual is the data subject;
- if the data user holds such data, to be supplied with a copy of such data; and
- the right to request correction of any data they consider to be inaccurate.

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

## C. Organizational Structure

### Corporate Structure

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



Notes:

- (1) Our shareholders include (i) key holder of our ordinary shares such as AMTD Group, and (ii) public investors.
- (2) The other shareholders of AMTD Digital mainly include third party investors and public investors.
- (3) The above organizational chart is evolving based on the dynamics of our overall businesses and acquisitive approaches. There could be updates or latest changes that are not reflective on the chart above which are subject to certain filing procedures and/or registrar update in process as of the date of this annual report.

## **Our Relationship with our Controlling Shareholder and other Group Companies**

As of the date of this annual report, our company is 40.8% beneficially owned by our Controlling Shareholder, representing 85.3% of the total voting power in our company. Historically, our Controlling Shareholder has provided us with business premises, financial, accounting, administrative, legal, and human resources services, as well as the services of a number of its executive officers and other employees, the costs of which were allocated to us based on actual usage or proportion of revenues and infrastructure usage attributable to our business, among other things. We have begun to invest in our own financial, accounting, and legal functions separate from those of our Controlling Shareholder, and we will further establish other support systems of our own or contract with third parties to provide them to us after we become a stand-alone public company.

Pursuant to the intercompany financing agreement with our Controlling Shareholder, treasury functions are conducted centrally under our Controlling Shareholder and intra-group treasury fund transfers were carried out among the entities within AMTD Group. The treasury function manages available funds at our Controlling Shareholder level and allocates the funds to various entities within AMTD Group for their operations. We may also leverage our Controlling Shareholder to settle receivables or payables arising from acquisitions or disposals of investments. As of December 31, 2023, the amount due from entities within AMTD Group in connection with intra-group treasury fund allocation was US\$1,057.0 million.

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

### ***Master Transaction Agreement***

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

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

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

The master transaction agreement sets forth the investment opportunity referral procedures, pursuant to which our Controlling Shareholder agrees to first present investment opportunities to us for consideration within a

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

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

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

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

#### ***Transitional Services Agreement***

Under the transitional services agreement, our Controlling Shareholder agrees that, during the service period, as described below, our Controlling Shareholder will provide us with various corporate support services, including:

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

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

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

The service period under the transitional services agreement commenced on June 20, 2019, and had been renewed subsequently on December 20, 2020, June 20, 2022 and December 20, 2023.

#### ***Non-competition Agreement***

Our non-competition agreement with our Controlling Shareholder provides for a non-competition period beginning upon our initial public offering and ending on the later of (i) two years after the first date when our

Controlling Shareholder ceases to own in aggregate at least 20% of the voting power of our then outstanding shares and (ii) the fifth anniversary of our initial public offering. This agreement can be terminated earlier by mutual written consent of the parties.

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

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

#### ***Other Agreements with our Controlling Shareholder***

In 2022, we acquired our Controlling Shareholder's interest in AMTD Digital.

In February 2023, we acquired 96.1% of the equity interest in AMTD Assets from our Controlling Shareholder.

In November 2023, our Controlling Shareholder, AMTD Digital and we set up a joint entity, AMTD World Media and Entertainment Group, to embark and focus on global strategies and developments of a multi-media, entertainment and cultures worldwide platform.

#### ***AMTD Digital's Relationship Agreements with the Controlling Shareholder***

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

#### ***Digital Master Transaction Agreement***

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

The agreement sets forth the investment opportunity referral procedures, pursuant to which the Controlling Shareholder agrees to first present investment opportunities related to digital solutions services—financial services or digital financial licenses, or investment opportunities in new technology or new media companies to AMTD Digital for consideration within a specified period and to refrain from pursuing these investment

opportunities. The Controlling Shareholder agrees to pursue these investment opportunities for itself only after AMTD Digital declines to pursue these investment opportunities or upon expiration of the specified period should AMTD Digital fails to respond, with the exception of subsequent investments by the Controlling Shareholder in its existing investee companies. When determining whether or not to pursue an investment opportunity, members of AMTD Digital's investment committee that have overlapping duties as directors or officers in the Controlling Shareholder will abstain from participating in the investment decision-making and approval process.

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

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

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

#### *Digital Transitional Services Agreement*

Under the transitional services agreement between AMTD Digital and the Controlling Shareholder dated May 18, 2021, the Controlling Shareholder agrees that, during the service period, as described below, the Controlling Shareholder will provide us with various corporate support services, including:

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

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

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

The service period under the transitional services agreement commenced on May 20, 2021, and had been renewed subsequently on November 20, 2022. AMTD Digital may terminate the transitional services agreement with respect to either all or part of the services by giving 30-day prior written notice to the Controlling Shareholder and paying a termination fee equal to the direct costs incurred by the Controlling Shareholder in

connection with its provision of services at the time of the early termination. The Controlling Shareholder may terminate this agreement with respect to either all or part of the services by giving us a 30-day prior written notice if the Controlling Shareholder together with its subsidiaries ceases to own in aggregate at least 20% of the voting power of our then outstanding securities or ceases to be the largest beneficial owner of our then outstanding voting securities, without considering holdings of institutional investors that have acquired our securities in the ordinary course of their business and not with the purpose or the effect of changing or influencing control of AMTD Digital.

#### *Digital Non-competition Agreement*

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

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

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

#### **D. Property, Plants and Equipment**

Our principal executive offices are located on leased premises in Paris as of December 31, 2023. Our principal executive offices are leased by our fellow subsidiary from independent third parties. We intend to add new premises or expand our existing premises as we add employees and expand our organization. We believe that suitable additional or alternative space will be available in the future on commercially reasonable terms to accommodate our foreseeable future expansion.

In February 2023, we acquired AMTD Assets, which holds a portfolio of premium whole building properties and providing hospitality services. As at December 31, 2023, we held and operated two premium hotel properties with a fair market value of approximately US\$535.7 million through our subsidiaries and joint ventures in Asia. A hotel property owned by our subsidiary of approximately US\$69.6 million was pledged for a bank borrowing as at December 31, 2023.

#### **ITEM 4A. UNRESOLVED STAFF COMMENTS**

Not applicable.

## ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

We changed our basis of accounting from IFRS to U.S. GAAP in early 2024. Our consolidated financial statements for the years ended December 31, 2021, 2022 and 2023 and as of December 31, 2021, 2022 and 2023 included elsewhere in this annual report have been prepared in accordance with U.S. GAAP.

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

### A. Operating Results

In 2021, 2022, and 2023, we derived total revenue of US\$179.8 million, US\$175.2 million and US\$130.9 million, respectively, and derived total comprehensive income of US\$150.5 million, US\$162.8 million and US\$152.9 million, respectively.

Our business and results of operations are affected by a number of general factors affecting our industries, including the overall economic environment, the conditions and trends of capital markets, and government policies and initiatives affecting our industries. Unfavorable changes in any of these general conditions could adversely affect demand for our services and materially and adversely affect our results of operations.

We have elected to change the presentation currency in our financial statements from HK\$ to US\$ which better reflects the economic footprint of our business. We believe that the presentation currency change will give investors and other stakeholders a clearer understanding of our performance over time. The change in presentation currency is a voluntary change. We have applied the change of presentation currency retrospectively to our historical results of operations and financial statements included in this annual report.

#### Major Factors Affecting Our Results of Operations

##### *Revenue*

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

	For the Year Ended December 31,					
	2021		2022		2023	
	US\$	%	US\$	%	US\$	%
<b>Revenue</b>						
Revenue from contracts with customers	87,535	48.7	105,365	60.2	38,244	29.2
Dividend and gain from disposed financial assets at fair value through profit or loss and settled derivative financial assets	22,360	12.4	28,518	16.3	133,569	102.0
Net fair value changes on financial assets at fair value through profit or loss (except derivative financial assets and gains related to disposed financial assets at fair value through profit or loss)	76,867	42.8	(20,609)	(11.8)	(40,899)	(31.2)
Net fair value changes on derivative financial assets	(6,947)	(3.9)	61,897	35.3	—	—
<b>Total</b>	<b>179,815</b>	<b>100.0</b>	<b>175,171</b>	<b>100.0</b>	<b>130,914</b>	<b>100.0</b>

#### *Revenue from contracts with customers*

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

Revenue	For the Year Ended December 31,					
	2021		2022		2023	
	US\$	%	US\$	%	US\$	%
Capital market solutions services income	87,535	100.0	74,305	70.5	—	—
Digital solutions and other services income	—	—	23,440	22.3	13,469	35.2
Fashion, arts and luxury media advertising and marketing services income	—	—	7,620	7.2	14,474	37.9
Hotel operations, hospitality and VIP services income	—	—	—	—	10,301	26.9
<b>Total</b>	<b>87,535</b>	<b>100.0</b>	<b>105,365</b>	<b>100.0</b>	<b>38,244</b>	<b>100.0</b>

In 2023, we derive revenue from contracts with customers from four business lines: fashion, arts and luxury media advertising and marketing services, digital solutions and other services, hotel operations, hospitality and VIP services and capital market solutions service. For fashion, arts and luxury business, we earn revenue primarily from (i) provision of advertising and marketing services, (ii) media licensing, and (iii) sale of magazines. We derive service fees and commission income from providing digital solutions and insurance brokerage services. For hotel operations, hospitality and VIP services, we earn primarily from provision of hospitality services. For capital market solutions services, we earn primarily from (i) underwriting IPOs and bond offerings, (ii) financial advisory services in relation to equity or bond disposals, and (iii) asset management. Due to the deterioration in the global economy, there was a significant decrement in the capital market solutions income.

#### *Dividend and gain from disposed financial assets at fair value through profit or loss and settled derivative financial assets*

We make equity investments with our own capital in companies of our strategic choice. Our dividend and gain from disposed financial assets at fair value through profit or loss and settled derivative financial assets in 2021, 2022 and 2023 consisted of various strategic and financial investments.

#### *Net fair value changes on financial assets at fair value through profit or loss*

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

#### *Net fair value changes on derivative financial assets*

We record net fair value changes on derivative financial assets with respect to our strategic investment in a public company.

#### *Other income and gains*

Other income and gains consists of (i) bank interest income, (ii) interest income derived from loan notes from independent third parties and stock lending agreement, (iii) interest income from Controlling shareholder, (iv) gain on bargain purchase, (v) gain on disposal of subsidiaries, and (vi) other non-recurring miscellaneous income.

#### *Other operating expenses*

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

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

	For the Year Ended December 31,					
	2021		2022		2023	
	US\$	%	US\$	%	US\$	%
<b>Other Operating Expenses</b>						
Marketing and brand promotional expenses	77	0.7	2,554	11.2	4,410	15.0
Premises costs and office utilities	2,836	26.3	2,839	12.5	5,387	18.3
Traveling and business development expenses	482	4.5	991	4.3	223	0.8
Commissions and bank charges	168	1.6	167	0.7	232	0.8
Office and maintenance expenses	7	0.0	3	0.0	274	0.9
Administrative service fee	3,130	29.1	3,806	16.7	4,597	15.7
Legal and professional related fees	3,172	29.4	9,414	41.3	5,631	19.2
Staff recruitment expenses	299	2.8	540	2.4	1,272	4.3
Others	608	5.6	2,487	10.9	7,325	25.0
<b>Total</b>	<b>10,779</b>	<b>100.0</b>	<b>22,801</b>	<b>100.0</b>	<b>29,351</b>	<b>100.0</b>

#### *Staff costs*

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

	For the Year Ended December 31,		
	2021		2023
	US\$	US\$	US\$
<b>Staff Costs</b>			
Salaries, bonuses and staff welfare	12,192	15,490	18,493
Pension scheme contributions (defined contribution schemes)	104	1,014	1,590
<b>Total</b>	<b>12,296</b>	<b>16,504</b>	<b>20,083</b>

#### *Finance costs*

Finance costs represent our interest expenses on convertible bond, bank borrowings, amount due to a non-controlling shareholder, and lease liabilities.

#### *Seasonality*

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

## Taxation

We had income tax expense of US\$14.1 million, income tax expense of US\$13.4 million, and income tax expense of US\$4.3 million for the years ended December 31, 2021, 2022, and 2023, respectively. The following summarizes our applicable tax rates in the Cayman Islands and Hong Kong.

### Cayman Islands

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

### Hong Kong

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

## Critical Accounting Estimates

The Critical Accounting Estimates are consistent with the disclosure presented in the consolidated financial statements for the years ended December 31, 2021, 2022 and 2023.

## Results of Operations

	For the Year Ended December 31,					
	2021		2022		2023	
	US\$	%	US\$	%	US\$	%
<b>Revenue</b>						
Capital market solutions income	87,535	48.7	74,305	42.4	—	—
Digital solutions and other services income	—	—	23,440	13.4	13,469	10.2
Fashion, arts and luxury media advertising and marketing services income	—	—	7,620	4.3	14,474	11.1
Hotel operations, hospitality and VIP services income	—	—	—	—	10,301	7.9
Dividend and gain related to disposed investments	22,360	12.4	28,518	16.3	133,569	102.0
<b>Sub-total</b>	<b>109,895</b>	<b>61.1</b>	<b>133,883</b>	<b>76.4</b>	<b>171,813</b>	<b>131.2</b>

	For the Year Ended December 31,					
	2021		2022		2023	
	US\$	%	US\$	%	US\$	%
Net fair value changes on financial assets at fair value through profit or loss (except derivative financial assets and gains from disposed financial assets at fair value through profit or loss and settled derivative financial assets)	76,867	42.8	(20,609)	(11.8)	(40,899)	(31.2)
Net fair value changes on derivative financial assets	(6,947)	(3.9)	61,897	35.4	—	—
<b>Total revenue</b>	<b>179,815</b>	<b>100.0</b>	<b>175,171</b>	<b>100.0</b>	<b>130,914</b>	<b>100.0</b>
Other income	16,149	9.0	18,063	10.3	22,942	17.5
Other gain	—	—	19,598	11.2	68,797	52.6
Impairment loss under expected credit loss made on financial assets	—	—	(501)	(0.3)	(4,988)	(3.8)
Other operating expenses	(10,779)	(6.0)	(22,801)	(13.0)	(29,351)	(22.4)
Staff costs	(12,296)	(6.8)	(16,504)	(9.4)	(20,083)	(15.3)
Finance costs	(1,650)	(0.9)	(859)	(0.5)	(8,199)	(6.3)
Share of losses of joint ventures	—	—	—	—	(2,335)	(1.8)
Net fair value changes on derivative financial liability	—	—	1,704	1.0	—	—
<b>Profit before tax</b>	<b>171,239</b>	<b>95.3</b>	<b>173,871</b>	<b>99.3</b>	<b>157,697</b>	<b>120.5</b>
Income tax expense	(14,059)	(7.8)	(13,405)	(7.7)	(4,314)	(3.3)
<b>Profit for the year</b>	<b>157,180</b>	<b>87.5</b>	<b>160,466</b>	<b>91.6</b>	<b>153,383</b>	<b>117.2</b>

### Segment Information

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

	For the Year Ended December 31,		
	2021		2022
	US\$	US\$	US\$
(in thousands)			
<b>Capital market solutions</b>			
Segment revenue	87,535	74,305	—
Segment results <sup>(1)</sup>	85,708	72,140	(1,276)
<b>Digital solutions and other services</b>			
Segment revenue	—	23,440	13,469
Segment results <sup>(1)</sup>	—	21,299	9,126
<b>Media and entertainment services</b>			
Segment revenue	—	7,620	14,474
Segment results <sup>(1)</sup>	—	2,725	3,239
<b>Hotel operations, hospitality and VIP services</b>			
Segment revenue	—	—	10,301
Segment results <sup>(1)</sup>	—	—	2,106
<b>Strategic Investments</b>			
Segment revenue	92,280	69,806	92,670
Segment results <sup>(1)</sup>	92,280	69,806	92,670
<b>Total segment results</b>	<b>177,988</b>	<b>165,970</b>	<b>105,865</b>

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Note:

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

For reconciliation of segment revenue to consolidated revenue and reconciliation of segment results to consolidated profit before tax, see note 4 to our consolidated financial statements for the years ended December 31, 2021, 2022, and 2023.

***Year Ended December 31, 2023 Compared to Year Ended December 31, 2022***

*Revenue*

Revenue from contracts with customers. Our revenue decreased by 63.7% from US\$105.4 million in 2022 to US\$38.2 million in 2023, primarily due to a change in revenue mix resulting from the restructuring of our business streams. Due to the deterioration in the global economic environment, our revenue income generated from capital market solutions has decreased in the amount of US\$74.3 million. This was partially offset by an increase in revenue generated from hotel operations, hospitality and VIP services and from fashion, arts and luxury media advertising and marketing services, following our acquisitions of AMTD Assets and The Art Newspaper during 2023, which have brought in new sources of income.

Dividend and gain from disposed financial assets at fair value through profit or loss and settled derivative financial assets. Our dividend and gain from disposed financial assets at fair value through profit or loss and settled derivative financial assets increased by 368.4% from US\$28.5 million in 2022 to US\$133.6 million in 2023, primarily due to an increase in net gain from disposal of financial instruments of US\$101.5 million. Net gain from disposal of financial instruments this year mainly comprised of (i) gain from disposal of listed equity shares of US\$11.3 million, (ii) gain from settlement of derivatives contracts of US\$96.1 million, and (iii) gain from disposal of movie income rights of US\$16.3 million.

Net fair value changes on financial assets at fair value through profit or loss. The net fair value loss amounted to US\$40.9 million in 2023, representing an increase in loss of 98.5% as compared to 2022. This was primarily due to a decrease in the fair value of our investment portfolio of US\$115.7 million. The net fair value gain arising from investments in equity securities of related parties were US\$3.2 million and US\$2.3 million for the years ended December 31, 2023 and 2022, respectively.

Net fair value changes on derivative financial assets. The net fair value gain was nil in 2023 as compared to US\$61.9 million 2022. The change resulted from the settlement of all of our derivative financial assets in 2023.

*Other income and gains*

Our other income and gains increased by 143.2% from US\$37.7 million in 2022 to US\$91.7 million in 2023, primarily attributable to (i) increase in bank interest income of US\$4.2 million as we had generated additional interest income from deposits with banks, (ii) increase in the net average outstanding balance due from our immediate holding company, which was interest bearing, (iii) the gain arising from a bargain purchase of US\$4.5 million, and (iv) the gain arising from disposal of subsidiaries of US\$64.3 million.

*Other operating expenses*

Our other operating expenses increased by 28.7% from US\$22.8 million in 2022 to US\$29.4 million in 2023, primarily due to (i) an increase in premises costs and office utilities expenses of US\$2.5 million, (ii) an increase of US\$1.9 million in marketing and brand promotional expenses, and (iii) an increase in depreciation and amortization of US\$1.9 million, as a result of acquisition of AMTD Assets and The Art Newspaper during the year.

#### *Staff costs*

Our staff costs increased by 21.7% from US\$16.5 million in 2022 to US\$20.1 million in 2023, primarily due to the incremental costs in connection to the post-acquisition operations of AMTD Assets and The Art Newspaper.

#### *Finance costs*

Our finance costs increased by 854.5% from US\$0.9 million in 2022 to US\$8.2 million in 2023, primarily due to the increase in the outstanding bank borrowings and an amount due to a non-controlling shareholder, which is interest-bearing, during the period.

#### *Income tax expense*

Income tax expense decreased by 67.8% from US\$13.4 million in 2022 to US\$4.3 million in 2023 due to increase in non-taxable income.

#### *Profit for the year*

As a result of the foregoing, our profit decreased by 4.4% from US\$160.5 million in 2022 to US\$153.4 million in 2023.

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

#### *Revenue*

Revenue from contracts with customers. Our revenue increased by 20.4% from US\$87.5 million in 2021 to US\$105.4 million in 2022, primarily due to a change in revenue mix resulting from our successful strategic business expansion. Our acquisitions of AMTD Digital and L'Officiel during the year have brought in new income sources, including revenue generated from digital solutions and other services of US\$23.4 million and fashion, arts and luxury media advertising and marketing services of US\$7.6 million.

Dividend and gain related to disposed investment. Our dividend and gain related to disposed investment increased by 27.5% from US\$22.4 million in 2021 to US\$28.5 million in 2022, primarily due to an increase in net gain from disposal of financial instruments.

Net fair value changes on investment and derivative. The net fair value gain amounted to US\$41.3 million in 2022, representing a decrease of 40.9% as compared to 2021, primarily due to a decrease in the fair value of our investment portfolio of US\$97.5 million partially offset by an increase in derivative financial assets of US\$68.8 million. The net fair value gain arising from investments in equity securities of related parties were US\$27.3 million and US\$70.1 million for the years ended December 31, 2022 and 2021, respectively.

#### *Other income*

Our other income increased by 11.9% from US\$16.1 million in 2021 to US\$18.1 million in 2022, primarily attributable to additional interest income derived from loan notes due from independent third parties and stock lending agreement of an aggregate of US\$6.6 million, offset by a decrease in the net average outstanding balance due from our immediate holding company, which was interest-bearing.

#### *Other gain*

Our other gain was nil in 2021 and US\$19.6 million in 2022. Our other gain in 2022 was attributable to the gain arising from a bargain purchase of US\$4.8 million and disposal of subsidiaries of US\$14.8 million.

#### *Other operating expenses*

Our other operating expenses increased by 111.5% from US\$10.8 million in 2021 to US\$22.8 million in 2022, primarily due to (i) an increase in professional and consulting fee of US\$6.2 million, (ii) an increase of an aggregate of US\$3.0 million in advertising and marketing services fee and brand promotional expenses as well as traveling and business development expenses and (iii) an increase in amortization of US\$0.7 million, as a result of acquisition of AMTD Digital and L'Officiel during the year.

#### *Staff costs*

Our staff costs increased by 34.2% from US\$12.3 million in 2021 to US\$16.5 million in 2022, primarily due to the acquisitions of AMTD Digital and L'Officiel during the year.

#### *Finance costs*

Our finance costs decreased by 47.3% from US\$1.6 million in 2021 to US\$0.9 million in 2022, primarily due to the repayment of bank borrowings.

#### *Income tax expense*

Income tax expense remained stable amounting to US\$14.1 million in 2021 and US\$13.4 million in 2022.

#### *Profit for the year*

As a result of the foregoing, our profit increased by 2.1% from US\$157.2 million in 2021 to US\$160.5 million in 2022.

### **Selected Items on the Consolidated Statements of Financial Position**

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

	As of December 31,		
	2021 US\$	2022 US\$	2023 US\$
	(in thousands)		
<b>Selected Consolidated Statements of Financial Position Data</b>			
<b>Assets:</b>			
Accounts receivable	11,097	24,068	5,525
Amount due from immediate holding company	275,127	287,178	1,057,007
Financial assets at fair value through profit or loss	357,352	195,337	79,607
Derivative financial asset	124,404	185,069	—
<b>Total assets</b>	<b>857,693</b>	<b>1,060,723</b>	<b>1,486,590</b>
<b>Liabilities and Equity:</b>			
Accounts payable	19,884	10,556	9,382
Bank borrowings—current	49,879	20,122	65,793
Bank borrowings—non-current	—	458	30,373
<b>Total liabilities</b>	<b>115,178</b>	<b>58,309</b>	<b>193,016</b>
Perpetual securities	228,527	228,476	234,238
<b>Total equity</b>	<b>742,515</b>	<b>1,002,414</b>	<b>1,293,574</b>
<b>Total liabilities and equity</b>	<b>857,693</b>	<b>1,060,723</b>	<b>1,486,590</b>

### **Accounts receivable**

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

	As of December 31,		
	2021	2022	2023
	US\$	US\$	US\$
<b>Accounts receivable:</b>			(in thousands)
Receivable from capital market solutions services	11,097	10,466	—
Commission receivable from insurance brokerage	—	349	200
Receivable arising from digital solutions and other services	—	10,496	—
Receivable from media and entertainment services	—	2,757	5,214
Receivable from hotel operations, hospitality and VIP services	—	—	111
<b>Total</b>	<b>11,097</b>	<b>24,068</b>	<b>5,525</b>

Our accounts receivable decreased by 77.0% from US\$24.1 million as of December 31, 2022 to US\$5.5 million as of December 31, 2023, primarily due to a decrease in receivable from capital market solution services of US\$10.5 million and digital solutions and other services of US\$10.5 million, caused by the deterioration in global economic environment and hence the decreased revenue generated from these two revenue streams.

Our accounts receivable increased by 116.9% from US\$11.1 million as of December 31, 2021 to US\$24.1 million as of December 31, 2022, primarily due to an increase in receivable from two new revenue streams following our acquisition of AMTD Digital and L'Officiel, including receivable from digital solutions and other services of US\$10.5 million and receivable from fashion, arts and luxury media advertising and marketing services of US\$2.8 million.

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

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

	As of December 31,		
	2021	2022	2023
	US\$	US\$	US\$
<b>Not yet due</b>			(in thousands)
Not yet due	9,498	22,796	3,075
<b>Past due</b>			
– Within 1 month	7	932	530
– 1 to 3 months	663	198	974
– Over 3 months	929	142	946
<b>Total</b>	<b>11,097</b>	<b>24,068</b>	<b>5,525</b>

Our accounts receivable not yet past due decreased by 86.5% from US\$22.8 million as of December 31, 2022 to US\$3.1 million as of December 31, 2023, primarily attributable to decrease in receivables due to the change in revenue mix and enhancement made in the receivables collection process, which also lead to a decrease in accounts receivable past due within 1 month. The increases in accounts receivable past due for 1 to 3 months and over 3 months were primarily due to increase in outstanding balances from certain fashion, arts and luxury media advertising and marketing clients. Our accounts receivable not yet past due increased by 140.1% from US\$9.5 million as of December 31, 2021 to US\$22.8 million as of December 31, 2022, primarily attributable to receivables arising from acquisition of AMTD Digital and L'Officiel, which also lead to an increase in accounts receivable past due within 1 month. The decreases in accounts receivable past due for 1 to 3 months and over 3 months were primarily due to disposal of subsidiaries during the year.

#### ***Due from immediate holding company***

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

The amount of our due from immediate holding company increased from US\$287.2 million as of December 31, 2022 to US\$1,057.0 million as of December 31, 2023, primarily due to the effect of (i) settlement of certain receivables of US\$389.0 million with AMTD Group under the agreements between certain third parties, the Company and AMTD Group; (ii) net advance to immediate holding company of US\$404.4 million for group treasury management purpose; and (iii) transfer of financial assets at fair value through profit or loss of US\$80.2 million; and partially offset by (i) the consideration payable for the acquisition of AMTD Assets from AMTD Group amounting to US\$82.0 million, and (ii) the consideration payable for the repurchase of shares from AMTD Group amounting to US\$40.0 million.

The amount of our due from immediate holding company increased from US\$275.1 million as of December 31, 2021 to US\$287.2 million as of December 31, 2022, primarily due to the net effect of the (i) acquisition of AMTD Digital and (ii) repurchase of shares from AMTD Group amounting to US\$320.6 million.

#### ***Financial assets at fair value through profit or loss***

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

Our financial assets at fair value through profit or loss decreased from US\$195.3 million as of December 31, 2022 to US\$79.6 million as of December 31, 2023, primarily due to (i) disposal of investments of US\$37.6 million in 2023, (ii) the derecognition of investment in AMTD Assets Alpha Group as financial assets at fair value through profit or loss of US\$66.2 million upon our acquisition of its remaining 80.1% equity interests, and (iii) a net depreciation in value of US\$40.9 million; partially offset by (i) additional investments of US\$1.6 million in 2023, and (ii) the gain arising from disposal of investments of US\$27.6 million.

Our financial assets at fair value through profit or loss decreased from US\$357.4 million as of December 31, 2021 to US\$195.3 million as of December 31, 2022, primarily attributable to (i) the derecognition of investment in AMTD Digital as financial assets at fair value through profit or loss upon our acquisition of US\$162.7 million, (ii) additional investments of US\$39.6 million made in 2022, (iii) disposal of investments of US\$21.6 million in 2022, and (iv) a net depreciation in value of US\$20.6 million.

### **Derivative financial asset**

Our derivative financial asset mainly represented the derivative contracts of “Upside Participation and Profit Distribution Agreements” entered into with a counterparty in order to hedge against adverse movement in the share price of our investments in listed shares. The fair value of our derivative financial asset decreased from US\$185.1 million as of December 31, 2022 to nil as of December 31, 2023 as a result of the full settlement of all agreements in 2023.

