



**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, 2020

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 INTERNATIONAL INC.
 (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)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
American depositary shares, each representing one Class A ordinary share, par value US\$0.0001 per share Class A ordinary shares, par value US\$0.0001 per share*	HKIB	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: 62,327,851 Class A ordinary shares, par value US\$0.0001 per share, and 183,283,628 Class B ordinary shares, par value US\$0.0001 per share, as of December 31, 2020.

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 and posted 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.

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

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

- “ADRs” refers to the American depositary receipts that evidence our ADSs;
- “ADSs” refers to our American depositary shares, each of which represents one Class A ordinary share;
- “AMTD,” “we,” “us,” “our company,” or “our” refers, prior to the completion of the restructuring, to our investment banking, asset management, and strategic investment businesses and, after the completion of the restructuring, to AMTD International Inc., a Cayman Islands exempted company with limited liability, and its subsidiaries;
- “AMTD Group” or “Controlling Shareholder” refers to AMTD Group Company Limited, a British Virgin Islands company;
- “China” or “PRC” refers to the People’s Republic of China, excluding, for the purpose of this annual report only, Taiwan, Hong Kong, and Macau;
- “Class A ordinary shares” refers to our Class A ordinary shares of par value US\$0.0001 each;
- “Class B ordinary shares” refers to our Class B ordinary shares of par value US\$0.0001 each;
- “HK\$” or “Hong Kong dollars” refers to the legal currency of Hong Kong;
- “HKSF” refers to the Securities and Futures Commission of Hong Kong;
- “L.R. Capital Group” refers to L.R. Capital Group Inc.;
- “SEC” refers to the United States Securities and Exchange Commission;
- “SEHK” refers to the Stock Exchange of Hong Kong Limited;
- “SGX-ST” refers to the Singapore Exchange Securities Trading Limited;
- “shares” or “ordinary shares” refers to our Class A ordinary shares and Class B ordinary shares; and
- “US\$” or “U.S. dollars” refers to the legal currency of the United States.

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

This annual report includes our audited consolidated financial statements for the years ended December 31, 2018, 2019, and 2020.

Our reporting currency is Hong Kong dollars because our business is mainly conducted in Hong Kong and most of our revenue is denominated in Hong Kong dollars. This annual report on Form 20-F contains translations from Hong Kong dollars to U.S. dollars solely for the convenience of the reader. Unless otherwise stated, all translations from Hong Kong dollars to U.S. dollars were made at a rate of HK\$7.7534 to US\$1.00, which was the certified noon buying rate in effect as of December 31, 2020, as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. The certified noon buying rate in effect as of April 23, 2021 was HK\$7.7605 to US\$1.00. We make no representation that any Hong Kong dollar or U.S. dollar amounts referred to in this annual report on Form 20-F could have been, or could be, converted to U.S. dollars or Hong Kong dollars, as the case may be, at any particular rate, or at all.



PART I.

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. *Selected Financial Data*

Selected Consolidated Financial Data

The following selected consolidated financial data should be read in conjunction with our audited consolidated financial statements and related notes and “Item 5. Operating and Financial Review and Prospects” in this annual report. The selected consolidated statements of profit or loss and other comprehensive income data for the years ended December 31, 2018, 2019, and 2020 and the selected consolidated statements of financial position data as of December 31, 2019 and 2020 have been derived from our audited consolidated financial statements, which are included in this annual report beginning on page F-1. The selected consolidated statements of profit or loss and other comprehensive income data for the year ended December 31, 2017 and the selected consolidated statements of financial position data as of December 31, 2018 are derived from our audited consolidated financial statements that have not been included herein. Our consolidated financial statements are prepared and presented in accordance with the International Financial Reporting Standards, or IFRS, issued by the International Accounting Standard Board, or IASB.

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

	For the Year Ended December 31,				
	2017	2018	2019	2020	
	HK\$	HK\$	HK\$	HK\$	US\$
<i>(in thousands, except for share, per share and per ADS data)</i>					
Selected Consolidated Statements of Profit or Loss and Other Comprehensive Income Data					
Revenue					
Fee and commission income	278,976	367,538	580,006	607,263	78,322
Dividend and gain related to disposed investment	69,509	99,228	100,552	171,027	22,058
Sub-total	348,485	466,766	680,558	778,290	100,380
Net fair value changes on investments and derivatives	684,679	256,460	523,616	340,250	43,884
Total revenue	1,033,164	723,226	1,204,174	1,118,540	144,264
Other income	17,915	15,393	22,090	111,867	14,428
Impairment losses under expected credit loss model on accounts receivable	—	—	—	(17,109)	(2,206)
Other operating expenses, staff costs and finance costs	(242,493)	(129,654)	(237,010)	(219,643)	(28,329)
Net fair value changes on derivative financial liability	—	—	—	7,765	1,002
Profit before tax	808,586	608,965	989,254	1,001,420	129,159
Income tax (expense)/credit	(135,214)	(83,840)	(158,350)	137,541	17,739
Profit for the year	673,372	525,125	830,904	1,138,961	146,898
Other comprehensive income for the year	—	—	—	1,022	133
Profit and other comprehensive income attributable to:					
—Ordinary shareholders	568,266	468,061	938,272	1,060,996	136,843
—Holders of perpetual securities	—	—	—	78,987	10,188
Non-controlling interests	105,106	57,064	(107,368)	—	—
Total comprehensive income for the year	673,372	525,125	830,904	1,139,983	147,031



For the Year Ended December 31,				
2017	2018	2019	2020	
HK\$	HK\$	HK\$	HK\$	US\$

(in thousands, except for share, per share and per ADS data)

Class A ordinary shares:					
Profit per share attributable to ordinary shareholders					
Basic	—	—	4.34	4.34	0.56
Diluted	—	—	4.34	4.22	0.54
Weighted average number of ordinary shares used in per share calculation					
Basic	—	—	16,113	57,474	57,474
Diluted	—	—	16,117	58,966	58,966
Class B ordinary shares:					
Profit per share attributable to ordinary shareholders					
Basic	2.84	2.34	4.34	4.34	0.56
Diluted	2.84	2.34	4.34	4.34	0.56
Weighted average number of ordinary shares used in per share calculation					
Basic	200,000	200,000	200,149	186,987	186,987
Diluted	200,000	200,000	200,205	186,987	186,987

As of December 31,				
2017	2018	2019	2020	
HK\$	HK\$	HK\$	HK\$	US\$

(in thousands)

Selected Consolidated Statements of Financial Position Data

Total non-current assets	15,623	15,302	15,202	2,209,103	284,920
Total current assets	6,025,994	7,091,887	8,255,491	8,317,188	1,072,715
Total assets	6,041,617	7,107,189	8,270,693	10,526,291	1,357,635
Total non-current liabilities (interest bearing)	—	—	116,810	116,233	14,991
Total non-current liabilities (non-interest bearing)	130,209	163,357	242,914	—	—
Total current liabilities (interest bearing)	351,610	322,000	317,722	232,280	29,958
Total current liabilities (non-interest bearing)	2,890,522	3,427,430	764,752	453,602	58,504
Total liabilities	3,372,341	3,912,787	1,442,198	802,115	103,453
Share capital and capital reserve	1,312,960	1,312,960	4,551,380	4,551,380	587,017
Exchange reserve	—	—	—	1,023	132
Retained profits	870,781	1,338,842	2,277,115	3,337,088	430,403
Total ordinary shareholders' equity	2,183,741	2,651,802	6,828,495	7,889,491	1,017,552
Non-controlling interests	485,535	542,600	—	—	—
Holders of perpetual securities	—	—	—	1,834,685	236,630
Total equity	2,669,276	3,194,402	6,828,495	9,724,176	1,254,182
Total liabilities and equity	6,041,617	7,107,189	8,270,693	10,526,291	1,357,635

B. *Capitalization and Indebtedness*

Not applicable.

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

Not applicable.



D. *Risk Factors*

Risks Relating to Our Business and Industry

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

We have a relatively short operating history of our current businesses compared to some of our globally established competitors. We launched our investment banking business in 2015, after which we introduced our institutional asset management business and strategic investment business. Certain of our business initiatives, including expansion of existing businesses, may put us into direct or indirect contact with individuals and entities that are not within our traditional client and counterparty base, and may expose us to new asset classes and new markets.

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

- build and maintain a well-recognized and respected brand domestically and globally;
- establish and expand our client base, win capital markets and advisory mandates, and increase our assets under management, or AUM;
- 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; and
- identify 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.

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



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

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

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

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

Revenue generated by our investment banking business is directly related to the volume and value of the transactions in which we are involved. Our investment bankers primarily serve clients in raising capital through IPOs and debt offerings. During periods of unfavorable market and economic conditions, our results of operations may be adversely affected by a decrease in the number and value of the IPOs and debt offerings that we underwrite.

During a market or general economic downturn, we may also derive lower revenue from our asset management and strategic investment businesses due to lower mark-to-market or fair value of the assets that we manage and the strategic investments that we made. In addition, due to uncertainty or volatility in the market or in response to difficult market conditions, clients or prospective clients may withdraw funds from, or hesitate to allocate assets to, our asset management business in favor of investments they perceive as offering greater opportunity or lower risk. Difficult market conditions can also materially and adversely affect our ability to launch new products or offer new services in our asset management business, which could negatively affect our ability to increase our AUM and our management fees that are based on the AUM.

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

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



market demands and business opportunities to win client mandates, the quality of our advice, our employees, and deal execution, the range and price of our products and 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.

Investment banking as our primary business generally requires us to react promptly to the evolving demand of our clients and be able to provide innovative financial solutions tailored to their needs. We may not be able to compete effectively with our competitors at all times and always be able to provide appropriate financial 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 primarily compete with other investment banking firms. We have experienced and may continue to experience intense competition over obtaining investment banking service mandates. We may face pricing pressure as some of our competitors may seek to obtain higher market share by reducing fees and commissions. Some of our competitors include large global financial institutions or state-owned PRC financial institutions operating or headquartered in Hong Kong, many of which have longer operating histories, far broader financial and other resources, and significantly greater name recognition than us and have the ability to offer a wider range of products, which may enhance their competitive position. They also regularly support services we do not provide, such as commercial lending, margin lending and other financial services and products, which puts us at a competitive disadvantage and could result in pricing pressures or lost opportunities, which in turn could materially and adversely affect our results of operations. In addition, we may be at a competitive disadvantage with regard to some of our competitors that have larger customer bases, more professionals, and the ability to provide financing that are often a crucial component of investment banking deals on which we advise.

Historically, competition in the asset management market has been fierce. In recent years, the asset management market in Hong Kong had become more saturated. Banks and brokerage firms have offered low management fees, prolonged commission-free concessions, or extra-low fixed commissions as incentives to attract clients, thus further intensifying the competition in this market. We expect that competition in Hong Kong's asset management market will continue to be intense. We cannot assure you that we can compete effectively against our current and future competitors, or that competitive forces in the market will not alter the industry landscape such that our business objectives would become impractical or impossible. Under the foregoing circumstances, our business and financial condition would be adversely affected.

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

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 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.

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 significant portion of our revenue from our strategic investment business. Our dividend and gain related to disposed investment accounted for 13.7%, 8.3%, and 15.3% of our total revenue for the years ended December 31, 2018, 2019, and 2020, respectively, and our net fair value changes on stock loan, derivative financial asset and financial assets at fair value through profit or loss accounted for 35.5%, 43.5%, and 30.4% of our total revenue for the corresponding periods, respectively. Our strategic investment portfolio primarily consists of investments in equity and equity-linked securities of public and private companies. Making a sound investment decision requires us to carefully identify and select a target company based on its business, financial condition, operations, and the industry in which it operates. In general, this process involves analytical assessment and estimation of the target company's profitability and sustainability. We may make unsound investment decisions due to fraudulent and concealed, inaccurate or misleading statements from a target company in the course of our due diligence, which could lead us to mistakenly estimate the value of the target company and affect our ability to derive profit from such investments. In addition, our understanding of and judgment on the target company's business and prospects, and the industry in which the target company operates may deviate and result in inaccurate investment decisions.

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



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

Our strategic investment business is subject to liquidity risks.

Some of our strategic investments are in the form of securities that are not publicly traded. 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. Even if the securities are publicly traded, large holdings of securities can often be disposed of only over a substantial length of time, exposing the investment returns to risks of downward movement in market prices during the disposition period. Accordingly, under certain conditions, we may be forced to either sell securities at lower prices than we had expected to realize or defer, potentially for a considerable period of time, sales that we had planned to make. Investing in these securities can involve a high degree of risk, and we may lose some or all of the principal amount of such strategic 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 long-term, strategic in nature to reinforce our ecosystem. We have made significant equity investments in public and private companies and recognize dividend and gain related to disposed investment and net fair value changes on investments and derivatives on our consolidated statements of profit or loss and other comprehensive income. For the years ended December 31, 2018, 2019, and 2020 dividend and gain related to disposed investment accounted for 13.7%, 8.3%, and 15.3%, and net fair value changes on stock loan, derivative financial asset and financial assets at fair value through profit or loss accounted for 35.5%, 43.5%, and 30.4% 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, 2020, the aggregate fair value of our strategic investment portfolio was HK\$3.3 billion (US\$0.4 billion). Although we do not intend to make frequent trades on investments for profit, the nature of investment and significance of our investment holdings could adversely affect our results of operations and financial condition.

Our investment in Bank of Qingdao is subject to liquidity, concentration, and regulatory risks.

As of December 31, 2020, our strategic investment portfolio reached an aggregate fair value of HK\$3.3 billion (US\$0.4 billion), of which our investment in the Hong Kong- and Shenzhen-listed Bank of Qingdao accounted for 30.5%. As of December 31, 2020, we held an approximate 4.99% interest in the Bank of Qingdao and expect it to be a long-term investment, and our founder also serves as a director of Bank of Qingdao. Given our significant stake in, and affiliation with, Bank of Qingdao, our investment in Bank of Qingdao is subject to liquidity and concentration risk. There may not be a readily available market to sell the shares of Bank of Qingdao. We will need to gradually sell down our holdings subject to market conditions, if we want to liquidate our position in Bank of Qingdao. In addition, the banking sector in China is highly regulated and any change in PRC laws, regulations, or policies may adversely affect our holding in Bank of Qingdao as a foreign investor, our ability to exit from the investment, or the fair value of our equity investment in Bank of Qingdao. Any adverse impact on our investment in Bank of Qingdao could materially and adversely affect our business, results of operations, and financial condition.



A substantial portion of our revenue is derived from investment banking business, which is not long-term contracted source of revenue and is subject to intense competition, and declines in these engagements could materially and adversely affect our financial condition and results of operations.

We historically have earned a substantial portion of our revenue from fees and commissions paid by our investment banking clients, which usually are payable upon the successful completion of particular transactions. Revenue derived from our investment banking business accounted for 39.9%, 37.9%, and 33.6% of our total revenue for the years ended December 31, 2018, 2019, and 2020, respectively. We expect that we will continue to rely on investment banking business for a substantial portion of our revenue for the foreseeable future, and a decline in our engagements could materially and adversely affect our financial condition and results of operations.

In addition, investment banking business typically is not a long-term contracted source of revenue. Each revenue-generating engagement typically is separately awarded and negotiated. Furthermore, many of our clients do not routinely require our services. As a consequence, our engagements with many clients are not likely to be predictable. We may also lose clients each year, including as a result of the sale or merger of a client, or due to a change in a client's senior management and competition from other investment banking firms. As a result, our engagements with clients are constantly changing and our total revenue could fluctuate or decline quickly due to these factors.

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

We primarily underwrite securities offerings in Hong Kong, Singapore, and the United States, and are exposed to uncertainties in the regulatory requirements in these jurisdictions. Securities offerings are subject to review and approval by various regulatory authorities, the results and timing of which are beyond our control and may cause substantial delays to, or the termination of, the offering. We receive the payment of fees and commissions in most securities offerings only after the successful completion of the transactions. If a transaction is not completed as scheduled, or at all, for any reason, we may not receive fees and commissions for services that we have provided in a timely manner, or at all, which could materially and adversely affect our results of operations.

Market fluctuations and changes in regulatory policies may adversely affect our investment banking 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 that we underwrite, either of which could adversely affect our revenue from the investment banking business.

In addition, in acting as an underwriter in a securities offering, we may be subject to litigation, securities class action, claims, administrative penalties, regulatory sanctions, fines, or disciplinary actions, or may be otherwise legally liable in Hong Kong, the United States, and other jurisdictions. Our reputation may be affected due to inadequate due diligence, fraud or misconduct committed by issuers or their agents or our staff, misstatements and omissions in disclosure documents, or other illegal or improper activities that occur during the course of the underwriting process, which may adversely affect our business, financial condition, and results of operations. Our investment banking business may also be affected by new rules and regulations, changes in the interpretation or enforcement of existing rules and regulations relating to the underwriting of securities offerings.

As a result, we cannot assure you that the income level of our investment banking business can be sustained.



If we cannot identify or effectively control the various risks involved in the asset management products that we offer or manage under our asset management business or otherwise achieve expected investment returns for our asset management clients, our reputation, client relationships, and asset management business will be adversely affected.

We offer our asset management clients a broad selection of third-party products, including fixed income products, equity products and structured products, for which we derive revenue through management fees and performance fees. These products often have complex structures and involve various risks, including default risks, interest rate risks, liquidity risks, market volatility and other market risks. In addition, we are subject to risks arising from any potential misconduct or violation of law by the product providers or corporate borrowers. Although the product providers or corporate borrowers of the asset management products we offer are typically directly liable to our clients in the event of a product default, these incidences could adversely affect the performance of the applicable products that we distribute and our reputation. Our success in maintaining our brand image depends, in part, on our ability to effectively control the risks associated with these products. Our asset management team not only need to understand the nature of the products but also need to accurately describe the products to, and evaluate them for, our clients. Although we enforce and implement strict risk management policies and procedures, they may not be fully effective in mitigating the risk exposure of our clients in all market environments or against all types of risks. If we fail to identify and effectively control the risks associated with the products that we offer or manage, or fail to disclose such risks to our clients in a sufficiently clear and timely manner, or to dispose timely of such investments in the clients' investment portfolios, our clients may suffer financial loss or other damages. Poor performance of these products and services, negative perceptions of the institutions offering these products and services or failure to achieve expected investment return may impact client confidence in the products we offer them, impede the capital-raising activities in connection with our asset management business, and reduce our asset under management and revenue generated under this segment.

For discretionary account service we offer to our clients, we have a higher level of discretion in making investments. If we are unable to generate sufficient returns from our investments, including managing leverage risks on behalf of our clients, or even incur losses, our clients may become unwilling to continue to use our services, and our reputation, client relationship, business, and prospects will be materially and adversely affected.

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

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



Two of our subsidiaries, AMTD Global Markets Limited and Asia Alternative Asset Partners Limited, are HKSFC-licensed companies subject to various requirements, such as remaining fit and proper at all times, minimum liquid and paid-up capital requirements, notification requirements, submission of audited accounts, submission of financial resources returns and annual returns, continuous professional training, under the Securities and Futures Ordinance (Cap. 571) of Hong Kong and its subsidiary legislation and the codes and the guidelines issued by the HKSFC. If any of these HKSFC licensed companies fails to meet the regulatory capital requirements in Hong Kong, the local regulatory authorities may impose penalties on us or limit the scope of our business, which could, in turn, have a material adverse effect on our financial condition and results of operations. Moreover, the relevant capital requirements may be changed over time or subject to different interpretations by relevant governmental authorities, all of which are out of our control. Any increase of the relevant capital requirements or stricter enforcement or interpretation of the same may adversely affect our business activities. In addition, AMTD Global Markets Limited is a licensed principal intermediary under the Mandatory Provident Fund Schemes Ordinance (Cap. 485) of Hong Kong and a licensed insurance intermediary for general and long term business (including linked long term business) under the Insurance Ordinance (Cap. 41) of Hong Kong. Any non-compliance with applicable regulatory requirements by our company or any of our subsidiaries may result in penalties, limitations, and prohibitions on our future business activities and thus may materially and adversely affect our business, financial condition, and results of operations.