The fair value of our derivative financial asset increased by 48.8% from US\$124.4 million as of December 31, 2021 to US\$185.1 million as of December 31, 2022, primarily due to price movement of the underlying listed shares.

### **Accounts payable**

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

	As of December 31,		
	2021 US\$	2022 US\$	2023 US\$
	(in thousands)		
<b>Accounts payable:</b>			
Payables to suppliers of media and entertainment services	—	9,846	8,628
Clients' monies held on trust	18,763	—	—
Others	1,121	710	754
<b>Total</b>	<b>19,884</b>	<b>10,556</b>	<b>9,382</b>

Our accounts payable decreased by 11.1% from US\$10.6 million as of December 31, 2022 to US\$9.4 million as of December 31, 2023, primarily due to a decrease of US\$1.2 million in payables to suppliers of fashion, arts and luxury media advertising and marketing services as a result of the optimization of our payment cycle.

Our accounts payable decreased by 46.9% from US\$19.9 million as of December 31, 2021 to US\$10.6 million as of December 31, 2022, primarily due to the decrease in clients' monies held on trust resulting from the disposal of subsidiaries of US\$18.8 million, offsetting with an increase in payables to suppliers of fashion, arts and luxury media advertising and marketing services arising from the acquisition of L'Officiel.

### **Bank borrowings**

Our total bank borrowing facilities were US\$97.8 million (comprising borrowing facilities of US\$45 million, HK\$400 million, Euro 0.5 million and GBP 50 thousand) as of December 31, 2023, of which US\$96.2 million were utilized. These bank borrowings bore average contractual interest rate of 5.6% per annum and among that, bank borrowings of US\$50.7 million were secured by our hotel property and US\$45.4 million were unsecured. As of December 31, 2022, our total bank borrowing facilities were US\$20.6 million (comprising borrowing facilities of US\$20.1 million and Euro 0.5 million) of which US\$20.6 million were utilized. The increase in our borrowing in 2023 was due to the acquisition of AMTD Assets and The Art Newspaper.

### **Perpetual securities**

As at December 31, 2022 and 2023, the total amount of active perpetual securities was US\$200 million and SG\$38.8 million.

## **B. Liquidity and Capital Resources**

Our principal sources of liquidity to finance our operating and investing activities have been issuances of equity and equity-linked securities in our initial public offering and private placements, perpetual securities and bank borrowings, as well as net cash provided by operating activities. As of December 31, 2023, we had US\$120.2 million in cash and cash equivalents. Our cash and cash equivalents primarily consist of general bank balances. We believe that our current cash and cash equivalents and our anticipated cash flows from operations will be sufficient to meet our anticipated working capital requirements, capital expenditures, and debt repayment obligations for at least the next 12 months. We may from time to time decide to enhance our liquidity position or increase our cash reserve for future operations and investments through additional financing. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increasing fixed obligations and could result in operating covenants that would restrict our operations.

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

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

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

In January and April 2022, AMTD IDEA Group issued an aggregate of 8,411,215 Class A ordinary shares and 3,271,028 Class B ordinary shares through a private placement of US\$50 million to a number of reputable professional investors.

In April 2022, AMTD IDEA Group entered into a share purchase agreement with GEM Global Yield LLC SCS and GEM Yield Bahamas Limited and we are entitled to draw down up to an aggregate limit of US\$50 million in exchange for our Class A ordinary shares, for a period of 72 consecutive months. In April 2023, AMTD IDEA Group issued an aggregate of 45,000,000 ADSs, representing 90,000,000 Class A ordinary shares, to certain selected investors for a total consideration of US\$93.6 million.

In February 2023, we recorded an additional bank borrowing of US\$50,7 thousand denominated in Hong Kong dollars through acquisition of AMTD Assets. This borrowing is secured by our hotel property, which has a carrying amount of US\$69.6 million.

In February 2023, we obtained a bank borrowing of US\$15.0 million, which is unsecured and denominated in US\$. The loan carries interest rate at 0.25% below daily Wall Street Journal Prime Rate and is repayable by May 2024.

In May 2023, we obtained a bank borrowing of US\$30.0 million, which is unsecured and denominated in US\$. The loan carries interest rate at daily Wall Street Journal Prime Rate and is repayable by May 2025.

## Cash Flows

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

	As of December 31,		
	2021 US\$	2022 US\$	2023 US\$
<b>Summary Consolidated Cash Flows Data</b>			
Net cash generated from operating activities	55,942	26,621	39,978
Net cash used in investing activities	(46,010)	(73,951)	(266,967)
Net cash (used in)/generated from financing activities	(873)	117,639	209,348
Net increase/(decrease) in cash and cash equivalents	9,059	70,309	(17,641)
Cash and cash equivalents at the beginning of year	58,561	67,494	138,297
Effect of foreign exchange rate change, net	(126)	494	(422)
<b>Cash and cash equivalents at the end of year</b>	<b>67,494</b>	<b>138,297</b>	<b>120,234</b>

### *Operating Activities*

Net cash generated from operating activities in 2023 was US\$40.0 million, which consists of our profit before tax of US\$157.7 million as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items primarily included US\$123.6 million of gain related to disposed investments, US\$64.3 million of gain from disposal of subsidiaries, US\$20.2 million of interest income, US\$9.9 million of dividend income, and US\$4.5 million of gain from a bargain purchase, partially offset by US\$40.9 million of net fair value gain and disposal gain on financial assets at fair value through profit or loss, stock loan and derivative financial asset in connection with our strategic investment business, US\$8.2 million of finance costs relating to our bank borrowings, interest-bearing amount due to a non-controlling shareholder and lease liabilities, and US\$2.3 million of share of losses of joint ventures. The principal items accounting for the changes in operating assets and liabilities were (i) US\$10.7 million of decrease in accounts receivable, (ii) US\$5.3 million of decrease in prepayments, deposits and other receivables, and (iii) US\$15.6 million of increase in other payables and accruals, partially offset by a decrease in accounts payables and other assets in the amount of US\$1.2 million.

Net cash generated from operating activities in 2022 was US\$26.6 million, which consists of our profit before tax of US\$173.9 million as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items primarily included US\$43.0 million of net fair value gain and disposal gain on financial assets at fair value through profit or loss, stock loan and derivative financial asset in connection with our strategic investment business, US\$4.8 million of gain from a bargain purchase, and US\$14.8 million of gain from disposal of subsidiaries, partially offset by US\$0.9 million of finance costs relating to our bank borrowings and convertible bond. The principal items accounting for the changes in operating assets and liabilities were (i) US\$29.2 million of increase in accounts receivable, (ii) US\$11.4 million of decrease in other payables and accruals, partially offset by (iii) US\$7.7 million of changes in accounts payable and other assets, and (iv) US\$11.5 million of decrease in prepayments, deposits and other receivables.

Net cash generated from operating activities in 2021 was US\$55.9 million, which consists of our profit before tax of US\$171.2 million as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items primarily included US\$69.9 million of fair value gain and disposal gain on financial assets at fair value through profit or loss, stock loan and derivative financial asset in connection with our strategic investment business, partially offset by US\$1.7 million of finance costs relating to our bank borrowings and convertible bond. The principal items accounting for the changes in operating assets and liabilities were (i) US\$1.2 million of increase in accounts receivable, and (ii) US\$1.8 million of changes in accounts and other payables and other assets.

### ***Investing Activities***

Net cash used in investing activities in 2023 was US\$267.0 million, which was primarily attributable to the net effect of (i) a net increase in advance to immediate holding company of US\$404.4 million for group treasury management purpose, (ii) payments for acquisitions of financial assets of US\$1.6 million, (iii) an aggregate receipt of consideration receivables on disposal of investments and subsidiaries of US\$114.5 million, and (iv) receipt from a non-controlling shareholder of a subsidiary of US\$20.0 million.

Net cash used in investing activities in 2022 was US\$74.0 million, which was attributable to (i) a net increase in advance to immediate holding company of US\$68.7 million for group treasury management purpose, (ii) payments for acquisitions of financial assets of US\$4.8 million, and (iii) a net outflow of US\$2.0 million arising from disposals of financial assets and subsidiaries, acquisitions of subsidiaries, and return from investments.

Net cash used in investing activities in 2021 was US\$46.0 million, which was mainly attributable to (i) a net increase in advance to immediate holding company for group treasury management purpose, and (ii) a result of net settlement of investment disposal proceeds collected by the immediate holding company on behalf of the Company, and consideration payable to the immediate holding company to repurchase treasury shares.

### ***Financing Activities***

Net cash generated from financing activities in 2023 was US\$209.3 million, which was mainly due to net proceeds from the issuance of shares of the Company and AMTD Digital of US\$93.6 million and US\$100.0 million, respectively, and net proceeds from our bank borrowings.

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

Net cash used in financing activities in 2021 was US\$0.9 million, which was mainly due to repayment of redemption and distribution to holders of perpetual securities and offset by net proceeds from our bank borrowings.

### ***Capital Expenditures***

Our capital expenditures were insignificant in 2021, 2022 and 2023. In these periods, our capital expenditures were primarily used for purchases of office equipment. We will continue to make capital expenditures to meet the expected growth of our business. We intend to fund our future capital expenditures with our existing cash balance and proceeds from our financing activities.

### ***Holding Company Structure***

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

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

#### **Intellectual Property**

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

#### **D. Trend Information**

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period since January 1, 2024 that are reasonably likely to have a material adverse effect on our total revenues, profitability, liquidity, or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

#### **E. Off-Balance Sheet Arrangements**

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

#### **F. Tabular Disclosure of Contractual Obligations**

The following table sets forth our contractual obligations as of December 31, 2023.

	<u>Total</u>	<u>Less Than 1 Year</u>	<u>1-3 Years (US\$ in millions)</u>	<u>3-5 Years</u>	<u>More Than 5 Years</u>
Bank borrowings, with principal and interest	96.3	66.3	30	—	—
<b>Total</b>	<b>96.3</b>	<b>66.3</b>	<b>30</b>	<b>—</b>	<b>—</b>

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

In March 2020, AMTD IDEA Group listed the MTN Program by way of debt issuance to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) on the Stock Exchange of Hong Kong Limited. Under the MTN Program, AMTD IDEA Group may from time to time issue medium term notes or perpetual securities up to an aggregate amount of US\$1.0 billion. We intend to use the net proceeds from the issuances of debt securities under the MTN Program for long-term development needs, international expansion, and general corporate purposes. In April 2020, AMTD IDEA Group dual-listed the MTN Program on the SGX-ST. Later in the same month, we extended an invitation to holders of the Existing Securities to offer exchange any and all of their outstanding Existing Securities for new securities to be issued by AMTD IDEA Group under the MTN Program. The amount of new securities to be delivered in exchange for a principal amount of the Existing Securities offered and accepted for exchange shall be the product of (i) such principal amount of Existing Securities and (ii) the applicable exchange ratio pursuant to the exchange instruction, subject to a minimum offer amount of US\$200,000. The exchange offer expired on May 6, 2020.

In May 2020, AMTD IDEA Group issued US\$200 million 7.25% senior perpetual securities and SG\$50 million 4.5% senior perpetual securities. In September 2020 and December 2021, we obtained a US\$30 million and a US\$20 million banking facility, respectively, and have drawn down the loans. In February 2023, AMTD Digital was granted a banking facility amounting to US\$15 million from an international financial institution.

While the table above indicates our contractual obligations as of December 31, 2023, the actual amounts we are eventually required to pay may be different in the event that any agreements are renegotiated, canceled, or terminated.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior Management

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

Directors and Executive Officers	Age	Position/TITLE
Dr. Feridun Hamdullahpur <sup>(1)(2)(3)</sup>	69	Chairman of the Board of Directors, Chairman of Executive Management Committee, and Independent Director
Dr. Timothy Tong <sup>(1)(2)(3)</sup>	70	Independent Director
Dr. Annie Koh <sup>(1)(3)</sup>	70	Independent Director
Jazz Li	41	Independent Director
Marcellus Wong <sup>(2)</sup>	70	Director
Raymond Yung	63	Director
Lawrence Lee	41	Chief Executive Officer
Xavier Zee	49	Chief Financial Officer

Notes:

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

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

Our chief executive officer is appointed by the executive management committee of the board of directors on a 6-month rotation basis. See “—C. Board Practices—Executive Management Committee of the Board of Directors.”

### Biographical Information

*Dr. Feridun Hamdullahpur* is chairman of our board of directors, chairman of our Executive Management Committee, and an independent director. Dr. Hamdullahpur has served as a director of our Controlling Shareholder since January 2019 and as an independent director of AMTD Digital since August 2022. Dr. Hamdullahpur, President Emeritus, served as the sixth president and vice-chancellor of the University of Waterloo between 2010 and 2021. Before that, he served as a vice-president academic and provost at the University of Waterloo from September 2009 to September 2010. Dr. Hamdullahpur has served as a member of the strategic advisory board of Sorbonne University since 2014, and member of the international advisory board of King Abdulaziz University since 2017. He is the Chancellor of the International Business University. In 2022, Dr. Hamdullahpur was named as a member of the Order of Canada. In 2015, Dr. Hamdullahpur was appointed chair of the Leadership Council for Digital Infrastructure in Canada. Dr. Hamdullahpur was named a fellow of the Canadian Academy of Engineering in July 2014, and a fellow of the Royal Society of Canada in 2018. Dr. Hamdullahpur was awarded the Queen Elizabeth II Diamond Jubilee Medal in January 2013 in acknowledgement of his leadership in education and innovation. Dr. Hamdullahpur graduated from the Technical University of Istanbul with a bachelor’s degree in mechanical engineering in 1976 and a master’s degree in

mechanical engineering from the Technical University of Istanbul in 1979. Dr. Hamdullahpur received his Ph.D. in chemical engineering from the Technical University of Nova Scotia in 1985.

*Dr. Timothy Tong* is an independent director, and chairman of the board of AMTD Digital. Dr. Tong has been instrumental in establishing various initiatives with academic institutions to support talent development in FinTech. Examples include the formation of the AMTD FinTech Centre of PolyU Faculty of Business, which spawned the first doctoral degree in FinTech in Asia. Dr. Tong was appointed an independent director in February 2022. Dr. Tong is the chief executive officer of AMTD Charity Foundation, and chairman of the Hong Kong Laureate Forum, which is an organization formed by distinguished personalities and academics in Hong Kong. The mission is to connect the current and next generations of leaders in scientific pursuit, and to promote science and technology to the youngsters in Hong Kong and around the world. Dr. Tong is an internationally renowned educator and expert in heat transfer. He served as the President of The Hong Kong Polytechnic University from January 2009 to December 2018. He is also the former dean of the school of engineering and applied science at The George Washington University, and the former chairman of the steering committee of the Pilot Green Transport Fund of the Environmental Protection Department in Hong Kong. He is a fellow of the American Society of Mechanical Engineers, a fellow and former president of the Hong Kong Academy of Engineering Sciences. Dr. Tong currently serves as an independent non-executive director of Airstar Bank Limited; an independent non-executive director of Gold Peak Technology Group Limited (SEHK: 40); a non-executive director of Freetech Road Recycling Technology (Holdings) Limited (SEHK: 6888); and an independent non-executive director of Gold Peak Industries Limited (SGX: G20). Dr. Tong has been a Justice of the Peace in Hong Kong since July 2010. Dr. Tong received a Ph.D. degree in mechanical engineering from the University of California at Berkeley in December 1980, a master of science degree in engineering from University of California Berkeley in June 1978 and a bachelor of science degree in mechanical engineering from Oregon State University in June 1976.

*Dr. Annie Koh* has served as our independent director since June 2020. Dr. Koh is a renowned conference speaker, panel moderator, and commentator. Dr. Koh chaired the Asian Bond Fund 2 supervisory committee for the Monetary Authority of Singapore from 2005-2023 and is currently a committee member of Singapore's Customs Advisory Council. Dr. Koh has been appointed board member of Singapore Food Agency since April 1, 2023. Dr. Koh is currently Chairman of Prime US REIT and an independent director of Prudential Assurance Company Singapore Pte Ltd, Yoma Strategic Holdings Ltd and a board member of EtonHouse Community Fund (Charity), Dr. Koh previously served on GovTech, Singapore's CPF, HMI, K1 Ventures boards, and was a member of the World Economic Forum Global Future Council from 2019 to 2022, and the HR Industry Transformation Advisory Panel from 2018 to March 2023. Dr. Koh also advises selected single-family offices and privately owned enterprises such as Flexxon Pte Ltd., JCK4Life and TOP International, and startups such as Dedoco, Float Foods Pte Ltd, Hyperscal Solutions Pte Ltd, Pyxis Maritime Pte Ltd, and non-profits such as Cyber Youth Singapore. Dr. Koh has been an investment committee member of iGlobe Partners since July 2010, advisor to CUBE3 Ventures since October 2021, and Asia Food Sustainability Fund since February 2022. Previously held leadership positions at SMU include Vice President for Business Development; V3 Group Professor of Family Entrepreneurship; Academic Director of Business Families Institute and International Trading Institute; Associate Dean, Lee Kong Chian School of Business; and Dean, Office of Executive and Professional Education. Dr. Koh received her Ph.D. degree in International Finance as a Fulbright scholar from Stern School of Business, New York University in 1988. Dr. Koh's research interests are in Family Office and Family Business, Investor Behaviour, Alternative Investments and Enterprise Risk Management. Dr. Koh co-authored Financial Management: Theory and Practice, 2nd edition (2021), and Financing Internationalisation – Growth Strategies for Successful Companies (2004), co-editor of Asian Family Business: Succession, Governance and Innovation (2020), and author of a number of Asian family business cases and survey reports. In recognition of her contribution to education and the public sector, Dr. Koh was awarded the bronze and silver Singapore Public Administration medal in 2010 and 2016 respectively, the Adult Education Prism Award in 2017, and the Tripartite Alliance Award in 2023.

*Mr. Jazz Li* has served as our independent director since February 2024. Jazz is a cultural entrepreneur and a leader in the movement to transcend the boundaries of fine art and entertainment, realizing the potential synergies between fine art, culture, and mass media. Jazz has crafted celebrity-curated fine art exhibitions, which have achieved critical reception not just from the fine art world but also from general audiences — working closely with fine art celebrity curators such as the King of Mandopop Jay Chou. As the founder and chief executive officer of ENVISEAM, Jazz has also redefined how the auction world can leverage a transformation of content and influence to achieve a more significant critical following, as demonstrated in ENVISEAM's partnership with Sotheby's in 2021, and Christie's in 2023. Since the mid-2010s, Jazz has made use of his knowledge and network from his experience in the collection of fine art to develop concepts and the foundations of ENVISEAM. Before his commitments to the collection of fine art, he was a professional advisor to enterprises and entrepreneurs with regard to technology. In 2005, he founded the first virtual assets and currency marketplaces in Southeast Asia, MMO Factory and Golden Turn. Jazz studied economics at the London School of Economics and graduated in 2004. In his youth, he was active in sports and computer science, representing his school in national competitions.

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

*Mr. Raymond Yung* is our director, and has over 40 years of experience in advising financial institutions in Hong Kong and Mainland China. Mr. Yung sits on the board of Citibank (Hong Kong) Limited as an independent non-executive director. Mr. Yung has extensive experience in the operational, risk management, internal controls, and financial reform of many large-scale financial institutions. Mr. Yung headed PricewaterhouseCoopers's financial services practice in China for over ten years, and has been serving on PwC's China, Hong Kong and Singapore Firm's Board of Partners until his retirement in 2016. From September 1992 to June 2002, Mr. Yung led Arthur Andersen's financial services group in Hong Kong. Mr. Yung was the lead engagement partner for the restructuring and IPO of eleven licensed banks which were merged to form the BOC Hong Kong (Holdings) Limited in 2002. Between 1991 and 1992, Mr. Yung was appointed as a special advisor to the deputy chief executive of the Hong Kong Monetary Authority in relation to internal controls and accounting matters, and was subsequently appointed to serve on its banking advisory committee. Mr. Yung is a member of the Hong Kong Institute of Certified Public Accountants and a certified accountant registered with the UK Chartered Association of Certified Accountants and CPA Australia. Mr. Yung graduated from The Hong Kong Polytechnic University with a higher diploma in accountancy in November 1980.

*Mr. Lawrence Lee* is our chief executive officer. Mr. Lee has over 12 years of experience in the corporate field to take charge of projects relating to financing and development, real estate investing and hospitality management, and general management focusing into financial risk management and analytics. Mr. Lee is a graduate of the City University of Hong Kong, with international experience in Singapore, Dubai, and London.

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

### **Employment Agreements and Indemnification Agreements**

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

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

### **B. Compensation**

For the year ended December 31, 2023, we paid an aggregate of US\$67 thousand in cash compensation (inclusive of directors' fees) to our directors. Directors are reimbursed for all expenses incurred in connection with each board of directors meeting and when carrying out their duties as directors of our company.

For the year ended December 31, 2023, we paid an aggregate of US\$1.5 million in cash compensation to our executive officers, excluding compensation paid to the executive officers who also serve and receive compensation as our directors.

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

### **Stock Incentive Plan**

#### ***AMTD SpiderMan Share Incentive Plan***

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

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

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

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

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

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

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

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

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

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

## **C. Board Practices**

### **Board of Directors**

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

### **Executive Management Committee of the Board of Directors**

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

Our executive management committee is responsible for (i) overseeing our operational and business activities, (ii) managing risks across all business units and mid-to-back office functions, (iii) implementing and executing policies and strategies as determined by our board of directors, and (iv) appointing our chief executive officer on a 6-month rotation basis. The executive management committee supervises our chief executive officer and the rest of the management team, and our chief executive officer regularly reports to the executive management committee as part of our overall corporate management and oversight.

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

#### **Other Committees of the Board of Directors**

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

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

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

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

**Compensation Committee.** Our compensation committee consists of Dr. Timothy Tong, Mr. Marcellus Wong, and Dr. Feridun Hamdullahpur, and is chaired by Dr. Timothy Tong. Dr. Timothy Tong and Dr. Feridun Hamdullahpur each satisfies the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The compensation committee will assist the board in reviewing and

approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated upon. The compensation committee will be responsible for, among other things:

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

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

**Nominating and Corporate Governance Committee.** Our nominating and corporate governance committee consists of Dr. Feridun Hamdullahpur, Dr. Timothy Tong, and Dr. Annie Koh, and is chaired by Dr. Feridun Hamdullahpur. Dr. Feridun Hamdullahpur, Dr. Timothy Tong, and Dr. Annie Koh each satisfies the “independence” requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The nominating and corporate governance committee will assist the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee will be responsible for, among other things:

- recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, age, skills, experience and availability of service to us;
- selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself;
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance; and
- undertaking generally such other functions and duties as may be required by law or the Listing Manual of the SGX-ST, and by amendments made thereto from time to time.

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

## **Duties of Directors**

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

## **Terms of Directors and Officers**

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

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

## **D. Employees**

We, inclusive of controlling subsidiaries and joint ventures, had 39, 116 and 232 employees as of December 31, 2021, 2022, and 2023, respectively. As of December 31, 2023, we had approximately 161 employees in Asia and 71 employees in Europe and the United States.

The following tables sets forth the number of our employees by function as of December 31, 2023.

<u>Function</u>	<u>Number of Employees</u>	<u>Percentage</u>
Executive officers	4	1.7%
Licensed professionals	9	3.9%
Supporting staff	219	94.4%
<b>Total</b>	<b>232</b>	<b>100.0%</b>

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

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

### ***Multiple Appointments***

The nominating and corporate governance committee and the board are of the view that our directors and executive officers who hold multiple appointments on both our company, AMTD IDEA Group and AMTD Group are able to devote sufficient time to the management of our company.

## E. Share Ownership

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

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

The calculations in the shareholder table below are based on 476,292,715 ordinary shares issued and outstanding as of the date of this annual report, comprising of (i) 242,765,736 Class A ordinary shares, and (ii) 233,526,979 Class B ordinary shares.

	<u>Class A Ordinary Shares</u>	<u>Class B Ordinary Shares</u>	<u>Percentage of Beneficial Ownership<sup>†</sup></u>	<u>Percentage of Voting Power<sup>††</sup></u>
<b>Directors and Executive Officers:<sup>*</sup></b>				
Dr. Feridun Hamdullahpur	—	—	—	—
Dr. Timothy Tong	—	—	—	—
Dr. Annie Koh	—	—	—	—
Mr. Jazz Li	—	—	—	—
Mr. Marcellus Wong	—	—	—	—
Mr. Raymond Yung	—	—	—	—
Mr. Lawrence Lee	—	—	—	—
Mr. Xavier Zee	—	—	—	—
All directors and executive officers as a group	—	—	—	—
<b>Principal Shareholder:</b>				
AMTD Group <sup>(1)</sup>	55,840,530	138,501,179	40.8	85.3

Notes:

\* The address of our directors and executive officers is 66 rue Jean-Jacques Rousseau, 75001 Paris.

† Beneficial ownership is determined in accordance with the SEC rules, and includes voting or investment power with respect to the securities. For each person and group included in this column, percentage of beneficial ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the total number of shares outstanding and the number of shares such person or group has the right to acquire upon exercise of option, warrant, or other right within 60 days after the date of this annual report.

†† For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A and Class B ordinary shares as a single class. Each holder of Class B ordinary shares is entitled to twenty votes per share, and each holder of our Class A ordinary shares is entitled to one vote per share on all matters submitted to them for a vote. Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. Our Class B ordinary shares are convertible at any time by the holder thereof into Class A ordinary shares on a one-for-one basis.

(1) AMTD Group directly holds 138,501,179 Class B ordinary shares of the Company and indirectly and effectively holds 55,840,530 Class A ordinary shares of the Company through its subsidiary, AMTD Education Group. AMTD Group is a British Virgin Islands company, with its registered address at the offices of Conyers Trust Company (BVI) Limited, Commerce House, Wickhams Cay I, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110. The board of directors of AMTD Group consists of Mr. Marcellus Wong and Dr. Feridun Hamdullahpur.

To our knowledge and based on our review of our register of shareholders as of the date of this annual report, 143,698,004 Class A ordinary shares were held of record by one holder that resides in the United States, being

The Bank of New York Mellon, the depositary of our ADS program. The number of beneficial owners of the ADSs in the United States is likely to be much larger than the number of record holders of our Class A ordinary shares in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

#### **Enforceability of Civil Liabilities**

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

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

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

#### **F. Disclosure of A Registrant's Action to Recover Erroneously Awarded Compensation**

Not applicable.

### **ITEM 7. MAJOR SHAREHOLDER AND RELATED PARTY TRANSACTIONS**

#### **A. Major Shareholder**

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

#### **B. Related Party Transactions**

##### **Transactions with Our Controlling Shareholder**

Immediately following our initial public offering in August 2019, we entered into an intercompany financing agreement with our Controlling Shareholder, pursuant to which we may from time to time incur expenses for

each other, settle each other's liabilities, and/or transfer certain excess cash to each other at an interest rate of 2% per annum, repayable upon demand.

Our Controlling Shareholder recharged staff costs and premises costs to us. For the year ended December 31, 2023, US\$4.6 million was charged by our Controlling Shareholder in this regard. Moreover, starting from July 2022, our Controlling Shareholder charged a fixed service fee of HK\$9,000,000 (HK\$6,000,000 prior to July 2022) per quarter for other administrative expenses to us.

In August 2019, we entered into an intercompany financing agreement with our Controlling Shareholder, we made unsecured, interest bearing advances with no fixed term of repayment to our Controlling Shareholder and its subsidiaries for fund allocation purposes. As of December 31, 2023, the amount of outstanding balance due from our Controlling Shareholder and its subsidiaries was US\$1,057.0 million. For the year ended December 31, 2023, interest income of US\$10.5 million was charged to our Controlling Shareholder.

On December 31, 2023, US\$40 million out of the amount of the outstanding balance due from our Controlling Shareholder and its subsidiaries was offset against the consideration for the 4,773,269 Class B ordinary shares repurchased from our Controlling Shareholder.

AMTD Digital entered into an agreement with our Controlling Shareholder in October 2020, pursuant to which AMTD Digital agree to provide advisory and portfolio review services with regard to our Controlling Shareholder's investment in Airstar Bank, for a fixed annual service fee. In addition to the fixed annual service fee, AMTD Digital is entitled to receive 15% of all distributions, in any form, received by our Controlling Shareholder from Airstar Bank, including cash or share dividends, regardless of whether on a regular or one-off basis. AMTD Digital is also entitled to receive 15% of any profit generated by our Controlling Shareholder from the disposal of any shares of Airstar Bank. However, AMTD Digital is not liable for any loss arising from the disposal of any shares of Airstar Bank by our Controlling Shareholder. This agreement will remain effective until terminated by mutual agreement. For the fiscal year ended December 31, 2023, the total amount of advisory and service fee that we charged our Controlling Shareholder through AMTD Digital was US\$2.6 million.

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

During the year ended December 31, 2023, we acquired 96.1% of the equity interest in AMTD Assets from AMTD Group at a consideration of US\$268 million which was settled by us through the issuance of 30,875,576 Class B ordinary shares. AMTD Assets holds a global portfolio of premium whole building properties. AMTD Assets became our consolidated subsidiary as a result of acquisition.

#### **Other Transactions with Related Parties**

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

## **Employment Agreements**

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

## **Share Options**

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

### **C. Interests of Experts and Counsel**

Not applicable.

## **ITEM 8. FINANCIAL INFORMATION**

### **A. Consolidated Statements and Other Financial Information**

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

## **Legal Proceedings**

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

## **Other Matters**

AMTD Group, our Controlling Shareholder, was founded by CK Hutchison Holdings Limited in 2003. The management teams of AMTD Group were appointed by CK Hutchison Holdings Limited. In late 2015, L.R. Capital Group Inc., or L.R. Capital, acquired a majority stake in AMTD Group and the then management team was replaced by the current management team in 2016. L.R. Capital ceased to hold shares and has not been a shareholder of AMTD Group since December 31, 2021.

In December 2022, we disposed of our subsidiary, AMTD Securities Limited, which directly holds 100% of the equity interest in AMTD GM, to certain independent purchasers.

## **Dividend Policy**

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

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

Our board of directors has complete discretion on whether to distribute dividends, subject to applicable laws. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Under the Cayman Islands law, a Cayman Islands company may pay a dividend either out of profit or share premium account, provided that in no circumstances may a dividend

be paid if the dividend payment would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency, and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, and other factors that the board of directors may deem relevant.

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

## **B. Significant Changes**

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

## **ITEM 9. THE OFFER AND LISTING**

### **A. Offer and Listing Details**

See “—C. Markets.”

### **B. Plan of Distribution**

Not applicable.

### **C. Markets**

The ADSs have been listed on NYSE since August 5, 2019. The ADSs are currently traded under the symbol “AMTD.” Our Class A ordinary shares have also been listed on SGX-ST since April 8, 2020 and trade under the symbol “HKB.” On November 22, 2022, we effected a change to the ratio of ADSs to Class A ordinary shares, par value US\$0.0001 per share, from one ADS to one Class A ordinary share to one ADS to two Class A ordinary shares. On November 17, 2023, we effected a change to the ratio of ADSs to Class A ordinary shares, par value US\$0.0001 per share, from one ADS to two Class A ordinary shares to one ADS to six Class A ordinary shares.

### **D. Selling Shareholders**

Not applicable.

### **E. Dilution**

Not applicable.

### **F. Expenses of the Issue**

Not applicable.

## **ITEM 10. ADDITIONAL INFORMATION**

### **A. Share Capital**

Not applicable.

## **B. Memorandum and Articles of Association**

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

### **Registered Office and Objects**

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

### **Directors**

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

### **Ordinary Shares**

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

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

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

*Voting Rights.* Our ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law, or otherwise agreed in our currently effective

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

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

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

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

The Companies Act of the Cayman Islands (as revised) provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our currently effective memorandum and articles of association provide that upon the requisition of any one or more of our shareholders who together holds shares at the date of deposit of the requisite shares which carry in aggregate not less than one-third of all issued and outstanding shares of the Company that as at the date of the deposit carry the right to vote at general meetings of our company, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our currently effective memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

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

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

#### **C. Material Contracts**

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

#### **D. Exchange Controls**

There are currently no foreign exchange control restrictions or similar laws, decrees, regulatory or other requirements applicable to us that may affect the following:

- (a) The ability to transfer funds by or to the Company in the form of repatriation of capital and remittance of profits;
- (b) The availability of cash and cash equivalents for use by the Company; and

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

#### **E. Taxation**

##### **Cayman Islands Taxation**

The Cayman Islands currently levies no taxes on individuals or corporations outside of the Cayman Islands based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to holders of our ADSs or ordinary shares levied by the government of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

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

## **United States Federal Income Tax Considerations**

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

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

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

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

## **General**

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

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

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

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

## ***Passive Foreign Investment Company Considerations***

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

We intend to take the position that we were not a PFIC for taxable year ended December 31, 2023 and we do not presently expect to be classified as a PFIC for the current taxable year. Nevertheless, there can be no assurances in this regard because our PFIC status is a factual determination made annually that will depend, in part, upon the composition and classification of our income and assets, including the relative amounts of income generated by our strategic investment business as compared to our other businesses, and the value of the assets held by our strategic investment business as compared to our other businesses. In addition, fluctuations in the market prices of the ADSs or our ordinary shares may cause us to be classified as a PFIC for the current or future taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, will generally depend on our market capitalization, which is determined based on the market prices of the ADSs and our ordinary shares from time to time, which may be volatile, and which may diverge to reflect different market capitalizations from time to time. A decline in our market capitalization may cause us to become

a PFIC for the current or future taxable years. The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. Under circumstances where our revenue from activities that produce passive income significantly increases relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase. Because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge our valuation of our assets, including our goodwill, and our classification of certain income and assets as non-passive, which may result in our being or becoming classified as a PFIC in the current or future taxable years.

If we are a PFIC for any year during which a U.S. Holder holds the ADSs or ordinary shares, the PFIC rules discussed below under “Passive Foreign Investment Company Rules” will generally apply to such U.S. Holder for such taxable year and, in the absence of certain elections, will continue to apply in future years even if we cease to be a PFIC. The discussion below under “—Dividends” and “—Sale or Other Disposition” is written on the basis that we will not be or become classified as a PFIC for U.S. federal income tax purposes. The U.S. federal income tax rules that apply generally if we are treated as a PFIC are discussed below under “—Passive Foreign Investment Company Rules.”

#### ***Dividends***

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

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

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

#### ***Sale or Other Disposition of ADSs or Ordinary Shares***

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

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

#### ***Passive Foreign Investment Company Rules***

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

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

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

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

The mark-to-market election is available only for "marketable stock," which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter, or regularly traded, on a qualified

exchange or other market, as defined in applicable U.S. Treasury regulations. We expect that our ADSs, but not our ordinary shares, will be treated as marketable stock so long as our ADSs are listed on the NYSE, but no assurances may be given in this regard.

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

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

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

#### **F. Dividends and Paying Agents**

Not applicable.

#### **G. Statement by Experts**

Not applicable.

#### **H. Documents on Display**

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

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

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

#### **I. Subsidiary Information**

Not applicable.

**J. Annual Report to Security Holders**

Not applicable.

**ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

**Interest Rate Risk**

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

**Foreign Exchange Risk**

Most of our revenues and expenses are denominated in functional currencies of our entities. Certain of our transactions are denominated in foreign currencies and therefore we are exposed to foreign currency risk. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge exposure to such risk.

In addition, foreign exchange risk also arises from the possibility that fluctuations in foreign exchange rates can impact the value of financial instruments. The impact of foreign exchange fluctuations in our earnings is included in foreign exchange differences, net in the consolidated statements of cash flows.

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

**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

**A. Debt Securities**

Not applicable.

**B. Warrants and Rights**

Not applicable.

**C. Other Securities**

Not applicable.

**D. American Depository Shares**

On November 22, 2022, we effected a change to the ratio of ADSs to Class A ordinary shares, par value US\$0.0001 per share, from one ADS to one Class A ordinary share to one ADS to two Class A ordinary shares. On November 17, 2023, we effected a change to the ratio of ADSs to Class A ordinary shares, par value US\$0.0001 per share, from one ADS to two Class A ordinary shares to one ADS to six Class A ordinary shares.

**Fees and Charges The ADS Holders May Have to Pay**

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

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

**Persons depositing or withdrawing shares or ADS holders must  
pay:**

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

\$0.05 (or less) per ADS A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs \$0.05 (or less) per ADS per calendar year

Registration or transfer fees

Expenses of the depositary

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

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

**For:**

Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property Cancelation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates

Any cash distribution to ADS holders Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders Depository services

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

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

Converting foreign currency to U.S. dollars

As necessary

As necessary

**Fees and Other Payments Made by the Depositary to Us**

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

We did not receive any payments from the depositary for its ADR program, in 2023.

## PART II

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

#### **Material Modifications to the Rights of Security Holders**

See "Item 10. Additional Information" for a description of the rights of securities holders, which remain unchanged.

#### **Use of Proceeds**

The following "Use of Proceeds" information relates to the registration statement on Form F-1 (File Number: 333-232224) relating to our initial public offering of 20,759,700 ADSs representing 20,759,700 Class A ordinary shares, and the underwriters' full exercise of their option to purchase from us 3,113,955 additional ADSs representing 3,113,955 Class A ordinary shares, at an initial offering price of US\$8.38 per ADS. The registration statement was declared effective by the SEC on August 2, 2019. AMTD Global Markets Limited and Loop Capital Markets LLC were the representatives of the underwriters.

We raised approximately US\$192.6 million in net proceeds from our initial public offering, after deducting underwriting commissions and the offering expenses payable by us, including the net proceeds we received from the underwriters' full exercise of their option to purchase from us additional ADSs.

For the period from August 2, 2019 to December 31, 2023, we have used approximately US\$4.2 million of the net proceeds from our initial public offering for business and infrastructure expansion, US\$65.7 million for funding potential acquisitions of and investments in complementary businesses and US\$23.5 million for general corporate purposes, including working capital needs, branding and marketing activities, upgrading technology infrastructure and other general administrative matters.

We still intend to use the proceeds from our initial public offering, as disclosed in our registration statements on Form F-1, to invest in our business and infrastructure expansion, fund potential acquisitions and investments, and use the remainder for general corporate purposes.

### ITEM 15. CONTROLS AND PROCEDURES

#### **Disclosure Controls and Procedures**

As required by Rule 13a-15(b) under the Exchange Act, our senior management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures within the meaning of Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, our senior management has concluded that, as of December 31, 2023, our disclosure controls and procedures were effective.

Disclosure controls and procedures means controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in SEC's rule and forms and that such information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

## **Management's Annual Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) under the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Our management, with the participation of our chief executive officer and our chief financial officer, evaluated the effectiveness of our internal control over financial reporting based on criteria established in the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon its evaluation, our senior management has concluded that, as of December 31, 2023, our internal control over financial reporting was effective.

As a company with less than US\$1.235 billion in revenue for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company’s internal control over financial reporting.

### **Attestation Report of the Registered Public Accounting Firm**

See “—Management’s Annual Report on Internal Control over Financial Reporting.”

### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **ITEM 16. [RESERVED]**

### **ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

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

### **ITEM 16B. CODE OF ETHICS**

Our board of directors has adopted a code of ethics that applies to all of the directors, officers and employees of us and our subsidiaries, whether they work for us on a full-time, part-time, consultative, or temporary basis. In addition, we expect those who do business with us, such as consultants, suppliers and collaborators, to also adhere to the principles outlined in the code of ethics. Certain provisions of the code of ethics apply specifically to our chief executive officer, chief financial officer, senior finance officer, controller, vice presidents and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as an exhibit to our registration statement on Form F-1 (No. 333-232224) in connection with our initial public offering in August 2019, which was incorporated by reference thereto in this annual report.

### **ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte Touche Tohmatsu and Audit Alliance LLP, our principal accountants,

for the periods indicated. We did not pay or accrue for payment any other fees to our principal accountants during the periods except as indicated below.

	<u>2022</u> US\$	<u>2023</u> US\$
	(in thousands)	
<b>Audit Fees<sup>(1)</sup></b>		
- Deloitte Touche Tohmatsu	1,081	532
- Audit Alliance LLP	—	900
<b>Audit-related Fees<sup>(2)</sup></b>		
- Deloitte Touche Tohmatsu	421	306
- Audit Alliance LLP	—	880
<b>All Other Fees<sup>(3)</sup></b>		
- Deloitte Touche Tohmatsu	311	—

(1) “Audit Fees” represent the aggregate fees billed for each of the fiscal years listed for professional services rendered by our principal accountant for the audit of our annual consolidated financial statements, review of quarterly financial information, and audit services that are normally provided by the principal accountant in connection with regulatory filings or engagements for those fiscal years.

(2) “Audit-related Fees” represent the aggregate fees billed in each of the fiscal years listed for assurance and related services by our principal accountant that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit Fees.”

(3) “All Other Fees” represent the aggregate fees billed in each of the fiscal years for products and services provided by the principal accountant, other than the services reporting in “Audit Fees” and “Audit-Related Fees”.

All audit and permitted non-audit services provided by our principal accountant, including audit services, audit-related services, tax services, and other services as described above, must be and have been approved in advance by our audit committee.

#### **ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

None.

#### **ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

On August 22, 2023, our board of directors announced a share repurchase program, under which we may repurchase up to US\$20 million of our shares until the expiration of the program on December 29, 2023. On September 22, 2023, our board of directors authorized an increase to this share repurchase program to up to US\$40 million. On October 25, 2023, our board of directors extended the term of this share repurchase program to the end of the last business day of the first quarter in 2024. We completed the repurchase authorized under this share repurchase program in February 2024 by way of repurchases of ordinary shares from our Controlling Shareholder for a total consideration of US\$40 million from August 2023 to February 2024 through privately negotiated transactions and at negotiated prices.

#### **ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT**

Effective from April 22, 2024, we engaged Audit Alliance LLP (“Audit Alliance”) as our independent registered public accounting firm to rotate out Deloitte Touche Tomatsu (“Deloitte”), to audit our consolidated financial statements as of and for each of the fiscal years ended December 31, 2021, 2022 and 2023. The replacement of Deloitte and the appointment of Audit Alliance were made as part of the global auditor rotation process being initiated by the audit committee and approved by our board to conform with our board’s policy on auditor independence.

Our Company adopted United States generally accepted accounting principles (“US GAAP”) for the first time in preparing its consolidated financial statements as of and for each of the fiscal years ended December 31, 2021, 2022 and 2023. Audit Alliance represents the first independent registered public accounting firm engaged by our Company to audit our financial statements prepared in accordance with US GAAP. Therefore, there is no inclusion of IFRS reports in the Form 20-F. An Item 16F letter from Deloitte, our predecessor auditor engaged in the audit of our financial statements prepared in accordance with IFRS, for submission to the Securities and Exchange Commission is not obtained.

**ITEM 16G. CORPORATE GOVERNANCE**

As a “controlled company” as defined under the NYSE Listed Company Manual, we are permitted to, and we have elected, not to comply with certain corporate governance requirements. We have elected to rely on exemptions with respect to the requirement that we have a compensation committee that is composed entirely of independent directors. We followed home country practice with respect to annual general meetings and did not hold an annual general meeting of shareholders in 2023. We also relied upon the home country exemption in lieu of the requirement for shareholder approval of share issuances (i) to certain related parties where the number of shares issued exceeded either one percent of the number of shares or of the voting power outstanding before the issuance, and (ii) where such share are issued as consideration in a transaction or series of related transactions in which a related party has a five percent or greater interest (or such persons collectively have a ten percent or greater interest), directly or indirectly, in the company or assets to be acquired or in the consideration to be paid in the transaction or series of related transactions and the issuance exceeded either five percent of the number of shares or of the voting power outstanding before the issuance.

Other than as described above, we are not aware of any significant differences between our corporate governance practices and those followed by domestic companies under the NYSE Listed Company Manual.

**ITEM 16H. MINE SAFETY DISCLOSURE**

Not applicable.

**ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

**ITEM 16J. INSIDER TRADING POLICIES**

Not applicable.

**ITEM 16K. CYBERSECURITY**

**Risk Management and Strategy**

We have implemented comprehensive cybersecurity risk assessment procedures to ensure effectiveness in cybersecurity management, strategy and governance and reporting cybersecurity risks. We have also integrated cybersecurity risk management into our overall executive management controls system.

Our approach to managing cybersecurity risks and safeguarding sensitive data is multi-faceted, involving technological safeguards, procedural protocols, a program of surveillance on our corporate network, continuous testing of aspects of our security posture, and regular cybersecurity training sessions for our key employees. Our IT department is actively engaged in continuous monitoring of the performance of our infrastructure to ensure prompt identification and response to potential issues, including potential cybersecurity threats.

As of the date of this annual report, we have not experienced any material cybersecurity incidents or identified any material cybersecurity threats that have affected or are reasonably likely to materially affect us, our business strategy, results of operations or financial condition.

## **Governance**

Our board of directors is responsible for overseeing our company's cybersecurity risk management and be informed on risks from cybersecurity threats. Our board of directors will review, approve, and maintain oversight of the disclosure (i) on Form 6-K for material cybersecurity incidents (if any) and (ii) relating to cybersecurity matters in the periodic reports (including annual report on Form 20-F) of our company. In addition, on the management level, we have established a cybersecurity taskforce to oversee and manage cybersecurity related matters and formulate policies as necessary. Pursuant to the internal controls and procedures in connection with cybersecurity, our cybersecurity disclosure taskforce reports to our board of directors, as needed, regarding its assessment, identification, and management on material risks from cybersecurity threats happened in the ordinary course of our business operations. If a cybersecurity incident occurs, our cybersecurity disclosure taskforce will promptly organize relevant personnel for internal assessment and, depending on the situation, seek the opinions of external experts and legal advisors.

### PART III

#### ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

#### ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of AMTD IDEA Group are included at the end of this annual report.

#### ITEM 19. EXHIBITS

Exhibit Number	Document
1.1	<a href="#">Fourth Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated by reference to Exhibit 3.1 of Form 6-K furnished with the Securities and Exchange Commission on March 2, 2022)</a>
1.2	<a href="#">Registrant's Specimen American Depository Receipt (incorporated by reference to Exhibit 4.1 of our Registration Statement on Form F-1 (File No. 333-232224), as amended, initially filed with the Securities and Exchange Commission on June 20, 2019)</a>
2.1	<a href="#">Registrant's Specimen Certificate for Ordinary Shares (incorporated by reference to Exhibit 4.2 to our Registration Statement on Form F-1 (File No. 333-232224), as amended, initially filed with the Securities and Exchange Commission on June 20, 2019)</a>
2.2	<a href="#">Form of Deposit Agreement among the Registrant, the depositary and all holders of the American Depository Receipts of the Registrant (incorporated by reference to Exhibit 4.3 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)</a>
2.3	<a href="#">AMTD SpiderMan Share Incentive Plan (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form F-1 (File No. 333-232224), as amended, initially filed with the Securities and Exchange Commission on June 20, 2019)</a>
2.4	<a href="#">Description of Securities (incorporated herein by reference to Exhibit 2.4 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 28, 2023)</a>
4.1	<a href="#">Form of Employment Agreement between the Registrant and the executive officers of the Registrant (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)</a>
4.2	<a href="#">Form of Indemnification Agreement between the Registrant and the directors and executive officers of the Registrant (incorporated by reference to Exhibit 10.3 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)</a>
4.3	<a href="#">Master Transaction Agreement between the Registrant and its controlling shareholder dated June 20, 2019 (incorporated by reference to Exhibit 10.4 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)</a>
4.4	<a href="#">Transitional Services Agreement between the Registrant and its controlling shareholder dated June 20, 2019 (incorporated by reference to Exhibit 10.5 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)</a>
4.5	<a href="#">Non-Competition Agreement between the Registrant and its controlling shareholder dated June 20, 2019 (incorporated by reference to Exhibit 10.6 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)</a>

**Exhibit  
Number**

**Document**

4.6	<a href="#"><u>Intercompany Financing Agreement between the Registrant and AMTD Group Company Limited dated August 5, 2019 (incorporated herein by reference to Exhibit 4.22 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 30, 2020)</u></a>
4.7	<a href="#"><u>Share Purchase Agreement between the Registrant and Value Partners Greater China High Yield Income Fund dated December 19, 2019 (incorporated herein by reference to Exhibit 4.23 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 30, 2020)</u></a>
4.8	<a href="#"><u>Share Purchase Agreement between the Registrant and Ariana Capital Investment Limited dated December 19, 2019 (incorporated herein by reference to Exhibit 4.24 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 30, 2020)</u></a>
4.9	<a href="#"><u>Share Purchase Agreement between the Registrant and Infinity Power Investments Limited dated December 19, 2019 (incorporated herein by reference to Exhibit 4.25 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 30, 2020)</u></a>
4.10	<a href="#"><u>Convertible Note Purchase Agreement between the Registrant and Value Partners Greater China High Yield Income Fund dated December 19, 2019 (incorporated herein by reference to Exhibit 4.26 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 30, 2020)</u></a>
4.11	<a href="#"><u>Fiscal Agency Agreement between the Registrant, The Bank of New York Mellon, London Branch, The Bank of New York Mellon SA/NV, Luxembourg Branch, and The Bank of New York Mellon, Hong Kong Branch dated March 30, 2020 (incorporated herein by reference to Exhibit 4.27 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 28, 2021)</u></a>
4.12	<a href="#"><u>Facility Letter between Nanyang Commercial Bank, Limited and the Registrant dated September 22, 2020 (incorporated herein by reference to Exhibit 4.28 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 28, 2021)</u></a>
4.13	<a href="#"><u>Sale and Purchase Agreement between AMTD Group Company Limited and the Registrant dated July 9, 2021 (incorporated herein by reference to Exhibit 4.13 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.14	<a href="#"><u>Share Repurchase Agreement between AMTD Group Company Limited and the Registrant dated September 30, 2021 (incorporated herein by reference to Exhibit 4.14 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.15	<a href="#"><u>Share Purchase Agreement between the Registrant and Cheng Huang dated December 27, 2021 (incorporated herein by reference to Exhibit 4.15 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.16	<a href="#"><u>Business Loan Agreement between the Registrant and East West Bank dated December 28, 2021 (incorporated herein by reference to Exhibit 4.16 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.17	<a href="#"><u>Share Purchase Agreement between the Registrant and Unicorn Star Limited dated December 29, 2021 (incorporated herein by reference to Exhibit 4.17 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.18	<a href="#"><u>Share Purchase Agreement between the Registrant and Longling Capital Ltd dated December 29, 2021 (incorporated herein by reference to Exhibit 4.18 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.19	<a href="#"><u>Share Purchase Agreement between the Registrant and EverGlory Strategic Investment Limited dated December 29, 2021 (incorporated herein by reference to Exhibit 4.19 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>

**Exhibit  
Number**

**Document**

4.20	<a href="#"><u>Share Purchase Agreement between the Registrant and Infinity Power Investments Limited dated December 29, 2021 (incorporated herein by reference to Exhibit 4.20 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.21	<a href="#"><u>Share Purchase Agreement between the Registrant and NGSP Holdings Limited dated January 15, 2022 (incorporated herein by reference to Exhibit 4.21 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.22	<a href="#"><u>Share Purchase Agreement between the Registrant and Value Partners Greater China High Yield Income Fund dated January 19, 2022 (incorporated herein by reference to Exhibit 4.22 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.23	<a href="#"><u>Share Purchase Agreement between the Registrant and Maoyan Entertainment dated January 19, 2022 (incorporated herein by reference to Exhibit 4.23 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.24	<a href="#"><u>Share Purchase Agreement between the Registrant and Chestnut Business Limited dated January 19, 2022 (incorporated herein by reference to Exhibit 4.24 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.25	<a href="#"><u>Share Purchase Agreement between the Registrant and EverGlory Strategic Investment Limited dated January 19, 2022 (incorporated herein by reference to Exhibit 4.25 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.26	<a href="#"><u>Share Purchase Agreement between the Registrant and AMTD Education Group dated January 19, 2022 (incorporated herein by reference to Exhibit 4.26 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.27	<a href="#"><u>Share Purchase Agreement between the Registrant and AMTD Assets Alpha Group dated January 19, 2022 (incorporated herein by reference to Exhibit 4.27 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.28	<a href="#"><u>Share Purchase Agreement between the Registrant and AMTD Group Company Limited dated January 19, 2022 (incorporated herein by reference to Exhibit 4.28 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.29	<a href="#"><u>Share Purchase Agreement between the Registrant and Infinity Power Investments Limited dated January 19, 2022 (incorporated herein by reference to Exhibit 4.29 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.30	<a href="#"><u>Share Purchase Agreement between the Registrant and Poly Platinum Enterprises Limited dated January 19, 2022 (incorporated herein by reference to Exhibit 4.30 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 18, 2022)</u></a>
4.31	<a href="#"><u>Share Purchase Agreement among the Registrant, GEM Global Yield LLC SCS and GEM Yield Bahamas Limited dated April 26, 2022 (incorporated by reference to Exhibit 99.1 of Form 6-K furnished with the Securities and Exchange Commission on April 27, 2022)</u></a>
4.32	<a href="#"><u>Registration Rights Agreement among the Registrant, GEM Global Yield LLC SCS and GEM Yield Bahamas Limited dated April 26, 2022 (incorporated by reference to Exhibit 99.2 of Form 6-K furnished with the Securities and Exchange Commission on April 27, 2022)</u></a>
4.33	<a href="#"><u>Form of Share Subscription Agreement by and between the Registrant and each investor, and a schedule of all executed agreements adopting the same form (incorporated by reference to Exhibit 99.2 of Form 6-K furnished with the Securities and Exchange Commission on April 21, 2023)</u></a>
4.34*#	<a href="#"><u>Business Loan Agreement between AMTD Digital Inc. and a regional bank dated February 15, 2023</u></a>

Exhibit Number	Document
8.1*	<a href="#">List of Subsidiaries of the Registrant</a>
11.1	<a href="#">Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 to our Registration Statement on Form F-1 (File No. 333-232224), as amended, initially filed with the Securities and Exchange Commission on June 20, 2019)</a>
12.1*	<a href="#">Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2*	<a href="#">Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1**	<a href="#">Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
13.2**	<a href="#">Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
16.1	<a href="#">Letter from Ernst &amp; Young to the Securities and Exchange Commission (incorporated herein by reference to Exhibit 16.1 to our annual report on Form 20-F (File No. 001-39006) filed with the SEC on April 28, 2021)</a>
97*	<a href="#">Clawback Policy</a>
101.INS*	Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline Taxonomy Extension Scheme Document
101.CAL*	Inline Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline Taxonomy Extension Label Linkbase Document
101.PRE*	Inline Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

\* Filed with this annual report on Form 20-F.

\*\* Furnished with this annual report on Form 20-F.

# Portions of this exhibit have been omitted or redacted

## SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

AMTD IDEA Group

By: /s/ Lawrence Lee

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Name: Lawrence Lee  
Title: Chief Executive Officer  
Date: May 13, 2024

**AMTD IDEA GROUP**  
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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of AMTD IDEA Group

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated statements of financial position of AMTD IDEA Group and subsidiaries (the “Company”) as of December 31, 2021, 2022 and 2023, the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three years period ended 2023 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, 2022 and 2023, and the results of its operations and its cash flows for each of the three years ended December 31, 2023 in conformity with US generally accepted accounting principles.

### **Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **AUDIT ALLIANCE LLP**

Singapore

May 13, 2024

We have served as the Company’s auditor since 2024.