From time to time, AMTD Global Markets Limited and Asia Alternative Asset Partners Limited may be subject to or required to assist in inquiries or investigations by relevant regulatory authorities or government agencies in Hong Kong or other jurisdictions, including the HKSFC and the SEC, relating to its own activities or activities of third parties such as its clients. The HKSFC conducts on-site reviews and off-site monitoring to ascertain and supervise our business conduct and compliance with relevant regulatory requirements and to assess and monitor, among other things, our financial soundness. We, our directors, or our employees, may be subject to such regulatory inquiries and investigations from time to time, regardless of whether we are the target of such regulatory inquiries and investigations. If any misconduct is identified as a result of inquiries, reviews or investigations, the HKSFC may take disciplinary actions that would lead to revocation or suspension of licenses, public or private reprimand or imposition of pecuniary penalties against us, our responsible officers, licensed representatives, directors, or other officers. Any such disciplinary actions taken against us, our responsible officers, licensed representatives, directors, or other officers may have a material and adverse impact on our business operations and financial results. In addition, we are subject to statutory secrecy obligations under the Securities and Futures Ordinance (Cap. 571) of Hong Kong whereby we may not be permitted to disclose details on any HKSFC inquiries, reviews or investigations without the consent of the HKSFC. For further details, see “Item 4.B. Information on the Company—Business Overview—Regulation—Disciplinary Power of the HKSFC.”

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

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

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

In the course of providing investment banking services, asset management services, and making strategic investments, we endeavor to conduct due diligence review that we deem reasonable and appropriate based on



relevant regulatory expertise and market standards as well as the facts and circumstances applicable to each deal. When conducting due diligence, we are often required to evaluate critical and complex business, financial, tax, accounting, environmental, regulatory, and legal issues. Outside consultants, such as legal advisors, and accountants may be involved in the due diligence process in varying degrees depending on the transaction type. Nevertheless, when conducting due diligence work and making an assessment, we are limited to the resources available, including information provided by the target company or the issuer and, in some circumstances, third party investigations. The due diligence work that we conduct with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary, helpful, or accurate in evaluating potential risks, which may subject us to potential penalties in the case of securities underwriting, or failure of investment in the case of strategic 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 products and services in order to strengthen our market position in the financial services industry and client relationships. We expect to expand our product and service offerings as permitted by relevant regulatory authorities, transact with new clients not in our traditional client base and enter into new markets. These activities expose us to new and challenging risks, including, but not limited to:

- we may have insufficient experience or expertise in offering new 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 levels of service for our new products and services;
- 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 and services, our business, financial condition, and results of operations could be materially and adversely affected.

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



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

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

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

Our reputation and brand recognition play an important role in earning and maintaining the trust and confidence of our existing and prospective clients. Our reputation and brand are vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Negative publicity about us, such as alleged misconduct, other improper activities, or negative rumors 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 allegations, even if unproven or meritless, may lead to inquiries, investigations, or other legal actions against us by any regulatory or government authorities. Any regulatory inquiries or investigations and lawsuits against us, and perceptions of conflicts of interest, inappropriate business conduct by us or perceived wrong doing by any key member of our management team, among other things, could substantially damage our reputation regardless of their merits, and cause us to incur significant costs to defend ourselves. As we reinforce our ecosystem and stay close to our clients and other “AMTD SpiderNet” stakeholders, any negative market perception or publicity on our business partners that we closely cooperate with, or any regulatory inquiries or investigations and lawsuits initiated against them, may also have an impact on our brand and reputation, or subject us to regulatory inquiries or investigations or lawsuits. Moreover, any negative media publicity about the financial services industry in general or product or service quality problems of other firms in the industry in which we operate, including our competitors, may also negatively impact our reputation and brand. If we are unable to maintain a good reputation or further enhance our brand recognition, our ability to attract and retain clients, third-party partners, and key employees could be harmed and, as a result, our business, financial position, and results of operations would be materially and adversely affected.

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

We may use transfer pricing arrangements to account for business activities between us and our Controlling Shareholder, the different entities within our consolidated group, or other related parties. We cannot assure you that the tax authorities in the jurisdictions where we operate would not subsequently challenge the appropriateness of our transfer pricing arrangements or that the relevant regulations or standards governing such arrangements will not be subject to future changes. If a competent tax authority later finds that the transfer prices and the terms that we have applied are not appropriate, such authority may require us or our subsidiaries to



re-assess the transfer prices and re-allocate the income or adjust the taxable income. Any such reallocation or adjustment could result in a higher overall tax liability for us and may adversely affect our business, financial condition, and results of operations.

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

We follow our comprehensive internal risk management framework and procedures to manage our risks, including, but not limited to, reputational, legal, regulatory, compliance, operational, market, liquidity, and credit risks. However, our risk management policies, procedures, and internal controls may not be adequate or effective in mitigating our risks or protecting us against unidentified or unanticipated risks. In particular, some methods of managing risks are based upon observed historical market behavior and our experience in the financial industry. These methods may fail to predict future risk exposures, which could be significantly greater than those indicated by our historical measures. Other risk management methods depend upon an evaluation of available information regarding operating and market conditions and other matters, which may not be accurate, complete, up-to-date, or properly evaluated. In addition, the capital markets are constantly developing, the information and experience that we rely on for our risk management methods may become quickly outdated as capital markets and regulatory environment continue to evolve. In addition, failure of our employees to effectively enforce such risk management and internal controls procedures, or any of the foregoing risks, may have a material and adverse effect on our business, financial condition and operating results.

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

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

Our clients typically provide us with sensitive and confidential information as part of our business arrangements. We are susceptible of 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. In our asset management business, we have to reliably obtain securities and other pricing information, properly execute and process client transactions, and provide reports and other customer service to our clients. The occurrence of trade or other operational errors or the failure to keep accurate books and records can render us liable to disciplinary action by regulatory authorities, as well as to claims by our clients. We also rely on third-party service providers for certain aspects of our business. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair our operations, affect our reputation, and adversely affect our businesses.

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

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

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

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

Although we have not been the direct subject to lawsuits and arbitration claims towards our company since the commencement of our operations in 2015, operating in the financial services industry may subject us to significant risks, including the risk of lawsuits and other legal exposures relating to compliance with regulatory requirements and industry practices in areas such as information disclosure, sales or underwriting practices, fraud and misconduct, and protection of sensitive and confidential client information. From time to time we may be subject to lawsuits and arbitration claims in the ordinary course of our business brought by external parties or disgruntled current or former employees, inquiries, investigations, and proceedings by regulatory and other governmental agencies. Any such 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 act 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.

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

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

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

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



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

Recently there have been heightened tensions in international economic relations, such as the one between the United States and China. The U.S. government has recently imposed, and has recently proposed to impose additional, new, or higher tariffs on certain products imported from China to penalize China for what it characterizes as unfair trade practices. China has responded by imposing, and proposing to impose additional, new, or higher tariffs on certain products imported from the United States. On September 17, 2018, former president Trump announced his decision to impose a 10% tariff on the third list of US\$200 billion in imports from China to the United States effective September 24, 2018. On May 8, 2019, the U.S. government announced it would increase these tariffs to 25%. These tariffs are in addition to two earlier rounds of tariffs implemented against Chinese products on June 6, 2018 and August 16, 2018 that amount to tariffs on US\$50 billion of Chinese products imported into the United States. On May 13, 2019, China responded by imposing tariffs on certain U.S. goods on a smaller scale, and proposed to impose additional tariffs on U.S. goods. On January 15, 2020, the United States and China entered into a phase one trade deal which became effective on February 14, 2020.

In addition, political tensions between the United States and China have escalated due to, among other things, trade disputes, the COVID-19 pandemic, the passage of Safeguarding National Security in the Hong Kong Special Administrative Region by the Standing Committee of the PRC National People's Congress, sanctions imposed by the U.S. Department of Treasury on certain officials of the Hong Kong Special Administrative Region and the PRC central government and the executive orders issued by the U.S. government that prohibit certain transactions with certain selected Chinese technology companies, and the Executive Order 13959 issued in November 2020 targeting transactions by U.S. persons in certain securities of designated "Communist Chinese military companies." As a financial services firm with business exposure and operations in Hong Kong and China, our businesses are materially affected by the financial markets and economic conditions in Hong Kong, China, and elsewhere in the world. Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities between the two major economies, which would materially and adversely affect the global economic conditions and the stability of global financial markets. Escalations of the tensions that affect trade relations may lead to slower growth in the global economy in general, which in turn could negatively affect our clients' businesses and materially reduce demand for our services, thus potentially negatively affect our business, financial condition, and results of operations.

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

Prior to 2015, we engaged in retail financial advisory and insurance brokerage businesses, which were regulated by the Hong Kong Confederation of Insurance Brokers and the HKSFC. On September 23, 2019, the Hong Kong Insurance Authority took over the regulation of insurance intermediaries from the Hong Kong Confederation of Insurance Brokers. Majority of the operations under such legacy businesses began to terminate in 2015 and the businesses were ultimately disposed of in 2018. Although we no longer carry out retail financial advisory and insurance brokerage businesses, we may be subject to regulatory complaints or claims lodged against us by previous clients in relation to the past services provided by us under the legacy businesses as we were the named insurance broker in certain insurance arrangements between our previous clients and the insurance company under these past businesses. Any action brought against us, with or without merits, may result in administrative measures, settlements, injunctions, fines, penalties, negative publicities, or other results adverse to us, which could have a material adverse effect on our reputation, business, financial condition, results of operations, and prospects. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant. See "Item 8. Financial Information—Other Matters."

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

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



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

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

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

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

Although we carry office, computer, and vehicle insurance for our properties, professional indemnity insurance for certain of our regulated activities, directors and officers insurance, employee compensation insurance, and license holders insurance in connection with our securities dealing business covered by the Type 1 license granted by the HKSFC against fidelity and crime risks, we cannot assure you that we have sufficient insurance to cover all aspects of our business operations. We do not have key-man insurance for any of our executive officers or other key personnel. 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, 2020. 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 2012 relating to internal controls over financial reporting. Our independent registered public accounting firm, after conducting its own independent testing, may issue an adverse report if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us.

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

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

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

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

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

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



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advantages. In addition, other parties may misappropriate our intellectual property rights, which would cause us to suffer economic or reputational damages.

Our ADSs may be delisted under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect auditors who are located in China. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections deprives our investors with the benefits of such inspections.

The Holding Foreign Companies Accountable Act, or the HFCA Act, was enacted on December 18, 2020. The HFCA Act states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange or in the over the counter trading market in the U.S.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this prospectus, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Since our auditor is located in Greater China, with operations in and who performs audit operations of registrants in China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities, the work of our auditor as it relates to those operations is currently not inspected by the PCAOB.

In May 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the CSRC and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB in the PRC or by the CSRC or the PRC Ministry of Finance in the United States. The PCAOB continues to be in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with the PCAOB and audit Chinese companies that trade on U.S. exchanges.

On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the HFCA Act. We will be required to comply with these rules if the SEC identifies us as having a “non-inspection” year under a process to be subsequently established by the SEC. The SEC is assessing how to implement other requirements of the HFCA Act, including the listing and trading prohibition requirements described above.

The SEC may propose additional rules or guidance that could impact us if our auditor is not subject to PCAOB inspection. For example, on August 6, 2020, the President’s Working Group on Financial Markets, or the PWG, issued the *Report on Protecting United States Investors from Significant Risks from Chinese Companies* to the then President of the United States. This report recommended the SEC implement five recommendations to address companies from jurisdictions that do not provide the PCAOB with sufficient access to fulfill its statutory mandate. Some of the concepts of these recommendations were implemented with the enactment of the HFCA Act. However, some of the recommendations were more stringent than the HFCA Act. For example, if a company was not subject to PCAOB inspection, the report recommended that the transition period before a company would be delisted would end on January 1, 2022.

The SEC has announced that the SEC staff is preparing a consolidated proposal for the rules regarding the implementation of the HFCA Act and to address the recommendations in the PWG report. It is unclear when the SEC will complete its rulemaking and when such rules will become effective and what, if any, of the PWG recommendations will be adopted. The implications of this possible regulation in addition the requirements of the HFCA Act are uncertain. Such uncertainty could cause the market price of our ADSs to be materially and adversely affected, and our securities could be delisted or prohibited from being traded “over-the-counter” earlier



than would be required by the HFCA Act. If our securities are unable to be listed on another securities exchange by then, such a delisting would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with a potential delisting would have a negative impact on the price of our ADSs.

The PCAOB's inability to conduct inspections in China prevents it from fully evaluating the audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors in our ADSs are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections, which could cause investors and potential investors in our stock to lose confidence in the audit procedures of our auditor and reported financial information and the quality of our financial statements.

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

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

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

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

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

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



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

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

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

Risks Relating to Our Relationship with the Controlling Shareholder

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

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

In addition, since we have become a public company, our management team has been required to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public



companies, including requirements relating to corporate governance, listing standards and securities and investor relationships issues. As a stand-alone public company, our management has to evaluate our internal controls system with new thresholds of materiality, and to implement necessary changes to our internal controls system. We cannot guarantee that we will be able to do so in a timely and effective manner.

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

Prior to our establishment, the operations of our investment banking, asset management, and strategic investments 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 investment banking, asset management, and strategic investment 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 of the investment banking, asset management, and strategic investment businesses, an allocation of certain costs and expenses of our Controlling Shareholder were also included. These allocations were made using a proportional cost allocation method by considering the proportion of revenues and actual usage metrics, among other things, attributable to us for all respective accounting periods. Since we entered into a transition services agreement with our Controlling Shareholder, we received administrative support, marketing and branding support, and other services from our Controlling Shareholder at a fixed cost of HK\$24 million per annum plus other actual costs incurred arising from the services rendered. We made numerous estimates, assumptions, and allocations in our historical financial statements because our Controlling Shareholder did not account for us, and we did not operate as a stand-alone company for any period prior to our initial public offering. Although our management believes the assumptions underlying our financial statements and the above allocations are reasonable, our financial statements may not necessarily reflect our results of operations, financial position, and cash flows as if we operated as a stand-alone public company during the periods presented. See “Item 7.B. Major Shareholders and Related Party Transactions—Related Party Transactions—Our Relationship with the 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 investment banking, asset management, and strategic investment 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. Our current clients may react negatively to our restructuring. This effort may not be successful, which could materially and adversely affect our business, financial condition, and results of operations.

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

We have entered into a series of agreements with our Controlling Shareholder and the terms of such agreements may be less favorable to us than would be the case if they were negotiated with unaffiliated third



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

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

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

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

As of December 31, 2020, our Controlling Shareholder beneficially owned 72.8% of our outstanding ordinary shares, representing 95.9% 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.

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



for itself, which would prevent us from taking advantage of those opportunities. These actions may be taken even if they are opposed by our other shareholders.

- *Developing business relationships with our Controlling Shareholder's competitors.* So long as our Controlling Shareholder remains as our controlling shareholder, we may be limited in our ability to do business with its competitors, such as other insurance brokerage companies. This may limit our ability to market our services for the best interests of our company and our other shareholders.

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

Risks Relating to the ADSs and Our Ordinary Shares

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

Since the ADSs became listed on the NYSE on August 5, 2019, the trading price of the ADSs has ranged from US\$16.53 to US\$4.26. The trading prices of the ADSs or Class A ordinary shares are likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen due to broad market and industry factors, such as performance and fluctuation in the market prices or underperformance or deteriorating financial results of other U.S.- or Singapore-listed companies based in the Greater China. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of other Hong Kong and Chinese companies' securities after their offerings may affect the attitudes of investors towards Hong Kong- and China-based, U.S.-listed or Singapore-listed companies, which consequently may affect the trading performance of the ADSs or Class A ordinary shares, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of other Hong Kong and Chinese companies may also negatively affect the attitudes of investors towards Hong Kong and Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. Furthermore, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, which may have a material and adverse effect on the trading price of the ADSs or Class A ordinary shares.



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

- regulatory developments affecting us or our industry;
- variations in our revenue, profit, and cash flow;
- changes in the economic performance or market valuations of other financial services firms;
- 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, Controlling Shareholder, other beneficial owners, our business partners, or our industry;
- announcements by us or our competitors of new service offerings, acquisitions, strategic relationships, joint ventures, capital raisings or capital commitments;
- additions to or departures of our senior management;
- litigation or regulatory proceedings involving us, our officers, directors, or Controlling Shareholders;
- release or expiry of any transfer restrictions on our outstanding shares or the ADSs; and
- sales or perceived potential sales of additional ordinary shares or ADSs.

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

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

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.

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 our 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, we had 245,611,479 Class A and Class B ordinary shares outstanding, including 20,398,299 Class A ordinary shares represented by ADSs. 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, Calvin Choi, or any other person or entity designated by Mr. Choi, such Class B ordinary shares are automatically and immediately converted into an equal number of Class A ordinary shares.

As of the date of this annual report, our Controlling Shareholder and Mr. Choi beneficially owned all of our issued and outstanding Class B ordinary shares. These Class B ordinary shares constitute approximately 74.6% of our total issued and outstanding ordinary shares and 98.3% of the aggregate voting power of our total issued and outstanding ordinary shares due to the disparate voting powers associated with our dual-class share structure. See “Item 6.E. Directors, Senior Management and Employees—Share Ownership.” As a result of the dual-class share structure and the concentration of ownership, holders of Class B ordinary shares will have considerable influence



over matters such as decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. Such holders may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

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

S&P Dow Jones and FTSE Russell have announced changes to their eligibility criteria for inclusion of shares of public companies in certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class capital structures. As a result, the dual-class structure of our ordinary shares may prevent the inclusion of the ADSs or our Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for the ADSs or our Class A ordinary shares. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of the ADSs or our Class A ordinary shares.

Because the amount, timing, and whether or not we 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 we 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



depository may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs.

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

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

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

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim that they may have against us or the depository 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 depository 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 depository 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 depository. If a lawsuit is brought against us or the depository 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 depository 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 depository. However, the depository 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 depository 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 depository needs to maintain an exact number of ADS holders on its books for a specified period. The depository may also close its books in emergencies, and on weekends and public holidays. The depository may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depository are closed, or at any time if we or the depository 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.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are a company incorporated under the laws of the Cayman Islands. We conduct our operations outside the United States and Singapore and substantially all of our assets are located outside the United States and Singapore. In addition, substantially all of our directors and executive officers and the experts named in this annual report reside outside the United States and Singapore, and most of their assets are located outside the United States and Singapore. As a result, it may be difficult or impossible for you to bring an action against us or against them in the United States or Singapore in the event that you believe that your rights have been infringed under the U.S. federal securities laws of the United States, securities laws of Singapore, or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands, Hong Kong, or other relevant jurisdiction may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

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

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

Shareholders of Cayman Islands companies like us have no general rights under the Cayman Islands law to inspect corporate records, other than the memorandum and articles of association and any special resolutions passed by such companies, and the registers of mortgages and charges of such companies. Our directors have discretion under our currently effective memorandum and articles of association to determine whether or not, and



under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

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

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

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

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

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

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

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

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules



and regulations of the NYSE. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As a controlled company incorporated in the Cayman Islands, 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, or rely on exemptions from the NYSE listing standards, and we are not generally subject to the continuing listing requirements of the SGX-ST and Rule 210(10) of the Listing Manual does not apply to our company due to our secondary listing on the SGX-ST; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the NYSE listing standards or SGX-ST listing standards.

As a Cayman Islands company and a controlled company listed on the NYSE and SGX-ST, we are subject to the NYSE listing standards and certain SGX-ST listing standards. However, we are not generally subject to the continuing listing requirements of the SGX-ST and Rule 210(10) of the Listing Manual does not apply to our company due to our secondary listing on the SGX-ST, and the NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country or a controlled company like us to rely on exemptions from the NYSE rules. Similarly, the SGX-ST generally relies on the NYSE to regulate our company. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE listing standards and the SGX-ST listing standards. Currently, we do not plan to rely on home country practices with respect to our corporate governance, but instead we comply with the applicable corporate governance rules of the NYSE listing standards. Currently, we rely on the exemptions applicable to controlled companies under the NYSE Listed Company Manual with respect to the requirements that the compensation committee is composed entirely of independent directors (under Section 303A.05 of the NYSE Listed Company Manual). If we choose to follow home country practices in the future or continue to rely on exemptions from NYSE rules, 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 assurance that we will not be a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year, which could subject United States investors in the ADSs or ordinary shares to significant adverse United States income tax consequences.