**AMTD IDEA GROUP**  
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**

(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

	Notes	<b>Year ended December 31,</b>		
		<b>2021 US\$</b>	<b>2022 US\$</b>	<b>2023 US\$</b>
<b>REVENUE</b>				
Capital market solutions services income (including income generated from related parties of US\$13,565, US\$1,152 and nil for the years ended December 31, 2021, 2022 and 2023, respectively)		87,535	74,305	—
Digital solutions and other services income (including income generated from related parties of nil, US\$1,596 and US\$ 2,554 for the years ended December 31, 2021, 2022 and 2023, respectively)		—	23,440	13,469
Fashion, arts and luxury media advertising and marketing services income (including income generated from related parties of nil, US\$2,888 and US\$2,726 for the years ended December 31, 2021, 2022 and 2023, respectively)		—	7,620	14,474
Hotel operations, hospitality and VIP services income		—	—	10,301
Dividend and gain from disposed financial assets at fair value through profit or loss and settled derivative financial assets (including net disposal gain from related parties of US\$16,094, nil and nil for the years ended December 31, 2021, 2022 and 2023, respectively)		22,360	28,518	133,569
Net fair value changes on financial assets at fair value through profit or loss (except fair value change on derivative financial assets and gain from disposed financial assets at fair value through profit or loss and settled derivative financial assets)		76,867	(20,609)	(40,899)
Net fair value changes on derivative financial assets	14	(6,947)	61,897	—
	5	179,815	175,171	130,914
Other income	5	16,149	18,063	22,942
Other gain	5	—	19,598	68,797
Impairment losses under expected credit loss model on financial assets	12, 30(B)(i)	—	(501)	(4,988)
Other operating expenses	6	(10,779)	(22,801)	(29,351)
Staff costs	7	(12,296)	(16,504)	(20,083)
Finance costs	8	(1,650)	(859)	(8,199)
Share of losses of joint ventures		—	—	(2,335)
Net fair value changes on derivative financial liability	26	—	1,704	—
<b>PROFIT BEFORE TAX</b>		<b>171,239</b>	<b>173,871</b>	<b>157,697</b>
Income tax expense	9	(14,059)	(13,405)	(4,314)
<b>PROFIT FOR THE YEAR</b>		<b>157,180</b>	<b>160,466</b>	<b>153,383</b>
<b>Attributable to:</b>				
Owners of the parent:				
- Ordinary shareholders		141,045	141,733	134,436
- Holders of perpetual securities	28	16,175	15,702	8,558
Non-controlling interests		(40)	3,031	10,389
		<b>157,180</b>	<b>160,466</b>	<b>153,383</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>				
Class A ordinary shares:				
Basic (US\$ per share)	10	0.62	0.47	0.37
Diluted (US\$ per share)	10	0.62	0.47	N/A
Class B ordinary shares:				
Basic (US\$ per share)	10	0.62	0.47	0.37
Diluted (US\$ per share)	10	0.62	0.47	N/A

**AMTD IDEA GROUP**  
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME (CONTINUED)**

(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

	Notes	<b>Year ended December 31,</b>		
		<b>2021 US\$</b>	<b>2022 US\$</b>	<b>2023 US\$</b>
<b>PROFIT FOR THE YEAR</b>		157,180	160,466	153,383
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		95	213	(2,382)
Share of other comprehensive expense of joint ventures		—	—	(306)
Cumulative exchange differences reclassified to profit or loss upon disposal of foreign operations		—	16	2,695
Item that will not be reclassified to profit or loss:				
Exchange differences on translation from functional currency to presentation currency		(6,798)	2,103	(489)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(6,703)</b>	<b>2,332</b>	<b>(482)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>150,477</b>	<b>162,798</b>	<b>152,901</b>
Attributable to:				
Owners of the parent:				
- Ordinary shareholders		134,304	144,254	134,116
- Holders of perpetual securities	28	16,175	15,702	8,558
Non-controlling interests		(2)	2,842	10,227
		<b>150,477</b>	<b>162,798</b>	<b>152,901</b>

The accompanying notes are an integral part of the consolidated financial statements.

**AMTD IDEA GROUP**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

	Notes	As of January 1, 2021 US\$	As of December 31,				
			2021 US\$	2022 US\$	2023 US\$		
<b>Assets</b>							
<b>Current assets</b>							
Accounts receivable	11	9,980	11,097	24,068	5,525		
Prepayments, deposits and other receivables	12	3,210	2,811	124,223	16,436		
Due from immediate holding company	30(B)(i)	835,560	275,127	287,178	1,057,007		
Financial assets at fair value through profit or loss	13	8,070	—	—	—		
Derivative financial asset	14	132,080	124,404	185,069	—		
Tax recoverable		—	—	398	2,327		
Other assets	15	25,450	17,453	1,234	1,020		
Restricted cash	16	—	—	415	135		
Cash and bank balances	16	58,560	67,494	138,297	120,234		
Total current assets		1,072,910	498,386	760,882	1,202,684		
<b>Non-current assets</b>							
Property, plant and equipment	17	10	9	12	70,054		
Goodwill	18	—	—	7,525	—		
Intangible assets	19	1,960	1,946	96,967	118,423		
Financial assets at fair value through profit or loss	13	283,000	357,352	195,337	79,607		
Interests in joint ventures	20	—	—	—	15,822		
Total non-current assets		284,970	359,307	299,841	283,906		
Total assets		1,357,880	857,693	1,060,723	1,486,590		
<b>Equity and liabilities</b>							
<b>Current liabilities</b>							
Accounts payable	21	26,060	19,884	10,556	9,382		
Bank borrowings	22	29,960	49,879	20,122	65,793		
Other payables and accruals	23	16,561	11,829	16,904	19,260		
Due to a non-controlling shareholder	30B(ii)	—	—	—	55,803		
Provision	24	—	—	4,079	3,866		
Tax payable		15,900	17,460	2,883	2,956		
Total current liabilities		88,481	99,052	54,544	157,060		
<b>Non-current liabilities</b>							
Bank borrowings	22	—	—	458	30,373		
Deferred tax liabilities	25	—	—	3,307	5,583		
Derivative financial liability	26	1,670	1,764	—	—		
Convertible bond	26	13,320	14,362	—	—		
Total non-current liabilities		14,990	16,126	3,765	35,956		
Total liabilities		103,471	115,178	58,309	193,016		

**AMTD IDEA GROUP**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

	Notes	As of January 1, 2021 US\$		December 31, 2022 US\$		December 31, 2023 US\$	
		2021 US\$	2022 US\$	2022 US\$	2023 US\$	2023 US\$	
<b>Equity</b>							
Class A ordinary shares	27	6	6	12	22		
Class B ordinary shares	27	19	19	26	26		
Treasury shares	27	—	(642,055)	(962,658)	(734,658)		
Capital reserve		581,998	581,997	988,965	924,348		
Exchange reserve		7,211	470	2,991	2,671		
Retained profits		428,033	571,129	712,862	859,849		
Total equity attributable to ordinary shareholders of the Company		1,017,267	511,566	742,198	1,052,258		
Non-controlling interests		423	2,422	31,740	7,078		
Perpetual securities	28	236,719	228,527	228,476	234,238		
<b>Total equity</b>		<b>1,254,409</b>	<b>742,515</b>	<b>1,002,414</b>	<b>1,293,574</b>		
<b>Total liabilities and equity</b>		<b>1,357,880</b>	<b>857,693</b>	<b>1,060,723</b>	<b>1,486,590</b>		

The accompanying notes are an integral part of the consolidated financial statements.

**AMTD IDEA GROUP**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
 (All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

	Share capital	Capital reserve	Treasury shares	Exchange reserve	Retained profits	Equity attributable to ordinary shareholders of the Company	Equity attributable to holders of perpetual securities	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As of January 1, 2021	25	581,998	—	7,211	428,033	1,017,267	236,719	423	1,254,409
Profit for the year	—	—	—	—	141,045	141,045	16,175	(40)	157,180
Other comprehensive (expense) income for the year	—	—	—	(6,741)	—	(6,741)	—	38	(6,703)
Total comprehensive (expense) income for the year	—	—	—	(6,741)	141,045	134,304	16,175	(2)	150,477
Redemption of perpetual securities (Note 28)	—	—	—	—	2,051	2,051	(8,373)	—	(6,322)
Distribution to holders of perpetual securities (Note 28)	—	—	—	—	—	—	(15,994)	—	(15,994)
Capital injection by non-controlling interest	—	(1)	—	—	—	(1)	—	2,001	2,000
Repurchase of shares from a shareholder	—	—	(642,055)	—	—	(642,055)	—	—	(642,055)
As of December 31, 2021	25	581,997	(642,055)	470	571,129	511,566	228,527	2,422	742,515
As of January 1, 2022	25	581,997	(642,055)	470	571,129	511,566	228,527	2,422	742,515
Profit for the year	—	—	—	—	141,733	141,733	15,702	3,031	160,466
Other comprehensive income for the year	—	—	—	2,521	—	2,521	—	(189)	2,332
Total comprehensive income for the year	—	—	—	2,521	141,733	144,254	15,702	2,842	162,798
Conversion of convertible bond (Note 26)	—	14,469	—	—	—	14,469	—	—	14,469
Distribution to holders of perpetual securities (Note 28)	—	—	—	—	—	—	(15,753)	—	(15,753)
Issuance of shares (Note 27)	1	49,999	—	—	—	50,000	—	—	50,000
Acquisition of AMTD Digital under common control (Note 33(b))	—	(774,197)	—	—	—	(774,197)	—	14,095	(760,102)
Issuance of shares in acquisition of AMTD Digital (Note 33(b))	12	992,633	—	—	—	992,645	—	—	992,645
Issuance of shares by AMTD Digital upon listing	—	84,433	—	—	—	84,433	—	53,792	138,225
Disposal of subsidiaries	—	—	—	—	—	—	—	(1,780)	(1,780)
Repurchase of shares by a subsidiary	—	39,631	—	—	—	39,631	—	(39,631)	—
Repurchase of shares from a shareholder	—	—	(320,603)	—	—	(320,603)	—	—	(320,603)
As of December 31, 2022	38	988,965	(962,658)	2,991	712,862	742,198	228,476	31,740	1,002,414
As of January 1, 2023	38	988,965	(962,658)	2,991	712,862	742,198	228,476	31,740	1,002,414
Profit for the year	—	—	—	—	134,436	134,436	8,558	10,389	153,383
Other comprehensive income for the year	—	—	—	(320)	—	(320)	—	(162)	(482)
Total comprehensive income for the year	—	—	—	(320)	134,436	134,116	8,558	10,227	152,901
Distribution to holders of perpetual securities (Note 28)	—	—	—	—	—	—	(2,796)	—	(2,796)
Issuance of shares (Note 27)	9	93,591	—	—	—	93,600	—	—	93,600
Issuance of shares in acquisition of AMTD Assets (Note 33(a))	—	(275,154)	268,000	—	—	(7,154)	—	4,000	(3,154)
Issuance of shares in acquisition of The Art Newspaper SA (Note 33(a))	1	11,213	—	—	—	11,214	—	—	11,214
Issuance of shares by AMTD Digital	—	78,686	—	—	—	78,686	—	21,314	100,000
Acquisition of additional interests of the subsidiaries	—	12,551	—	—	—	12,551	—	(14,198)	(1,647)
Disposal of subsidiaries	—	(12,551)	—	—	12,551	—	—	(18,958)	(18,958)
Change in shareholding of subsidiaries during the year without losing control	—	(694)	—	—	—	(694)	—	694	—
Repurchase of shares by a subsidiary	—	27,741	—	—	—	27,741	—	(27,741)	—
Repurchase of shares from a shareholder	—	—	(40,000)	—	—	(40,000)	—	—	(40,000)
As of December 31, 2023	48	924,348	(734,658)	2,671	859,849	1,052,258	234,238	7,078	1,293,574

The accompanying notes are an integral part of the consolidated financial statements.

**AMTD IDEA GROUP**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

	<b>Notes</b>	<b>Year ended December 31,</b>		
		<b>2021</b> <b>US\$</b>	<b>2022</b> <b>US\$</b>	<b>2023</b> <b>US\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		171,239	173,871	157,697
Adjustments for:				
Interest income	5	(14,928)	(16,256)	(20,192)
Finance costs	8	1,650	859	8,199
Depreciation	6	6	12	1,766
Amortization	6	—	726	857
Dividend income	5	(6,266)	(6,412)	(9,935)
Gain from disposed financial assets at fair value through profit or loss and settled derivative financial assets	5	(16,094)	(22,106)	(123,634)
Gain from a bargain purchase	33	—	(4,848)	(4,469)
Gain from disposal of subsidiaries	5	—	(14,750)	(64,328)
Net fair value changes on financial assets at fair value through profit or loss (except derivative financial assets)	5	(76,867)	20,609	40,899
Net fair value changes on derivative financial assets	14	6,947	(61,897)	—
Net fair value changes on derivative financial liability	26	—	(1,704)	—
Share of losses of joint ventures		—	—	2,335
Impairment losses under expected credit loss model on financial assets	12, 30	—	501	4,988
Operating cash flows before changes in working capital		65,687	68,605	(5,817)
(Increase)/decrease in accounts receivable		(1,175)	(29,225)	10,668
Decrease in prepayments, deposits and other receivables		379	11,489	5,326
Increase/(decrease) in other payables and accruals		(4,640)	(11,432)	15,570
Decrease in restricted cash		—	65	280
Decrease in provisions		—	(95)	(355)
Changes in accounts payable and other assets		1,831	7,736	(1,156)
Repayment of operating lease liabilities		—	—	(81)
Cash generated from operations		62,082	47,143	24,435
Profits tax paid		(12,408)	(30,992)	(1,605)
Dividend received		6,266	6,412	9,935
Interest received	2	—	4,058	7,213
Net cash generated from operating activities		55,942	26,621	39,978
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of items of property, plant and equipment	17	—	(2)	(72)
Purchase of financial assets at fair value through profit or loss		(1,279)	(4,806)	(1,591)
Increase in amount due from immediate holding company		(44,731)	(68,723)	(404,364)
Acquisition of subsidiaries, net of cash acquired	33	—	13,326	1,347
Cash disposed of upon disposal of subsidiaries		—	(18,473)	(514)
Acquisition of additional interests of the subsidiaries		—	—	(1,647)
Collection of consideration receivable		—	—	90,687
Amount received from former subsidiaries		—	—	23,860
Amount received from a non-controlling shareholder of a subsidiary		—	—	20,000
Amount received from amounts due from joint ventures		—	—	6,515
Advance to a non-controlling shareholder of a subsidiary		—	—	(1,561)
Receipt of return from movie income right investments		—	2,680	—
Proceeds from disposal of financial assets at fair value through profit or loss		—	2,047	373
Net cash used in investing activities		(46,010)	(73,951)	(266,967)

**AMTD IDEA GROUP**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

	<u>Notes</u>	<u>Year ended December 31,</u>		
		2021 US\$	2022 US\$	2023 US\$
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of shares		—	25,041	93,600
Proceeds from issue of shares of a subsidiary		—	139,149	100,000
Repayment of bank borrowings		—	(29,895)	(396)
Redemption of perpetual securities		(6,322)	—	—
Proceeds from bank borrowings		20,000	—	25,000
Distribution to perpetual securities holders	28	(15,941)	(15,853)	(2,796)
Financing costs paid		(600)	(803)	(6,060)
Capital injection by non-controlling interest		1,990	—	—
Net cash flows (used in)/generated from financing activities		(873)	117,639	209,348
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>9,059</b>	<b>70,309</b>	<b>(17,641)</b>
Cash and cash equivalents at beginning of year		58,561	67,494	138,297
Effect of foreign exchange rate change, net		(126)	494	(422)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>67,494</b>	<b>138,297</b>	<b>120,234</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>				
Cash and bank balances	16	<u>67,494</u>	<u>138,297</u>	<u>120,234</u>

The accompanying notes are an integral part of the consolidated financial statements.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(All amounts in thousands of U.S. dollars (“US\$”), except for share and per share data)

## 1 CORPORATE INFORMATION

AMTD IDEA Group (the “Company”) is a limited liability company incorporated in Cayman Islands on February 4, 2019. The Company completed its initial public offering on New York Stock Exchange on August 5, 2019 and its shares are listed on Singapore Exchange on April 8, 2020.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are involved in the provision of capital market solutions services, digital solutions and other services, fashion, arts and luxury media advertising and marketing services, and strategic investment.

The Company’s immediate holding company is AMTD Group Inc. (formerly known as AMTD Group Company Limited) (“AMTD Group”), a company incorporated in the British Virgin Islands (“BVI”).

### Information about principal subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation	Issued and registered share capital#	Percentage of equity and voting rights attributable to the Company						Principal activities	
			2021		2022		2023			
			Direct	Indirect	Direct	Indirect	Direct	Indirect		
AMTD International Holding Group Limited (“AMTD IHG”)	Hong Kong (“HK”)	HK\$500,000	100%	—	100%	—	100%	—	Investment holding	
AMTD Strategic Investment Limited	HK	HK\$1	—	100%	—	100%	—	100%	Strategic investment	
AMTD Overseas Limited	HK	HK\$1	—	100%	—	100%	—	100%	Strategic investment	
AMTD Investment Inc.	Cayman Islands	US\$1	100%	—	100%	—	100%	—	Investment holding	
AMTD Strategic Investment (BVI) Limited	BVI	US\$1	—	100%	—	100%	—	100%	Investment holding	
AMTD IDEA International Limited	BVI	US\$1	—	100%	—	100%	—	100%	Investment holding	
L’Officiel Inc. SAS (“L’Officiel”)	France	EUR6,960,100	—	—	—	100%	—	97.1%	Investment holding and provision of fashion and luxury media advertising, art and marketing services	
The Art Newspaper SA	Switzerland	CHF1,400,000	—	—	—	—	—	97.1%	Investment holding and provision of fashion, arts and luxury media advertising and marketing services	
AMTD Digital Inc. (“AMTD Digital”)*	Cayman Islands	US\$7,658	—	—	84.9%	—	85.2%	—	Investment holding	
AMTD Risk Solutions Group Limited	HK	HK\$500,000	—	—	—	84.9%	—	85.2%	Provision of digital solutions and other services	

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**1 CORPORATE INFORMATION (CONTINUED)**

Information about principal subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows (continued):

Name	Place of incorporation	Issued and registered share capital#	Percentage of equity and voting rights attributable to the Company						Principal activities	
			2021		2022		2023			
			Direct	Indirect	Direct	Indirect	Direct	Indirect		
AMTD Assets Group ("AMTD Assets")*	Cayman Islands	US\$10,410	—	—	—	—	—	—	81.9%	Investment holding
AMTD World Media and Entertainment Group	Cayman Islands	US\$182,839,871	—	—	—	84.9%	97.1%	—	—	Provision of media and entertainment business and investment holding

\* During the year ended December 31, 2022 and 2023, the Company acquired AMTD Digital and AMTD Assets, respectively, and became subsidiary of the Group. Since the Group, AMTD Digital and AMTD Assets are under common control of AMTD Group, the acquisition of AMTD Digital and AMTD Assets has been accounted for as business combination under common control which has been detailed in Note 2.

# All amounts in dollars in this note only.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, derivative financial assets and derivative financial liability which are measured at fair value. The consolidated financial statements are presented in United States Dollars ("US\$") unless otherwise stated.

**2.1 BASIS OF PRESENTATION**

*Basis of preparation*

The Group's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users.

In preparing the consolidated financial statements, the Company's opening consolidated statement of financial position was prepared as at January 1, 2021, the Company's date of transition from International Financial Reporting Standards ("IFRS") to U.S. GAAP. There is no adjustment made by the Company in transitioning its IFRS consolidated financial statements to U.S. GAAP.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, derivative financial assets and derivative financial liability which are measured at fair value.

*Recent accounting pronouncements*

The Company considers the applicability and impact of all accounting standards updates ("ASUs"). Management periodically reviews new accounting standards that are issued.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars (“US\$”), except for share and per share data)

**2.1 BASIS OF PRESENTATION (CONTINUED)**

*Basis of preparation (continued)*

*Recent accounting pronouncements (continued)*

historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. ASU 2016-13 was subsequently amended by ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, ASU 2019-04 Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments, and ASU 2019-05, Targeted Transition Relief. In November 2019, the FASB issued ASU 2019-10, which extends the effective date for the adoption of ASU 2016-13. In November 2019, the FASB issued ASU 2019-11 to clarify its new credit impairment guidance in ASU 326. Accordingly, for public entities that are not smaller reporting entities, ASU 2016-13 and its amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For all other entities, this guidance and its amendments will be effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. As an emerging growth company, the Company adopted this guidance on January 1, 2023 and the adoption of this ASU did not have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework Changes to the Disclosure Requirements for Fair Value Measurement” (“ASU 2018-13”). ASU 2018-13 modifies the disclosure requirements on fair value measurements. ASU 2018-13 is effective for all entities for fiscal years and interim periods within those fiscal years beginning after December 15, 2019, with early adoption permitted for any removed or modified disclosures. The removed and modified disclosures were adopted on a retrospective basis and the new disclosures were adopted on a prospective basis.

The Company adopted this guidance on date of initial adoption and the adoption of this ASU did not have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740)—Simplifying the Accounting for Income Taxes. ASU 2019-12 is intended to simplify accounting for income taxes. It removes certain exceptions to the general principles in Topic 740 and amends existing guidance to improve consistent application. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years, with early adoption permitted. The Company adopted this guidance on January 1, 2021 and the adoption of this ASU did not have a material impact on its consolidated financial statements.

**2.2 SIGNIFICANT ACCOUNTING POLICIES**

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the years ended December 31, 2021, 2022 and 2023. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group has power over investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each item of other comprehensive income, if any, is attributed to the owners of the parent of the Group (including ordinary shareholders and holders of perpetual securities) and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions among members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organized workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value,

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Business combinations (continued)

which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with relevant guidance;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with relevant guidance;
- assets (or disposal groups) that are classified as held for sale are measured in accordance with that standard; and
- lease liabilities are recognized and measured at the present value of the remaining lease payments as if the acquired leases were new leases at the acquisition date, except for leases for which the lease terms ends within 12 months of the acquisition date. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as of acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at fair value.

Business combinations under common control

The Company accounts for the business combination with entities under common control using historical carrying values and under a prospective basis (referred to herein as predecessor accounting) which involves the Company accounting for the combination prospectively from the date on which it occurred. For predecessor accounting:

- Assets and liabilities of the acquired entity are stated at carrying amounts. Fair value measurement is not required.
- Income statement reflects the results of the combining parties.
- No new goodwill arises in predecessor accounting.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Business combinations under common control (continued)

- Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is recognized in capital reserve within the unaudited interim condensed consolidated statements of changes in equity.

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in joint ventures are stated in the consolidated statement of financial position at cost and the Group's share of net assets under the equity method of accounting, less any impairment losses. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for similar transactions and events in similar circumstances. Appropriate adjustments have been made to conform the joint venture's accounting policies to those of the Group. The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated statement of profit or loss and other comprehensive income, respectively. Changes in net assets of joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture exceeds the Group's interest in that joint venture, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

Impairments of investments in joint ventures are recognized only if the impairment are other than temporary. Evidence of a loss in value might include, but would not necessarily be limited to, absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. A fair value of investments in joint ventures that is less than its carrying amount may indicate a loss in investments in joint ventures. An impairment loss of investments in joint ventures that is other than a temporary decline is recognized to profit or loss and such impairment loss cannot be reversed subsequently.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Fair value measurement

The Group measures its derivative financial instruments, movie income right investments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair value measurement (continued)

sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated, which is the sum of undiscounted cash flows that are expected to result from the use and eventual disposition of asset or asset group. The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets with definite life are estimated recoverable amount of an asset group (i.e. the lowest level of identifiable cash flows that are largely independent of the net cash flows of other groups of assets). An impairment loss is recognized for a depreciable or amortizable asset (asset group) only if the carrying amount of the asset (asset group) exceeds its recoverable amount. If the asset is not recoverable, then an asset's (asset group's) impairment is calculated with reference to the fair value of that asset (asset group) in comparison to its carrying amount.

The Group performs an initial qualitative assessment before proceeding with the quantitative test on goodwill and indefinite life intangible asset. If the Group concludes, based on qualitative assessment, that it is not more likely than not that a reporting unit that goodwill allocated to or indefinite life intangible assets is impaired, then the Group is not required to perform a quantitative test for that reporting unit or indefinite life intangible assets.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Impairment of non-financial assets (continued)

Intangible assets with indefinite life are estimated individually. An impairment loss for an indefinite life intangible asset is recognized if the fair value of the asset is less than the asset's carrying amount. Goodwill is allocated to those reporting units which are operating segments or one level below the operating segment level (component level), if it constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that segment. Goodwill is impaired if the carrying amount of the reporting unit to which it is allocated exceeds the fair value of the reporting unit. An impairment is the excess of the reporting unit's carrying amount over its fair value.

Corporate assets are not allocated to asset groups in testing long-lived assets for impairment. An additional high-level of asset group is identified (which may be at the entity level), which is tested for impairment after the related lower-level assets groups have been tested.

An impairment loss is not reversed if the fair value of the impaired asset or asset group increase subsequently.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the year in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel property	Over the shorter of the useful life of 40 years and the remaining lease term
Furniture and fixtures	20%
Computer equipment	33 1/3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

**Group as a lessee**

*Allocation of consideration to components to a lease*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

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**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Group as a lessee (continued)**

*Allocation of consideration to components to a lease (continued)*

(a) Right-of-use assets

For both finance and operating leases, the right-of-use asset ("ROU") is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

For finance leases, the ROU asset is subsequently amortized on a straight-line basis, over the shorter of the lease term or the useful life of the ROU asset.

For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received.

The Group presents right-of-use assets in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

The lease term is determined as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification including a change in the lease term and a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

**Intangible assets (other than goodwill)**

*Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses being their

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**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Intangible assets (other than goodwill) (continued)

*Intangible assets acquired in a business combination (continued)*

fair value at the date of the revaluation less subsequent accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Financial instruments - Investments and other financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss and loans and receivables. The classification depends on nature and purpose of financial assets and is determined at the time of initial recognition.

*Financial assets at fair value through profit or loss*

Equity investments are generally measured at fair value with changes in fair value recognized through profit or loss.

*Loans and receivables*

Loans and receivables are classified as either held-for-sale or held-for-investment. When the Group holds an originated or purchased loans or receivables for which it has the intent and ability to hold for the foreseeable future or to maturity or payoff, the loans or receivables should be classified as held-for-investment. Loans and receivables held-for-investment are measured at their amortized cost. If the Group intends to sell loans or receivables, the loans or receivables should be classified as held for sale. Loans and receivables classified as loans held for sale are measured at the lower of cost or fair value, or carried at fair value if the fair value option is elected.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at amortized cost*

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of profit or loss when the asset is derecognized, modified or impaired.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial instruments - Investments and other financial assets (continued)

*Financial assets at amortized cost (continued)*

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends income which is derived from Group's ordinary course of business is recognized as revenue in the consolidated statements of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

Financial assets are derecognized when the Group surrenders control over those assets. The Group has surrendered control over transferred assets only if all the following conditions are met.

- Legal control: The transferred assets is isolated from the Group, i.e. put legally beyond the reach of the Group.
- Actual control: (i) the transferee has the right to pledge or exchange the assets (or beneficial interests) that it received; and (ii) no condition both (a) constrains the transferee from taking advantage of its right to pledge or exchange and (b) provides more than a trivial benefit to the Group.
- Effective control: The Group does not maintain effective control over the transferred financial assets or third party beneficial interests related to those transferred assets.

In derecognizing a transferred financial assets, a gain or loss is recognized based on the difference between the carrying amount of the financial assets of the carrying amount and the sum of the proceeds received for the asset or the participating interest derecognized.

Impairment of financial assets

The Group utilizes the expected credit losses ("ECL") model to determine an allowance that reflects its best estimate of the expected credit losses on accounts receivable, prepayments, deposits and other receivables which is recorded as a liability to offset the receivables. The ECL model is prepared after considering historical experience, current conditions, and reasonable and supportable economic forecasts to estimate expected credit losses. Accounts receivable, prepayments, deposits and other receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense.

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**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Impairment of financial assets (continued)

The Group uses simplified flow rate matrix approach to estimate expected credit losses for the accounts receivable. The allowance for credit loss is estimated for accounts receivable that share similar risk characteristics based on a collective assessment using a combination of measurement models and management judgment. The approach considers factors including historical aging schedule and forward-looking macroeconomic conditions.

The allowance for expected credit loss is disclosed accordingly in the relevant notes.

*General approach*

The ECL model is based on a single measurement approach of full lifetime ECL throughout the life of an instrument.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

*Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

*Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Impairment of financial assets (continued)

*Measurement and recognition of ECL (continued)*

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

ECL for trade receivables from contract with customers are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables from contracts with customers where the corresponding adjustment is recognized through a loss allowance account.

Financial liabilities

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or at fair value through profit or loss (warrants and derivative financial instruments), as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Group's financial liabilities include accounts payable, bank borrowings, financial liabilities included in other payables and accruals, derivative financial liability and convertible bond.

*Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

*Financial liabilities at amortized cost*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case

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**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial liabilities (continued)

*Financial liabilities at amortized cost (continued)*

they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

*Derivative financial liability and convertible bonds*

If the conversion option of convertible bond exhibits characteristics of an embedded derivative (when the conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative), it is separated from its liability component. On initial recognition, the derivative component of the convertible bond is measured at fair value and presented separately as derivative financial instruments. Transaction costs are apportioned between the liability and derivative components of the convertible bond based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognized. The portion of the transaction costs relating to the liability component is recognized initially as part of the liability. The portion relating to the derivative component is recognized immediately in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Derivative financial instruments

Derivative financial asset is initially recognized at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value. Derivative financial instruments are carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any gain or loss arising from changes in fair value of the derivative financial instruments is taken directly to profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancelation of the Company's own equity instruments.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Revenue recognition

*Revenue from contracts with customers*

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue recognition (continued)

*Capital market solutions*

Capital market solutions service income is composed of underwriting commission, brokerage and handling fee and financial advisory fee and asset management fee. Underwriting commission earned from underwriting equity and debt securities is recognized at the point in time when the Group's performance under the terms of a contractual arrangement is completed, which is typically at the closing of a transaction if there is no uncertainty or contingency related to the amount to be paid. The normal credit term is 60 to 120 days upon the completion of performance.

The Group considers that all the services promised in a particular contract of being a financial advisor are interdependent and interrelated and should be therefore accounted for as a single performance obligation. As it is unlikely that a customer can obtain benefit before the Group completes all its services from the completion of the underlying transaction and since the contracts do not provide the Group an enforceable right to payment performance completed up to date, the financial advisory fees are recognized at a point in time upon underlying transactions are completed.

Asset management fee primarily includes fees associated with asset management, performance-based incentive fee, brokerage and handling fee. The management fee and the performance-based incentive fee are earned for the provision of asset management services, being provided continuously over the contract period. Asset management fees consist of management and performance fees that are fixed or variable. Variable consideration is determined based on underlying assets under management, i.e. AUM, of a customer's account at a specified period end. Management fee is recognized when services are performed. Fixed consideration is recognized over the schedule period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Company. Performance-based incentive fee is recognized when the performance target is met and the revenue is not probable of a significant reversal. For asset management services, when a single contract contains both asset management services and brokerage services, the stand-alone selling prices of each of the distinct services underlying the performance obligations (i.e. management fee and performance-based incentive fee for asset management service and brokerage and handling fee for transaction processing service) are stated separately in the contract. These are the observable prices of services when the Company sells each of them separately.

Brokerage and handling fee is recognized at the point in time when the associated service is fulfilled, generally on the trade execution date.

*Digital solutions and other service income*

(i) Insurance brokerage services

The Group earns commission income by facilitating the arrangement between insurance company partners and individuals/businesses. The service promised to the customer is placement of an effective insurance or reinsurance policy. Commission revenue is usually a percentage of the premium paid by the insured and generally depends upon the type of insurance or reinsurance policy and the insurance company partner. Revenue is recognized at a point in time upon execution and effectiveness of insurance contracts. The Group allows a credit period up to 15 days to its customers.

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**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue recognition (continued)

*Digital solutions and other service income (continued)*

(ii) Digital solutions services

The Group provides its corporate clients exclusive access to the membership program for a fixed membership fee negotiated on case by case basis and agreed upon entering the contract with each customer based on the level of annual fee under the digital solutions and other services segment, which provides its members networking opportunities with prestigious corporate members, prominent business executives and partners. Contract terms of contracts entered during the period generally ranged from 1 to 3 years. Revenue from such service is recognized over time as the customers simultaneously receive and consume the service provided by the Group. The Group may allow a credit period ranging from 0 to 90 days to its customers for the demand note issued in accordance with the payment schedules. When the Group receives an upfront payment, this will give rise to contract liabilities at the time of the initial sales transaction for which revenue is recognized over the membership service period.

*Fashion, arts and luxury media advertising and marketing services*

Fashion, arts and luxury media advertising and marketing services income is composed of fashion, arts and luxury magazines and advertising service income and fashion, arts and luxury media licensing and marketing services income. The Group distributes of fashion, arts and luxury publications. The Group also provides advertising services on fashion, arts and luxury magazines to the customers. Revenue is recognized at a point in time when control of the goods has transferred to the customers or upon the edition in which the advertisement is displayed. The Group also provides fashion, arts and luxury media licensing and marketing services to its customers on its multimedia channels. The Group recognizes revenues of such services over time based on the contract term. The Group allows a credit period up to 90 days to its customers.

*Hotel operations, hospitality and VIP services*

The Group provides accommodations and other ancillary services to hotel guests. Revenue of hotel operations, hospitality and VIP services are recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the hotel guest simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

*Revenue from other sources*

Fair value changes on financial assets at fair value through profit or loss and derivative financial assets are recognized in the period in which they arise. Gain/loss recognized during the current period is recognized as gain/loss related to disposed investments, whereas gain/loss recognized for those financial assets at fair value through profit or loss and derivative financial assets held at the end of the reporting period is recognized as net fair value changes on financial assets at fair value through profit or loss and net fair value changes on derivative financial assets.

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contract liabilities

A contract liability is recognized when the payment is made and received or the payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

For certain customers, the Company requires upfront payment and recorded such upfront fee as contract liabilities in other payables and accruals. Upfront fee is recognized as revenue based on the time elapsed for the service period.

Government grant

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under other income.

Employee benefits

*Retirement benefit cost*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Foreign currencies

These financial statements are presented in US\$. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

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**2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in an exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)**

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

*Fair value of unlisted equity investments and movie income right investments*

The Group's unlisted equity instruments and movie income right investments are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments.

*Fair value of derivative financial assets in relation to the Agreements (Note 14)*

The fair value of the derivative financial assets in relation to the Agreements was estimated using the Geometric Brownian Motion and simulated using the Monte Carlo Simulation ("MCS") and was determined based on significant observable and unobservable inputs including the current stock price, dividend yield, risk-free rate, volatility of the underlying equity securities and the credit rating of the counterparty on the valuation date. MCS is a financial model that is commonly used to simulate variables that are highly unpredictable. The valuations performed using the MCS require management to estimate the volatility of the underlying equity securities and the credit rating of the counterparty and hence the valuations are subject to estimation uncertainty. The Group classifies the fair value of derivative financial instrument in relation to the Agreements as Level 3.

*Credit risk management and ECL estimation*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group's exposure of its counterparties is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management periodically.

The carrying amount of financial assets recorded in the consolidated financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk.

Other than accounts receivable mentioned in Note 11, the credit risk on liquid funds is limited because the counterparties are mainly banks with sound credit. The directors of the Company consider the credit risk on other receivables are not significant after considering counterparties' financial background and creditability. During the year ended December 31, 2021, 2022 and 2023, the Group recognized ECL for other receivables of nil, US\$501 and nil, respectively.

The directors of the Company continuously monitor the credit quality and financial position of the immediate holding company and the level of exposure to ensure that the follow-up action is taken to recover the debt. The directors of the Company make individual assessment based on historical settlement records, past experience, and also quantitative and qualitative information that are reasonable and supportive

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)**

*Credit risk management and ECL estimation (continued)*

forward-looking information (i.e. the forecasted default rate expected by the international credit-rating agencies). During the year ended December 31, 2021, 2022 and 2023, the Group recognized ECL for amount due from immediate holding company of nil, nil and US\$4,988, respectively.

The Group has loss allowance for other receivables of nil, US\$501 and US\$501 and amount due from immediate holding company of nil, nil and US\$4,988 as of December 31, 2021, 2022 and 2023, respectively.

**4. OPERATING SEGMENT INFORMATION**

The Group now operates its businesses in five operating segments: capital market solutions segment, digital solutions and other services segment, media and entertainment segment, hotel operations, hospitality and VIP services segment and strategic investment segment. The following summary describes the operations in each of the Group's reportable segment:

The Group's reportable and operating segments are therefore as follows:

- (a) The capital market solutions segment assists customers in raising funds through equity and debt financing, private placements and debt issuances, providing financial advisory services (including but not limited to domestic and cross border advisory services for merger and acquisitions) and providing asset management products and services.
- (b) The digital solutions and other services segment provides its institutional and corporate clients with exclusive, paid access to enhance their investor communication, investor relations and corporate communication to potentially maximize their valuation, as well as provides digital financial solution services.
- (c) Media and entertainment segment, which arises from the business acquisition of L'Officiel and The Art Newspaper SA in current and prior periods, engages in the provision of print and digital advertising campaigns, licensing, and value-added marketing services including branded content, video production, social media activation, event creation, and experiential marketing, among other services.
- (d) Hotel operations, hospitality and VIP services segment: The Group engages in hotel investments, hotel operations, hospitality and VIP services since the acquisition of AMTD Assets.
- (e) The strategic investment segment engages in proprietary investments and management of global investment portfolio (including listed and unlisted equity shares investments and movie income right investments).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment result, which is a measure of profit before tax from operations. The profit before tax from operations is measured after allocation of ECL, attributable costs of specialized staff, commission paid to asset management segment consistently with the Group's profit before tax from operations. Net fair value change on derivative financial liability, other income, other gain, finance costs and corporate expenses such as staff costs not directly attributable to segments, office rental and administrative expenses are excluded from such measurement.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**4. OPERATING SEGMENT INFORMATION (CONTINUED)**

Segment assets exclude property, plant and equipment other than hotel property, amounts due from immediate holding company, prepayments, deposits and other receivables, tax recoverable, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, derivative financial liability, bank borrowings, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

**Segment revenue and results**

The following tables present information by segment, with prior period segment information retrospectively recast to conform to current period presentation:

**For the year ended December 31, 2021**

	Capital market solutions US\$	Strategic investment US\$	Total US\$
<b>Segment revenue (Note 5)</b>			
Revenue			
—from contract with customers	87,535	—	87,535
—others	—	92,280	92,280
	87,535	92,280	179,815
<b>Segment results</b>	<u>85,708</u>	<u>92,280</u>	<u>177,988</u>
Unallocated other income			16,149
Unallocated finance costs			(1,650)
Corporate and other unallocated expenses			(21,248)
Profit before tax			<u>171,239</u>
<b>Other segment information</b>			
Depreciation			<u>6</u>

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**4. OPERATING SEGMENT INFORMATION (CONTINUED)**

**Segment revenue and results (continued)**

**For the year ended December 31, 2022**

	Capital market solutions US\$	Digital solutions and other services US\$	Media and entertainment US\$	Strategic investment US\$	Total US\$
<b>Segment revenue (Note 5)</b>					
Revenue					
—from contract with customers	74,305	23,440	7,620	—	105,365
—others	—	—	—	69,806	69,806
	74,305	23,440	7,620	69,806	175,171
<b>Segment results</b>	<u>72,140</u>	<u>21,299</u>	<u>2,725</u>	<u>69,806</u>	<u>165,970</u>
Unallocated other income					18,063
Unallocated other gain					19,598
Unallocated finance costs					(859)
Unallocated net changes in fair value on derivative financial liability					1,704
Corporate and other unallocated expenses					(30,605)
Profit before tax					<u>173,871</u>
<b>Other segment information</b>					
Depreciation and amortization					<u>738</u>

**For the year ended December 31, 2023**

	Capital market solutions US\$	Digital solutions and other services US\$	Media and entertainment US\$	Hotel operations, hospitality and VIP services US\$	Strategic investment US\$	Total US\$
<b>Segment revenue (Note 5)</b>						
Revenue						
—from contract with customers	—	13,469	14,474	10,301	—	38,244
—others	—	—	—	—	92,670	92,670
	—	13,469	14,474	10,301	92,670	130,914
<b>Segment results</b>	<u>(1,276)</u>	<u>9,126</u>	<u>3,239</u>	<u>2,106</u>	<u>92,670</u>	<u>105,865</u>
Unallocated other income						22,942
Unallocated other gain						68,797
Unallocated finance costs						(8,199)
Corporate and other unallocated expenses						(31,708)
Profit before tax						<u>157,697</u>
<b>Other segment information</b>						
Depreciation and amortization						<u>2,623</u>

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**4. OPERATING SEGMENT INFORMATION (CONTINUED)**

**Segment assets and liabilities**

	As of December 31,		
	2021 US\$	2022 US\$	2023 US\$
<b>Segment assets</b>			
Capital market solutions	30,467	10,429	—
Digital solutions and other services	—	23,691	1,480
Media and entertainment	—	93,754	126,028
Hotel operations, hospitality and VIP services	—	—	85,495
Strategic investment	481,757	380,407	79,607
Total segment assets	512,224	508,281	292,610
Unallocated corporate assets	345,469	552,442	1,193,980
<b>Total assets</b>	<b>857,693</b>	<b>1,060,723</b>	<b>1,486,590</b>
<b>Segment liabilities</b>			
Digital solutions and other services	19,965	2,324	15,621
Media and entertainment	—	23,270	27,361
Hotel operations, hospitality and VIP services	—	—	106,742
Total segment liabilities	19,965	25,594	149,724
Unallocated corporate liabilities	95,213	32,715	43,292
<b>Total liabilities</b>	<b>115,178</b>	<b>58,309</b>	<b>193,016</b>

**Geographical information**

The following table sets forth the Group's revenue from contract with customers by geographical areas based on the location of the customers:

**For the year ended December 31, 2021**

	Total US\$
China (including Hong Kong)	87,050
Others	485
	<b>87,535</b>

**For the year ended December 31, 2022**

	Capital markets solutions US\$	Digital solutions and other services US\$	Media and entertainment US\$	Total US\$
China (including Hong Kong)	74,305	23,253	—	97,558
Europe	—	—	2,461	2,461
America	—	—	4,090	4,090
Others	—	187	1,069	1,256
	<b>74,305</b>	<b>23,440</b>	<b>7,620</b>	<b>105,365</b>

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**4. OPERATING SEGMENT INFORMATION (CONTINUED)**

**Geographical information (continued)**

**For the year ended December 31, 2023**

	Capital markets solutions US\$	Digital solutions and other services US\$	Media and entertainment US\$	Hotel operations, hospitality and VIP services US\$	Total US\$
China (including Hong Kong)	—	13,469	—	5,132	18,601
Europe	—	—	6,582	—	6,582
America	—	—	5,250	5,169	10,419
Others	—	—	2,642	—	2,642
	<u>—</u>	<u>13,469</u>	<u>14,474</u>	<u>10,301</u>	<u>38,244</u>

As of December 31, 2023, non-current assets other than financial instruments of US\$69,739 (2022: US\$9 and 2021: US\$1,955), US\$15,942 (2022: US\$11,616 and 2021: nil) and US\$118,618 (2022: US\$92,879 and 2021: nil), for the purpose of geographical information were located in Hong Kong, Singapore and Europe, respectively.

**5. REVENUE, OTHER INCOME AND OTHER GAIN**

**A. Revenue**

An analysis of revenue is as follows:

	For the year ended December 31,		
	2021 US\$	2022 US\$	2023 US\$
<b><u>Revenue from contracts with customers</u></b>			
<i>Capital market solutions</i>			
Underwriting commission	3,737	12,070	—
Financial advisory fee	73,072	54,614	—
Management fee and performance-based incentive fee	7,362	2,144	—
Brokerage and handling fees	3,262	5,403	—
Others	102	74	—
	<u>87,535</u>	<u>74,305</u>	<u>—</u>
<i>Digital solutions and other services</i>			
Insurance brokerage services commission	—	1,040	1,249
Digital solutions fees	—	22,400	12,220
	<u>—</u>	<u>23,440</u>	<u>13,469</u>
<i>Media and entertainment</i>			
Fashion, arts and luxury magazines and advertising services income	—	3,608	11,031
Fashion, arts and luxury media licensing and marketing services income	—	4,012	3,443
	<u>—</u>	<u>7,620</u>	<u>14,474</u>

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**5. REVENUE, OTHER INCOME AND OTHER GAIN (CONTINUED)**

**A. Revenue (continued)**

	For the year ended December 31,		
	2021 US\$	2022 US\$	2023 US\$
<i>Hotel operations, hospitality and VIP services</i>			
Hotel operations, hospitality and VIP services income	—	—	10,301
<i>Revenue from other sources</i>			
<i>Strategic investments</i>			
Dividend income	6,266	6,412	9,935
Gain related to disposed investments	16,094	22,106	123,634
	<u>22,360</u>	<u>28,518</u>	<u>133,569</u>
Net fair value changes on financial assets at fair value through profit or loss			
-from listed equity shares, at quoted price	6,947	(48,267)	(40,927)
-from unlisted equity shares and movie income right investments (note a)	69,920	27,658	28
Total net fair value changes on financial assets at fair value through profit or loss	<u>76,867</u>	<u>(20,609)</u>	<u>(40,899)</u>
Net fair value changes on derivative financial asset	(6,947)	61,897	—
	<u>92,280</u>	<u>69,806</u>	<u>92,670</u>
Total revenue	<u>179,815</u>	<u>175,171</u>	<u>130,914</u>

Note:

- (a) For the year ended December 2021, 2022 and 2023, net fair value gain arising from investments in equity securities of related parties are US\$70,133, US\$27,298 and nil, respectively.

(i) Disaggregated revenue information

The Company assesses revenues based upon the nature or type of goods or services it provides and the operating segments of the related businesses. For more information on the operating segments, see Note 4, "Operating Segment Information". The following tables present disaggregated revenue information:

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**5. REVENUE, OTHER INCOME AND OTHER GAIN (CONTINUED)**

**A. Revenue (continued)**

- (i) Disaggregated revenue information (continued)

**For the year ended December 31, 2021**

<u>Segments</u>	<u>Capital market solutions</u> US\$	<u>Strategic investment</u> US\$	<u>Total</u> US\$
<b><u>Revenue from contracts with customers</u></b>			
<i>Capital market solutions</i>			
Underwriting commission	3,737	—	3,737
Financial advisory fee	73,072	—	73,072
Management fee and performance-based incentive fee	7,362	—	7,362
Brokerage and handling fee	3,262	—	3,262
Others	102	—	102
<b>Sub-total</b>	<b>87,535</b>	<b>—</b>	<b>87,535</b>
<b><u>Revenue from other sources</u></b>			
<i>Strategic investment</i>			
Net fair value changes on financial assets at fair value through profit or loss	—	76,867	76,867
Net fair value changes on derivative financial asset	—	(6,947)	(6,947)
Gain related to disposed investments	—	16,094	16,094
Dividend income	—	6,266	6,266
<b>Total</b>	<b>87,535</b>	<b>92,280</b>	<b>179,815</b>

<u>Segments</u>	<u>Capital market solutions</u> US\$
<b><u>Timing of revenue recognition</u></b>	
<i>Services transferred at a point in time</i>	
Services transferred at a point in time	80,142
Services transferred over time	7,393
<b>Total revenue from contracts with customers</b>	<b>87,535</b>

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
 (All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**5. REVENUE, OTHER INCOME AND OTHER GAIN (CONTINUED)**

**A. Revenue (continued)**

- (i) Disaggregated revenue information (continued)

**For the year ended December 31, 2022**

Segments	Capital market solutions US\$	Digital solutions and other services US\$	Media and entertainment US\$	Strategic investment US\$	Total US\$
<b><u>Revenue from contracts with customers</u></b>					
<i>Capital market solutions</i>					
Underwriting commission	12,070	—	—	—	12,070
Financial advisory fee	54,614	—	—	—	54,614
Management fee and performance-based incentive fee	2,144	—	—	—	2,144
Brokerage and handling fee	5,403	—	—	—	5,403
Others	74	—	—	—	74
<i>Digital solutions and other services</i>					
Insurance brokerage services	—	1,040	—	—	1,040
Digital solutions fees	—	22,400	—	—	22,400
<i>Media and entertainment</i>					
Fashion, arts and luxury magazines and advertising services income	—	—	3,608	—	3,608
Fashion, arts and luxury media licensing and marketing services income	—	—	4,012	—	4,012
Sub-total	<u>74,305</u>	<u>23,440</u>	<u>7,620</u>	<u>—</u>	<u>105,365</u>
<b><u>Revenue from other sources</u></b>					
<i>Strategic investment</i>					
Net fair value changes on financial assets at fair value through profit or loss	—	—	—	(20,609)	(20,609)
Net fair value changes on derivative financial assets	—	—	—	61,897	61,897
Gain related to disposed investment	—	—	—	22,106	22,106
Dividend income	—	—	—	6,412	6,412
Total	<u>74,305</u>	<u>23,440</u>	<u>7,620</u>	<u>69,806</u>	<u>175,171</u>
<b><u>Segments</u></b>					
<i>Timing of revenue recognition</i>					
Services transferred at a point in time	72,161	1,040	3,608	—	76,809
Services transferred over time	2,144	22,400	4,012	—	28,556
Total revenue from contracts with customers	<u>74,305</u>	<u>23,440</u>	<u>7,620</u>	<u>—</u>	<u>105,365</u>

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
 (All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**5. REVENUE, OTHER INCOME AND OTHER GAIN (CONTINUED)**

**A. Revenue (continued)**

- (i) Disaggregated revenue information (continued)

**For the year ended December 31, 2023**

<u>Segments</u>	<u>Capital market solutions</u> US\$	<u>Digital solutions and other services</u> US\$	<u>Media and entertainment</u> US\$	<u>Hotel operations, hospitality and VIP services</u> US\$	<u>Strategic investment</u> US\$	<u>Total</u> US\$
<b><u>Revenue from contracts with customers</u></b>						
<i>Capital market solutions</i>						
Financial advisory fee	—	—	—	—	—	—
<i>Digital solutions and other services</i>						
Insurance brokerage services	—	1,249	—	—	—	1,249
Digital solutions fee	—	12,220	—	—	—	12,220
<i>Media and entertainment</i>						
Fashion, arts and luxury magazines and advertising services income	—	—	11,031	—	—	11,031
Fashion, arts and luxury media licensing and marketing services income	—	—	3,443	—	—	3,443
<i>Hotel operations, hospitality and VIP services</i>						
Hotel operations, hospitality and VIP services income	—	—	—	10,301	—	10,301
<b>Subtotal</b>	<b>—</b>	<b>13,469</b>	<b>14,474</b>	<b>10,301</b>	<b>—</b>	<b>38,244</b>
<b><u>Revenue from other sources</u></b>						
<i>Strategic investment</i>						
Net fair value changes on financial assets at fair value through profit or loss	—	—	—	—	(40,899)	(40,899)
Gain related to disposed investment	—	—	—	—	123,634	123,634
Dividend income	—	—	—	—	9,935	9,935
<b>Total</b>	<b>—</b>	<b>13,469</b>	<b>14,474</b>	<b>10,301</b>	<b>92,670</b>	<b>130,914</b>

<u>Segments</u>	<u>Capital market solutions</u> US\$	<u>Digital solutions and other services</u> US\$	<u>Media and entertainment</u> US\$	<u>Hotel operations, hospitality and VIP services</u> US\$	<u>Total</u> US\$
<b><u>Timing of revenue recognition</u></b>					
<i>Services transferred at a point in time</i>					
Services transferred over time	—	12,220	3,443	—	15,663
<b>Total revenue from contracts with customers</b>	<b>—</b>	<b>13,469</b>	<b>14,474</b>	<b>10,301</b>	<b>38,244</b>

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**5. REVENUE, OTHER INCOME AND OTHER GAIN (CONTINUED)**

**A. Revenue (continued)**

(i) Disaggregated revenue information (continued)

The following table shows the amount of revenue recognized in the current period that were included in the contract liabilities at the beginning of the reporting period:

	As of December 31,		
	2021 US\$	2022 US\$	2023 US\$
Revenue recognized that was included in contract liabilities at the beginning of the reporting period			
Capital market solutions	6,000	81	—
Digital solutions services	—	—	895
	<u>6,000</u>	<u>81</u>	<u>895</u>

(ii) Performance obligations

The transaction prices allocated to the remaining performance obligations of digital solutions services (unsatisfied or partially unsatisfied) as of December 31, 2021, 2022 and 2023 are as follows:

For digital solutions services

	As of December 31,		
	2021 US\$	2022 US\$	2023 US\$
Within one year	—	26,138	—
More than one year	—	12,953	—
	<u>—</u>	<u>39,091</u>	<u>—</u>

The performance obligations expected to be recognized in more than one year relate to upfront fee that are to be satisfied within two years. All the other remaining performance obligations are expected to be recognized within one year.

**B. Other income**

	For the year ended December 31,		
	2021 US\$	2022 US\$	2023 US\$
Bank interest income	2	2	4,178
Other interest income	—	6,551	5,525
Interest income from the immediate holding company (Note 30(A)(iv)) (Note 30(B)(i))	14,926	9,703	10,489
Government grant	—	151	—
Others	1,221	1,656	2,750
	<u>16,149</u>	<u>18,063</u>	<u>22,942</u>

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**5. REVENUE, OTHER INCOME AND OTHER GAIN (CONTINUED)**

C. Other gain

Other gain of US\$19,598 during the year ended December 31, 2022 consists of (i) gain on bargain purchase of US\$4,848 with details included in Note 33(a)(ii); and (ii) gain on disposal of subsidiaries of US\$14,750.

Other gain of US\$68,797 during the year ended December 31, 2023 consists of (i) gain on bargain purchase of US\$4,469 with details included in Note 33(a)(ii); and (ii) gain on disposal of subsidiaries of US\$64,328.

**6. OTHER OPERATING EXPENSES**

Other operating expenses included in the consolidated statements of profit or loss and other comprehensive income are as follows:

	For the year ended December 31,		
	2021 US\$	2022 US\$	2023 US\$
<b>Other operating expenses</b>			
Marketing and brand promotional expenses	77	2,554	4,410
Premises costs and office utilities			
—Premises costs	1,830	1,672	4,970
—Office utilities	1,006	1,167	417
	<u>2,836</u>	<u>2,839</u>	<u>5,387</u>
Traveling and business development expenses	482	991	223
Commissions and bank charges	168	167	232
Office and maintenance expenses	7	3	274
Administrative service fee	3,130	3,806	4,597
Legal and professional related fees	3,172	9,414	5,631
Staff recruitment expenses	299	540	1,272
Others			
—Depreciation	6	12	1,766
—Amortization	—	726	857
—Foreign exchange differences, net	124	252	225
—Other expenses	478	1,497	4,477
	<u>608</u>	<u>2,487</u>	<u>7,325</u>
	<u><u>10,779</u></u>	<u><u>22,801</u></u>	<u><u>29,351</u></u>

**7. STAFF COSTS**

	For the year ended December 31,		
	2021 US\$	2022 US\$	2023 US\$
<b>Salaries, bonuses and staff welfare</b>			
Salaries, bonuses and staff welfare	12,192	15,490	18,493
Pension scheme contributions (defined contribution schemes)	104	1,014	1,590
	<u>12,296</u>	<u>16,504</u>	<u>20,083</u>

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**8. FINANCE COSTS**

An analysis of finance costs is as follows:

	For the year ended December 31,		
	2021 US\$	2022 US\$	2023 US\$
Interests on convertible bond	1,040	55	—
Interests on bank borrowings	610	804	6,010
Interests on amount due to a non-controlling shareholder	—	—	2,140
Interests on lease liabilities	—	—	49
	1,650	859	8,199

**9. INCOME TAX EXPENSE**

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. Overseas tax is calculated at rates of tax applicable in countries in which the Group is assessable for tax:

	For the year ended December 31,		
	2021 US\$	2022 US\$	2023 US\$
Hong Kong profits tax			
Charge for the year	13,433	12,926	4,261
Overprovision in prior year	—	—	(800)
The People's Republic of China withholding tax			
Charge for the year	626	641	993
Other jurisdictions			
Charge for the year	—	80	—
Deferred tax	—	(242)	(140)
	14,059	13,405	4,314

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. For the year ended December 31, 2021, 2022 and 2023, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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**9. INCOME TAX EXPENSE (CONTINUED)**

A reconciliation of tax expense and profit before tax at the Hong Kong statutory tax rate in which the Group's major operating subsidiaries are domiciled is as follows:

	For the year ended December 31,		
	2021 US\$	2022 US\$	2023 US\$
Profit before tax	171,239	173,871	157,697
Tax at statutory tax rate of 16.5%	28,254	28,689	26,020
Tax effect of foreign tax jurisdictions	—	34	108
Tax effect of two-tiered profit tax rate	(21)	(21)	(21)
Tax effect of non-taxable income	(12,328)	(15,604)	(31,954)
Tax effect of distribution to perpetual securities holders that are deductible for tax purpose	(2,669)	(2,591)	(1,412)
Tax effect of non-deductible expenses	202	2,265	4,743
Tax effect of unrecognized temporary difference	(1)	(1)	—
Overprovision in prior year	—	—	(800)
Tax effect of tax loss not recognized	—	—	6,637
Utilization of tax losses previously not recognized	(4)	(7)	—
Withholding tax on the dividend income	626	641	993
Income tax expense	14,059	13,405	4,314

As of December 31, 2021, 2022 and 2023, the Group had tax losses arising in Hong Kong and other countries, subject to the agreement by the tax authorities, which are available for offsetting against the future taxable profits of the Group.