We will be classified as a passive foreign investment company, or PFIC, for any taxable year if either (i) 75% or more of our gross income for such year consists of certain types of “passive” income, or (ii) 50% or more of the value of our assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income (the “asset test”). Based upon our current and expected income and assets, including goodwill and the value of the assets held by our strategic investment business, as well as the market price of our ADSs, we do not believe we were a PFIC for 2020 and do not expect to be one for the foreseeable future.

While we do not expect to be a PFIC, because the value of our assets for purposes of the asset test may be determined by reference to the market price of our ADSs, fluctuations in the market price of our ADSs may cause us to become a PFIC for the current or subsequent taxable years. The determination of whether we will be or become a PFIC will also depend, in part, on the composition and classification of our income, including the relative amounts of income generated by and the value of assets of our strategic investment business as compared to our other businesses. Because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge our classification of certain income and assets as non-passive which may result in our being or becoming a PFIC in the current or subsequent years. 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 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, a U.S. Holder (as defined in “Item 10.E. Additional Information—Taxation—United States Federal Income Tax Considerations”) may incur significantly increased United States income tax on gain recognized on the sale or other disposition of our ADSs or ordinary shares and on the receipt of distributions on our 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 our ordinary shares, we will generally continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or our ordinary shares. For more information see “Item 10.E. Additional Information—Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

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

We are a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002 and the rules subsequently implemented by the SEC and the NYSE detailed requirements concerning corporate governance practices of public companies. As a company with less than US\$1.07 billion in net revenues for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2012 relating to internal controls over financial reporting.

We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. After we are no longer an “emerging growth company,” we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. Our management is and may continue to be required to devote substantial time and attention to our public company reporting obligations and other compliance matters. For example, as a result of becoming a public company in the United States, we may need to increase the number of independent directors and have adopted policies regarding internal controls and disclosure controls and procedures. Operating as a public company has also made it more difficult and more expensive for us to obtain director and officer liability insurance, and we were required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Our Company

In 2015, our Controlling Shareholder commenced our current investment banking, asset management, and strategic investment businesses. From February to April 2019, we carried out a restructuring to carve out our investment banking, asset management, and strategic investment businesses from our Controlling Shareholder.



As part of the restructuring, in February 2019, AMTD International Inc. was incorporated 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.

We are a holding company incorporated in the Cayman Islands and conduct our businesses through our subsidiaries in Hong Kong. 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, our ADSs commenced trading on the NYSE under the ticker symbol “HKIB.” We 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.

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

In March 2020, we listed a US\$1.0 billion medium term note program, or the MTN Program, for a period of twelve months by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on SEHK and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) on the SEHK. Under the MTN Program, we 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, we dual-listed the MTN Program on the SGX-ST. Later in the same month, we extended an invitation to holders of the US\$200 million 7.625% senior perpetual securities of AMTD Group, or the Existing Securities, to offer exchange any and all of their outstanding Existing Securities for new securities, or the New Securities, to be issued by us under our MTN Program, or the Exchange Offer. In May 2020, we issued US\$200 million 7.25% senior perpetual securities and SGD50 million 4.5% senior perpetual securities.

On April 8, 2020, we 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.

AMTD Capital Co., Ltd., or AMTD Capital, holds a Qualified Foreign Limited Partnership license, or QFLP license, and is our subsidiary headquartered in Hengqin, Zhuhai City. AMTD Capital was approved by the



Chinese regulator to operate as a nationwide foreign-invested investment management firm. In March 2021, Airstar Digital, a subsidiary of Xiaomi Corporation, or Xiaomi, invested in AMTD Capital to own 49.87% of its shares.

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

Our principal executive offices are located at 23/F Nexxus Building, 41 Connaught Road Central, Hong Kong. Our telephone number at this address is +852 3163-3389. Our registered office in the Cayman Islands is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our agent for service of process in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, DE 19711. Our website is <http://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 <http://www.sec.gov> that contains reports, proxy, and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

B. *Business Overview*

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

We operate a full-service platform encompassing three business lines: investment banking, asset management, and strategic investment.

- **Investment Banking.** We offer a broad range of investment banking services, including equity underwriting, debt underwriting, advisory (on credit rating, financing, and mergers and acquisitions transactions), securities brokerage, institutional sales and distribution, and research, among others.
- **Asset Management.** We provide professional investment management and advisory services primarily to corporate and other institutional clients.
- **Strategic Investment.** We make long-term strategic investments focusing on Asia's financial and new economy sectors. Through investing in market leaders and technological innovators, we gain access to unique opportunities and resources that complement our other businesses and augment our "AMTD SpiderNet" ecosystem.

We align ourselves with clients, shareholders, business partners, and investee companies to build an ever-extending, inter-connected network that creates value for all stakeholders, or the "AMTD SpiderNet" ecosystem. We believe that our "AMTD SpiderNet" ecosystem is the bedrock of our success. We actively help stakeholders in our ecosystem to explore business collaboration opportunities among themselves and provide financial solutions or additional resources needed to facilitate such collaboration. This, in turn, results in enduring relationships within the network, and expand the network by attracting corporations, industry associations, and other institutions seeking business opportunities and efficient channels of resources. This unique "AMTD SpiderNet" ecosystem, coupled with our ability to provide innovative and bespoke solutions, is a key growth driver of our overall businesses.

Our Partnership Approach

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



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

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

Our Services

Investment Banking

Since October 2015, we have operated our investment banking business through one of our wholly-owned subsidiaries, AMTD Global Markets Limited, which is licensed by HKSFC to engage in certain activities regulated under the Securities and Futures Ordinance (Cap. 571) of Hong Kong, such as dealing in securities and future contracts, advising on securities and corporate finance, and providing asset management services. For further details, see “Item 4.B. Information on the Company—Business Overview—Regulation—Licensing Regime Under the HKSFO.” Under our investment banking business, we provide our clients with a full suite of corporate finance services, including underwriting equity and debt offerings, credit rating advisory, and advising on various financing and mergers and acquisitions transactions.

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

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

We derive underwriting commissions and financial advisory fees from our investment banking business. We generally charge fees and commissions based on a percentage of transaction value. This percentage is negotiated and determined by a number of factors including (i) the type of transaction, the size of the transaction, (iii) the complexity of the transaction, (iv) state of the market, and (v) client relationship dynamic.

Global Markets

We are licensed to provide underwriting services for equity and debt offerings in Hong Kong. Our underwriting capabilities have accelerated rapidly since October 2015.



We have built up a solid track record and established our market position and brand recognition for issuers in Hong Kong, the United States, and the other international capital markets. From October 2015 when we commenced our investment banking business to March 2021, we completed 71 equity offerings in Hong Kong, the United States, and Singapore, as an underwriter or financial advisor, with an aggregate transaction value of US\$28.2 billion, including through the exercise of over-allotment options. During the same period, we also completed 135 debt offerings, with an aggregate transaction value of US\$49.0 billion.

In line with market practice, we generally split fees and commissions with other underwriters in capital markets transactions based on (i) the percentages of our underwriting commitment, (ii) our other contributions to the transaction, (iii) trading profits from IPO stabilization actions in the aftermarket, (iv) commercial negotiations on a case by case basis, and (v) the strength of the client relationship. We may also charge brokerage fees to investors that subscribe to products that we distribute, which is usually 1% of the investment amount being sourced by us in Hong Kong IPOs and on a negotiated basis in other types of offerings. We may also charge financial advisory fees based on services provided on a negotiated basis.

Our equity and debt product offerings are distributed through our sales and channels team. For further details, see “—Our Services—Investment Banking—Sales and Channels.”

Financial Advisory and Execution

We advise on both public and private financing and mergers and acquisitions transactions, covering companies at all stages of development. Many of our advisory services involve tailored solutions in which we leverage our experience and the strength of our “AMTD SpiderNet” ecosystem to propose unique and innovative structures. We are able to introduce quality investors through our sales and channels team and potential strategic investors through our “AMTD SpiderNet” ecosystem.

In conjunction with any financial advisory role, we will advise on the capital structure and assist in long-term capital planning. We believe that providing financial advisory services to growth-stage clients allows us to build relationships with our clients at an early stage and paves the way for us to provide a variety of additional services with higher fee returns through global markets as our relationship with the client deepens and as the client’s business and financing needs evolve.

The following table sets forth a breakdown of our investment banking revenue by fee type for the periods presented.

	For the Year Ended December 31,						
	2018		2019		2020		
	HK\$	%	HK\$	%	HK\$	US\$	%
	(in thousands, except for percentages)						
Investment Banking Revenue							
Underwriting commissions and brokerage fees	217,003	75.2	403,574	88.5	165,473	21,342	44.0
Financial advisory fees	71,588	24.8	52,382	11.5	210,852	27,195	56.0
Total	288,591	100.0	455,956	100.0	376,325	48,537	100.0

Sales and Channels

We have an experienced sales and channels team, which supports product distribution activities across our businesses. The sales and channels function focuses on institutional clients and is an important element of our overall distribution capabilities. Our institutional sales team actively participates in our investment banking transactions by introducing institutional clients to the various products that we offer, and provides institutional



investors with value-added corporate access services. In addition, we also provide a comprehensive trading platform for clients to trade various types of products available on the market, such as equity, fixed income, and mutual fund instruments.

Research

Research plays a critical part in defining our professional standpoints and demonstrating our industry insights. Our research team presents original ideas on company-specific valuations and research analyzes, as well as from industry and thematic perspectives. Our analysts hold an independent position on the research landscape, with coverage universe established through cooperation with key client-servicing businesses and utilizing our firm-wide “AMTD SpiderNet.”

Our research team covers a broad range of sectors, such as banking, financial technology, hardware, internet, real estate, and education sectors. Our research team is based in Hong Kong and focuses on research coverage on listed companies in Asia. Our research analysts provide investment insights, suggestions on valuation methodologies, and industry know-how to our institutional investor base across the world.

Our independent research capabilities constitute a key building element of our one-stop professional services and supports to institutional investors. By obtaining first-hand professional investment advices across various sectors, investors can establish referencing foundations for making investment decisions. Being viewed as a professional advisor, we believe that this encourages institutional investors to trust our investment banking team and potentially participate in offerings that our investment banking team underwrites or advises on.

Asset Management

Through our asset management business, we provide professional investment management and advisory services primarily to PRC banks, corporate and other institutional clients, and family offices. We help manage offshore liquidity for many of our China-based clients, allowing them to tap the flexibility and diversity of investment products available only in the offshore markets. In 2020, AMTD Capital, our subsidiary, also obtained a QFLP license and was approved by the Chinese regulator to operate as a foreign-invested investment management firm in Hengqin, Zhuhai City in China. The QFLP license allows us to raise capital both onshore and offshore to invest in public and private equity products through funds managed by us. Our goal in the asset management business is to produce superior risk-adjusted investment returns and provide investment solutions customized for our clients’ unique needs.

Through our discretionary account services, we manage assets with diverse risk and return profiles, providing clients with comprehensive, customized investment strategies based on our understanding of their investment needs, risk tolerance, investment goals, and expected return. Non-discretionary account services are managed pursuant to clients’ agreed methodology, conditions, requirements, and restrictions.

Where appropriate, we look to deploy our synergies and introduce clients to the broader network and resources within our “AMTD SpiderNet” ecosystem. Based on their specific needs and risk tolerance levels, our clients have exclusive access to products with tailor-made features to meet their financial and investment needs and optimize their asset allocation.

Our AUM increased by 43.5% from HK\$18.3 billion as of December 31, 2018 to HK\$26.2 billion as of December 31, 2019, and decreased by 0.4% to HK\$26.1 billion (US\$3.4 billion) as of December 31, 2020. As of December 31, 2020, 58.2% of the AUM was invested in fixed income products, 39.9% in equity products, and 1.9% in other products. 97.0% of the AUM was managed on behalf of corporate and other institutional clients, including banks, pension funds, insurance companies, and family offices, and 3.0% of the AUM was managed on behalf of individual client relationships, which are principally with high-net worth individuals.



We derive revenues from our asset management business primarily through (i) recurring management fees based on a fixed percentage of our AUM, which is negotiated on a case-by-case basis, (ii) performance-based income from assets with discretionary management, which usually is a split of the excess returns above a certain pre-agreed threshold, and (iii) trading and other fee income derived through the provision of services to our clients across various businesses.

The following table sets forth a breakdown of our asset management revenue by fee type for the periods presented.

	For the Year Ended December 31,						
	2018		2019		2020		
	HK\$	%	HK\$	%	HK\$	US\$	%
	(in thousands, except for percentages)						
Asset Management Revenue							
Management and performance fees	43,465	55.1	103,509	83.4	196,352	25,324	85.0
Brokerage, handling, and other fees	35,482	44.9	20,541	16.6	34,586	4,461	15.0
Total	78,947	100.0	124,050	100.0	230,938	29,785	100.0

Strategic Investment

We commenced our strategic investment business in 2015. Our strategic investment business focuses on long-term equity investments using our own capital. We view it as a natural extension of our other businesses, allowing us to deepen our relationship with clients by participating in their value creation and engaging them into the “AMTD SpiderNet.”

Investment Approach

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

- *Leveraging “AMTD SpiderNet.”* We leverage “AMTD SpiderNet” throughout the investment process to source investments, evaluate opportunities, and provide value added solutions to the investees after our investment. Our portfolio companies are our strategic partners.
- *Value investment.* We focus on long-term value creation from our investment and how the investments can contribute to our stakeholder of the “AMTD SpiderNet,” rather than looking for short-term returns. Therefore, we do not trade our investments frequently in the secondary market for profit. We have not disposed of any portion of the strategic investments in our current portfolio since the acquisition.
- *Synergy with portfolio companies.* We have an experienced team for post-investment value creation. We have a board seat in most of our portfolio companies and we devote a lot of our resources to work closely with their management to advise on their strategy, capital markets plan, and support them in their execution process.

Investment Process

After a potential target with strategic significance is identified, our investment professionals assess the suitability and prospects of investing in the target considering a wide range of factors, including the track record of the target’s management team, the target’s operating market, macroeconomic conditions, market cycle and industry background, business model, and other quantitative financial analyzes. We also engage professional third parties, such as financial advisors, accountants, and lawyers, to conduct due diligence investigations prior to making an investment, as may be required on a case-by-case basis.



Although we make investment decisions on a case-by-case basis, we are generally interested in businesses that possess the following attributes:

- management team with strong track record and complementary industry expertise;
- high growth potential with sustainability;
- core competitive advantage in the relevant sector; and
- potential for significant synergies with our existing businesses.

We make strategic investment decisions through our investment committee, which consists of key management team members covering finance, operations, legal and compliance, investments, and examines and assesses investment proposals following consultations with senior management. All investment proposals will be presented to our investment committee following the satisfactory completion of assessment and due diligence investigation. Our investment committee also assesses, reviews, and modifies our investment strategies from time to time based on accumulated deal execution experience and the latest developments in the financial market, economic conditions, and government policies. Our investment committee is different and separate from that of our Controlling Shareholder.

We closely monitor our investee companies in accordance with the guidelines set by investment committee. Specifically, we track the business development, our holding positions, unrealized profit or loss, and our risk exposure of each investee. We will escalate any significant incidents in our investees to the investment committee and, for material incidents, to our board of directors.

Investment Portfolio

As of December 31, 2020, our investment portfolio reached an aggregate fair value of HK\$3.3 billion (US\$0.4 billion), in which our strategic investment in the Hong Kong- and Shenzhen-listed Bank of Qingdao accounted for 30.5% and investment in other innovative and fintech companies accounted for 69.5%.

Through investment in financial institutions with stable annual dividend distribution, we are able to connect more business partners in this sector, such as members of Regional Banks+ Strategic Cooperation Alliance, providing the most efficient and effective professional financial solutions and promoting cooperation among them, which will in return contribute to our growth and create value through synergies.

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

Intellectual Property

As of the date of this annual report, we own one registered trademark. We are licensed by our Controlling Shareholder to use certain trademarks. We maintain seven registered domain names, including amtdinc.com. As of the date of this annual report, we have applied for one trademarks in Hong Kong.

Competition

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

With respect to our investment banking and asset management businesses, our competitors are other investment banking firms and financial advisory firms. Our primary competitors in these businesses are



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

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

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.D. Key Information—Risk Factors—Risks Relating to Our Business and Industry—The financial services industry is intensely competitive. If we are unable to compete effectively, we may lose our market share and our results of operations and financial condition may be materially and adversely affected.”

Regulation

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

Introduction

The Securities and Futures Ordinance (Cap. 571) of Hong Kong, or the HKSFO, including its subsidiary legislation, is the principal legislation regulating the securities and futures industry in Hong Kong, including the regulation of securities and futures markets and leveraged foreign exchange trading, the offering of investments to the public in Hong Kong, and intermediaries and their conduct of regulated activities. In particular, Part V of the HKSFO and the relevant guidelines and codes issued by the HKSFC deal with licensing and registration matter.

The HKSFO is administered by the HKSFC, which is the statutory regulatory body that governs the securities and futures markets and non-bank retail leveraged foreign exchange market in Hong Kong.

In addition, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong including its subsidiary legislation also provides that the HKSFC is responsible for authorizing the registration of prospectuses for offerings of shares and debentures in Hong Kong and/or granting exemptions from strict compliance with the provisions in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong. The HKSFO provides that the HKSFC is also responsible for authorizing certain securities (including the relevant offering documents) that are not shares or debentures.

The Hong Kong securities and futures market (with respect to listed instruments) is also governed by the rules and regulations introduced and administered by the SEHK and the Hong Kong Futures Exchange Limited, or HKFE.



The HKSFC

The HKSFC is an independent statutory body which administers the HKSFO and is responsible for regulating the securities and the futures industry in Hong Kong. The HKSFC works to strengthen and protect the integrity and soundness of Hong Kong's securities and futures markets for the benefit of investors and the industry.

As set out in the HKSFO, HKSFC's regulatory objectives are:

- to maintain and promote the fairness, efficiency, competitiveness, transparency, and orderliness of the securities and futures industry;
- to promote understanding by the public of financial services including the operation and functioning of the securities and futures industry;
- to provide protection for members of the public investing in or holding financial products;
- to minimize crime and misconduct in the securities and futures industry;
- to reduce systemic risks in the securities and futures industry; and
- to assist the Financial Secretary of Hong Kong in maintaining the financial stability of Hong Kong by taking appropriate actions in relation to the securities and futures industry.

The HKSFC has five operational divisions, which are corporate finance, enforcement, intermediaries (including licensing and intermediaries supervision), investment products, and supervision of markets. The HKSFC is also supported by the corporate affairs and legal services divisions.

Below are some of the participants in the securities and futures market that HKSFC regulates in achieving the regulatory objectives under the HKSFO:

- Brokers, investment advisers, fund managers, and intermediaries carrying out the regulated activities as listed in “—Licensing Regime Under the HKSFO—Types of Regulated Activities” below,
- Listed companies,
- Hong Kong Exchanges and Clearing Limited, and
- Market participants (including investors).

Licensing Regime Under the HKSFO

The functions of the HKSFC, as a gatekeeper of standards for individuals and corporations seeking approval to enter into the securities and futures markets of Hong Kong, include the following:

- grant licenses to those who are appropriately qualified and can demonstrate their fitness and properness to be licensed under the HKSFO;
- maintain online a public register of licensed persons and registered corporations;
- monitor the ongoing compliance of licensing requirements by licensees, substantial shareholders of licensed corporations, and directors of licensed corporations; and
- initiate policies on licensing issues.