Deferred tax assets have not been recognized in respect of these losses as it is not considered probable that taxable profits will be available against which such tax losses can be utilized.

**10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The Company's ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote and is not convertible into Class B ordinary share under any circumstances. Each Class B ordinary share is entitled to twenty votes and is convertible into one Class A ordinary share at any time by the holder thereof.

The basic earnings per share attributable to Class A ordinary equity holders and Class B ordinary equity holders are calculated by dividing the profit for the year attributable to Class A ordinary equity holders and Class B ordinary equity holders of the parent by the number of Class A ordinary shares and Class B ordinary shares, respectively.

For the year ended December 31, 2021 and 2022, the computation of diluted earnings per share has not taken into account the effect of convertible bond which is anti-dilutive.

No diluted earnings per share for the year ended December 31, 2023 were presented as there was no potential ordinary shares in issue during the year.

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**10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)**

Basic and diluted earnings per share for each of the periods presented are calculated as follows:

	For the year ended December 31,		
	2021	2022	2023
<b>Basic and diluted earnings per share:</b>			
<i>Numerator:</i>			
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation (US\$)-basic Class A	38,558	65,527	76,720
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation (US\$)-basic Class B	102,487	76,206	57,716
<i>Denominator:</i>			
Weighted average number of Class A ordinary shares outstanding—basic	62,327,851	138,490,789	206,965,601
Weighted average number of Class B ordinary shares outstanding—basic	165,665,944	160,959,872	155,698,533
Basic earnings per share (US\$) Class A	0.62	0.47	0.37
Basic earnings per share (US\$) Class B	0.62	0.47	0.37

Other than disclosed above and disclosed elsewhere in these consolidated financial statements, there are no other outstanding potential dilutive shares in issue.

**11. ACCOUNTS RECEIVABLE**

	As of December 31,		
	2021 US\$	2022 US\$	2023 US\$
Receivable from capital market solutions services	11,097	10,466	—
Commission receivable from insurance brokerage	—	349	200
Receivable from digital solutions and other services	—	10,496	—
Receivable from hotel operations, hospitality and VIP services	—	—	111
Receivable from media and entertainment services	—	2,757	5,214
	<u>11,097</u>	<u>24,068</u>	<u>5,525</u>

The normal settlement terms of receivables from capital market solutions services are specific terms mutually agreed between the contracting parties. Receivables are non-interest bearing. The Group allows a credit period of up to 15 days to its commission receivable arising from insurance brokerage business and a credit period of up to 90 days to its accounts receivable arising from the digital solutions and other services business and media and entertainment services business. The normal settlement terms of accounts receivable from hotel operations, hospitality and VIP services are specific terms mutually agreed between the contracting parties.

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**11. ACCOUNTS RECEIVABLE (CONTINUED)**

The Group seeks to maintain strict control over its outstanding receivables and has a credit control team to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral over its accounts receivable.

An aging analysis of the accounts receivable as of the end of the reporting period, based on the due date, net of loss allowance is as follows:

	As of December 31,		
	2021 US\$	2022 US\$	2023 US\$
Not yet due	9,498	22,796	3,075
Past due			
Within 1 month	7	932	530
1 to 3 months	663	198	974
Over 3 months	929	142	946
	11,097	24,068	5,525

As of December 31, 2021, 2022 and 2023, accounts receivable was due from a number of reputable corporate clients, brokers and individual clients.

An impairment analysis of accounts receivable from capital market solutions services is performed at each reporting date using probability of default approach to measure expected credit losses. The probability of default and loss given default are estimated based on the Group's assessment on credit ratings of the accounts receivable and historical loss experience. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The calculation of ECL considers forward looking information through the use of publicly available economic data and forecasts, including macroeconomic data such as GDP growth and unemployment rate, management judgement to reflect the qualitative factors and through the use of multiple probability weighted scenarios.

The Group has applied the lifetime ECL to measure the loss allowance. For receivable arising from the digital solutions and other services, the ECL is assessed on an individual basis. The ECL on remaining accounts receivable is performed on a collective basis, grouped by internal credit rating.

As of December 31, 2021, the probability of default ranged from 0.12% to 4.98% and the loss given default was estimated to be 45%. As of December 31, 2022, the probability of default ranged from 0.39% to 0.57% and the loss given default was estimated to be 45%. As of December 31, 2023, the probability of default ranged from 0.39% to 0.57% and the loss given default was estimated to be 46.9%.

As of December 31, 2021	Internal credit risk rating						Total
	AAA	AA	A	BBB	BB	CCC	
Expected credit loss rate	—	—	0.10%	0.17%	—	0.10%	—
Gross carrying amount (US\$'000)	—	—	7,025	3,106	—	966	11,097

As of December 31, 2022	Internal credit risk rating						Total
	AAA	AA	A	BBB	BB	CCC	
Expected credit loss rate	—	—	0.15%	0.27%	—	—	—
Gross carrying amount (US\$'000)	—	—	10,844	13,224	—	—	24,068

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**11. ACCOUNTS RECEIVABLE (CONTINUED)**

<u>As of December 31, 2023</u>	Internal credit risk rating						<u>Total</u>
	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB</u>	<u>CCC</u>	
Expected credit loss rate	—	—	—	0.30%	—	—	—
Gross carrying amount (US\$'000)	—	—	—	5,525	—	—	5,525

The expected credit losses as of December 31, 2021, 2022 and 2023 were immaterial and no loss allowance for accounts receivable was provided.

**12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

	As of December 31,		
	<u>2021</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>	<u>2023</u> <u>US\$</u>
Consideration receivables on disposal of investments to independent third parties	—	46,408	—
Consideration receivable on disposal of subsidiaries to independent third parties (Note 5 C)	—	44,885	10,000
Receivables from former subsidiaries	—	24,020	—
Prepayments	2,658	1,814	2,661
Deposits	66	115	337
Other receivables	87	7,482	3,939
Less: impairment loss provided under expected credit loss model	—	(501)	(501)
	<u>2,811</u>	<u>124,223</u>	<u>16,436</u>

The expected credit loss was assessed with reference to the credit status of the debtors, and the expected credit loss as of December 31, 2021, 2022 and 2023 are nil, US\$501 and US\$501, respectively.

None of the above assets is past due or credit-impaired. The consideration receivables on disposal of investments and subsidiaries and receivables from former subsidiaries are subsequently fully settled as of the date of these financial statements. The other financial assets included in the above balances relate to receivables for which there was no recent history of default.

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**13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND STOCK LOAN**

	As of December 31,		
	2021 US\$	2022 US\$	2023 US\$
Financial assets at fair value through profit or loss, other than financial asset at fair value through profit or loss under stock loan	330,248	173,589	66,290
Financial assets at fair value through profit or loss under stock loan	27,104	21,748	13,317
<b>Total financial assets at fair value through profit or loss</b>	<b>357,352</b>	<b>195,337</b>	<b>79,607</b>
Listed equity shares, at quoted price			
—Investment A	135,373	89,254	54,494
—Investment B	—	21,219	17,558
—Investment C	—	1	1
<b>Total listed equity shares, at quoted price</b>	<b>135,373</b>	<b>110,474</b>	<b>72,053</b>
Unlisted equity shares			
—Investment D	61,657	69,635	—
—Investment E	1,481	1,492	1,517
—Investment F	—	200	200
—Investment G	—	288	288
—Investment H	11,056	—	—
—Investment I	2,816	—	—
—Investment J	143,689	—	—
—Investment K	1,280	—	—
<b>Total unlisted equity shares</b>	<b>221,979</b>	<b>71,615</b>	<b>2,005</b>
Movie income right investments	—	13,248	5,549
	<b>357,352</b>	<b>195,337</b>	<b>79,607</b>

The above unlisted investments at December 31, 2021, 2022 and 2023 were equity shares investments issued by enterprises. Financial assets at fair value through profit or loss are categorized into levels 1 to 3. Refer to Note 31 for more information.

On December 28, 2021, the Group entered into a stock lending agreement with a related company, pursuant to which the Group lent certain listed equity shares of Investment A to the related company, with an interest of 2% per annum based on market value of the listed equity shares of the previous month end.

On May 5 and June 1, 2022, the Group entered into certain stock lending agreements with an independent third party, pursuant to which the Group lent certain listed equity shares of Investment A to this independent third party, with an interest of 2% per annum based on the previous month end market value of the listed equity shares.

As of December 31, 2021, 2022 and 2023, the fair values of the listed equity shares underlying the stock loan were US\$27,104, US\$21,748 and US\$13,317 respectively. In addition, the net fair value changes on the financial assets at fair value through profit or loss under stock loan were US\$6,095, US\$8,976 and US\$8,371 for the years ended December 31, 2021, 2022 and 2023, respectively.

During the year ended December 31, 2023, the Group acquired the entire equity interests of AMTD Assets from Investment D (AMTD Assets Alpha Group) at a consideration of approximately US\$276 million, the consideration was settled through current accounts due from the immediate holding company. After the

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**13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND STOCK LOAN (CONTINUED)**

acquisition, AMTD Assets became a subsidiary of the Group. The Group further acquired remaining 80.1% equity interest in Investment D at a consideration of approximately US\$266 million during the year ended December 31, 2023, the consideration was settled through current accounts due from the immediate holding company. After the acquisition, AMTD Asset Alpha Group become a subsidiary of the Group.

During the year ended December 31, 2022 and 2023, the Group entered into a movie income right agreements with certain production houses. In accordance with the relevant agreements, the Group is entitled to certain percentage of the profit to be derived from the release of the films upon entering into the agreements. The Group may be required to further contribute to the film program due to the budget overruns. Any agreed further contribution to the film program due to the budget overruns of the film program by the Group will be added to the carrying amounts of financial assets.

**14. DERIVATIVE FINANCIAL ASSET**

	Notes	As of December 31,		
		2021 US\$	2022 US\$	2023 US\$
Upside Participation and Profit Distribution Agreements	(a)	124,404	167,388	—
Future Settlement Contract	(b)	—	17,681	—
		124,404	185,069	—

Note (a)

On April 1, 2019, two subsidiaries of the Group entered into “Upside Participation and Profit Distribution Agreements” (the “Agreements”) with a counterparty in relation to the movement of the share price of the entirety of the listed shares of Investment A (Note 13) that the Group owns (“Underlying Assets”). The Agreements have an original term of 12 months and can be extended for any further period or terminated at any time upon mutual agreement of the contracting parties. Pursuant to the Agreements:

- (a) The counterparty is entitled to mutually agreed sharing percentage (the “Sharing Percentage”) of the gain of the Underlying Assets if the quoted market price or disposal price of the Underlying Assets is higher than a mutually agreed share price (the “Underlying Price”);
- (b) The counterparty shall pay a sum equivalent to the loss if the quoted market price or disposal price of the Underlying Assets is lower than Underlying Price (“Participation Cost”); and
- (c) Dividend or cash distributions generated from the Underlying Assets during the term of the Agreements shall be received by the Group for its sole benefit and shall not be included in the computation of the Profit or the Participation Cost.

In December 2022, the underlying listed shares have been partially sold, in which 2,673,000 underlying shares were sold in the market at the average disposal price of HK\$3.27 per share, and US\$1,963 was due from the counterparty to settle 2,673,000 notional of the derivatives reflecting the difference between the average disposal price and Underlying Price. Accordingly, corresponding revisions were made to the Agreements to reflect the reduction in the number of underlying listed shares.

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**14. DERIVATIVE FINANCIAL ASSET (CONTINUED)**

Note (a) (continued)

The Agreements satisfied the definition of derivative financial asset in accordance with U.S. GAAP and were stated at fair value with any subsequent changes recognized in profit or loss.

	Net carrying amount US\$
As of January 1, 2021	132,080
Changes in fair value during the year	(6,947)
Exchange realignment	(729)
As of December 31, 2021	124,404
Changes in fair value during the year	44,461
Partial settlement	(1,963)
Realized gain upon disposal	486
As of December 31, 2022	167,388
Realized in profit or loss during the year	34,234
Settlement	(201,411)
Exchange realignment	(211)
As of December 31, 2023	—

Note (b)

In June 2022, the Group entered into a future settlement contract with a counterparty, pursuant to which the Group is entitled to receive certain listed equity shares at a mutually agreed price at US\$53,272 in aggregate (the "Future Settlement Contract") within one year. The fair value of the underlying shares as of December 31, 2022 was US\$70,953. The Future Settlement Contract was accounted for as a derivative financial asset and the net fair value changes recognized in profit or loss was US\$17,681 for the year ended December 31, 2022. During December 31, 2023, the Agreement was terminated and fully settled with the counterparty with consideration of US\$17,681.

Note (c)

In January 2023, the Group entered into an agreement with a counterparty in relation to the enterprise value of subsidiaries that the Group owns. The agreement has an original term of one year. In December 2023, the Group and the counterparty agreed to settle this agreement, and reached a final settlement amount of US\$5,697 with the Group. In July 2023, the Group entered into another agreement with a counterparty in relation to the movement of a share price of listed shares that the Group owns. In November 2023, the Group and the counterparty agreed to settle this agreement, and reached a final settlement amount of US\$56,142 with the Group.

**15. OTHER ASSETS**

The Group maintains segregated bank accounts with corporate banks to hold clients' monies on trust under custody for the conduct of the regulated activities. The Group has classified the clients' monies as other assets under the assets section of the consolidated statements of financial position and recognized the corresponding amounts as clients' monies held on trust in accounts payable (Note 21) to respective clients on the basis that it is legally liable for any possible loss or misappropriation of the clients' monies.

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**16. CASH AND BANK BALANCES**

**(a) Cash and cash equivalents**

	As of December 31,		
	2021 US\$	2022 US\$	2023 US\$
Cash and cash equivalents:			
—General bank accounts	67,494	138,297	120,234

Cash and cash equivalents include demand deposits at banks, earn interest at floating rates based on daily bank deposit rates for all the periods. The bank balances are deposited with creditworthy banks with no recent history of default. The Group maintains most of its bank balances in Hong Kong dollars and US\$. As Hong Kong dollars is currently pegged to US\$, no significant foreign currency risk is considered.

**(b) Restricted cash**

As of December 31, 2021, 2022 and 2023, restricted deposits held at banks amounted to nil, US\$415 and US\$135, respectively, which would be used to settle certain payables to vendors.

**17. PROPERTY, PLANT AND EQUIPMENT**

	Hotel property US\$	Furniture and fixtures US\$	Computer equipment US\$	Right-of- use assets US\$	Total US\$
<b>Cost:</b>					
As of January 1, 2021	—	1	540	—	541
Exchange realignment	—	—	(3)	—	(3)
As of December 31, 2021	—	1	537	—	538
Additions	—	—	2	—	2
Additions from acquisition of subsidiaries	—	—	18	—	18
Disposal of subsidiaries	—	(1)	(537)	—	(538)
As of December 31, 2022	—	—	20	—	20
Additions	15	—	57	219	291
Additions from acquisition of subsidiaries (Note 33(a))	135,592	—	79	254	135,925
Disposal of subsidiaries	(63,444)	—	(7)	—	(63,451)
Exchange realignment	(1,614)	—	1	19	(1,594)
As of December 31, 2023	<u>70,549</u>	<u>—</u>	<u>150</u>	<u>492</u>	<u>71,191</u>
<b>Accumulated depreciation:</b>					
As of January 1, 2021	—	(1)	(530)	—	(531)
Charge for the year	—	—	(6)	—	(6)
Exchange realignment	—	—	8	—	8
As of December 31, 2021	—	(1)	(528)	—	(529)
Charge for the year	—	—	(12)	—	(12)
Disposal of subsidiaries	—	1	532	—	533

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**17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Hotel property US\$	Furniture and fixtures US\$	Computer equipment US\$	Right-of- use assets US\$	Total US\$
At December 31, 2022 and January 1, 2023	—	—	(8)	—	(8)
Charge for the year	(1,621)	—	(25)	(120)	(1,766)
Disposal of subsidiaries	623	—	5	—	628
Exchange realignment	11	—	—	(2)	9
As of December 31, 2023	<u>(987)</u>	<u>—</u>	<u>(28)</u>	<u>(122)</u>	<u>(1,137)</u>
<b>Carrying amount:</b>					
As of December 31, 2021	—	—	9	—	9
As of December 31, 2022	—	—	12	—	12
As of December 31, 2023	<u>69,562</u>	<u>—</u>	<u>122</u>	<u>370</u>	<u>70,054</u>

A hotel property of US\$69,562 was pledged for a bank borrowing (note 22) as of December 31, 2023.

As of December 31, 2023, the Group leases commercial premises for its operations. Lease contracts are entered into for fixed term of three years.

In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, lease liabilities of US\$382 are recognized with related right-of-use assets of US\$370 as of December 31, 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

**18. GOODWILL**

	Total US\$
<b>Cost:</b>	
As of January 1, 2021 and December 31, 2021	—
Arising from acquisition of AMTD Digital	7,509
Exchange realignment	16
As of December 31, 2022	7,525
Disposal of subsidiaries	(7,511)
Exchange realignment	(14)
As of December 31, 2023	—

For the purpose of impairment testing as of December 31, 2022, goodwill of US\$7,525 and developed technology included in intangible assets of US\$3,925 are allocated to reporting unit of digital solutions and other services. The recoverable amount has been determined based on undiscounted cash flow projections in the financial budgets approved by management covering a 5-year period for the year ended December 31, 2022. Cash flows beyond the 5-year period are extrapolated using a steady 1.5% growth rate. Other key assumptions of cash flow projection relate to the estimation of cash inflows/outflows which include

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**18. GOODWILL (CONTINUED)**

budgeted sales and gross margin and such estimation is based on past performance and management's expectations for the market development. Based on the result of the assessment, management of the Group determined that the recoverable amount is higher than the carrying amount and there is no impairment.

Management of the Group believes that any reasonably possible changes in any of these assumptions would not cause the impairment losses to be recognized.

**19. INTANGIBLE ASSETS**

	Archived images US\$	Developed technology US\$	Brand names US\$	Securities trading licenses and trading right US\$	Total US\$
Net carrying amount as of January 1, 2021	—	—	—	1,957	1,957
Exchange realignment	—	—	—	(11)	(11)
Net carrying amount as of December 31, 2021	—	—	—	1,946	1,946
Recognized upon acquisition of L'Officiel (Note 33(b))	497	—	91,797	—	92,294
Recognized upon acquisition of AMTD Digital (Note 33(b))	—	4,632	176	—	4,808
Amortization during the period	—	(713)	(13)	—	(726)
Disposal of subsidiaries	—	—	—	(1,946)	(1,946)
Exchange realignment	3	6	582	—	591
Net carrying amount as of December 31, 2022	500	3,925	92,542	—	96,967
Recognized upon acquisition of The Art Newspaper SA (Note 33(a))	—	—	25,392	—	25,392
Amortization during the year	—	(848)	(9)	—	(857)
Disposal of subsidiaries	—	(2,966)	—	—	(2,966)
Exchange realignment	(1)	(5)	(107)	—	(113)
Net carrying amount as of December 31, 2023	<u>499</u>	<u>106</u>	<u>117,818</u>	<u>—</u>	<u>118,423</u>

The intangible assets are amortized on a straight-line basis as follows:

Developed technology	7 years
Brand names	20 years or indefinite useful lives
Archived images	Indefinite useful lives

As at January 1, 2021 and December 31, 2021, the intangible assets represented securities trading licenses and trading right with indefinite useful lives because they are expected to contribute to the net cash flows of the Group indefinitely and therefore, are not amortized. The recoverable amount of the securities trading licenses and trading right is determined by reference to the market evidence of recent transaction prices for similar licensed corporations.

Included in the above carrying amounts of brand name of US\$92,542 and archived images of US\$500 as of December 31, 2022 and brand name of US\$117,818 and archived images of US\$499 as of December 31, 2023 are considered by management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The brand name and archived images will not be amortized until its useful life is determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**19. INTANGIBLE ASSETS (CONTINUED)**

As of December 31, 2022 and 2023, carrying amounts of brand name of US\$92,379 and US\$92,216, are assessed for impairment individually. For the purpose of impairment testing, the recoverable amount of this reporting unit has been determined using undiscounted cash flow projections in the financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using a steady 1.56% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for cash flow projection calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the past performance and management's expectations for the market development. Based on the result of the assessment, management of the Group determined that the recoverable amount of the related brand name is higher than the carrying amount and there is no impairment. Management of the Group believes that any reasonably possible changes in any of these assumptions would not cause the carrying amount of the related brand name to exceed its recoverable amount.

**20. INTERESTS IN JOINT VENTURES**

	As of December 31,		
	<u>2021</u> US\$	<u>2022</u> US\$	<u>2023</u> US\$
Cost of investments in joint ventures	—	—	(7,988)
Due from joint ventures	—	—	23,810
	<u>—</u>	<u>—</u>	<u>15,822</u>

Amounts due from joint ventures are unsecured, interest-free and repayable on demand.

Details of material joint ventures as of December 31, 2023 are as follows:

Name	Place of incorporation	Percentage of ownership interest held by the Company	Principal activity
DHI Holdings (S) Pte Ltd.	Singapore	51%	Hotel operations, hospitality and VIP services

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**20. INTERESTS IN JOINT VENTURES (CONTINUED)**

The following table illustrates the summarized financial information in respect of the Singapore hotel companies adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As of December 31, 2023 US\$
Total assets	201,025
Total liabilities	(216,689)
Net assets	(15,664)
Proportion of the Group's ownership	51%
Group's share of net assets of joint ventures	(7,988)
Due from joint ventures	23,810
Interests in joint ventures	<u>15,822</u>
<i>Addition information of the joint ventures</i>	
Cash and cash equivalents	3,516
Amounts due to shareholders	48,280
Bank borrowings	<u>163,438</u>

	February 20, 2023 to December 31, 2023 US\$
Revenue	<u>24,129</u>
Loss for the period	(4,578)
Other comprehensive income for the period	(600)
Total comprehensive income for the period	<u>(5,178)</u>

**21. ACCOUNTS PAYABLE**

	As of December 31,		
	2021 US\$	2022 US\$	2023 US\$
Payables to suppliers of media and entertainment services	—	9,846	8,628
Client's monies held on trust (Note 15)	18,763	—	—
Other	1,121	710	754
	<u>19,884</u>	<u>10,556</u>	<u>9,382</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**22. BANK BORROWINGS**

A currency analysis of bank borrowings at the end of the reporting periods is as follows:

	As of December 31,		
	2021 US\$	2022 US\$	2023 US\$
Hong Kong dollars – secured	—	—	50,655
Hong Kong dollars – unsecured	14,879	—	—
United States dollars - unsecured	35,000	20,045	45,000
Euro - unsecured	—	535	475
British Pound - unsecured	—	—	36
	<u>49,879</u>	<u>20,580</u>	<u>96,166</u>
As of December 31,			
Shown as:	2021 US\$	2022 US\$	2023 US\$
	—	458	30,373
Non-current	49,879	20,122	65,793
Current	<u>49,879</u>	<u>20,580</u>	<u>96,166</u>

As of December 31, 2021, 2022 and 2023, the bank borrowings of US\$49,879, US\$20,580 and US\$45,511 respectively were unsecured. As of December 31, 2021, 2022 and 2023, bank borrowings of US\$49,879, US\$20,122 and US\$65,793 were repayable in one year or on demand, and nil, US\$458 and US\$30,373 were repayable more than one year but within 5 years.

These bank borrowings carry a weighted average contractual interest rate of 2.1% p.a., 6.3% p.a. and 5.6% p.a., respectively as of December 31, 2021, 2022 and 2023.

As of December 31, 2023, the Group has a bank borrowing of US\$50,655 denominated in Hong Kong dollars. This borrowing is secured by the Group's hotel property, which has a carrying amount of US\$69,562. The borrowing carries an interest rate of 1.65% above the Hong Kong Interbank Offered Rate ("HIBOR"). The repayment dates for this borrowing range from October 2023 to April 2025.

As of December 31, 2023, the Group has a bank borrowing of US\$15,000 is denominated in US\$, which is unsecured, carries interest rate at 0.25% below daily Wall Street Journal Prime Rate and repayable by May 2024.

As of December 31, 2023, the Group has a bank borrowing of US\$30,000 is denominated in US\$, which is unsecured, carries interest rate at daily Wall Street Journal Prime Rate and repayable by May 2025.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**23. OTHER PAYABLES AND ACCRUALS**

	As of December 31,		
	2021 US\$	2022 US\$	2023 US\$
Accruals and other payables	11,748	14,714	14,221
Consideration payable on acquisition of subsidiaries	—	—	3,195
Contract liabilities (note (i))	81	2,190	1,462
Lease liabilities (note (ii))	—	—	382
	11,829	16,904	19,260

Note(s):

- (i) Contract liabilities as of December 31, 2023 include upfront fees received to deliver media and entertainment, and hotel operations, hospitality and VIP services. As of December 31, 2022, contract liabilities included upfront fees received to deliver digital solutions services. Contract liabilities as of December 31, 2021 include upfront fees received to deliver capital market solutions services.
- (ii) As of December 31, 2023, lease liabilities payable within one year, more than one year but not more than two years, more than two years but less than five years were US\$186, US\$113 and US\$86, respectively. The incremental borrowing rate applied to lease liabilities was 4.50% to 5.50% per annum.

**24. PROVISIONS**

	Claims from vendors US\$
At January 1, 2021 and December 31, 2021	—
Additions from acquisition of subsidiaries	4,094
Settled during the year	(95)
Exchange alignment	80
At December 31, 2022	4,079
Additions	476
Settled during the year	(831)
Exchange alignment	142
At December 31, 2023	3,866

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**25. DEFERRED TAX LIABILITIES**

The movements in deferred tax liabilities during the years are as follows:

	Intangible assets US\$
At January 1, 2021 and December 31, 2021	—
Acquisitions of subsidiaries (Note 33)	3,531
Deferred tax credited to profit or loss during the year (Note 9)	(242)
Exchange alignment	18
<b>At December 31, 2022</b>	<b>3,307</b>
Acquisitions of subsidiaries (Note 33)	2,920
Deferred tax credited to profit or loss during the year (Note 9)	(140)
Disposal of subsidiaries	(504)
<b>At December 31, 2023</b>	<b>5,583</b>

**26. CONVERTIBLE BOND AND DERIVATIVE FINANCIAL LIABILITY**

On December 19, 2019, the Company issued 2% convertible bond with a principal amount of US\$15,000,000. The bond is convertible at the option of the bondholders into class A ordinary shares at any time after six months following the date of issuance of the bond and prior to the close of business on the second business day immediately preceding the maturity date of June 30, 2023. The conversion rate is 99.44 American Depository Shares ("ADSs") per US\$1,000 principal. The conversion rate is subject to adjustment upon the occurrence of certain events that have an impact on the number of outstanding shares of the company. The bondholders can convert all or any portion of the bond that equals to or greater than US\$10,000,000. However, the bondholders can only exercise such right to convert no more than twice. Any convertible notes not converted, as well as the accrued interest, will be repaid on June 30, 2023. In January 2022, the conversion price of the bond was adjusted to US\$8.08 per share and the convertible bond were converted into 1,856,436 class A ordinary shares. The directors of the Company considered that the effect of the modification of this financial liability is considered as immaterial.

On initial recognition, the derivative component of the convertible bond is measured at fair value and presented as a derivative financial liability.

The movement of convertible bond during the year ended December 31, 2021 and 2022 are as follows:

	Liability component US\$	Derivative financial liability US\$
As of January 1, 2021	13,247	1,662
Interest for the year	1,040	—
Exchange realignment	75	102
<b>As of December 31, 2021</b>	<b>14,362</b>	<b>1,764</b>
Interest for the year	55	—
Fair value gain recognized in profit or loss	—	(1,704)
Converted into class A shares	(14,414)	(55)
Exchange realignment	(3)	(5)
<b>As of December 31, 2022 and December 31, 2023</b>	<b>—</b>	<b>—</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**27. SHARE CAPITAL, CAPITAL RESERVE AND TREASURY SHARES**

Each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to vote at general meetings of the Company, and each Class B ordinary share shall entitle the holder thereof to twenty votes on all matters subject to vote at general meetings of the Company. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Each Class A ordinary share is not convertible into Class B ordinary shares under any circumstances. Except for the voting rights and the conversion rights, the Class A ordinary shares and the Class B ordinary shares shall rank pari passu with one another and shall have the same rights, preferences, privileges and restrictions.

	Notes	Class A ordinary shares	Numbers of shares Class B ordinary shares	Class B treasury shares
As of January 1, 2021		62,327,851	183,283,628	—
Repurchase of ordinary shares	(iv)	—	(69,144,673)	69,144,673
As of December 31, 2021		62,327,851	114,138,955	69,144,673
Issued during the year	(i), (ii), (iii)	77,467,981	54,524,730	—
Conversion of class B ordinary share to class A ordinary shares		4,281,379	(4,281,379)	—
Repurchase of ordinary shares	(iv)	—	(36,923,963)	36,923,963
As of December 31, 2022		144,077,211	127,458,343	106,068,636
Issued during the year	(v), (vi)	98,688,525	—	—
Re-issue of treasury shares	(vii)	—	30,875,576	(30,875,576)
Repurchase of ordinary shares	(iv)	—	(4,773,270)	4,773,270
As of December 31, 2023		<u>242,765,736</u>	<u>153,560,649</u>	<u>79,966,330</u>

Notes:

- (i) In January 2022, the convertible bond has been converted into 1,856,436 class A ordinary shares at the conversion price of US\$8.08 per share.
- (ii) During the year ended December 31, 2022, the Company acquired a controlling stake in AMTD Digital by issuing 67,200,330 Class A and 51,253,702 Class B shares to the selling shareholders of AMTD Digital at a consideration of US\$992,645.
- (iii) In January and April 2022, the Company issued 8,411,215 Class A and 3,271,028 Class B shares to the private investors at US\$4.28 per share.
- (iv) On September 30, 2021, December 31, 2022, and December 31, 2023, the Company repurchased 69,144,673, 36,923,963 and 4,773,270, respectively, Class B ordinary shares from the immediate holding company, amounting to US\$642,055, US\$320,603 and US\$40,000.
- (v) In April 2023, the Company issued 90,000,000 Class A shares to the private investors at US\$1.04 per share.
- (vi) During the year ended December 31, 2023, the Company acquired 100% of The Art Newspaper SA with part of purchase consideration settling by issuing 8,688,525 Class A shares to the selling shareholders with fair value of US\$5,607. Details on Note 33 (a)(ii).
- (vii) In February 2023, the Company acquired AMTD Assets and the transaction was settled by 30,875,576 Class B treasury shares of the Company reissued at US\$8.68 per share of the Company.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**28. PERPETUAL SECURITIES**

On May 14, 2020, the Company issued US\$200,000,000 and SGD50,000,000 of perpetual securities at initial distribution rate of 7.25% p.a. (the “Perpetual Securities I”) and 4.5% p.a. (the “Perpetual Securities II”) which are listed on Hong Kong Stock Exchange and Singapore Stock Exchange respectively (collectively the “Perpetual Securities”). Of which, US\$38,920,000 of Perpetual Securities I and SGD14,740,000 of Perpetual Securities II were issued in settlement for the redemption of Perpetual Securities issued by the immediate holding company in 2017. The consideration amounting to US\$49,288 was settled through the current account with the immediate holding company during the year ended December 31, 2020.

The direct transaction costs attributable to the Perpetual Securities I and Perpetual Securities II in aggregate amounted to US\$575.

Distributions of the Perpetual Securities I and Perpetual Securities II may be paid semi-annually in arrears on May 14 and November 14 in each year and may be deferred at the discretion of the Company unless a compulsory distribution payment event (including distributions to ordinary shareholders of the Company) has occurred. Following a deferral, arrears of distributions are cumulative.

The Perpetual Securities I are unsecured, have no fixed maturity date and are callable at the Company’s option in whole on May 14, 2023 (“First Reset Date”) or any Distribution Payment Date falling after the First Reset Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will reset, on First Reset Date and every three years after the First Reset Date, to the sum of the initial spread of 7.011% p.a., the Treasury Rate and a step-up margin of 5.00% p.a..

The Perpetual Securities II are unsecured, have no fixed maturity date and are callable at the Company’s option in whole on May 14, 2025, which is five years after the issue date or any Distribution Payment Date thereafter at their principal amounts together with any accrued, unpaid or deferred distributions.

On October 27, 2021, the Group has early redeemed principal amount of SGD11,188,000 (equivalent to US\$8,373) of Perpetual Securities II at the redemption price equal to 75%.

In May 2023, the Company reached the agreement with the holders of Perpetual Securities I that the distribution rate is adjusted from 7.25% p.a. to 1.5% p.a. and the distribution payable in May 2023 was agreed to be waived by the holders of Perpetual Securities I.

The Perpetual Securities are included in equity in the Group’s consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the Perpetual Securities. For the year ended December 31, 2021, 2022 and 2023, the profit attributable to holders of Perpetual Securities based on the applicable distribution rate, was US\$16,175, US\$15,702 and US\$8,558, respectively, where any distribution could be deferred at the discretion of the Company unless a compulsory distribution payment event (including distributions to ordinary shareholders of the Company) has occurred. The Company distributed US\$15,994, US\$15,753 and US\$2,796 to the holders of perpetual securities during the year ended December 31, 2021, 2022 and 2023, respectively.

**29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS**

(a) Major non-cash transactions

Save as disclosed elsewhere in these consolidated financial statements, the following non-cash transactions were recorded.

During the year ended December 31, 2021, the underlying securities for the other equity linked note were disposed by one of the former fellow subsidiaries, triggering a settlement of equity linked note for

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**29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

(a) Major non-cash transactions (continued)

a consideration of US\$23,365. The Group recognized a gain related to the disposed investment of US\$15,322 from this transaction which was settled through the current accounts with AMTD Group.

During the year ended December 31, 2021, the Group disposed financial assets at fair value through profit or loss of US\$25,145 to a then fellow subsidiary. The Group recognized a gain related to the disposed investment of US\$772. The consideration of US\$25,145 was settled by way of the current accounts with AMTD Group.

During the year ended December 31, 2021, the Group purchased financial assets at fair value through profit or loss of US\$20,930 from the immediate holding company. The consideration was settled through the current accounts with AMTD Group.

During the year ended December 31, 2021, the Group repurchased 69,144,673 Class B ordinary shares from AMTD Group amounting to US\$642,055. The consideration was settled through the current accounts with AMTD Group.

During the year ended December 31, 2022, the Group repurchased 36,923,963 Class B ordinary shares from AMTD Group amounting to US\$320,603. The consideration was settled through the current accounts with AMTD Group.

During the year ended December 31, 2022, the convertible bond was converted into 1,856,436 Class A ordinary shares.

During the year ended December 31, 2022, the Company issued 5,852,805 Class A ordinary shares to a private investor at US\$4.28 per share. The consideration amounting to US\$25,050 was settled through the transfer of a listed equity investment to the Group.

During the year ended December 31, 2023, certain other receivables of US\$388,972 was settled through the current accounts with AMTD Group under the agreements between respective independent third parties, the Group and AMTD Group.

During the year ended December 31, 2023, the Group repurchased 4,773,270 Class B ordinary shares from AMTD Group amounting to US\$40,000. The consideration was settled through the current accounts with AMTD Group.

**30. RELATED PARTY TRANSACTIONS**

(A) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the years:

	Notes	For the year ended December 31,		
		2021 US\$	2022 US\$	2023 US\$
Capital market solutions services rendered to fellow subsidiaries	(i)	148	3	—
Capital market solutions services rendered to related companies controlled by a director of the Company	(i)	—	1,149	—
Capital market solutions services rendered to former fellow subsidiaries	(i)	13,417	—	—

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**30. RELATED PARTY TRANSACTIONS (CONTINUED)**

- (A) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the years (continued):

	Notes	For the year ended December 31,		
		2021 US\$	2022 US\$	2023 US\$
Management fee paid to immediate holding company	(i)	19	18	—
Investment advisory fee paid to a fellow subsidiary	(i)	23	21	—
Insurance commission paid to a fellow subsidiary	(i)	7	—	—
Insurance commission received from immediate holding company and a fellow subsidiary	(i)	—	4	48
Digital solutions and other services income from immediate holding company	(i)	—	1,592	2,554
Fashion, arts and luxury media advertising and marketing services from immediate holding company	(i)	—	2,888	2,726
Acquisition of investment from immediate holding company	(ii)(a)	20,930	—	—
Acquisition of investments from fellow subsidiaries	(ii)(b)	1,481	—	—
Proceed of disposal of an investment to a former fellow subsidiary	(ii)(c)	48,573	—	—
Administrative service fee paid to immediate holding company	(iii)	3,087	3,767	4,597
Interest income from immediate holding company	(iv)	14,926	9,703	10,489
Stock loan interest income from a former fellow subsidiary	(i)	4	—	—
Recharge from/(to) immediate holding company				
—Staff costs		2,841	4,084	—
—Premises cost		1,796	1,469	—
	(iii)	4,637	5,553	—
Treasury shares repurchased from immediate holding company	27	642,055	320,603	40,000
Perpetual securities redeemed from a former fellow subsidiary		598	—	—
Perpetual securities redeemed from a related company		4,594	—	—
Acquisition of AMTD Digital from immediate holding company and fellow subsidiaries	(ii)(d)	—	740,451	—
Acquisition of AMTD Assets from immediate holding company	(ii)(e)	—	—	268,000
Disposal of financial assets at fair value through profit or loss to immediate holding company	(ii)(f)	—	—	80,155

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**30. RELATED PARTY TRANSACTIONS (CONTINUED)**

- (A) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the years (continued):

Notes:

- (i) The terms of these services were comparable to the fee and conditions offered to the major customers of the Group.
  - (ii)
    - a. In 2021, the transaction represented the acquisition of 19.9% interest in another fellow subsidiary, AMTD Assets Alpha Group, from AMTD Group based on the investee's net asset value on the date of acquisition. The considerations were settled through the current account with AMTD Group.
    - b. In 2021, the transaction represented the acquisition of an unlisted equity investment from a fellow subsidiary.
    - c. The transactions represented the disposal of financial assets at fair value through profit or loss to a related company based on the fair value as of the date of disposal. The gain on disposal amounted to US\$16,094.
    - d. In 2022, the Group acquired 82.7% interest in AMTD Digital from the immediate holding company and fellow subsidiaries at a consideration of approximately US\$993 million.
    - e. In 2023, the Group acquired 100% interest in AMTD Assets from the immediate holding company at a consideration of US\$268,000.
    - f. In 2023, the Group disposed a financial assets at fair value through profit or loss to the immediate holding company at a consideration of US\$80,155.
  - (iii) The staff costs and premises cost was recharged by the immediate holding company based on actual usage. Starting from July 2022, the immediate holding company charged a fixed service fee of HK\$9 million (HK\$6 million prior to July 2022) per quarter for other administrative expenses..
  - (iv) The transaction represented the interest income charged at 2% per annum on the outstanding amount due from the immediate holding company which was payable on demand.
- (B) In addition to balances disclosed elsewhere in these consolidated financial statements, the Group had the following outstanding balances with related parties:
- (i) Treasury functions of the Group are conducted centrally under AMTD Group and inter-company fund transfers were carried out among the entities within AMTD Group. The treasury function manages available funds at AMTD Group level and allocates the funds to various entities within AMTD Group for their operations. On July 15, 2022, the Group and its subsidiary entered into an intercompany financing agreement with its immediate holding company. Under such agreement, any intercompany receivables and payables balances with the immediate holding company and the fellow subsidiaries shall be settled on a net basis with the immediate holding company. As of December 31, 2021, 2022 and 2023, the gross carrying amount on amount due from immediate holding company is US\$275,127, US\$287,178 and US\$1,057,007 respectively, which bears interest at 2% per annum and are unsecured and repayable on demand. The impairment loss provided under expected credit loss model as of December 31, 2021, 2022 and 2023 is nil, nil and US\$4,988, respectively. The Group did not have any outstanding balances with its fellow subsidiaries.
  - (ii) As of December 31, 2023, the amount due to a non-controlling shareholder comprised of (i) interest bearing balance of US\$7,643 at a variable rate of 2 times of HIBOR plus 1.15% per annum, (ii) interest bearing balance of US\$25,479 at a variable rate of HIBOR plus 1.15% per annum and (iii) non-interest bearing balance of US\$22,681. The amount due to a non-controlling shareholder was unsecured.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**30. RELATED PARTY TRANSACTIONS (CONTINUED)**

(C) Compensation of key management personnel of the Group:

	For the year ended December 31,		
	2021	2022	2023
	US\$	US\$	US\$
Short-term employee benefits	2,885	4,255	1,459
Other long-term benefit	7	13	6
	<u>2,892</u>	<u>4,268</u>	<u>1,465</u>

**31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

The carrying amounts and fair values of the Group's financial instruments measured at fair value are as follows:

<b>Financial assets</b>	Fair values		
	As of December 31,		
	2021	2022	2023
Financial assets at fair value through profit or loss	357,352	195,337	79,607
Derivative financial asset	124,404	185,069	—
	<u>481,756</u>	<u>380,406</u>	<u>79,607</u>

Management has assessed that the fair values of cash and bank balances, restricted cash, accounts receivable, financial assets included in prepayments, deposits and other receivables, amount due from immediate holding company, other assets, accounts payable, financial liabilities included in other payables and accruals and bank borrowings, approximate to their carrying amounts largely due to the short term maturities of these instruments or repayable on demand, or that they are interest-bearing at market rates.

The Group's finance department headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance director reports directly to the chief financial officer. At each reporting date, finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The valuation procedures applied include consideration of recent transactions in the same security or financial instrument, recent financing of the investee companies, economic and market conditions, current and projected financial performance of the investee companies, and the investee companies' management team as well as potential future strategies to realize the investments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

As of December 31, 2021, 2022 and 2023, the fair values of listed equity investments, including the stock loan, were based on quoted market prices.

The valuation methodologies for material unlisted equity securities and movie income right investments are set out in Note 3 to the consolidated financial statements.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)**

The fair value of the derivative financial asset in relation the Agreements was estimated using the MCS and was determined based on significant observable and unobservable inputs including the current stock price, dividend yield, risk-free rate, volatility of the underlying equity securities and the credit rating of the counterparty on the valuation date. MCS is a financial model that is commonly used to simulate variables that are highly unpredictable. The valuations performed using the MCS require management to estimate the volatility of the underlying equity securities and the credit rating of the counterparty and hence the valuations are subject to estimation uncertainty. The Group classifies the fair value of derivative financial asset as Level 3. The management believed that the estimated fair values resulting from the valuation technique were reasonable.

There is no change in valuation technique and basis of significant unobservable input on Level 3 financial assets and derivative financial asset as of December 31, 2021, 2022 and 2023.

Below is summary of significant unobservable inputs to valuation of financial instruments as of December 31, 2023:

	Valuation technique	Significant unobservable input	Range or estimate
Unlisted equity investment Investment E	Multiple/ EVA	Equity volatility	69.60%
Movie income right investments	Income approach	Discount rate	10.40%-12.59%

Below is summary of significant unobservable inputs to valuation of financial instruments as of December 31, 2022:

	Valuation technique	Significant unobservable input	Range or estimate
Unlisted equity investment Investment D	Net asset value method	Net asset value	Note (a)
Unlisted equity investment Investment E	Multiple/ EVA	Equity volatility	69.60%
Movie income right investments	Income approach	Discount rate	10.40%-12.59%
Derivative financial asset	MCS	Volatility of Underlying Assets	49.78%

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)**

Below is summary of significant unobservable inputs to valuation of financial instruments as of December 31, 2021:

	Valuation technique	Significant unobservable input	Range or estimate
Unlisted equity investment Investment D	Net asset value method	Net asset value	Note (a)
Unlisted equity investment Investment H	Multiple/ EVA	Equity volatility	75.29%
		Median Forward P/E multiple of peers	2.10
Unlisted equity investment Investment I	Multiple/ EVA	Equity volatility	48.52%
		Median Forward P/E multiple of peers	18.97
Unlisted equity investment Investment J	Multiple/ EVA	Average P/E multiple of peers	61.29
		Discount of lack of marketability	45%
Derivative financial assets in relation to the Agreements	MCS	Volatility of Underlying Assets	35.95%
Derivative financial liability	Binomial option pricing model	Volatility	46.21%
		Discount rate	12.52%

Note:

- (a) The fair value is derived from the net asset value of Investment D that is mostly attributable from its underlying property investments with their fair value being measured by income approach. The directors of the Company considered that remaining assets or liabilities in Investment D are not significant to the amount of overall investment and approximated to their fair value.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)**

Fair Value Hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US\$	Recent transaction price (Level 2) US\$	Significant unobservable inputs (Level 3) US\$	Total US\$
<b><u>As of December 31, 2021</u></b>				
Financial assets at fair value through profit or loss	135,373	2,761	219,218	357,352
Derivative financial asset	—	—	124,404	124,404
	<u>135,373</u>	<u>2,761</u>	<u>343,622</u>	<u>481,756</u>
<b><u>As of December 31, 2022</u></b>				
Financial assets at fair value through profit or loss	110,474	4,335	80,528	195,337
Derivative financial asset	—	17,681	167,388	185,069
	<u>110,474</u>	<u>22,016</u>	<u>247,916</u>	<u>380,406</u>
<b><u>As of December 31, 2023</u></b>				
Financial assets at fair value through profit or loss	<u>72,053</u>	<u>1,813</u>	<u>5,741</u>	<u>79,607</u>

The movements in fair value measurements within Level 3 during the years are as follow:

	For the year ended December 31,		
	2021 US\$	2022 US\$	2023 US\$
Unlisted equity shares at fair value through profit or loss:			
At January 1,	38,681	219,219	80,528
Addition	20,930	21,712	—
Disposal	(25,289)	(45,404)	(25,539)
Transfer	143,689	1,491	4,118
Derecognition upon acquisition of subsidiaries	—	(162,747)	(66,190)
Receipt of investment return	—	(2,680)	—
Total gains in profit or loss	41,208	49,267	12,804
Exchange realignment	—	(330)	20
At December 31,	<u>219,219</u>	<u>80,528</u>	<u>5,741</u>

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)**

	For the year ended December 31,		
	2021 US\$	2022 US\$	2023 US\$
Derivative financial assets in relation to the Agreement (Note 14):			
At January 1,	132,080	124,404	167,388
Net fair value (loss)/gains recognized in profit or loss	(6,947)	44,461	34,234
Gain related to disposed investment	—	486	—
Settlement	—	(1,963)	(201,411)
Exchange realignment	(729)	—	(211)
At December 31,	124,404	167,388	—
Derivative financial liability (Note 26):			
At January 1,	1,662	1,764	—
Net fair value changes recognized in profit or loss	—	(1,704)	—
Converted into class A shares	—	(55)	—
Exchange alignment	102	(5)	—
At December 31,	1,764	—	—

**32. SHARE-BASED COMPENSATION**

*AMTD SpiderMan Share Incentive Plan*

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

*Share-based compensation of AMTD Digital*

On August 3, 2020, AMTD Digital granted 38,710 shares of Class A ordinary shares, which has a vesting period of 3 years, to an employee of AMTD Digital. The grant date fair value of the Class A ordinary shares of AMTD Digital is determined based on recent transaction price of equity share of AMTD Digital.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars (“US\$”), except for share and per share data)

**32. SHARE-BASED COMPENSATION (CONTINUED)**

*Share-based compensation of AMTD Digital (continued)*

On July 31, 2021, AMTD Digital granted 17,540 restricted shares units of Class A ordinary shares of AMTD Digital (“RSUs”) to an employee of AMTD Digital. The RSUs granted have a vesting period of three years of employment services with the first one-third vesting on the first anniversary from grant date, and the remaining two third vesting on an annual basis over a two-year period ending on the third anniversary of the grant date. The grant date fair value of the RSUs is determined based on recent transaction price of the equity share of AMTD Digital.

The non-vested shares and RSUs are not transferable and may not be sold or pledged and the holder has no voting or dividend right. In the event a non-vested shareholder’s employment for AMTD Digital is terminated for any reason prior to the third anniversary of the grant date, the holder’s right to the non-vested shares and RSUs will terminate effectively. The outstanding non-vested shares and RSUs shall be forfeited and automatically transferred to and reacquired by AMTD Digital without any consideration.

The aggregate fair value of the restricted shares and RSUs at grant date was US\$737 and US\$258 for the year ended December 31, 2022 and 2023, respectively. 5,847 RSUs and 5,847 RSUs were vested during the year ended December 31, 2022 and 2023, respectively.

The share-based payment expense amounted to US\$205 and US\$207 was recognized in the consolidated financial statements during the year ended December 31, 2022 and 2023, respectively.

As of December 31, 2022 and 2023, there was US\$229 and US\$50, respectively, unrecognized compensation cost related to non-vested shares and RSUs of AMTD Digital which is expected to be recognized over a weighted average vesting period of 1.1 and 0.6 years, respectively.

**33. ACQUISITIONS OF SUBSIDIARIES**

(a) Acquisition during year ended December 31, 2023

(i) Acquisition of AMTD Assets

In August 2022, the Group had entered into certain agreements pursuant to which the Group acquired 96.1% of the equity interest in AMTD Assets, which holds a global portfolio of premium whole building properties, from AMTD Group at a consideration, which was agreed to settle by 30,875,576 Class B ordinary shares of the Company (“Consideration Shares”) at agreed share price of US\$8.68 per share of the Company for the Group’s expansion to hotel operations, hospitality and VIP services business. Following the completion of the above transaction, the Company injected AMTD Assets into AMTD Digital at the same consideration.

The transaction was completed and AMTD Assets was consolidated by the Group since February 6, 2023 based on business combination under common control using predecessor accounting. The difference between the consideration and the net asset value of AMTD Assets, amounting to approximately US\$275,154, was recorded in capital reserve within the consolidated statement of changes in equity. The Consideration Shares were settled by treasury shares of the Company with repurchase price of US\$268,000.

No acquisition-related cost has been recognized as an expense for the year ended December 31, 2023.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**33. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)**

(a) Acquisition during year ended December 31, 2023 (continued)

(i) Acquisition of AMTD Assets (continued)

**Assets acquired and liabilities recognized at the date of acquisition**

	US\$
Interests in joint ventures	24,726
Property, plant and equipment	135,592
Cash and bank balances	3,860
Accounts receivable	527
Prepayments, deposits and other receivables	20,365
Amount due from a non-controlling shareholder	637
Account payable	(311)
Accruals and other payables	(2,269)
Bank borrowings	(50,849)
Amount due to a non-controlling shareholder	(53,464)
Amount due to AMTD Group	<u>(81,968)</u>
	<u>(3,154)</u>

Reserve arising on acquisition:

	US\$
Consideration transferred	268,000
Plus: non-controlling interests of AMTD Digital	(1,019)
Plus: non-controlling interests of AMTD Assets	(336)
Plus: non-controlling interests of AMTD Assets' subsidiaries	5,355
Less: recognized amounts of net liabilities acquired	<u>3,154</u>
	<u>275,154</u>

Net cash inflow on acquisition of AMTD Assets

	US\$
Cash consideration paid	—
Add: cash and cash equivalent balances acquired	<u>3,860</u>
	<u>3,860</u>

(ii) Acquisition of The Art Newspaper SA

During the year ended December 31, 2023, the Company acquired 100% equity interest of The Art Newspaper SA, a limited company incorporated in Switzerland. The consideration of the acquisition was paid by cash amounting to US\$2,540, 8,688,525 shares of the Company and 380,065 shares of AMTD Digital as well as a bonus element of EUR2,888,888 which will be settled by the shares of the Company on the 540th day following the completion of acquisition. The total consideration is approximately US\$16,831. The transaction was completed and The Art Newspaper SA became a consolidated subsidiary of the Company since October 20, 2023 using acquisition accounting. As of end of the reporting period, the initial recognition and measurement of intangible assets acquired has not been completed. Accordingly, the purchase price allocation and accounting of the acquisition is not complete and on a provisional basis. Those

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**33. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)**

(a) Acquisition during year ended December 31, 2023 (continued)

(ii) Acquisition of The Art Newspaper SA (continued)

provisional amounts may be adjusted during the measurement period or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

No acquisition-related cost has been recognized as an expense for the year ended December 31, 2023.

**Consideration transferred**

	US\$
Cash	2,540
Ordinary shares of the Company	5,607
Ordinary shares of AMTD Digital	5,607
Other consideration payable	3,077
<b>Net assets acquired</b>	<b>16,831</b>

**Assets acquired and liabilities recognized at the date of acquisition**

	US\$
Cash and bank balances	27
Accounts receivable	674
Prepayments, other receivables and deposits	301
Property, plant and equipment	333
Intangible assets	25,392
Accounts payables	(402)
Other payables and accruals	(2,068)
Bank borrowings	(37)
Deferred tax liabilities	(2,920)
<b>Net assets acquired</b>	<b>21,300</b>

The gross contractual amounts of accounts and other receivables as of the date of acquisition amounted to US\$975. No accounts receivable and other receivables were expected to be uncollectible.

**Gain arising on acquisition:**

	US\$
Recognized amounts of net payable assets acquired	21,300
Less: consideration paid/payable	(16,831)
	<b>4,469</b>

Bargain purchase gain amounting to US\$4,469 acquisition of The Art Newspaper SA is recognized in profit or loss within the other gain line item in the consolidated statement of profit or loss and other comprehensive income. The transaction resulted in a bargain purchase gain, reflecting the financial and operating conditions of the acquiree at the time of acquisition and our competitive bargaining strategy over the seller.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**33. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)**

(a) Acquisition during year ended December 31, 2023 (continued)

(ii) Acquisition of The Art Newspaper SA (continued)

**Net cash outflow on acquisition of The Art Newspaper SA**

	US\$
Cash consideration paid	(2,540)
Less: cash and cash equivalents balances acquired	27
	<u>(2,513)</u>

**Impact of acquisition on the results of the Group**

Included in the consolidated profit for the year ended December 31, 2023 is the profit of US\$45 attributable to the business generated by The Art Newspaper SA. Revenue for the year ended December 31, 2023 includes US\$2 million generated from the acquisition.

Had the acquisition of The Art Newspaper SA been completed on January 1, 2023, revenue for the year of the Group would have been US\$135 million, and profit for the year would have been US\$152.4 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2023, nor is it intended to be a projection of future events.

(b) Acquisition during the year ended December 31, 2022

(i) Acquisition of AMTD Digital

In February 2022, the Company acquired an 82.7% shareholding of AMTD Digital by issuing new Class A and Class B shares to the selling shareholders of AMTD Digital at a consideration of approximately US\$993 million, which was based on the agreed share price of US\$8.38 per share of the Company. The transaction was completed and AMTD Digital became a consolidated subsidiary of the Company since March 1, 2022 based on business combination under common control using predecessor accounting prospectively. The original 14.4% equity interest in AMTD Digital, accounted for as financial assets at fair value through profit or loss, was derecognized upon consolidation of AMTD Digital. The difference between the consideration and the net asset value of AMTD Digital, amounting to approximately US\$774,197, was recorded in capital reserve within the statement of changes in equity.

Consideration transferred

	US\$
Fair value of previously held equity interest	162,747
Ordinary shares of the Company	992,645
	<u>1,155,392</u>

No acquisition-related cost has been recognized as an expense for the year ended December 31, 2022.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**33. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)**

(b) Acquisition during the year ended December 31, 2022 (continued)

(i) Acquisition of AMTD Digital (continued)

**Assets acquired and liabilities recognized at the date of acquisition**

	US\$
Intangible assets	4,808
Goodwill	7,509
Property, plant and equipment	18
Other assets	1,753
Cash and bank balances	13,051
Accounts receivable	7,519
Prepayments, deposits and other receivables	35,581
Due from immediate holding company	317,991
Financial assets at fair value through profit or loss	21,199
Account payable	(1,119)
Accruals and other payables	(8,647)
Tax payable	(3,611)
Deferred tax liabilities	(762)
Total identifiable net assets	<u>395,290</u>

Reserve arising on acquisition:

	US\$
Consideration transferred	1,155,392
Plus: non-controlling interests (2.91%)	11,427
Plus: non-controlling interests of AMTD Digital's subsidiaries	2,668
Less: recognized amounts of net assets acquired	<u>(395,290)</u>
	<u>774,197</u>

Net cash inflow on acquisition of AMTD Digital:

	US\$
Cash consideration paid	—
Add: cash and cash equivalent balances acquired	13,051
	<u>13,051</u>

(ii) Acquisition of L'Officiel

The Company acquired 100% equity interest of L'Officiel. The cash consideration amounted to US\$62,800. The transaction was completed on April 20, 2022 and accounted for using acquisition accounting.