The HKSFC operates a system of authorizing corporations and individuals (through licenses) to act as financial intermediaries. Under the HKSFO, a corporation that is not an authorized financial institution (as defined in section 2(1) of the Banking Ordinance (Cap. 155) of Hong Kong) and is:

- carrying on a business in a regulated activity (or holding out as carrying on a regulated activity), or



- actively marketing, whether in Hong Kong or from a place outside Hong Kong, to the public such services it provides, would constitute a regulatory activity if provided in Hong Kong,

must be licensed by the HKSFC to carry out that regulatory activity, unless one of the exemptions under the HKSFO applies.

In addition to the licensing requirements on corporations, any individual who: (i) performs any regulated function in relation to a regulated activity carried on as a business, or (ii) holds himself out as performing such regulated activity, must be licensed separately under the HKSFO as a Licensed Representative accredited to his principal.

Types of Regulated Activities

The HKSFO provides a licensing regime under which a person needs a license to carry on different types of regulated activities as specified in Schedule 5 of the HKSFO. The different types of regulated activities are set out as follows:

- Type 1: dealing in securities;
- Type 2: dealing in futures contracts;
- Type 3: leveraged foreign exchange trading;
- Type 4: advising on securities;
- Type 5: advising on futures contracts;
- Type 6: advising on corporate finance;
- Type 7: providing automated trading services;
- Type 8: securities margin financing;
- Type 9: asset management;
- Type 10: providing credit rating services;
- Type 11: Dealing in OTC derivative products or advising on OTC derivative products; and
- Type 12: Providing client clearing services for OTC derivative transactions.

The amendments to the HKSFO in relation to Type 11 regulated activity is, as of the date of this annual report, not yet in operation. The day on which the Type 11 regulated activity will come into operation will be appointed by the Hong Kong Secretary for Financial Services and the Treasury by notice published in the Gazette.

The Type 12 regulated activity came into operation on September 1, 2016 pursuant to the Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2016 (L.N. 27 of 2016), in so far as it relates to paragraph (c) of the new definition of “excluded services” in Part 2 of Schedule 5 to the HKSFO. The licensing requirement with respect to Type 12 regulated activity is, as of the date of this annual report, not yet in operation and the effective date will be appointed by the Hong Kong Secretary for Financial Services and the Treasury by notice published in the Gazette.



As of the date of this annual report, our following subsidiaries were licensed under the HKSFO to conduct the following regulated activities:

<u>Company</u>	<u>Type of Regulated Activities</u>
AMTD Global Markets Limited ⁽¹⁾	Type 1, Type 2, Type 4, Type 6, and Type 9
Asia Alternative Asset Partners Limited ⁽²⁾	Type 1, Type 4, and Type 9

Notes:

- (1) The following conditions are currently imposed on the HKSFC license of AMTD Global Markets Limited:
 - For Type 6 regulated activity, the licensee shall not act as sponsor in respect of an application for the listing on a recognized stock market of any securities.
 - For Type 6 regulated activity, the licensee shall not advise on matters/transactions falling within the ambit of the Codes on Takeovers and Mergers and Share Buy-backs issued by the HKSFC.
- (2) The following conditions are currently imposed on the HKSFC license of Asia Alternative Asset Partners Limited:
 - The licensee shall only provide services to professional investors. The term “professional investor” is as defined in the HKSFO and its subsidiary legislation.
 - The licensee shall not hold client assets. The terms “hold” and “client assets” are as defined under the HKSFO.
 - For Type 1 regulated activity, the licensee shall only carry on the business of dealing in collective investment schemes. The terms “collective investment scheme” and “dealing” are as defined under the HKSFO.

Licensed Corporation

For application as a licensed corporation, the applicant has to be incorporated in Hong Kong or an overseas company registered with the Companies Registry of Hong Kong. The licensed corporation has to satisfy the HKSFC that it has proper business structure, good internal control systems and qualified personnel to ensure the proper management of risks that it will encounter in carrying on the proposed regulated activities as detailed in its business plan submitted to the HKSFC. Detailed guidelines to meet the requirements and expectations of the HKSFC are contained in the following publications of the HKSFC:

- “Guidelines on Competence”;
- “the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission,” or the Code of Conduct;
- “the Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the HKSFC”;
- “Corporate Finance Adviser Code of Conduct”; and
- “Fund Manager Code of Conduct.”

Responsible Officers

For each regulated activity conducted by a licensed corporation, it must appoint no less than two responsible officers, at least one of them must be an executive director, to directly supervise the business of such regulated activity. A responsible officer is an individual approved by the HKSFC to supervise the regulated activity or activities of the licensed corporation to which he or she is accredited. For each regulated activity of a licensed corporation, it should have at least one responsible officer available at all times to supervise the business.



Qualification and Experience Required for Being a Responsible Officer

A person who intends to apply to be a responsible officer must demonstrate that he or she fulfills the requirements on both competence and sufficient authority. An applicant should possess appropriate ability, skills, knowledge, and experience to properly manage and supervise the corporation's regulated activity or activities. Accordingly, the applicant has to fulfill certain requirements on academic and industry qualifications, relevant industry experience, management experience, and local regulatory framework paper as stipulated by the HKSFCA.

Managers-in-Charge of Core Functions, or MICs

A licensed corporation is required to designate certain individuals as MICs and provide to the HKSFCA information about its MICs and their reporting lines. MICs are individuals appointed by a licensed corporation to be principally responsible, either alone or with others, for managing each of the following eight core functions of the licensed corporation:

- (a) overall management oversight;
- (b) key business lines;
- (c) operational control and review;
- (d) risk management;
- (e) finance and accounting;
- (f) information technology;
- (g) compliance; and
- (h) anti-money laundering and counter-terrorist financing.

The management structure of a licensed corporation (including its appointment of MICs) should be approved by the board of the licensed corporation. The board should ensure that each of the licensed corporation's MICs has acknowledged his or her appointment as MIC and the particular core function(s) for which he or she is principally responsible.

Fit and Proper Requirement

Persons who apply for licenses under the HKSFCA must satisfy and continue to satisfy after the grant of such licenses by the HKSFCA that they are fit and proper persons to be so licensed. Generally, a fit and proper person means one who is financially sound, competent, honest, reputable, and reliable.

Section 129(1) of the HKSFCA sets out a number of matters that the HKSFCA shall have regard to in assessing the fitness and properness of a person, an individual, corporation, or institution, which includes:

- financial status or solvency;
- educational or other qualifications or experience having regard to the nature of the functions to be performed;
- ability to carry on the regulated activity concerned competently, honestly, and fairly; and
- reputation, character, reliability, and financial integrity of the applicant and other relevant persons as appropriate.

The above fit and proper criteria serve as the fundamental basis when the HKSFCA considers each license or registration application. Detailed guidelines are contained in "the Fit and Proper Guidelines," "the Licensing Information Booklet," and "the Guidelines on Competence" published by the HKSFCA.



The Fit and Proper Guidelines apply to a number of persons including the following:

- an individual who applies for license or is licensed under Part V of the HKSFO;
- a licensed representative who applies for approval or is approved as a responsible officer under Part V of the HKSFO;
- a corporation which applies for license or is licensed under Part V of the HKSFO;
- an authorized financial institution which applies for registration or is registered under Part V of the HKSFO;
- an individual whose name is to be or is entered in the register maintained by the Hong Kong Monetary Authority under section 20 of the Banking Ordinance (Cap. 155) of Hong Kong; and
- an individual who applies to be or has been given consent to act as an executive director of a registered institution under section 71C of the Banking Ordinance (Cap. 155 of Hong Kong).

Section 129(2) of the HKSFO empowers the HKSFC to take into consideration any of the following in considering whether a person is fit and proper:

- decisions made by such relevant authorities as stated in section 129(2)(a) of the HKSFO or any other authority or regulatory organization, whether in Hong Kong or elsewhere, in respect of that person;
- in the case of a corporation, any information relating to:
 - any other corporation within the group of companies; or
 - any substantial shareholder or officer of the corporation or of any of its group companies;
- in the case of a corporation licensed under section 116 or 117 of the HKSFO or registered under section 119 of the HKSFO or an application for such license or registration:
 - any information relating to any other person who will be acting for or on its behalf in relation to the regulated activity; and
 - whether the person has established effective internal control procedures and risk management systems to ensure its compliance with all applicable regulatory requirements under any of the relevant provisions;
- in the case of a corporation licensed under section 116 or section 117 of the HKSFO or an application for the license, any information relating to any person who is or to be employed by, or associated with, the person for the purposes of the regulated activity; and
- the state of affairs of any other business which the person carries on or proposes to carry on.

The HKSFC is obliged to refuse an application to be licensed if the applicant fails to satisfy the HKSFC that the applicant is a fit and proper person to be licensed. The onus is on the applicant to make out a case that the applicant is fit and proper to be licensed for the regulated activity.

Continuing Obligations of Licensed Corporations

Licensed corporations, licensed representatives, and responsible officers must remain fit and proper as defined under the HKSFO at all times. They are required to comply with all applicable provisions of the HKSFO and its subsidiary rules and regulations as well as the codes and guidelines issued by the HKSFC.

Outlined below are some of the key continuing obligations of the licensed corporations within the Group under the HKSFO:

- maintenance of minimum paid-up share capital and liquid capital, and submission of financial returns to the HKSFC in accordance with the requirements under the Securities and Futures (Financial Resources) Rules (as discussed in more detail below);



- maintenance of segregated account(s), and custody and handling of client securities in accordance with the requirements under the Securities and Futures (Client Securities) Rules (Chapter 571H of the Laws of Hong Kong);
- maintenance of segregated account(s), and holding and payment of client money in accordance with the requirements under the Securities and Futures (Client Money) Rules (Chapter 571I of the Laws of Hong Kong);
- maintenance of proper records in accordance with the requirements prescribed under the Securities and Futures (Keeping of Records) Rules (Chapter 571O of the Laws of Hong Kong);
- maintenance of insurance against specific risks for specified amounts in accordance with the requirements under the Securities and Futures (Insurance) Rules (Chapter 571AI of the Laws of Hong Kong);
- payment of annual fees and submission of annual returns to the HKSFC within one month after each anniversary date of the license; and
- implementation of appropriate policies and procedures relating to client acceptance, client due diligence, record keeping, identification, and reporting of suspicious transactions and staff screening, education, and training in accordance with the requirements under the Guideline on Anti-Money Laundering and Counter-Terrorist Financing issued by the HKSFC;

Obligation for substantial shareholders

A person shall, in relation to a corporation, be regarded as a substantial shareholder of the corporation if he, either alone or with any of his associates—

- (a) has an interest in shares in the corporation—
 - (i) the aggregate number of which shares is equal to more than 10% of the total number of issued shares of the corporation; or
 - (ii) which entitles the person, either alone or with any of his associates and either directly or indirectly, to exercise or control the exercise of more than 10% of the voting power at general meetings of the corporation; or
- (b) holds shares in any other corporation which entitles him, either alone or with any of his associates and either directly or indirectly, to exercise or control the exercise of 35% or more of the voting power at general meetings of the other corporation, or of a further corporation, which is itself entitled, either alone or with any of its associates and either directly or indirectly, to exercise or control the exercise of more than 10% of the voting power at general meetings of the corporation.

A person shall be regarded as being entitled to exercise or control the exercise of 35% or more of the voting power at general meetings of a corporation indirectly if he, either alone or with any of his associates, has an interest in shares in a further corporation which entitles him, either alone or with any of his associates, to exercise or control the exercise of 35% or more of the voting power at general meetings of the further corporation which is itself entitled, either alone or with any of its associates, to exercise or control the exercise of 35% or more of the voting power at general meetings of the first-mentioned corporation.

Under section 132 of the HKSFO, a person (including a corporation) has to apply for HKSFC's approval prior to becoming or continuing to be, as the case may be, a substantial shareholder of a corporation licensed under section 116 of the HKSFO. A person who has become aware that he has become a substantial shareholder of a licensed corporation without HKSFC's prior approval should, as soon as reasonably practicable and in any event within three business days after he becomes so aware, apply to the HKSFC for approval to continue to be a substantial shareholder of the licensed corporation.



An application to the HKSFC regarding the change of substantial shareholders of AMTD Global Markets Limited and Asia Alternative Asset Partners Limited was made in February 2019 and was approved by the HKSFC in April 2019.

Supervision by the HKSFC

HKSFC supervises licensed corporations and intermediaries operating in the market. HKSFC conducts on-site inspections and off-site monitoring to ascertain and supervise intermediaries’ business conduct and compliance with relevant regulatory requirements and to assess and monitor the financial soundness of intermediaries.

Disciplinary Power of the HKSFC

Under Part IX of the HKSFO and subject to the due process for exercising disciplinary powers laid down in section 198 of the HKSFO, the HKSFC may exercise any of the following disciplinary actions against a regulated person (including a licensed person or a registered institution) if that person is found to be guilty of misconduct or the HKSFC is of the opinion that a regulated person is not fit and proper to be or remain the same type of regulated person (sections 194 and 196 of the HKSFO).

- revocation or suspension of a license or a registration;
- revocation or suspension of part of a license or registration in relation to any of the regulated activities for which a regulated person is licensed or registered;
- revocation or suspension of the approval granted to a responsible officer;
- public or private reprimand on a regulated person;
- prohibition of a regulated person from applying to be licensed or registered or to be approved as a responsible officer;
- prohibition of a regulated person from applying to be given consent to act or continue to act as an executive officer of a registered institution;
- prohibition of a regulated person from re-entry to be licensed or registered; and
- pecuniary penalty of not exceeding the amount of HK\$10 million or three times the amount of the profit gained or loss avoided as a result of the misconduct.

Exchange And Clearing Participants

As of the date of this annual report, AMTD Global Markets Limited is a participant of the following:

<u>Exchange / Clearing House</u>	<u>Type of Participants</u>
The Stock Exchange of Hong Kong Limited	Participant
Hong Kong Securities Clearing Company Limited, or HKSCC	Direct Clearing Participant

Trading Rights

In addition to the licensing requirements under the HKSFO, the rules promulgated by the SEHK and the HKFE require any person who wishes to trade on or through their respective facilities to hold a trading right, or Trading Right. The Trading Right confers on its holder the eligibility to trade on or through the relevant exchange. However, the holding of a Trading Right does not, of itself, permit the holder to actually trade on or through the relevant exchange. In order to do this, it is also necessary for the person to be registered as a participant of the relevant exchange in accordance with its rules.



Stock Exchange Trading Rights and Futures Exchange Trading Rights are issued by the SEHK and HKFE at a fee and in accordance with the procedures set out in their respective rules. Alternatively, Stock Exchange Trading Rights and Futures Exchange Trading Rights can be acquired from existing Trading Right holders subject to the rules of the respective exchanges.

Exchange Participantship

The table below sets out a summary of the requirements for becoming an exchange participant of the relevant exchange:

	Hong Kong Stock Exchange Participant / Stock Options / Exchange Participant	Future Exchange Participant
Legal Status	Being a company limited by shares incorporated in Hong Kong	Being a licensed corporation
HKSFC Registration	Being a licensed corporation qualified to carry out Type 1 regulated activity under the HKSFO	Being a licensed corporation qualified to carry out Type 2 regulated activity under the HKSFO
Trading Right	Holding a Stock Exchange Trading Right	Holding a Futures Exchange Trading Right
Financial Standing	Having good financial standing and integrity	
Financial Resources Requirement	Complying with the minimum capital requirement, liquid capital requirement and other financial resources requirements as specified by the FRR	

Clearing Participantship

An entity must be an exchange participant of the relevant exchange before it can become a clearing participant of the following clearing houses, namely the HKSCC, HKFE Clearing Corporation Limited, and The SEHK Options Clearing House Limited.

HKSCC

HKSCC has, among others, two categories of participantship: (i) the Direct Clearing Participant; and (ii) the General Clearing Participant. The requirements of Direct Clearing Participantship are as follows:

- to be an Exchange Participant of the SEHK;
- to undertake to (i) sign a participant agreement with HKSCC; (ii) pay to HKSCC an admission fee of HK\$50,000 in respect of each Stock Exchange Trading Right held by it; and (iii) pay to HKSCC its contribution to the Guarantee Fund of HKSCC as determined by HKSCC from time to time subject to a minimum cash contribution of the higher of HK\$50,000 or HK\$50,000 in respect of each Stock Exchange Trading Right held by it;
- to open and maintain a single current account with one of the Central Clearing and Settlement System, or CCASS, designated banks and execute authorizations to enable the designated bank to accept electronic instructions from HKSCC to credit or debit the account for CCASS money settlement, including making payment to HKSCC;
- to provide a form of insurance to HKSCC as security for liabilities arising from defective securities deposited by it into CCASS, if so required by HKSCC; and
- to have a minimum liquid capital of HK\$3,000,000.



Mandatory Provident Fund Scheme

Introduction

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

The MPFA

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

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

Licensing Regime Under the MPFSO

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

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

MPF Intermediaries and Regulated Activities

MPF Intermediaries

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

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

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

- (a) an individual licensed under the HKSFCA to carry on Type 1 or Type 4 regulated activity, or both;
- (b) an individual registered under the Banking Ordinance (Chapter 155, Laws of Hong Kong) to carry on Type 1 or Type 4 regulated activity, or both;



- (c) a licensed individual insurance agent, as defined under the IO, who is eligible to engage in long term business;
- (d) a licensed insurance agency, as defined under the IO, or Licensed Insurance Agency, who is eligible to engage in long term business;
- (e) a licensed technical representative (agent), as defined under the IO who is appointed as an agent by a Licensed Insurance Agency; and
- (f) a technical representative (broker), as defined under the IO, who is appointed as an agent by a licensed insurance broker company as defined under the IO.

Regulated Activities

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

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

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

Approval Criteria for a Responsible Officer

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

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

As of the date of this annual report, AMTD Global Markets Limited was licensed under the MPFSO as PI.

Anti-Money Laundering And Counter-Terrorist Financing

Licensed corporations are required to comply with the applicable anti-money laundering and counter-terrorist financing laws and regulations in Hong Kong (including Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) of Hong Kong as well as the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations), or Anti-Money Laundering Guideline).

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

- take all reasonable measures to ensure that proper safeguards exist to mitigate the risks of money laundering and terrorism financing, or ML/TF, and to prevent a contravention of any requirement;

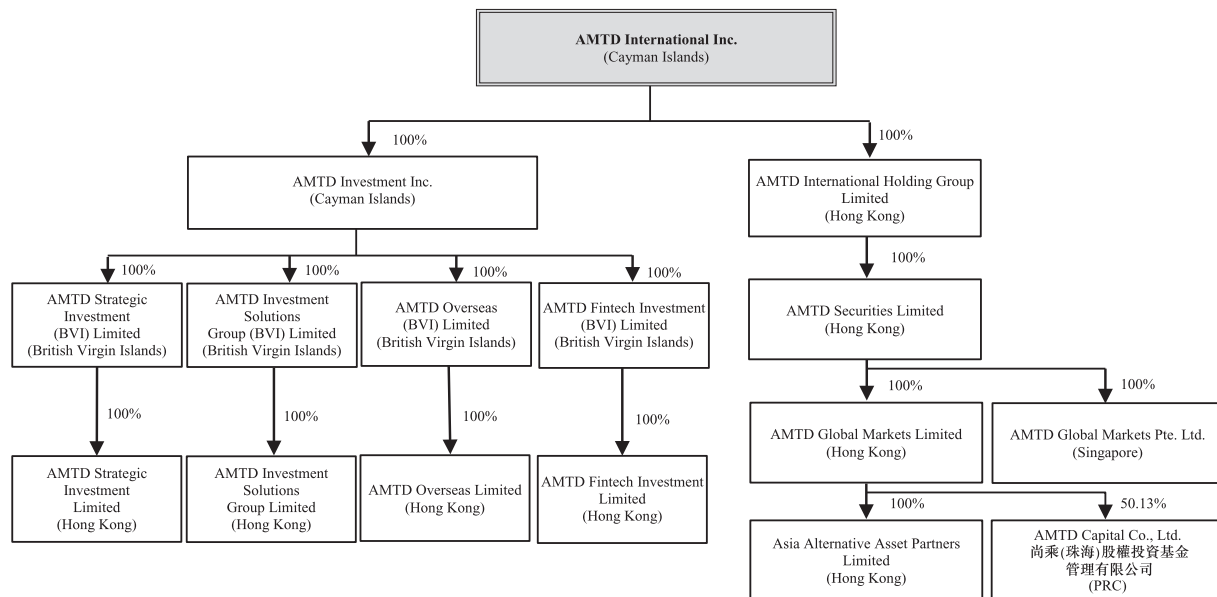


- establish and implement adequate and appropriate anti-money laundering and counter-financing of terrorism systems;
- consider the characteristics of the products and services that it offers and the extent to which these are vulnerable to ML/TF abuse;
- consider its delivery/distribution channels and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

C. Organizational Structure

Corporate Structure

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



Our Relationship with the Controlling Shareholder

As of the date of this annual report, our company is 72.8%-owned by our Controlling Shareholder, representing 95.9% 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. 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.

Other Transactions with Related Parties and Non-controlling Shareholders

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. For the year ended December 31, 2020, the amount due from group companies in connection with intra-group treasury fund allocation was HK\$6.5 billion (US\$835.4 million).

Master Transaction Agreement

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

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

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

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



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

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

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

Transitional Services Agreement

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

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

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

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

The service period under the transitional services agreement commenced on June 20, 2019 and ended on the date that was 18 months after June 20, 2019. We may terminate the transitional services agreement with respect to either all or part of the services by giving 30-day prior written notice to our Controlling Shareholder and paying a termination fee equal to the direct costs incurred by our Controlling Shareholder in connection with its provision of services at the time of the early termination. Our 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 our Controlling Shareholder 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 our company. The transitional services agreement has been renewed at the same terms and conditions for the same duration.



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 our investment banking and asset management businesses 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 investment banking and asset management products and 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.

D. Property, Plants and Equipment

Our principal executive offices are located on leased premises comprising approximately 18,260 square feet in Hong Kong as of December 31, 2020. Our principal executive offices are leased by our Controlling Shareholder from independent third parties. Our Controlling Shareholder shared with us part of its office space and certain office infrastructure, who plans to renew the lease from time to time as needed.

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

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

A. Operating Results

In 2018, 2019, and 2020, we derived total revenue of HK\$723.2 million, HK\$1.2 billion, and HK\$1.1 billion (US\$144.3 million), respectively, and derived total comprehensive income of HK\$525.1 million, HK\$830.9 million, and HK\$1.1 billion (US\$146.9 million), respectively.



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

Major Factors Affecting Our Results of Operations

Revenue

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

	For the Year Ended December 31,						
	2018		2019		2020		
	HK\$	%	HK\$	%	HK\$	US\$	%
	(in thousands, except for percentages)						
Revenue							
Fee and commission income	367,538	50.8	580,006	48.2	607,263	78,322	54.3
Dividend and gain related to disposed investment	99,228	13.7	100,552	8.3	171,027	22,058	15.3
Net fair value changes on financial assets at FVTPL and derivatives	256,460	35.5	523,616	43.5	340,250	43,884	30.4
Total	723,226	100.0	1,204,174	100.0	1,118,540	144,264	100.0

Fee and commission income

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

	For the Year Ended December 31,						
	2018		2019		2020		
	HK\$	%	HK\$	%	HK\$	US\$	%
	(in thousands, except for percentages)						
Fee and Commission Income							
Investment banking fees and commissions	288,591	78.5	455,956	78.6	376,325	48,537	62.0
Asset management fees and other income	78,947	21.5	124,050	21.4	230,938	29,785	38.0
Total	367,538	100.0	580,006	100.0	607,263	78,322	100.0

We derive fee and commission income from two business lines: investment banking and asset management. Investment banking business represents the primary source of our fee and commission income, which we earn primarily from underwriting IPOs and bond offerings and advising on private financing and mergers and acquisitions transactions. We also derive asset management fees and other income from asset management business.



We charge asset management fees on a client-by-client basis with reference to the size of AUM. The following table sets forth the rollforward of our AUM for the periods presented.

	For the Year Ended December 31,			
	2018	2019	2020	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
AUM				
Balance at the beginning of the period	14,822,265	18,263,267	26,199,526	3,379,101
Net change in clients' portfolio ⁽¹⁾	3,441,002	7,936,259	(102,067)	(13,164)
Balance at the end of the period	<u>18,263,267</u>	<u>26,199,526</u>	<u>26,097,459</u>	<u>3,365,937</u>

Note:

- (1) Net change in clients' portfolio represents net deposit of clients' cash and stock and net balance of dividend and coupon received, fee charges, and fair value change of clients' portfolio.

The following table sets forth the weighted average asset management fee rates for the periods presented.

	For the Year Ended December 31,		
	2018	2019	2020
Weighted Average Asset Management Fee Rate ⁽¹⁾	0.45%	0.55%	0.88%

Note:

- (1) Calculated by dividing total asset management fee income for the period by average AUM for the corresponding period, which is in turn calculated by dividing the sum of AUM at the beginning and end of the relevant period by two.

The weighted average asset management fee rate increased from 0.45% in 2018 to 0.55% in 2019, primarily due to an increase in new asset management clients. The weighted average asset management fee rate increased from 0.55% in 2019 to 0.88% in 2020, primarily due to change in product mix and improvement in return.

Dividend and gain related to disposed investment

We make equity investments with our own capital in companies of our strategic choice. Our dividend and gain related to disposed investment in 2018 and 2019 solely consisted of dividend attributable to our equity holdings in Bank of Qingdao. Our dividend and gain related to disposed investment in 2020 consisted of various strategic and financial investments.

Net fair value changes on investments and derivatives

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

Other income

Other income consists of (i) bank interest income, (ii) income attributable to the reimbursement of interest expenses, (iii) interest income from Controlling shareholder, and (iv) other non-recurring miscellaneous income.



Other operating expenses

Our other operating expenses consist of (i) marketing and brand promotional expenses relating to brand building and promotion, (ii) premises costs and office utilities, (iii) administrative service fee, (iv) commissions paid to asset management sales personnel and bank charges, (v) office renovation and maintenance expenses, (vi) professional and consulting fees for business development, (vii) staff welfare and recruitment expenses, (viii) professional indemnity 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,						
	2018		2019		2020		
	HK\$	%	HK\$	%	HK\$	US\$	%
	(in thousands, except for percentages)						
Other Operating Expenses							
Marketing and brand promotional expenses	11,864	22.6	12,904	11.3	5,697	735	5.5
Premises costs and office utilities	15,583	29.6	21,118	18.4	20,846	2,689	20.1
Traveling and business development expenses . .	10,860	20.7	19,363	16.9	5,636	727	5.4
Commissions and bank charges	5,198	9.9	2,307	2.0	1,957	252	1.9
Administrative service fee, and office and maintenance expenses	1,603	3.0	13,431	11.7	24,505	3,160	23.6
Legal and professional fees	2,439	4.6	23,179	20.2	36,315	4,684	35.0
Staff welfare and staff recruitment expenses	3,660	7.0	2,472	2.2	1,224	158	1.2
Stamp duty	—	—	2,116	1.8	—	—	—
Others	1,375	2.6	17,807	15.5	7,543	973	7.3
Total	52,582	100.0	114,697	100.0	103,723	13,378	100.0

Staff costs

Staff costs consist of employee salaries, bonuses, 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,			
	2018	2019	2020	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Staff Costs				
Salaries and bonuses	67,188	93,704	93,661	12,080
Pension scheme contributions (defined contribution schemes)	837	903	749	97
Total	68,025	94,607	94,410	12,177

Finance costs

Finance costs represent our interest expenses on our margin loans payable, convertible bond and bank borrowings.

Seasonality

Our results of operations are subject to fluctuations due to the nature of investment banking and asset management businesses. Seasonality of our business was not apparent historically.



Taxation

We had income tax expense of HK\$83.8 million, HK\$158.4 million, and income tax credit of HK\$137.5 million (US\$17.7 million) for the years ended December 31, 2018, 2019, and 2020, respectively. During the year ended December 31, 2020, we carried out periodical review based on the internal policy and re-evaluated the classification of our investments. With the passage of time, we considered there is sufficient evidential circumstance to justify our intention to hold these investments for long-term capital appreciation, and re-classified these investments as non-current assets. As the unrealized gain arising from the receipts of non-current assets should be treated as capital in nature under the relevant tax laws, accordingly deferred tax liabilities of HK\$242.9 million (US\$31.3 million) on the unrealized gain on investments is reversed and recognized as deferred tax credit during the year ended December 31, 2020. The following summarizes our applicable tax rates in the Cayman Islands and Hong Kong.

Cayman Islands

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

Hong Kong

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

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

Critical Accounting Policies

We prepare our financial statements in accordance with IFRS issued by the IASB, which requires us to make judgments, estimates, and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience, and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates. Some of our accounting policies require a higher degree of judgment than others in their application and require us to make significant accounting estimates.

The following descriptions of significant accounting policies, judgments, and estimates should be read in conjunction with our consolidated financial statements and other disclosures included in this annual report. When reviewing our financial statements, you should consider (i) our selection of significant accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Fair Value Measurement

We measure our debt and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the



transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. 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 the market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data is 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, we determine 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.

Derivative financial asset

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 asset is 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 asset is taken directly to profit or loss.

Day 1 profit or loss

If the fair value of the derivative financial asset at initial recognition differs from the transaction price and the fair value is not evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or a valuation technique that uses only data from observable markets, the difference between the fair value at initial recognition and the transaction price is the deferred and is only recognized as a gain or loss during the term of the derivative financial asset using a systematic basis that reflects a change in a factor (including time) that market participants would take into account when pricing the derivative financial asset.

Deferred tax on investments

Significant judgments on the tax treatment of unrealized gain on investments under the strategic investment segment are required in determining income and deferred tax provisions. Our intentions have always been to hold these investments for capital appreciation, however, in the first few years after purchasing the investments, there is uncertainty on whether it is probable that the unrealized gain can be treated as capital in nature and not



assessable for profit tax under the relevant tax laws, as such, deferred tax provisions have been recorded in prior years. These investments have also been classified as current assets accordingly for the respective periods. We carried out periodical review based on the internal policy and re-evaluated the classification of these investments and recognition of the relevant tax treatment. In cases where changes in facts and circumstances result in revision of our intention, a material further recognition or reversal of deferred tax liabilities may arise, which would be recognized in profit or loss for the period in which such further recognition or reversal takes place.

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 we expect 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 we 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.

The primary components of revenue are investment banking fee and income and asset management fee.

(a) Investment banking fee and income

Investment banking service income is composed of underwriting commission, brokerage fee and financial advisory fee. Underwriting commission earned from underwriting equity and debt securities is recognized at the point in time when our 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.

Brokerage fee earned from sales of equity and debt securities from underwriting is recognized at the point in time when the associated service is fulfilled, generally on the trade execution date.

Financial advisory fee is recognized as advice is provided to the customer, based on the estimated progress of work and when revenue is not probable of a significant reversal. The majority of the contracts have a duration of 60 to 120 days.

(b) Asset management fee

Asset management fee primarily includes fees associated with asset management, performance-based incentive fee, brokerage and handling fee. The management fee and the performance-based incentive fee are earned for the provision of asset management services, which include portfolio diversification and rebalancing. These services represent a single performance obligation comprised of a series of distinct services which are substantially the same, being provided continuously over the contract period. Asset management fees consist of management and performance fees that are fixed or variable consideration. Variable consideration is determined based on underlying AUM of a customer's account at a specified period end. Management fee is recognized when services are performed and the fee becomes known. Fixed consideration is recognized over the schedule period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by us. 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 two performance obligations, 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 we sell each of them separately.

Brokerage and handling fees are recognized at the point in time when the associated service is fulfilled, generally on the trade execution date.

Inflation

To date, inflation in Hong Kong has not materially affected our results of operations. According to the Census and Statistics Department of Hong Kong, the year-over-year percent changes in the consumer price index for December 2018, 2019, and 2020 were increases of 2.5%, 2.9%, and 0.3%, respectively. Although we have not been materially affected by inflation in the past, we may be affected if Hong Kong experiences higher rates of inflation in the future.

Results of Operations

	For the Year Ended December 31,						
	2018		2019		2020		
	HK\$	%	HK\$	%	HK\$	US\$	%
	(in thousands, except for percentages)						
Revenue							
Fee and commission income	367,538	50.8	580,006	48.2	607,263	78,322	54.3
Dividend and gain related to disposed investment	99,228	13.7	100,552	8.3	171,027	22,058	15.3
Sub-total	466,766	64.5	680,558	56.5	778,290	100,380	69.6
Net fair value changes on investments and derivatives	256,460	35.5	523,616	43.5	340,250	43,884	30.4
Total revenue	723,226	100.0	1,204,174	100.0	1,118,540	144,264	100.0
Other income	15,393	2.1	22,090	1.8	111,867	14,428	10.0
Impairment loss under expected credit loss made on accounts receivable	—	—	—	—	(17,109)	(2,206)	(1.5)
Other operating expenses	(52,582)	(7.2)	(114,697)	(9.5)	(103,723)	(13,378)	(9.3)
Staff costs	(68,025)	(9.4)	(94,607)	(7.8)	(94,410)	(12,177)	(8.5)
Finance costs	(9,047)	(1.3)	(27,706)	(2.3)	(21,510)	(2,774)	(1.9)
Net fair value changes on derivative financial liability	—	—	—	—	7,765	1,002	0.7
Profit before tax	608,965	84.2	989,254	82.2	1,001,420	129,159	89.5
Income tax (expense)/credit	(83,840)	(11.6)	(158,350)	(13.2)	137,541	17,739	12.3
Profit for the year	525,125	72.6	830,904	69.0	1,138,961	146,898	101.8



Segment Information

We report our results of operations in three reportable segments: investment banking, asset management, 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,			
	2018	2019	2020	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Investment Banking				
Segment revenue	288,591	455,956	376,325	48,537
Segment results ⁽¹⁾	254,901	413,354	339,933	43,843
Asset Management				
Segment revenue	79,120	124,050	230,938	29,785
Segment results ⁽¹⁾	57,386	109,182	225,338	29,063
Strategic Investment				
Segment revenue	355,688	624,168	511,277	65,942
Segment results ⁽¹⁾	350,307	624,168	511,277	65,942
Total segment results	662,594	1,146,704	1,076,548	138,848

Note:

- (1) The segment results represent segment revenue that excludes (i) unallocated corporate expenses and (ii) finance costs for our strategic investment business.

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, 2018, 2019, and 2020.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Our revenue increased by 14.4% from HK\$680.6 million in 2019 to HK\$778.3 million (US\$100.4 million) in 2020, primarily due to an increase in fee and commission income from both investment banking and asset management segments.

Fee and commission income. Our fee and commission income increased by 4.7% from HK\$580.0 million in 2019 to HK\$607.3 million (US\$78.3 million) in 2020, primarily due to:

- Investment banking segment. Our fee and commission income from the investment banking segment decreased by 17.5% from HK\$456.0 million in 2019 to HK\$376.3 million (US\$48.6 million) in 2020, primarily due to a decrease in our fees and commissions for (i) equity offerings and financial advisory services, and (ii) debt capital market deals.
- Asset management segment. Our fee and commission income from the asset management segment increased by 86.1% from HK\$124.1 million in 2019 to HK\$230.9 million (US\$29.8 million) in 2020, primarily due to an increase in fee income attributable to new institutional clients and related performance fee charged.

Dividend and gain related to disposed investment. Our dividend and gain related to disposed investment increased by 70.0% from HK\$100.6 million in 2019 to HK\$171.0 million (US\$22.1 million) in 2020, primarily due to increase in net gain from disposed investment contributed by disposal of an equity linked note to a fellow subsidiary with a gain of HK\$82.9 million (US\$10.7 million) in 2020.



Net fair value changes on investment and derivative. The net fair value gain amounted to HK\$340.3 million (US\$43.9 million) in 2020, representing a decrease of 35.0% as compared to 2019, primarily due to the fluctuation in the fair value of strategic investment portfolio primarily driven by the market condition and the business development of the portfolio companies.

Other income

Our other income increased by 406.4% from HK\$22.1 million in 2019 to HK\$111.9 million (US\$14.4 million) in 2020, primarily attributable to the increase in interest income earned from our Controlling Shareholder.

Other operating expenses

Our other operating expenses decreased by 9.6% from HK\$114.7 million in 2019 to HK\$103.7 million (US\$13.4 million) in 2020, primarily due to a decrease in net foreign exchange differences of HK\$9.4 million (US\$1.2 million) and traveling and business development expenses of HK\$13.7 million (US\$1.8 million), and offset by an increase in administrative service fee of HK\$12.3 million (US\$1.6 million).

Income tax (expense)/credit

Income tax expense of HK\$158.4 million (US\$20.4 million) and income tax credit of HK\$137.5 million (US\$17.7 million) were recorded for 2019 and 2020, respectively. The change was primarily due to reversal of deferred tax liability provided on fair value changes of certain investments which are concluded to be capital gains in nature and therefore not subject to profits tax charge.

Profit for the year

As a result of the foregoing, our profit increased by 37.1% from HK\$830.9 million in 2019 to HK\$1,139.0 million (US\$146.9 million) in 2020.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

Our revenue increased by 66.5% from HK\$723.2 million in 2018 to HK\$1,204.2 million in 2019, primarily due to a significant increase in our net fair value changes on stock loan, derivative financial asset, and financial assets at fair value through profit or loss under our strategic investment business and a significant increase in our fee and commission income under our investment banking and asset management businesses.

Fee and commission income. Our fee and commission income increased by 57.8% from HK\$367.5 million in 2018 to HK\$580.0 million in 2019, primarily due to the robust growth of our investment banking business.

- Investment banking segment. Our fee and commission income from the investment banking segment increased by 58.0% from HK\$288.6 million in 2018 to HK\$456.0 million in 2019, primarily due to an increase in our fees and commissions for equity and debt offerings.
- Asset management segment. Our fee and commission income from the asset management segment increased by 57.3% from HK\$78.9 million in 2018 to HK\$124.1 million in 2019, primarily due to an increase in new asset management clients in 2019.

Dividend and gain related to disposed investment. Our dividend and gain related to disposed investment remained stable from HK\$99.2 million in 2018 to HK\$100.6 million in 2019.



Net fair value changes on financial assets at fair value through profit or loss, stock loan and derivative financial instrument. Our net fair value changes on financial assets at fair value through profit or loss, stock loan and derivative financial instrument increased by 104.2% from HK\$256.5 million in 2018 to HK\$523.6 million in 2019, primarily due to increase in fair value of our investment portfolio.

Other income

Our other income increased by 43.5% from HK\$15.4 million in 2018 to HK\$22.1 million in 2019, primarily attributable to interest income earned from our Controlling Shareholder.

Other operating expenses

Our other operating expenses increased by 118.1% from HK\$52.6 million in 2018 to HK\$114.7 million in 2019, primarily due to (i) an increase in audit and professional fees from HK\$2.4 million to HK\$23.2 million attributable to our initial public offering; (ii) an increase in administrative support service fee of HK\$12.0 million charged by our immediate holding company in accordance with the transitional services agreement entered into between us and our Controlling Shareholder, and (iii) an increase in foreign exchange differences from HK\$0.4 million to HK\$12.6 million, which in turn was attributable to the depreciation of U.S. dollar against Hong Kong dollar.

Staff costs

Our staff costs increased by 39.1% from HK\$68.0 million in 2018 to HK\$94.6 million in 2019, primarily due to an increase in staff bonuses, including a special bonus for our successful listing on the NYSE and new talent recruitment and related costs.

Finance costs

Our finance costs increased by 207.8% from HK\$9.0 million in 2018 to HK\$27.7 million in 2019, primarily due to increase in average loan balance to support and fuel ongoing developments and to accelerate our international expansion.