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**33. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)**

(b) Acquisition during the year ended December 31, 2022 (continued)

(ii) Acquisition of L'Officiel (continued)

**Consideration transferred**

	US\$
Cash	<u>62,800</u>

No acquisition-related cost has been recognized as an expense for the year ended December 31, 2022.

**Assets acquired and liabilities recognized at the date of acquisition**

	US\$
Cash and bank balances	247
Restricted cash	477
Accounts receivable	1,855
Prepayments, other receivables and deposits	2,745
Intangible assets	92,294
Accounts payables	(11,489)
Other payables and accruals	(11,033)
Provisions	(4,094)
Bank borrowings	(585)
Deferred tax liabilities	(2,769)
Net assets acquired	<u>67,648</u>

The fair values and gross contractual amounts of accounts receivable and other receivables at the date of acquisition amounted to of US\$1,855 and US\$2,492, respectively. No accounts receivable and other receivables were expected to be uncollectible.

**Gain arising on acquisition:**

	US\$
Recognized amounts of net assets acquired	67,648
Less: consideration paid	(62,800)
	<u>4,848</u>

Bargain purchase gain amounting to US\$4,848 on acquisition of L'Officiel is recognized in profit or loss within the other gain line item in the consolidated statement of profit or loss and other comprehensive income. The transaction resulted in a bargain purchase gain, reflecting the financial and operating conditions of the acquiree at the time of acquisition.

**Net cash outflow on acquisition of L'Officiel**

	US\$
Cash consideration paid	(62,800)
Less: cash and cash equivalents balances acquired	247
	<u>(62,553)</u>

**AMTD IDEA GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

**33. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)**

(b) Acquisition during the year ended December 31, 2022 (continued)

(ii) Acquisition of L'Officiel (continued)

**Impact of acquisition on the results of the Group**

Included in the consolidated profit for the year ended December 31, 2022 is the profit of US\$2.7 million attributable to the business generated by L'Officiel. Revenue for the year ended December 31, 2022 includes US\$4.7 million generated from the acquisition.

Had the acquisition of L'Officiel been completed on January 1, 2022, revenue for the year of the Group would have been US\$177.0 million, and profit for the year would have been US\$159.0 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2022, nor is it intended to be a projection of future events.

**34. PENDING CLAIMS AND LITIGATION**

The Group is subject to periodic legal or administrative proceedings in the ordinary course of business. Such proceedings are reviewed with the Group's legal advisors. The Group does not believe that any pending legal proceeding to which the Group is a party will have a material effect on its business, results of operations or cash flows.

**35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were approved and authorized for issue by the Board of Directors on May 13, 2024.

**THE SYMBOL “[Redacted]” DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL, AND (II) IS THE TYPE THAT THE COMPANY TREATS AS PRIVATE OR CONFIDENTIAL**

### BUSINESS LOAN AGREEMENT

**Borrower:** AMTD DIGITAL INC.  
25/F NEXXUS BLDG  
41 CONNAUGHT RD, HONG KONG

**Lender:** [REDACTED]  
[REDACTED]

**THIS BUSINESS LOAN AGREEMENT** dated February 15, 2023, is made and executed between AMTD DIGITAL INC. (“Borrower”) and [REDACTED] (“Lender”) on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower’s representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender’s sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

**TERM.** This Agreement shall be effective as of February 15, 2023, and shall continue in full force and effect until such time as all of Borrower’s Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys’ fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

**LINE OF CREDIT.** The Indebtedness includes a revolving line of credit. Advances under the Indebtedness, as well as directions for payment from Borrower’s accounts, may be requested either orally or in writing by Borrower. Lender may, but need not require that all non-written requests be confirmed in writing. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person as described in the “Advance Authority” section below or (B) credited to any of Borrower’s accounts with Lender.

**ADVANCE AUTHORITY.** The following person or persons are authorized to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender’s address shown above, written notice of revocation of such authority: [REDACTED].

**CONDITIONS PRECEDENT TO EACH ADVANCE.** Lender’s obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender’s satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

**Loan Documents.** Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender’s counsel.

**Borrower’s Authorization.** Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

**Payment of Fees and Expenses.** Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

**Representations and Warranties.** The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

**No Event of Default.** There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

**REPRESENTATIONS AND WARRANTIES.** Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

**Organization.** Borrower is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of Borrower’s state of incorporation. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 25/F NEXXUS BLDG, 41 CONNAUGHT RD CENTRAL, HONG KONG. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records. Borrower will notify Lender prior to any change in the location of Borrower’s state of organization or any change in Borrower’s name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower’s business activities.

**Assumed Business Names.** Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None**.

**Authorization.** Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

**Financial Information.** Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

**Legal Effect.** This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

[REDACTED]

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**Properties.** Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

**Litigation and Claims.** No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

**Taxes.** To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

**Binding Effect.** This Agreement, the Note, and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

**Certification of Beneficial Owner(s).** If Borrower is requested by Lender to provide a Certification of Beneficial Owner(s), the information included in the Certification of Beneficial Owner(s) is true and correct in all respects. "Certification of Beneficial Owner(s)" means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation, which certification shall be substantially in form and substance satisfactory to Lender. "Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

**AFFIRMATIVE COVENANTS.** Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

**Notices of Claims and Litigation.** Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower which could materially affect the financial condition of Borrower.

**Financial Records.** Maintain its books and records in accordance with GAAP, or an OCBOA acceptable to Lender, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

**Financial Statements.** [REDACTED]

**Additional Information.** [REDACTED]

**Financial Covenants and Ratios.** [REDACTED]

[REDACTED]

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**Other Agreements.** Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

**Loan Proceeds.** Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

**Taxes, Charges and Liens.** Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP or an OCBOA acceptable to Lender.

**Performance.** Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

**Operations.** Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

**Environmental Studies.** Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

**Compliance with Governmental Requirements.** Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Inspection.** Permit employees or agents of Lender at any reasonable time to inspect Borrower's properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

**Environmental Compliance and Reports.** Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

**Additional Assurances.** Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

**Compliance with "Know Your Customer" Requirements.** Promptly following any request therefor, Borrower shall provide information and documentation reasonably requested by Lender for purposes of compliance with applicable "know your customer" requirements under the PATRIOT Act, the Beneficial Ownership Regulation or other applicable anti-money laundering laws, including but not limited to a Certificate of Beneficial Owner(s) acceptable to Lender if applicable.

**RECOVERY OF ADDITIONAL COSTS.** If the imposition of or any change in any law, rule, regulation, guideline, or generally accepted accounting principle, or the interpretation or application of any thereof by any court, administrative or governmental authority, or standard-setting organization (including any request or policy not having the force of law) shall impose, modify or make applicable any taxes (except federal, state or local income or franchise taxes imposed on Lender), reserve requirements, capital adequacy requirements or other obligations which would (A) increase the cost to Lender for extending or maintaining the credit facilities to which this Agreement relates, (B) reduce the amounts payable to Lender under this Agreement or the Related Documents, or (C) reduce the rate of return on Lender's capital as a consequence of Lender's obligations with respect to the credit facilities to which this Agreement relates, then Borrower agrees to pay Lender such additional amounts as will compensate Lender therefor, within fifteen (15) days after Lender's written demand for such payment, which demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.

**LENDER'S EXPENDITURES.** If Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited

to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

[REDACTED]

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**NEGATIVE COVENANTS.** Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

**Continuity of Operations.** (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge or restructure as a legal entity (whether by division or otherwise), consolidate with any other entity, change its name, convert to another type of entity or redomesticate, or dissolve.

**Agreements.** Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

**DIVIDEND PAYMENT.** The Borrower is permitted to pay dividends on Borrower's stock so long as no Event of Default has occurred and is continuing or would result from the payment of dividends.

**CESSATION OF ADVANCES.** If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower has with Lender; (B) Borrower dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; or (C) there occurs a material adverse change in Borrower's financial condition.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Borrower fails to make any payment when due under the Loan.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**Default in Favor of Third Parties.** Borrower defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect Borrower's property or Borrower's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Defective Collateralization.** This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Change in Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower excluding such changes in shareholding arising from organic/inorganic growth of the Borrower.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is materially impaired.

**Right to Cure.** If any default, other than a default on Indebtedness, is curable and if Borrower has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower after Lender sends written notice to Borrower demanding cure of such default: (1) cure the default within fifteen (15) business days; or (2) if the cure requires more than fifteen (15) days, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**Other Defaults Modified.** Notwithstanding the section above entitled "Other Defaults", Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or Agreement or in any of the Related Documents between Lender and Borrower; or any shareholder, member, trustor, or any owner of the Borrower also holding a controlling interest in any given entity's common stock, membership interest, trust interest, or any other ownership interest ("Related Entity"), fails to comply with or to perform any other term, obligation, covenant or condition contained in any other agreement between Lender and the Related Entity.

**EFFECT OF AN EVENT OF DEFAULT.** If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will

become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

**CONSENT TO JURISDICTION AND CHOICE OF VENUE.** Borrower consents to any litigation in connection with loan being brought and maintained in the courts of the State of California located in Los Angeles County provided that the Lender is not precluded from bringing suit or taking other legal action in any other jurisdiction. Borrower expressly and irrevocably submits to the jurisdiction of the courts of the State of California for the purpose of any such litigation. Borrower further irrevocably consents to the service of process by registered mail, postage prepaid, or by personal service within or outside the State of California. Borrower expressly and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such litigation brought in any such court referred to above and any claim that any such litigation has been brought in an inconvenient forum.

[REDACTED]

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**ELECTRONIC INSTRUCTIONS.** Borrower desires to apply for Advances and instruct Lender regarding all other aspects of the Loan electronically, including but not limited to by electronic mail, internet, telex, telefax, facsimile and/or telecopy. Borrower agrees that Lender may act in accordance with electronically transmitted applications and instructions ("Electronic Instructions") subject to the following provisions: 1) Borrower's Electronic Instructions must be sent to Lender electronically only by means of such services and in such format(s) as may be approved from time to time by Lender in its sole discretion; 2) Borrower will provide to Lender, in writing and duly signed by Borrower, any reasonable security or verification procedures, and Lender may require additional security or verification procedures in its sole discretion; 3) Borrower hereby authorizes and instructs Lender to take all actions requested in any and all Electronic Instructions and agrees that each such Electronic Instruction will be deemed an original and, if sent in lieu of manually signed instructions, will be deemed to incorporate all of the terms and provisions of the Lender's standard form or format, if any, for such instructions; 4) Borrower recognizes and agrees that it will be obligated for any loan advance request and/or instruction pursuant to Electronic Instructions to the same extent as if such advance request and/or instruction were provided pursuant to Lender's standard form or Lender approved format(s) manually signed by Borrower; 5) Borrower agrees to indemnify and hold harmless Lender, its officers, directors, employees and affiliates against any and all liability, loss, cost, damages, attorneys' fees and other expenses which Lender may incur in reliance upon and pursuant to any and all of the Electronic Instructions received by Lender and purported to be sent by Borrower; 6) Lender is not responsible for checking electronic communications devices on a regular basis, and Borrower will make arrangements to assure Electronic Instructions have been sent to a current employee of Lender, and the employee of Lender has received and read the Electronic Instructions; 7) Lender is not responsible for delays, errors or omissions resulting from malfunction of electronic communications devices or from other conditions beyond the control of Lender; and 8) Lender is not responsible for misuse of or wrongful access to electronic communications devices by Borrower's representatives and employees nor for any delay in acting on Electronic Instructions caused by Electronic Instructions which Lender deems to be uncertain or unclear or incomplete.

**USA PATRIOT ACT.** Lender hereby notifies Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with the Act. Borrower shall, promptly following a request by Lender, provide all documentation and other information that Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Act. For legal entity borrowers, Lender will require the legal entity to provide identifying information about each beneficial owner and/or individuals who have significant responsibility to control, manage or direct the legal entity.

**DISCRETIONARY LINE OF CREDIT.** Lender agrees to make Advances to Borrower from time to time under this Agreement, at the sole discretion of Lender. This is not a committed Line of Credit and Advances shall be made by Lender in its sole discretion, and nothing contained herein, in the Note or in any other Loan Documents shall be construed to obligate Lender to make any Advances. Lender shall have the right to refuse to make Advances at any time without prior notice to Borrower. Notwithstanding the section entitled "CESSATION OF ADVANCES", Lender can cease Advances under this Discretionary Line of Credit at any time at its sole discretion.

**EXPENSES.** The Borrower agrees, whether or not the transactions hereby contemplated are consummated, to pay, or reimburse the Lender promptly upon demand for the payment of all reasonable and duly documented costs and expenses arising in connection with the preparation, execution and delivery of, the modification of, or waiver of or consent under, of enforcement of, the Loan Documents, including, without limitation, the reasonable and duly documented out-of-pocket costs of the Lender (incurred in respect of telecommunications, mail or courier service, travel and the like), and any fees or expenses of third parties (including but not limited to notarization fees and registration fees), and all stamp taxes (including interest and penalties, if any) which may be payable in respect of the Related Documents.

**Tax Deductions and Withholdings.** All sums payable by the Borrower hereunder and under the Related Documents shall be paid free and clear of, and without any deduction or withholding on account of, any tax imposed, levied, collected, withheld or assessed by or within the United States of America or any political subdivision in or of the United States of America or any other jurisdiction from or to which a payment is made by or on behalf of the Borrower or by any federation or organization of which the United States of America or any such jurisdiction is a member at the time of payment.

If the Borrower or any other person or entity is required by law to make any deduction or withholding on account of any such tax from any sum paid or payable to the Lender under any of the Related Documents: (i) the Borrower shall notify the Lender of any such requirement or any change in any such requirement as soon as the Borrower becomes aware of it; (ii) the Borrower shall pay any such tax before the date on which penalties attach thereto; (iii) the sum payable in respect of which the relevant deduction, withholding or payment is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment, the Lender receives on the due date a net sum equal to what it would have received had no such deduction, withholding or payment been required or made; and (iv) within twenty (20) days after paying any sum from which it is required by law to make any deduction or withholding, and within twenty (20) days after the due date of payment of any tax which it is required by clause (ii) above to pay, the Borrower shall deliver to the Lender evidence satisfactory of such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal

expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Consent to Loan Participation.** Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

[REDACTED]

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**Governing Law.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Subsidiaries of Borrower.** To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries.

**Successors and Assigns.** All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

**Survival of Representations and Warranties.** Borrower understands and agrees that in extending Loan Advances, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the extension of Loan Advances and delivery to Lender of the Related Documents, shall be continuing in nature, shall be deemed made and redated by Borrower at the time each Loan Advance is made, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**Waive Jury.** To the extent permitted by applicable law, all parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

**Counterparts; Electronic Signatures.** This Note or Agreement and all other Related Documents may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Note, Agreement or Related Documents, as applicable. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Note or Agreement and all other Related Documents and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "**Electronic Signatures**" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record. If any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing this Note or Agreement and all other Related Documents (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original hereof or thereof.

**Additional Related Documents.** "Related Documents" shall also include all agreements and instruments executed by Borrower in connection with prior indebtedness by Borrower to Lender which, by the terms of such agreements and/or instruments, apply to all or part of Borrower's underlying obligations of this Indebtedness and/or applies to all future indebtedness of Borrower to Lender.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

**Advance.** The word “Advance” means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower’s behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

**Agreement.** The word “Agreement” means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

**Borrower.** The word “Borrower” means AMTD DIGITAL INC. and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Environmental Laws.** The words “Environmental Laws” mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. (“CERCLA”), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 (“SARA”), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words “Event of Default” mean any of the events of default set forth in this Agreement in the default section of this Agreement.

**GAAP.** The word “GAAP” means generally accepted accounting principles.

**Indebtedness.** The word “Indebtedness” means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

**Lender.** The word “Lender” means [REDACTED], its successors and assigns.

**Loan.** The word “Loan” means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

**Note. [REDACTED]**

**OCBOA.** The term “OCBOA” means Other Comprehensive Basis of Accounting, as designated by Lender in writing as an acceptable alternative to GAAP.

**Permitted Liens.** The words “Permitted Liens” mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled “Indebtedness and Liens”; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower’s assets.

**Related Documents.** The words “Related Documents” mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

**Security Interest.** The words “Security Interest” mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor’s lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

**BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED FEBRUARY 15, 2023.**

**BORROWER:**

**AMTD DIGITAL INC.**

**By: [REDACTED]**

[REDACTED]

LENDER:

[REDACTED]

By: [REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED]

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### List of Subsidiaries of the Registrant

Subsidiaries	Place of Incorporation
AMTD Investment Inc.	Cayman Islands
AMTD Digital Inc.	Cayman Islands
AMTD Strategic Investment (BVI) Limited	British Virgin Islands
AMTD IDEA International Limited	British Virgin Islands
AMTD Fintech Investment (BVI) Limited	British Virgin Islands
AMTD Digital Financial Holdings Limited	British Virgin Islands
AMTD Digital Investments Holdings Limited	British Virgin Islands
AMTD (Singapore) Group Holdings Ltd.	British Virgin Islands
AMTD Risk Solutions Limited	British Virgin Islands
AMTD Direct Investment III Limited	British Virgin Islands
AMTD Strategic Investment Limited	Hong Kong
AMTD Overseas Limited	Hong Kong
AMTD International Holding Group Limited	Hong Kong
AMTD Risk Solutions Group Limited	Hong Kong
Digital Finance Media Limited	Hong Kong
AMTD Digital Solutions Power Pte. Ltd.	Singapore
AMTD Singapore Solidarity Fund Pte. Ltd.	Singapore
AMTD Solidarity Fund 2 Pte. Ltd.	Singapore
AMTD Solidarity Fund 4 Pte. Ltd.	Singapore
AMTD Property Investment Holdings Limited	British Virgin Islands
AMTD Properties (HK) Limited	British Virgin Islands
Dense Globe Investments Limited	British Virgin Islands
Fine Cosmos Development Limited	Hong Kong
AMTD Assets Group	Cayman Islands
AMTD Hotels and Properties Group	France
AMTD World Media and Entertainment Group Inc.	British Virgin Islands
AMTD World Media and Entertainment Group	Cayman Islands
AMTD World Media and Entertainment Group	France
The Art Newspaper SA	Switzerland
TAN France SAS	France
The Art Newspaper Limited	United Kingdom
The Art Newspaper USA Inc.	United States
L'Officiel Inc. SAS	France
L'Officiel Asia Inc.	Cayman Islands
L'Officiel Singapore Pte. Ltd.	Singapore
L'Officiel Malaysia Sdn. Bhd.	Malaysia
L'Officiel USA, Inc.	United States
Les Editions Jalou SARL	France
L'Officiel Italia SRL	Italy
Jalou Production SARL	France
Jalou Production Italy SRL	Italy
L'Officiel Hong Kong Publishing Limited	Hong Kong

**Certification of Chief Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Lawrence Lee, certify that:

1. I have reviewed this annual report on Form 20-F of AMTD IDEA Group (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: May 13, 2024

By: /s/ Lawrence Lee  
Name: Lawrence Lee  
Title: Chief Executive Officer

**Certification of Chief Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Xavier Zee, certify that:

1. I have reviewed this annual report on Form 20-F of AMTD IDEA Group (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: May 13, 2024

By: /s/ Xavier Zee  
Name: Xavier Zee  
Title: Chief Financial Officer

**Certification of Chief Executive Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of AMTD IDEA Group (the “Company”) on Form 20-F for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Lawrence Lee, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2024

By: /s/ Lawrence Lee  
Name: Lawrence Lee  
Title: Chief Executive Officer

**Certification of Chief Financial Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of AMTD IDEA Group (the “Company”) on Form 20-F for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Xavier Zee, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2024

By: /s/ Xavier Zee  
Name: Xavier Zee  
Title: Chief Financial Officer

**AMTD IDEA GROUP****CLAWBACK POLICY**

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of AMTD IDEA Group (the “Company”) believes that it is appropriate for the Company to adopt this Clawback Policy (the “Policy”) to be applied to the Executive Officers of the Company and adopts this Policy to be effective as of the Effective Date.

**1. Definitions**

For purposes of this Policy, the following definitions shall apply:

- a) “Company Group” means the Company and each of its subsidiaries and consolidated affiliated entities, as applicable.
- b) “Covered Compensation” means any Incentive-Based Compensation granted, vested or paid to a person who served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation and that was Received (i) on or after October 2, 2023 (*i.e.*, the effective date of the NYSE listing standards), (ii) after the person became an Executive Officer, and (iii) at a time that the Company had a class of securities listed on a national securities exchange or a national securities association such as the NYSE.
- c) “Effective Date” means December 1, 2023.
- d) “Erroneously Awarded Compensation” means the amount of Covered Compensation granted, vested or paid to a person during the fiscal period when the applicable Financial Reporting Measure relating to such Covered Compensation was attained that exceeds the amount of Covered Compensation that otherwise would have been granted, vested or paid to the person had such amount been determined based on the applicable Restatement, computed without regard to any taxes paid (*i.e.*, on a pre-tax basis). For Covered Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the Committee will determine the amount of such Covered Compensation that constitutes Erroneously Awarded Compensation, if any, based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Covered Compensation was granted, vested or paid and the Committee shall maintain documentation of such determination and provide such documentation to the NYSE.
- e) “Exchange Act” means the U.S. Securities Exchange Act of 1934.
- f) “Executive Officer” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person (whether or not an officer or employee of the Company) who performs similar policy-making functions for the Company. “Policy-making function” does not include policy-making functions that are not significant. Both current and former Executive Officers are subject to the Policy in accordance with its terms.

- g) “Financial Reporting Measure” means (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures derived wholly or in part from such measures and may consist of IFRS/U.S. GAAP or non-IFRS/non-U.S. GAAP financial measures (as defined under Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Exchange Act), (ii) stock price or (iii) total shareholder return. Financial Reporting Measures need not be presented within the Company’s financial statements or included in a filing with the SEC.
- h) “Home Country” means the Company’s jurisdiction of incorporation, *i.e.*, the Cayman Islands.
- i) “Incentive-Based Compensation” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.
- j) “Lookback Period” means the three completed fiscal years (plus any transition period of less than nine months that is within or immediately following the three completed fiscal years and that results from a change in the Company’s fiscal year) immediately preceding the date on which the Company is required to prepare a Restatement for a given reporting period, with such date being the earlier of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on whether or when the Restatement is actually filed.
- k) “NYSE” means the New York Stock Exchange.
- l) “Received”: Incentive-Based Compensation is deemed “Received” in the Company’s fiscal period during which the Financial Reporting Measure specified in or otherwise relating to the Incentive-Based Compensation award is attained, even if the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.
- m) “Restatement” means a required accounting restatement of any Company financial statement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a “Big R” restatement) or (ii) to correct an error in previously issued financial statements that is not material to the previously issued financial statements but that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as a “little r” restatement). Changes to the Company’s financial statements that do not represent error corrections under the then-current relevant accounting standards will not constitute Restatements. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on fraud or misconduct by any person in connection with the Restatement.

n) “SEC” means the U.S. Securities and Exchange Commission.

## **2. Recovery of Erroneously Awarded Compensation**

In the event of a Restatement, any Erroneously Awarded Compensation Received during the Lookback Period prior to the Restatement (a) that is then-outstanding but has not yet been paid shall be automatically and immediately forfeited and (b) that has been paid to any person shall be subject to reasonably prompt repayment to the Company Group in accordance with Section 3 of this Policy. The Committee must pursue (and shall not have the discretion to waive) the forfeiture and/or repayment of such Erroneously Awarded Compensation in accordance with Section 3 of this Policy, except as provided below.

Notwithstanding the foregoing, the Committee (or, if the Committee is not a committee of the Board responsible for the Company’s executive compensation decisions and composed entirely of independent directors, a majority of the independent directors serving on the Board) may determine not to pursue the forfeiture and/or recovery of Erroneously Awarded Compensation from any person if the Committee determines that such forfeiture and/or recovery would be impracticable due to any of the following circumstances: (i) the direct expense paid to a third party (for example, reasonable legal expenses and consulting fees) to assist in enforcing the Policy would exceed the amount to be recovered, including the costs that could be incurred if pursuing such recovery would violate local laws other than the Company’s Home Country laws (following reasonable attempts by the Company Group to recover such Erroneously Awarded Compensation, the documentation of such attempts, and the provision of such documentation to the NYSE), (ii) pursuing such recovery would violate the Company’s Home Country laws adopted prior to November 28, 2022 (provided that the Company obtains an opinion of Home Country counsel acceptable to the NYSE that recovery would result in such a violation and provides such opinion to the NYSE), or (iii) recovery would likely cause any otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

## **3. Means of Repayment**

In the event that the Committee determines that any person shall repay any Erroneously Awarded Compensation, the Committee shall provide written notice to such person by email or certified mail to the physical address on file with the Company Group for such person, and the person shall satisfy such repayment in a manner and on such terms as required by the Committee, and the Company Group shall be entitled to set off the repayment amount against any amount owed to the person by the Company Group, to require the forfeiture of any award granted by the Company Group to the person, or to take any and all necessary actions to reasonably promptly recover the repayment amount from the person, in each case, to the fullest extent permitted under applicable law, including without limitation, Section 409A of the U.S. Internal Revenue Code and the regulations and guidance thereunder. If the Committee does not specify a repayment timing in the written notice described above, the applicable person shall be required to repay the Erroneously Awarded Compensation to the Company Group by wire, cash, cashier’s check or other means as agreed by the Committee no later than thirty (30) days after receipt of such notice.

#### **4. No Indemnification**

No person shall be indemnified, insured or reimbursed by the Company Group in respect of any loss of compensation by such person in accordance with this Policy, nor shall any person receive any advancement of expenses for disputes related to any loss of compensation by such person in accordance with this Policy, and no person shall be paid or reimbursed by the Company Group for any premiums paid by such person for any third-party insurance policy covering potential recovery obligations under this Policy. For this purpose, “indemnification” includes any modification to current compensation arrangements or other means that would amount to *de facto* indemnification (for example, providing the person a new cash award which would be canceled to effect the recovery of any Erroneously Awarded Compensation). In no event shall the Company Group be required to award any person an additional payment if any Restatement would result in a higher incentive compensation payment.

#### **5. Miscellaneous**

This Policy generally will be administered and interpreted by the Committee, provided that the Board may, from time to time, exercise discretion to administer and interpret this Policy, in which case, all references herein to “Committee” shall be deemed to refer to the Board. Any determination by the Committee with respect to this Policy shall be final, conclusive and binding on all interested parties. Any discretionary determinations of the Committee under this Policy, if any, need not be uniform with respect to all persons, and may be made selectively among persons, whether or not such persons are similarly situated.

This Policy is intended to satisfy the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as it may be amended from time to time, and any related rules or regulations promulgated by the SEC or the NYSE, including any additional or new requirements that become effective after the Effective Date which upon effectiveness shall be deemed to automatically amend this Policy to the extent necessary to comply with such additional or new requirements.

The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to applicable law. The invalidity or unenforceability of any provision of this Policy shall not affect the validity or enforceability of any other provision of this Policy. Recovery of Erroneously Awarded Compensation under this Policy is not dependent upon the Company Group satisfying any conditions in this Policy, including any requirements to provide applicable documentation to the NYSE.

The rights of the Company Group under this Policy to seek forfeiture or reimbursement are in addition to, and not in lieu of, any rights of recovery, or remedies or rights other than recovery, that may be available to the Company Group pursuant to the terms of any law, government regulation or stock exchange listing requirement or any other policy, code of conduct, employee handbook, employment agreement, equity award agreement, or other plan or agreement of the Company Group.

#### **6. Amendment and Termination**

To the extent permitted by, and in a manner consistent with applicable law, including SEC and NYSE rules, the Committee may terminate, suspend or amend this Policy at any time in its discretion.

## **7. Successors**

This Policy shall be binding and enforceable against all persons and their respective beneficiaries, heirs, executors, administrators or other legal representatives with respect to any Covered Compensation granted, vested or paid to or administered by such persons or entities.