Income tax expense

We incurred income tax expense of HK\$83.8 million and HK\$158.4 million in 2018 and 2019, respectively. The increase in our income tax expense is in line with our profit growth in 2019.

Profit for the year

As a result of the foregoing, our profit increased by 58.2% from HK\$525.1 million in 2018 to HK\$830.9 million in 2019.

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, and perpetual securities and bank borrowings, as well as net cash provided by operating activities. As of December 31, 2018, 2019, and 2020, we had HK\$126.9 million, HK\$766.4 million, and HK\$454.0 million (US\$58.6 million), respectively, in cash and cash equivalents. Our cash and cash equivalents primarily consist of cash on hand and general bank balances excluding segregated clients' bank account balances, which are unrestricted for withdrawal or use. 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, we issued and sold (i) a total of 7,307,692 Class A ordinary shares and 4,526,627 Class B ordinary shares to Value Partners Greater China High Yield Income Fund, Ariana Capital Investment Limited, and Infinity Power Investments Limited, and (ii) the VP Note to Value Partners Greater China High Yield Income Fund, all in the form of private placement, and received approximately US\$115.0 million in net proceeds.

In May 2020, we issued US\$200 million 7.25% senior perpetual securities and SGD50 million 4.5% senior perpetual securities. In September 2020, we obtained a US\$30 million banking facility and have drawn down the loans.

Cash Flows

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

	For the Year Ended December 31,			
	2018	2019	2020	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Summary Consolidated Cash Flow Data				
Net cash generated from operating activities	79,112	709,500	1,993,977	257,175
Net cash used in investing activities	(14)	(2,957,940)	(3,581,341)	(461,906)
Net cash (used in)/generated from financing activities	(38,657)	2,888,015	1,274,407	164,367
Net increase/(decrease) in cash and cash equivalents	40,441	639,575	(312,957)	(40,364)
Cash and cash equivalents at the beginning of year	86,415	126,856	766,431	98,851
Effect of foreign exchange rate change, net	—	—	493	64
Cash and cash equivalents at the end of year	126,856	766,431	453,967	58,551

Operating Activities

Net cash generated from operating activities in 2020 was HK\$1,994.0 million (US\$257.2 million), which consists of our profit before tax of HK\$1,001.4 million (US\$129.2 million) as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items primarily included HK\$423.2 million (US\$54.6 million) of fair value gain and disposal gain on financial assets at fair value through profit or loss, stock loan and derivative financial asset in connection with our strategic investment business, partially offset by HK\$21.5 million (US\$2.8 million) of finance costs relating to our margin loans payable, bank borrowings and convertible bond. The principal items accounting for the changes in operating assets and liabilities were (i) HK\$251.9 million (US\$32.5 million) of decrease in accounts receivable, mainly relating to the collection from brokers and clearing house, partially offset by HK\$291.6 million (US\$37.6 million) of decrease in accounts and other payables and accruals primarily attributable to HK\$64.7 million (US\$8.3 million) of asset management fee received in advance.

Net cash generated from operating activities in 2019 was HK\$709.5 million, which consists of our profit before tax of HK\$989.3 million as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items primarily included HK\$523.6 million of fair value gain on financial



assets at fair value through profit or loss, stock loan and derivative financial instrument in connection with our strategic investment business, partially offset by HK\$27.7 million of finance costs relating to our margin loans. The principal items accounting for the changes in operating assets and liabilities were (i) HK\$185.3 million of increase in accounts receivable, mainly relating to the operations of our investment banking business, partially offset by HK\$357.7 million of increase in accounts and other payables and accruals primarily attributable to HK\$56.9 million of asset management fee received in advance.

Net cash generated from operating activities in 2018 was HK\$79.1 million, which consists of our profit before tax of HK\$609.0 million as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items primarily included HK\$256.5 million of fair value gain on financial assets at fair value through profit or loss in connection with our strategic investment business, partially offset by HK\$9.0 million of finance costs relating to our margin loans. The principal items accounting for the changes in operating assets and liabilities were (i) HK\$699.9 million of decrease in amount with subsidiaries of our Controlling Shareholder attributable to intra-group treasury fund allocation and (ii) HK\$67.9 million of increase in accounts receivable relating to the operations of our investment banking business, partially offset by (i) HK\$439.2 million of increase in amount with our Controlling Shareholder attributable to intra-group treasury fund allocation and (ii) HK\$73.4 million of increase in accounts and other payables and accruals primarily attributable to HK\$55.1 million of asset management fee received in advance.

Investing Activities

Net cash used in investing activities in 2020 was HK\$3.6 billion (US\$461.9 million), which was attributable to an increase in advance to immediate holding company for group treasury management purpose.

Net cash used in investing activities in 2019 was HK\$3.0 billion, which was attributable to an increase in advance to immediate holding company for group treasury management purpose.

Net cash used in investing activities in 2018 was HK\$14 thousand, which was attributable to the purchase of office equipment.

Financing Activities

Net cash generated in financing activities in 2020 was HK\$1.3 billion (US\$164.4 million), which was mainly due to net proceeds from our perpetual securities issued and bank borrowings and offset by repayment of margin loans and distribution to holders of perpetual securities.

Net cash generated in financing activities in 2019 was HK\$2.9 billion, which was mainly due to net proceeds from our initial public offering on the NYSE, issuance of warrants and convertible bond, and private placements.

Net cash used in financing activities in 2018 was HK\$38.7 million, which was due to repayment of margin loan payable of HK\$29.6 million and HK\$9.0 million of repayment of finance costs relating to the margin loan.

Capital Expenditures

Our capital expenditures were HK\$14 thousand in 2018, HK\$14 thousand in 2019 and HK\$111 thousand (US\$14 thousand) in 2020. 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 International Inc. is a holding company with no material operations of its own. We conduct our operations primarily through our Hong Kong subsidiaries. As a result, our ability to pay dividends depends upon dividends paid by our Hong Kong subsidiaries. If our existing Hong Kong subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

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

Intellectual Property

As of the date of this annual report, we own one registered trademark. We are licensed by our Controlling Shareholder to use certain trademarks. We maintain seven registered domain names, including amtdinc.com. We have applied for one trademark in Hong Kong.

D. *Trend Information*

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2020 to December 31, 2020 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, 2020.

	<u>Total</u>	<u>Less Than 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>More Than 5 Years</u>
	(HK\$ in millions)				
Convertible bond with principal and interest	124.6	—	124.6	—	—
Bank borrowings, with principal and interest	233.5	233.5	—	—	—
Total	<u>358.1</u>	<u>233.5</u>	<u>124.6</u>	<u>—</u>	<u>—</u>

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

In March 2020, we listed our MTN Program for a period of twelve months by way of debt issuance to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on SEHK and in



the Securities and Futures Ordinance (Cap. 571) of Hong Kong) on the SEHK. Under the MTN Program, we 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, we 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 us under our MTN Program. The amount of New Securities to be delivered in exchange for a principal amount of the Existing Securities offered and accepted for exchange shall be the product of (i) such principal amount of Existing Securities and (ii) the relevant exchange ratio pursuant to the exchange instruction, subject to a minimum offer amount of US\$200,000. The Exchange Offer expired on May 6, 2020. In May 2020, we issued US\$200 million 7.25% senior perpetual securities and SGD50 million 4.5% senior perpetual securities. In September 2020, we obtained a US\$30 million banking facility and have drawn down the loans.

While the table above indicates our contractual obligations as of December 31, 2020, the actual amounts we are eventually required to pay may be different in the event that any agreements are renegotiated, canceled, or terminated.

G. *Safe Harbor*

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,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to,” 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 the financial services industry in Hong Kong;
- expected changes in our revenues, costs or expenditures;
- our expectations regarding demand for and market acceptance of our products and services;
- competition in our industry;
- our proposed use of proceeds;
- government policies and regulations relating to our industry; and
- general economic and business conditions in the markets we have businesses.

You should read 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. Other sections of this annual report include additional factors which could adversely impact our business and financial performance. 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. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

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

<u>Directors and Executive Officers</u>	<u>Age</u>	<u>Position/Title</u>
Feridun Hamdullahpur ⁽¹⁾⁽²⁾⁽³⁾	66	Chairman of the Board of Directors and Independent Director
Yu Gao ⁽¹⁾⁽²⁾⁽³⁾	47	Vice Chairman of the Board of Directors and Independent Director
Annie Koh ⁽¹⁾⁽³⁾	67	Independent Director
Marcellus Wong ⁽²⁾	67	Director and Chairman of the Executive Management Committee
Raymond Yung	60	Director
William Fung	40	Chief Executive Officer
Xavier Ho Sum Zee	46	Chief Financial Officer
Jason Man Chun Chiu	36	Co-Chief Financial Officer
Bert Chun Lung Tsang	34	Chief Accounting Officer
Derek Chung	39	Chief Strategy and Business Development Officer and Head of Investment Banking

Notes:

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

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

Biographical Information

Feridun Hamdullahpur is our chairman of the board of directors and independent director. Dr. Hamdullahpur has served as a director of our Controlling Shareholder since January 2019. Dr. Hamdullahpur has served as the sixth president and vice-chancellor of the University of Waterloo since 2010. Prior to that, he served as a vice-president academic and provost at the University of Waterloo from September 2009 to



September 2010. Dr. Hamdullahpur has served as a member of the strategic advisory board of Sorbonne University since 2014, and member of the international advisory board of King Abdulaziz University since 2017. He has served as chair of the Waterloo Global Science Initiative since 2016. In 2015, Dr. Hamdullahpur was appointed chair of the Leadership Council for Digital Infrastructure in Canada. Dr. Hamdullahpur was named a fellow of the Canadian Academy of Engineering in July 2014. Dr. Hamdullahpur was awarded the Queen Elizabeth II Diamond Jubilee Medal in January 2013 in acknowledgement of his leadership in education and innovation. Dr. Hamdullahpur graduated from the Technical University of Nova Scotia with a bachelor's degree in mechanical engineering in 1976 and a master's degree in mechanical engineering from Technical University of Istanbul in 1979. Dr. Hamdullahpur received his Ph.D. in chemical engineer from the Technical University of Nova Scotia in 1985.

Yu Gao is our vice chairman of the board and independent director. Mr. Gao has served as a director of our Controlling Shareholder since October 2014. Mr. Gao joined Morgan Stanley Asia Limited in August 2005 and primarily focuses on private equity investment transactions in China. He is currently a managing director and co-chief investment officer for Morgan Stanley Private Equity Asia. He is also the chairman of RMB Fund's investment committee of Morgan Stanley Asia Limited. Prior to joining Morgan Stanley, he worked in Citigroup's Asia-Pacific investment banking division, and Donaldson, Lufkin & Jenrette's debt capital markets group in New York. Mr. Gao has served as a non-executive director of SEHK-listed Feihe Limited (SEHK: 6186) since June 2013, a non-executive director of SEHK-listed Home Control International Limited (SEHK: 1747) since April 2015 and chairman of the board since June 2019. From September 2010 to October 2020, he was a non-executive director of SEHK-listed Sparkle Roll Group Limited (SEHK: 970) and has been an independent non-executive director for it since October 2020. From July 2007 to May 2013, he was a non-executive director of SEHK-listed China Dongxiang (Group) Co., Ltd. (SEHK: 3818) and has been an independent non-executive director since May 2013. Mr. Gao has served as a director of Shandong Buchang Pharmaceutical Co., Ltd. (SSE: 603858) since March 2012. From August 2006 to August 2014, he was a non-executive director of SEHK-listed Belle International Holdings Limited (SEHK: 1880) and has been an independent non-executive director from August 2014 to July 2017. Mr. Gao was also a director of Tongkun Group Co., Ltd. (SSE: 601233), a company listed on Shanghai Stock Exchange, or SSE, from April 2011 to March 2015. Mr. Gao also holds directorships in several privately-owned companies. Mr. Gao received dual bachelor's degrees in engineering and economics from Tsinghua University in China in July 1997 and a degree in engineering-economic systems and operations research from Stanford University in the United States in September 1999.

Annie Koh is our independent director and a notable conference speaker, panel moderator, and commentator. Dr. Koh is a vice president of business development, V3 group professor of family entrepreneurship, and professor of finance (practice) at the Singapore Management University (SMU). Dr. Koh was appointed as our independent director in June 2020. She is the academic director for two university-level institutes—the Business Families Institute and International Trading Institute. Her previous portfolios at SMU included positions as associate dean, Lee Kong Chian School of Business and Dean, office of executive and professional reeducation. Dr. Koh is a member of the World Economic Forum Global Future Council on New Education and Work Agenda. In addition, she chairs the Asian Bond Fund 2 supervisory committee of MAS. In 2019, Dr. Koh was appointed a member of customs advisory council and advises a number of startup firms. Professor Koh was awarded the bronze and silver Singapore Public Administration medal in 2010 and 2016, respectively, and the Adult Education Prism Award in 2017 for her contributions to the education and public sectors. Dr. Koh is currently also a board member of Keppel Prime US REIT, Prudential Assurance Company Singapore Pte Ltd., PBA International Pte. Ltd. and Yoma Strategic Holdings Ltd. Dr. Koh has been an independent director of PBA International Pte. Ltd. since July 2020. Dr. Koh received a Ph.D. degree in international finance with a Fulbright scholarship from Stern School of Business, New York University in 1988.

Marcellus Wong is our director and chairman of the executive management committee 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 holds a number of other positions



including, since June 2015, independent non-executive director of SEHK-listed Xinte Energy Co., Ltd. (SEHK: 1799); since January 2015, senior advisor of L.R. Capital Group; from July 2012 to June 2017, senior advisor of PricewaterhouseCoopers; and, since November 2001, a member of the Joint Liaison Committee on Taxation that advises the government of Hong Kong on tax issues. Mr. Wong also holds directorships in several privately-owned companies. Meanwhile, Mr. Wong served as a council member of the Taxation Institute of Hong Kong from 1995 to 2017, president from 1996 to 1999, and has served as 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. Prior to joining our Controlling Shareholder, Mr. Wong served as a member of the Working Group on the Long-Term Fiscal Planning of the government of Hong Kong from June 2013 to January 2015. 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 China as well as risk and quality leader for its tax practice in the Asia Pacific region. From July 1977 to January 1990, Mr. Wong served as a tax assessor at the Inland Revenue Department of the government of Hong Kong. Between 1999 and 2012, Mr. Wong had been consistently named by Euromoney as one of the “world’s leading tax advisers” in Hong Kong and China. 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, an associate of the Hong Kong Institute of Chartered Secretaries in July 1996, a fellow of CPA Australia in October 2001, and a fellow of the Taxation Institute of Hong Kong in March 2004.

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

William Fung is our chief executive officer and group vice president of our Controlling Shareholder, and has over 16 years of experience in global capital markets including investing, syndicating, and executing global capital markets transactions; as well as managerial experience. Prior to becoming our chief executive officer, Mr. Fung served as our chief investment officer and head of asset management from June 2019 to December 2020. Mr. Fung has served as the group vice president of our Controlling Shareholder since September 2019 and the managing director of the chief investment officer of AMTD Global Markets Limited since March 2016. From September 2009 to February 2016, Mr. Fung worked at UBS AG Hong Kong as an executive director. Prior to that, he worked at Nomura International (Hong Kong) Limited from September 2008 to September 2009. From January 2005 to September 2008, Mr. Fung worked at Lehman Brothers Asia Limited. Prior to that, Mr. Fung also practiced professional engineering in the United States. Mr. Fung received a bachelor of science degree in industrial engineering from Purdue University in May 2002 and a master of science degree in financial engineering from the University of Michigan in December 2004.

Xavier Ho Sum Zee is our chief financial officer and chief financial officer of our Controlling Shareholder. Mr. Zee joined our Controlling Shareholder in November 2020. Mr. Zee was admitted to the partnership of PricewaterhouseCoopers in July 2008, and has over 24 years of experience in providing assurance, business



advisory, and capital market services to companies, especially in the financial service industry, in Mainland China and Hong Kong. Mr. Zee obtained his bachelor's degree in business administration with first class honors in The Chinese University of Hong Kong in December 1996. Mr. Zee is currently a member of Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants, and is a Chartered Global Management Accountant.

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

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

Derek Chung is our chief strategy and business development officer and head of investment banking. Mr. Chung has over 16 years of experience in investment banking, including originating, advising and executing capital markets and M&A transactions for corporate clients across Asia. Between 2016 and 2019, Mr. Chung worked for Deutsche Bank and most recently served as managing director, head of financial institutions group, Asia, where he was responsible for the coverage of traditional financial institution and financial technology corporate finance clients across Asia. Prior to serving at Deutsche Bank, Mr. Chung worked at the investment banking division of Goldman Sachs between 2004 and 2016. Mr. Chung is a qualified principal for Hong Kong IPO sponsor work. He obtained a bachelor of science degree in electrical and computer engineering in May 2003 and a master of engineering degree in financial engineering in May 2004, both from Cornell University.

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, 2020, we paid an aggregate of HK\$14.1 million (US\$1.8 million) 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, 2020, we paid an aggregate of HK\$18.6 million (US\$2.4 million) in cash compensation to our executive officers, excluding compensation paid to the executive officers who also serve and receive compensation as our directors.

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

Stock Incentive Plan

AMTD SpiderMan Share Incentive Plan

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

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

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

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

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

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

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

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



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

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

C. Board Practices

Board of Directors

Our board of directors consists of five directors. A director is not required to hold any shares in our company to qualify to serve as a director. Subject to the rules of the relevant stock exchange 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.

Committees of the Board of Directors

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

Audit Committee. Our audit committee consists of Dr. Feridun Hamdullahpur, Mr. Yu Gao, and Dr. Annie Koh, and is chaired by Dr. Feridun Hamdullahpur. Dr. Feridun Hamdullahpur, Mr. Yu Gao, 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 Mr. Yu Gao 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 Mr. Yu Gao, Mr. Marcellus Wong, and Dr. Feridun Hamdullahpur, and is chaired by Mr. Yu Gao. Mr. Yu Gao 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, Mr. Yu Gao, and Dr. Annie Koh, and is chaired by Dr. Feridun Hamdullahpur. Dr. Feridun Hamdullahpur, Mr. Yu Gao, 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 Cayman Islands law, our directors owe fiduciary duties to us, including a duty of loyalty, a duty to act honestly, in good faith and with a view to our best interests. Our directors must also exercise their powers



only for a proper purpose. Our directors also owe to our company a duty to act with skill and care. English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association and the class rights vested thereunder in the holders of the shares. A shareholder may in certain limited exceptional circumstances have the right to seek damages in our name if a duty owed by our directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders’ annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our share register.

Terms of Directors and Officers

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

D. Employees

We had 31, 40, and 46 employees as of December 31, 2018, 2019, and 2020, respectively. All of our employees are based in Hong Kong.

The following tables sets forth the number of our employees by function as of December 31, 2020.

<u>Function</u>	<u>Number of Employees</u>	<u>Percentage</u>
Executive officers	7	15.2%
Licensed professionals	27	58.7%
Supporting staff	12	26.1%
Total	46	100.0%

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

As required by Hong Kong laws and regulations, we participate in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance, or MPF Scheme, for all employees in Hong Kong. The contributions to the MPF Scheme are based on a minimum statutory contribution requirement of 5% of eligible employees’ relevant aggregate income up to a maximum of HK\$1,500 per employee per month. The



assets of this pension scheme are held separately from those of our group in independently administered funds. Other than the contributions, we have no further obligation for the payment of retirement and other post-retirement benefits of our employees in Hong Kong.

Dual Appointments

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

E. Share Ownership

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

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

The calculations in the shareholder table below are based on 245,611,479 ordinary shares issued and outstanding as of the date of this annual report, comprising of (i) 62,327,851 Class A ordinary shares, and (ii) 183,283,628 Class B ordinary shares.

	<u>Class A Ordinary Shares</u>	<u>Class B Ordinary Shares</u>	<u>Percentage of Beneficial Ownership†</u>	<u>Percentage of Voting Power††</u>
Directors and Executive Officers:*				
Feridun Hamdullahpur ⁽¹⁾	—	—	—	—
Yu Gao ⁽²⁾	—	—	—	—
Annie Koh ⁽³⁾	—	—	—	—
Marcellus Wong ⁽⁴⁾	—	*	*	*
Raymond Yung ⁽⁵⁾	—	*	*	*
William Fung	—	—	—	—
Xavier Ho Sum Zee	—	—	—	—
Jason Man Chun Chiu	—	—	—	—
Bert Chun Lung Tsang	—	—	—	—
Derek Chung	—	—	—	—
Gabriel Ming Lin Cheung	—	—	—	—
All directors and executive officers as a group	—	1,356,448	0.6%	1.1%
Principal Shareholders:				
AMTD Group ⁽⁶⁾	—	178,757,001	72.8%	95.9%
Infinity Power Investments Limited ⁽⁷⁾	—	62,622,652	25.5%	49.7%
Century City International Holdings Limited ⁽⁸⁾	21,704,538	—	8.8%	0.6%

Notes:

- * Less than 1% of our total outstanding ordinary shares.
- ** Except as indicated otherwise below, the business address of our directors and executive officers is 23/F Nexxus Building, 41 Connaught Road Central, Hong Kong.
- † Beneficial ownership is determined in accordance with the SEC rules, and includes voting or investment power with respect to the securities. For each person and group included in this column, percentage of beneficial ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the total number of shares outstanding and the number of shares such person or group has the right to acquire upon exercise of option, warrant, or other right within 60 days after the date of this annual report.



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

- (1) The business address of Feridun Hamdullahpur is University of Waterloo, 200 University Avenue, West Waterloo, Ontario, Canada N2L3G1.
- (2) The business address of Yu Gao is 40/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (3) The business address of Annie Koh is Singapore Management University, 81 Victoria Street, Singapore 188065.
- (4) Marcellus Wong holds 1.5% of issued and outstanding share capital of L.R. Capital Group, a Cayman Islands exempted company with limited liability and an indirect beneficial owner of AMTD Group, our Controlling Shareholder. He may be deemed to beneficially own the corresponding proportion of our issued and outstanding shares held by the Controlling Shareholder.
- (5) Raymond Yung holds 1.5% of issued and outstanding share capital of L.R. Capital Group, a Cayman Islands exempted company with limited liability and an indirect beneficial owner of AMTD Group, our Controlling Shareholder. He may be deemed to beneficially own the corresponding proportion of our issued and outstanding shares held by the Controlling Shareholder.
- (6) AMTD Group directly holds 178,757,001 Class B ordinary shares of the Company. AMTD Group is a British Virgin Islands company, with its registered address at the offices of Vistra (BVI) Limited, Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The board of directors of AMTD Group consists of Calvin Choi, Marcellus Wong, Yu Gao, and Feridun Hamdullahpur.
- (7) Infinity Power Investments Limited directly holds (i) 4,526,627 Class B ordinary shares of the Company and (ii) 32.5% of the issued and outstanding shares of AMTD Group, which in turn holds 178,757,001 Class B ordinary shares of the Company. Infinity Power Investments Limited is a British Virgin Islands company wholly-owned by Mr. Calvin Choi. The registered address of Infinity Power Investments Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (8) Century City International Holdings Limited, a Bermuda company with its shares listed on the Stock Exchange of Hong Kong (stock code: 355), through its subsidiaries, namely P&R Finance Limited, Clear Radiant Limited and Unicorn Star Limited, holds 21,704,538 Class A ordinary shares of the Company. P&R Finance Limited is a Hong Kong company, with its registered address at 11/F, Yee Wo Street, Causeway Bay, Hong Kong, Clear Radiant Limited is a British Virgin Islands company, with its registered address at the offices of Vistra (BVI) Limited, Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands, and Unicorn Star Limited is a British Virgin Islands company, with its registered address at the offices of Vistra (BVI) Limited, Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

To our knowledge and based on our review of our register of shareholders as of the date of this annual report, 20,398,299 Class A ordinary shares were held of record by one holder that reside in the United States, being The Bank of New York Mellon, the depository of our ADS program. The number of beneficial owners of our 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.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

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

B. Related Party Transactions

Transactions with Our Controlling Shareholder

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

Our Controlling Shareholder recharged staff costs, premises costs, office utilities and office renovation, and certain other operating expenses to us. For the year ended December 31, 2020, the total amount of our recharge from our Controlling Shareholder for the aforementioned costs and expenses was HK\$34.2 million (US\$4.4 million). Beginning from the third quarter of fiscal year 2019, our Controlling Shareholder has charged a fixed



service fee of HK\$6.0 million (US\$0.8 million) per quarter in place of the previous recharging arrangement. For the year ended December 31, 2020, HK\$24 million (US\$3.1 million) was charged by our Controlling Shareholder.

In September 2017, we entered into certain stock lending agreements with a shareholder of our Controlling Shareholder, pursuant to which we lent listed equity shares to the shareholder. As of December 31, 2020, the value of the listed equity shares was HK\$876.1 million (US\$113.0 million). The shareholder pledged the listed equity share to a third party as collateral as of December 31, 2020.

In May 2020, we entered into a stock lending agreement with a fellow subsidiary, pursuant to which we lent listed equity shares to the fellow subsidiary. As of December 31, 2020, the value of the listed equity shares was HK\$2.4 million (US\$0.3 million).

In August 2019, we entered into an intercompany financing agreement with the 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, 2020, the amount of outstanding balance due from our Controlling Shareholder and its subsidiaries was HK\$6.5 million (US\$0.8 million). For the year ended December 31, 2020, interest income of HK\$101.2 million (US\$13.0 million) was charged to the Controlling Shareholder.

In December 2019, we issued 4,526,627 Class B ordinary shares to Infinity Power Investments Limited for an aggregate subscription price of US\$38.3 million in the form of private placement. Infinity Power Investments Limited is a British Virgin Islands company wholly owned by Mr. Calvin Choi, which owns 32.5% of the total outstanding shares of our Controlling Shareholder.

In March 2020, we listed the MTN Program on the SEHK and, subsequently in April 2020, we 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.A.—Information on the Company—History and Development of the Company—Our Company.” In May 2020, we issued US\$200 million 7.25% senior perpetual securities and SGD50 million 4.5% senior perpetual securities.

Other Transactions with Related Parties

We provided a fellow subsidiary with financial advisory services in its bond offering. For the year ended December 31, 2020, the total amount of financial advisory fees that we charged the fellow subsidiary was HK\$30.2 million (US\$3.9 million).

In December 2018, we acquired certain securities held by a subsidiary of our Controlling Shareholder for HK\$72.1 million. In 2019, we disposed all of the securities and recognized realized profit of HK\$8.2 million.

In December 2019, the controlling person of the counterparty with which we entered into certain derivative agreements in April 2019 was appointed as a director, therefore the counterparty has become a related party of our company. Pursuant to these derivative agreements, the counterparty is entitled to a certain percentage of the gain of certain underlying assets if the market price or disposal price is higher than the agreed underlying price, and shall pay a sum equivalent to the loss of certain underlying assets if the market price or disposal price is lower than the agreed underlying price. For the year ended December 31, 2020, the unrealized gain on the derivative financial asset entered into with the related party was HK\$321.8 million (US\$41.5 million). In June 2020, we disposed certain underlying assets to the related party with a consideration of HK\$972.2 million (US\$125.4 million) and therefore part of the derivatives contracts have also been settled with the consideration of HK\$618.7 million (US\$79.8 million). For the year ended December 31, 2020, since the counterparty became a related party of our Company, the total amount of asset management service fee income and financial advisory fee income that we earned from the counterparty were HK\$2.7 million (US\$0.3 million) and HK\$95.5 million (US\$12.3 million), respectively. In December 2020, the subject director resigned from our Board and the counterparty ceased to be a related party.



In June 2020, we acquired ordinary shares of a fellow subsidiary from the immediate holding company at a consideration of HK\$556.2 million (US\$71.7 million).

In October and November 2020, we acquired two equity linked notes from fellow subsidiaries at a consideration of HK\$148.7 million (US\$19.2 million). During the year ended December 2020, one of the equity linked notes had been settled with the consideration of HK\$195.8 million (US\$25.3 million).

Employment Agreements

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

Share Options

See “Item 6.B. Directors, Senior Management and Employees—Compensation—Stock Incentive Plan.”

C. *Interests of Experts and Counsel*

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. *Consolidated Statements and Other Financial Information*

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

Legal Proceedings

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

Other Matters

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

AMTD Group, our Controlling Shareholder, was founded by CK Hutchison Holdings Limited in 2003. The management teams of AMTD Group as well as AMTD GM were appointed by CK Hutchison Holdings Limited. In late 2015, L.R. Capital acquired a majority stake in AMTD Group and the then management team was replaced by the current management team in 2016.

Three of four of the cases for which the AMTD GM had been penalized by HKCIB were in relation to matters of similar nature whereby the previous management team and its insurance staff had not carried out their work in accordance with regulatory standards. Three separate cases occurred in 2011, 2012, and 2014, and were



recorded as each case arose from a separate complaint. These cases were concluded in April 2016, September 2016, and April 2019, respectively. These cases concluded in fines of HK\$150,000, HK\$50,000, and HK\$250,000, respectively, on AMTD GM. Since the current management team had assumed its position in 2016, it had enhanced its internal control processes in order to prevent the reoccurrence of such lapses in proper procedures in the future.

Additionally, AMTD Group had terminated its retail advisory business distributing investment-linked products in May 2016, and has not been involved in the sale of investment-linked assurance schemes to new individual clients since but have instead focused only on corporate and institutional clients. Accordingly, our company, which is part of AMTD Group, is currently not involved in such retail advisory business or the sale of investment-linked assurance schemes to any new individual clients.

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

Dividend Policy

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

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries in Hong Kong for our 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 we pay any dividends on our ordinary shares, we will pay those dividends that are payable in respect of the ordinary shares underlying our ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary then will pay such amounts to our 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

The ADSs, each representing one Class A ordinary share, have been listed on NYSE since August 5, 2019. The ADSs trade under the ticker symbol “HKIB.” 5,694,724 Class A ordinary shares have been listed on SGX-ST since April 8, 2020 and trade under the symbol “HKB.”



B. *Plan of Distribution*

Not applicable.

C. *Markets*

The ADSs, each representing one Class A ordinary share, have been listed on NYSE since August 5, 2019. The ADSs trade under the symbol “HKIB.” 5,803,947 Class A ordinary shares have been listed on SGX-ST since April 8, 2020 and trade under the symbol “HKB.”

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 third amended and restated memorandum and articles of association became effective on March 15, 2019. The following are summaries of material provisions of our second 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 third 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 third 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 (1) vote on all matters subject to vote at our general meetings. Our ordinary shares are issued in registered form and are issued when registered in our register of members.

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary shares by a holder thereof to any person other than our founder, Calvin Choi, or any other person or entity designated by Mr. Choi, each of such Class B ordinary shares will be automatically and immediately converted into an equal number of Class A ordinary share.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors or declared by our shareholders by ordinary resolution (provided that no dividend may be declared by our shareholders which exceeds the amount recommended by our directors). Our currently effective memorandum and articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if the dividend payment would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

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

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the issued and outstanding ordinary shares at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our currently effective memorandum and articles of association. Our shareholders may, among other things, divide or combine their shares by ordinary resolution.

General Meetings of Shareholders. As a Cayman Islands exempted company 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 which carry in aggregate not less than one-third of the total number of votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our currently effective memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

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

The directors have the power to appoint any person as a director either to fill a vacancy on the board or as an addition to the existing board. Our shareholders may also appoint any person to be a director by ordinary resolution. A director shall not be required to hold any Shares in 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 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.B. Major Shareholders and Related Party Transactions—Related Party Transactions,” or elsewhere in this annual report, we have not entered into any material contract during the two years immediately preceding the date of this annual report.



D. Exchange Controls

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

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

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

E. Taxation

Cayman Islands Taxation

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

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

Hong Kong Taxation

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

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

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



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

United States Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder (as defined below) that holds our ADSs or ordinary shares as “capital assets” (generally, property held for investment) under 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 our ADSs or ordinary shares. The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

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

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

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



General

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

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

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

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

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) 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 which give rise to passive income, and include assets held for investment, as well as cash, assets readily convertible into cash, and working capital. The company’s goodwill and other unbooked intangibles are taken into account and may be classified as active or passive depending upon the relative amounts of income generated by the company in each category. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

Based upon our current and projected income and assets and the market price of our ADSs, we do not believe we were a PFIC in 2020 and do not expect to be one for the foreseeable future. However, no assurance can be given in this regard because the determination of whether we are or will become a PFIC 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. Because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge our classification of certain income and assets as non-passive, which may result in our being or becoming classified as a PFIC in the current or subsequent years. Furthermore fluctuations in the market price of our ADSs may cause us to be 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, may be determined by reference to the market price of our ADSs from time to time (which may be volatile). In estimating the value of our goodwill and other unbooked intangibles, we have taken into account our market capitalization. Among other matters, if our market capitalization is less than anticipated or subsequently declines, we may be or 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 a PFIC may substantially increase.

If we are a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or ordinary shares unless, in such case, we cease to be treated as a PFIC and such U.S. Holder makes a deemed sale election.

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 our ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depository, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution we pay will generally be treated as a “dividend” for U.S. federal income tax purposes. Dividends received on our 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.

Individuals and other non-corporate U.S. Holders may be subject to tax on any such dividends at the lower capital gain tax rate applicable to “qualified dividend income,” provided that certain conditions are satisfied, including that (i) our 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 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. There can be no assurance that the ADSs will continue to be considered readily tradable on an established securities market in later years. 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 our 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 under their particular circumstances.

Sale or Other Disposition of ADSs or Class A Ordinary Shares

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. Any such capital gain or loss 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 our 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 our 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 taxable year of the sale or other disposition 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.

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 our 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 our 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 our 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. Our ADSs, but not our ordinary shares, will be treated as marketable stock.



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

F. *Dividends and Paying Agents*

Not applicable.

G. *Statement by Experts*

Not applicable.

H. *Documents on Display*

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

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

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

I. *Subsidiary Information*

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the bank balances and loans receivable. We have not been exposed to material risks due to changes in interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure. However, our future interest income may fall short of expectations due to changes in market interest rates.



Foreign Exchange Risk

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

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

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

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. *Debt Securities*

Not applicable.

B. *Warrants and Rights*

Not applicable.

C. *Other Securities*

Not applicable.

D. *American Depositary Shares*

Fees and Charges Our ADS Holders May Have to Pay

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

For:

Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
 Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
 Any cash distribution to ADS holders



Persons depositing or withdrawing shares or ADS holders must pay:

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:

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

Depositary services

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

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

Converting foreign currency to U.S. dollars

As necessary

As necessary

Fees and Other Payments Made by the Depositary to Us

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

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, 2020, we have used approximately US\$5.0 million of the net proceeds from our initial public offering for branding and marketing activities 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, 2020, 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. 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. We have also engaged Protiviti Hong Kong Co. Ltd. as our independent consultant to assist us in performing the evaluation. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2020.

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.

As a company with less than US\$1.07 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

To remediate our identified material weaknesses as of December 31, 2019, we have adopted measures to improve our financial control over financial reporting during the year ended December 31, 2020, including, among others: (i) forming financial reporting and accounting team with personnel who have appropriate knowledge and experience of SEC reporting requirements; (ii) actively monitoring the work of internal audit service provider; (iii) organizing regular training for our accounting staff, especially training related to complex accounting standards and updates on IFRS and SEC reporting requirements; (iv) enhancing documentation procedures to be followed by the accounting personnel; and (v) adding resources to establish effective oversight and implement reporting requirements for related parties and related party transactions to ensure related accounting treatment and disclosure are accurate, complete and in compliance with IFRS.

Other than as described above, there were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

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

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to all of the directors, officers and employees of us and our subsidiaries, whether they work for us on a full-time, part-time, consultative, or temporary basis. In addition, we expect those who do business with us, such as consultants, suppliers and collaborators, to also adhere to the principles outlined in the code of ethics. Certain provisions of the code of ethics apply specifically to our chief executive officer, chief financial officer, senior finance officer, controller, vice presidents and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as an exhibit to our registration statement on Form F-1 (No. 333-232224) in connection with our initial public offering in August 2019, which was incorporated by reference thereto in this annual report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Ernst & Young and Deloitte Touche Tohmatsu, our principal accountants, for the periods indicated. We did not pay or accrue for payment any other fees to our principal accountants during the periods except as indicated below.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>US\$</u>
	(in thousands)			
Audit Fees⁽¹⁾				
- Ernst & Young	2,492	10,250	4,650	600
- Deloitte Touche Tohmatsu	—	—	6,000	774
Audit – Related Fees⁽²⁾				
- Ernst & Young	—	1,152	1,419	183

Notes:

(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.”

All audit and permitted non-audit services provided by our principal accountant, including audit services, audit-related services, tax services, and other services as described above, must be and have been approved in advance by our audit committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Effective from January 22, 2021, we engaged Deloitte Touche Tohmatsu, or Deloitte, as our independent registered public accounting firm to rotate out Ernst & Young (“EY”), to audit our consolidated financial statements as of and for the fiscal year ended December 31, 2020. Our financial statements as of and for the fiscal years ended December 31, 2018 and 2019 had previously been audited by EY. The retirement of EY and the appointment of Deloitte were made as part of the global auditor rotation process being initiated by the audit committee and approved by our board to conform with international best practices on auditor independence.

EY has issued unqualified opinions on the Company’s consolidated financial statements for the fiscal years ended December 31, 2018 and 2019.

During the fiscal years ended December 31, 2018 and 2019 through to December 24, 2020, which is the date of EY’s letter to the PCAOB confirming that the client-auditor relationship has ceased, there were no disagreements between the Company and EY on, any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures, which, if not resolved to EY’s satisfaction, would have caused EY to make reference thereto in their reports on the financial statements for such years. In addition, there were no “reportable events” as defined in Form 20-F Item 16F(a)(1)(v) other than the material weaknesses reported in the Company’s 2019 Form 20-F filed with the U.S. Securities and Exchange Commission on April 30, 2020.

The audit committee of our board discussed the material weaknesses with EY and authorized EY to fully respond to the inquiries of Deloitte on the material weaknesses, if any. There is no disagreement with EY on the above matters.

We provided EY with a copy of the disclosures under this Item 16F and requested from EY a letter addressed to the Securities and Exchange Commission indicating whether it agrees with such disclosures. A copy of EY’s letter dated April 28, 2021, is attached as Exhibit 16.1.

During the Company’s three most recent fiscal years and through the subsequent interim period on or prior to the engagement of Deloitte, neither the Company nor anyone on its behalf consulted with Deloitte on either (a) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company’s financial statements, and neither a written report nor oral advice was provided to us that Deloitte concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue, or (b) any matter that was the subject of a disagreement, as that term is defined in Item 16F(a)(1)(iv) of Form 20-F (and the related instructions thereto) or a reportable event as set forth in Item 16F(a)(1)(v)(A) through (D) of Form 20-F.



ITEM 16G. CORPORATE GOVERNANCE

As a “controlled company” as defined under the NYSE Listed Company Manual, we are permitted to, and we have elected, not to comply with certain corporate governance requirements. We have elected to rely on exemptions with respect to the requirement that we have a compensation committee that is composed entirely of independent directors.

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.

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 International Inc. are included at the end of this annual report.

ITEM 19. EXHIBITS

<u>Exhibit Number</u>	<u>Document</u>
1.1	Third Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated by reference to Exhibit 3.1 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)
1.2	Registrant’s Specimen American Depositary Receipt (incorporated by reference to Exhibit 4.1 of our Registration Statement on Form F-1 (File No. 333-232224), as amended, initially filed with the Securities and Exchange Commission on June 20, 2019)
2.1	Registrant’s Specimen Certificate for Ordinary Shares (incorporated by reference to Exhibit 4.2 to our Registration Statement on Form F-1 (File No. 333-232224), as amended, initially filed with the Securities and Exchange Commission on June 20, 2019)
2.2	Form of Deposit Agreement among the Registrant, the depositary and all holders of the American Depositary Receipts of the Registrant (incorporated by reference to Exhibit 4.3 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
2.3	AMTD SpiderMan Share Incentive Plan (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form F-1 (File No. 333-232224), as amended, initially filed with the Securities and Exchange Commission on June 20, 2019)
2.4	Description of Securities (incorporated by reference to Exhibit 2.4 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 30, 2019)
4.1	Form of Employment Agreement between the Registrant and the executive officers of the Registrant (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)



<u>Exhibit Number</u>	<u>Document</u>
4.2	Form of Indemnification Agreement between the Registrant and the directors and executive officers of the Registrant (incorporated by reference to Exhibit 10.3 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.3	Master Transaction Agreement between the Registrant and its controlling shareholder dated June 20, 2019 (incorporated by reference to Exhibit 10.4 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.4	Transitional Services Agreement between the Registrant and its controlling shareholder dated June 20, 2019 (incorporated by reference to Exhibit 10.5 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.5	Non-Competition Agreement between the Registrant and its controlling shareholder dated June 20, 2019 (incorporated by reference to Exhibit 10.6 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.6	Instrument Constituting Warrants to Subscribe for Shares in the Registrant dated March 8, 2019 and the Exercise Notice dated April 10, 2019 (incorporated by reference to Exhibit 10.7 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.7	Share Purchase Agreement between the Registrant and Indochina Fund Limited dated April 26, 2019 (incorporated by reference to Exhibit 10.8 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.8	Share Purchase Agreement between the Registrant and Venture Garden Limited dated April 27, 2019 (incorporated by reference to Exhibit 10.9 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.9	Share Purchase Agreement between the Registrant and David Chiu dated April 29, 2019 (incorporated by reference to Exhibit 10.10 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.10	Share Purchase Agreement between the Registrant and Tongcheng-Elong Holdings Limited dated May 7, 2019 (incorporated by reference to Exhibit 10.11 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.11	Share Purchase Agreement between the Registrant and Ching Cheong George Chan dated May 15, 2019 (incorporated by reference to Exhibit 10.12 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.12	Share Purchase Agreement between the Registrant and People Better Limited dated May 13, 2019 (incorporated by reference to Exhibit 10.13 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.13	Share Purchase Agreement between the Registrant and NHPEA IV Diamond Holding (Cayman) Limited dated May 17, 2019 (incorporated by reference to Exhibit 10.14 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)



<u>Exhibit Number</u>	<u>Document</u>
4.14	Share Purchase Agreement between the Registrant and Mobvista International Technology Limited dated May 6, 2019 (incorporated by reference to Exhibit 10.15 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.15	Share Purchase Agreement between the Registrant and Unicorn Star Limited dated May 23, 2019 (incorporated by reference to Exhibit 10.16 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.16	Share Purchase Agreement between the Registrant and Yuanyin International Limited dated May 22, 2019 (incorporated by reference to Exhibit 10.17 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.17	Share Purchase Agreement between the Registrant and Manureen Financial Holdings Limited dated May 24, 2019 (incorporated by reference to Exhibit 10.18 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.18	Share Purchase Agreement between the Registrant and Maoyan Entertainment dated May 24, 2019 (incorporated by reference to Exhibit 10.19 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.19	Share Purchase Agreement between the Registrant and Weijie Chen dated May 29, 2019 (incorporated by reference to Exhibit 10.20 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.20	Share Purchase Agreement between the Registrant and Longling Capital Ltd dated May 29, 2019 (incorporated by reference to Exhibit 10.21 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.21	Share Purchase Agreement between the Registrant and Sun Hung Kai Strategic Capital Limited dated June 18, 2019 (incorporated by reference to Exhibit 10.22 to our Registration Statement on Form F-1 (File No. 333-232224) filed with the Securities and Exchange Commission on June 20, 2019)
4.22	Intercompany Financing Agreement between the Registrant and AMTD Group Company Limited dated August 5, 2019
4.23	Share Purchase Agreement between the Registrant and Value Partners Greater China High Yield Income Fund dated December 19, 2019
4.24	Share Purchase Agreement between the Registrant and Ariana Capital Investment Limited dated December 19, 2019
4.25	Share Purchase Agreement between the Registrant and Infinity Power Investments Limited dated December 19, 2019
4.26	Convertible Note Purchase Agreement between the Registrant and Value Partners Greater China High Yield Income Fund dated December 19, 2019
4.27*	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
4.28*	Facility Letter between Nanyang Commercial Bank, Limited and the Registrant dated September 22, 2020
8.1*	List of Subsidiaries of the Registrant



<u>Exhibit Number</u>	<u>Document</u>
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 to our Registration Statement on Form F-1 (File No. 333-232224), as amended, initially filed with the Securities and Exchange Commission on June 20, 2019)
12.1*	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
16.1*	Letter from Ernst & Young to the Securities and Exchange Commission
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Scheme Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed with this annual report on Form 20-F.

** Furnished with this annual report on Form 20-F.



SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

AMTD International Inc.

By: /s/ William Fung _____

Name: William Fung

Title: Chief Executive Officer

Date: April 28, 2021



AMTD INTERNATIONAL INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS

To the shareholders and the Board of Directors of AMTD International Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of AMTD International Inc. and subsidiaries (the “Company”) as of December 31, 2020, the related consolidated statements of profit or loss and other comprehensive income, changes in equity, cash flows, for the year ended December 31, 2020, 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, 2020, and the results of its operations and its cash flows for the year ended December 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit 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 audit, 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 audit 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 audit 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 audit provide a reasonable basis for our opinion.

/s/ Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
April 28, 2021

We have served as the Company’s auditor since 2021.



Report of Independent Registered Public Accounting Firms

To the Shareholders and the Board of Directors of AMTD International Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of AMTD International Inc. (the Company) as of December 31, 2019, the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the two years in the period ended December 31, 2019, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our 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.

/s/ Ernst & Young

We served as the Company’s auditor from 2019 to 2020.

Hong Kong

April 30, 2020



AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 and 2020

	Notes	Year ended December 31,		
		2018 HK\$	2019 HK\$	2020 HK\$
REVENUE				
Fee and commission income (including income generated from related parties of HK\$70,988,340, HK\$42,111,072 and HK\$125,745,131 for the years ended December 31, 2018, 2019 and 2020, respectively)		367,538,115	580,006,276	607,263,125
Dividend and gain related to disposed investment (including net disposal gain generated from related parties of HK\$ Nil, HK\$ Nil and HK\$82,948,508 for the years ended December 31, 2018, 2019 and 2020, respectively)		99,227,724	100,551,728	171,026,667
		466,765,839	680,558,004	778,289,792
Net fair value changes on financial assets at fair value through profit or loss and stock loan		256,460,295	(641,603,993)	(31,054,945)
Net fair value changes on derivative financial asset	14	—	1,165,220,000	371,305,326
	5	723,226,134	1,204,174,011	1,118,540,173
Other income	5	15,392,775	22,090,268	111,867,468
Impairment losses under expected credit loss model on accounts receivable	11	—	—	(17,109,001)
Other operating expenses	6	(52,582,107)	(114,696,855)	(103,723,211)
Staff costs	7	(68,024,513)	(94,607,497)	(94,410,281)
Finance costs	8	(9,047,063)	(27,705,955)	(21,510,079)
Net fair value changes on derivative financial liability	24	—	—	7,765,148
PROFIT BEFORE TAX		608,965,226	989,253,972	1,001,420,217
Income tax (expense)/credit	9	(83,839,597)	(158,349,518)	137,540,767
PROFIT FOR THE YEAR		525,125,629	830,904,454	1,138,960,984
Attributable to:				
Owners of the parent:				
—Ordinary shareholders		468,061,079	938,272,885	1,059,973,270
—Holders of perpetual securities	26	—	—	78,987,714
Non-controlling interests		57,064,550	(107,368,431)	—
		525,125,629	830,904,454	1,138,960,984
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY				
HOLDERS OF THE PARENT				
Class A ordinary shares:				
Basic (HK\$ per share)	10	—	4.34	4.34
Diluted (HK\$ per share)	10	—	4.34	4.22
Class B ordinary shares:				
Basic (HK\$ per share)	10	2.34	4.34	4.34
Diluted (HK\$ per share)	10	2.34	4.34	4.34
PROFIT FOR THE YEAR		525,125,629	830,904,454	1,138,960,984
OTHER COMPREHENSIVE INCOME				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		—	—	1,022,840
OTHER COMPREHENSIVE INCOME FOR THE YEAR		—	—	1,022,840
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		525,125,629	830,904,454	1,139,983,824
Attributable to:				
Owners of the parent:				
—Ordinary shareholders		468,061,079	938,272,885	1,060,996,110
—Holders of perpetual securities	26	—	—	78,987,714
Non-controlling interests		57,064,550	(107,368,431)	—
		525,125,629	830,904,454	1,139,983,824

The accompanying notes are an integral part of the consolidated financial statements.



AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2020

	Notes	December 31,	
		2019	2020
		HK\$	HK\$
Assets			
Current assets			
Accounts receivable	11	346,379,574	77,350,250
Prepayments, deposits and other receivables	12	36,440,972	24,872,391
Due from immediate holding company	28(b)(i)	2,921,838,772	6,477,266,499
Financial assets at fair value through profit or loss	13	1,572,697,716	62,519,937
Stock loan	13	1,200,980,200	—
Derivative financial asset	14	1,165,220,000	1,023,902,566
Other assets	15	245,502,780	197,309,175
Cash and bank balances	16	766,430,471	453,966,764
Total current assets		8,255,490,485	8,317,187,582
Non-current assets			
Property, plant and equipment	17	30,997	111,357
Intangible assets	18	15,171,170	15,171,170
Financial assets at fair value through profit or loss	13	—	1,315,336,778
Stock loan	13	—	878,483,400
Total non-current assets		15,202,167	2,209,102,705
Total assets		8,270,692,652	10,526,290,287
Equity and liabilities			
Current liabilities			
Accounts payable	19	492,039,336	201,986,202
Margin loans payable	20	317,722,438	—
Bank borrowings	21	—	232,280,000
Other payables and accruals	22	178,017,594	128,325,893
Tax payable		94,695,263	123,289,855
Total current liabilities		1,082,474,631	685,881,950
Non-current liabilities			
Deferred tax liabilities	23	242,913,577	—
Derivative financial liability	24	20,813,810	12,954,313
Convertible bond	24	95,995,690	103,278,429
Total non-current liabilities		359,723,077	116,232,742
Total liabilities		1,442,197,708	802,114,692
Equity			
Class A ordinary shares (par value of US\$0.0001 as of December 31, 2019 and 2020; 8,000,000,000 shares authorized as of December 31, 2019 and 2020, respectively; 41,084,851 and 62,327,851 shares as of December 31, 2019 and 2020, respectively)	25	32,162	48,838
Class B ordinary shares (par value of US\$0.0001 as of December 31, 2019 and 2020; 2,000,000,000 shares authorized as of December 31, 2019 and 2020, respectively; 204,526,628 and 183,283,628 shares as of December 31, 2019 and 2020, respectively)	25	160,540	143,864
Capital reserve		4,551,187,228	4,551,187,228
Exchange reserve		—	1,022,840
Retained profits		2,277,115,014	3,337,088,284
Total equity attributable to ordinary shareholders of the Company		6,828,494,944	7,889,491,054
Perpetual securities	26	—	1,834,684,541
Total equity		6,828,494,944	9,724,175,595
Total liabilities and equity		8,270,692,652	10,526,290,287

The accompanying notes are an integral part of the consolidated financial statements.



AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

	Share capital	Capital reserve	Exchange reserve	Retained profits	Equity attributable to ordinary shareholders of the Company	Equity attributable to holders of perpetual securities	Non-controlling interests	Total equity
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
As of January 1, 2018	156,998	1,312,802,675	—	870,781,050	2,183,740,723	—	485,535,747	2,669,276,470
Capital injection to a subsidiary	—	1	—	—	1	—	—	1
Profit for the year and total comprehensive income for the year	—	—	—	468,061,079	468,061,079	—	57,064,550	525,125,629
As of December 31, 2018	156,998	1,312,802,676	—	1,338,842,129	2,651,801,803	—	542,600,297	3,194,402,100
As of January 1, 2019	156,998	1,312,802,676	—	1,338,842,129	2,651,801,803	—	542,600,297	3,194,402,100
Deemed disposal of non-controlling interest (Note)	—	435,231,866	—	—	435,231,866	—	(435,231,866)	—
Exercise of warrants	1,308	94,196,292	—	—	94,197,600	—	—	94,197,600
Pre-IPO financing	6,451	419,375,698	—	—	419,382,149	—	—	419,382,149
Initial public offering	18,681	1,507,196,460	—	—	1,507,215,141	—	—	1,507,215,141
Capital injection to a subsidiary	—	9	—	—	9	—	—	9
New issuance of shares	9,264	782,384,227	—	—	782,393,491	—	—	782,393,491
Profit for the year and total comprehensive income for the year	—	—	—	938,272,885	938,272,885	—	(107,368,431)	830,904,454
As of December 31, 2019	192,702	4,551,187,228	—	2,277,115,014	6,828,494,944	—	—	6,828,494,944
As of January 1, 2020	192,702	4,551,187,228	—	2,277,115,014	6,828,494,944	—	—	6,828,494,944
Profit for the year	—	—	—	1,059,973,270	1,059,973,270	78,987,714	—	1,138,960,984
Exchange differences on translation of foreign operations	—	—	1,022,840	—	1,022,840	—	—	1,022,840
Total comprehensive income for the year	—	—	1,022,840	1,059,973,270	1,060,996,110	78,987,714	—	1,139,983,824
Issuance of perpetual securities (Note 26)	—	—	—	—	—	1,818,450,452	—	1,818,450,452
Distribution to holders of perpetual securities (Note 26)	—	—	—	—	—	(62,753,625)	—	(62,753,625)
As of December 31, 2020	192,702	4,551,187,228	1,022,840	3,337,088,284	7,889,491,054	1,834,684,541	—	9,724,175,595

Note: AMTD ISG and AMTD SI were indirectly held by AMTD Group for 79.13% before the Reorganisation (see Note 1.2). In March 2019, due to the Reorganisation, the non-controlling shareholders surrendered their indirect interests in AMTD ISG and AMTD SI amounting to HK\$435,231,866 which represented 20.87% of the total net assets of AMTD ISG and AMTD SI. Thereafter AMTD ISG and AMTD SI became wholly-owned subsidiaries of the Company. The non-controlling interests were reclassified into capital reserves as deemed acquisition of additional interest in AMTD ISG and AMTD SI.

The accompanying notes are an integral part of the consolidated financial statements.



AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

	Notes	Year ended December 31,		
		2018	2019	2020
		HK\$	HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		608,965,226	989,253,972	1,001,420,217
Adjustments for:				
Interest income	5	(7,681)	(18,677,943)	(101,226,862)
Finance costs	8	9,047,063	27,705,955	21,510,079
Depreciation	6	334,841	113,919	30,374
Dividend income	5	(99,227,724)	(92,316,548)	(88,078,159)
Gain related to disposed investment	5	—	(8,235,180)	(82,948,508)
Net fair value changes on financial assets at fair value through profit or loss and stock loan	5	(256,460,295)	641,603,993	31,054,945
Net fair value changes on derivative financial asset	14	—	(1,165,220,000)	(371,305,326)
Net fair value changes on derivative financial liability	24	—	—	(7,765,148)
Impairment losses under expected credit loss model on accounts receivable	11	—	—	17,109,001
Operating cash flows before changes in working capital		262,651,430	374,228,168	419,800,613
(Increase)/decrease in accounts receivable		(67,920,338)	(185,286,520)	251,920,323
(Increase)/decrease in prepayments, deposits and other receivables		(10,140,416)	(3,097,113)	11,568,581
Decrease in due from a related company		7,500	—	—
Increase/(decrease) in other payables and accruals		73,607,010	97,893,906	(49,718,674)
Decrease in amount due from immediate holding company		439,200,382	—	—
Increase in amount due from fellow subsidiaries		(699,864,420)	—	—
Decrease in financial assets at fair value through profit or loss		—	81,711,180	972,215,580
Decrease in derivative financial asset		—	—	618,682,641
(Decrease)/increase in accounts payable and other assets		(229,906)	259,825,630	(241,859,529)
Cash (used in)/generated from operations		(2,688,758)	625,275,251	1,982,609,535
Profits tax paid		(17,435,053)	(9,207,649)	(76,778,218)
Dividend received		99,227,724	92,316,548	88,078,159
Interest received		7,681	1,115,839	67,783
Net cash generated from operating activities		79,111,594	709,499,989	1,993,977,259
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of items of property, plant and equipment	17	(14,214)	(13,710)	(110,734)
Increase in amount due from immediate holding company		—	(2,957,926,150)	(3,581,230,632)
Net cash used in investing activities		(14,214)	(2,957,939,860)	(3,581,341,366)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		—	2,767,254,756	—
Share issue expenses		—	(58,263,976)	—
Proceeds from issue of warrants		—	15,699,600	—
Exercise of warrants		—	78,498,000	—
Proceeds from issue of convertible bonds		—	116,809,500	—
Repayment of margin loans		(351,610,081)	(4,277,101)	(317,722,438)
Proceeds from margin loans		322,000,000	—	—
Proceeds from bank borrowings		—	—	232,280,000
Net proceeds from perpetual securities		—	—	1,436,368,339
Distribution to perpetual securities holders		—	—	(62,753,625)
Financing costs paid		(9,047,063)	(27,705,955)	(13,765,758)
Net cash flows (used in)/generated from financing activities		(38,657,144)	2,888,014,824	1,274,406,518
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		40,440,236	639,574,953	(312,957,589)
Cash and cash equivalents at beginning of year		86,415,282	126,855,518	766,430,471
Effect of foreign exchange rate change, net		—	—	493,882
CASH AND CASH EQUIVALENTS AT END OF YEAR		126,855,518	766,430,471	453,966,764
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	16	126,855,518	766,430,471	453,966,764

The accompanying notes are an integral part of the consolidated financial statements.



**AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020**

1.1 CORPORATE INFORMATION

AMTD International Inc. (the “Company”) (formerly known as AMTD Inc.) 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 through admission 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 investment banking, the provision of financial advisory services, assets management services and strategic investments.

The Company’s immediate holding company is AMTD Group Company Limited (“AMTD Group”), a private company incorporated in the British Virgin Islands (“BVI”). The Company’s ultimate holding company was L.R. Capital Group Inc., a private company incorporated in the Cayman Islands. On December 31, 2020, the immediate holding company and the ultimate holding company entered into a share repurchase agreement, where the immediate holding company has repurchased certain shares previously allotted to the ultimate holding company. From then onwards, AMTD Group became the ultimate holding company for the Group.

Information about principal subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation	Issued and registered share capital	Percentage of equity and voting rights attributable to the Company				Principal activities
			2019		2020		
			Direct	Indirect	Direct	Indirect	
AMTD International Holding Group Limited (formerly known as AMTD Financial Planning Limited) (“AMTD IHG”)	Hong Kong (“HK”)	HK\$ 500,000	100%	—	100%	—	Investment holding
AMTD Securities Limited	HK	HK\$ 1	—	100%	—	100%	Investment holding
AMTD Global Markets Limited (formerly known as AMTD Asset Management Limited) (“AMTD GM”)	HK	HK\$ 1,561,610,980	—	100%	—	100%	Provision of investment banking, financial advisory services and asset management services
AMTD Global Markets Pte Ltd.	Singapore	SGD 5,000,000	—	—	—	100%	Provision of investment banking and financial advisory services
Asia Alternative Asset Partners Limited (“AMTD AAAPL”)	HK	HK\$ 5,000,000	—	100%	—	100%	Provision of investment advisory services
AMTD Strategic Investment Limited (“AMTD SI”)	HK	HK\$ 1	—	100%	—	100%	Strategic investment
AMTD Investment Solutions Group Limited (“AMTD ISG”)	HK	HK\$ 1	—	100%	—	100%	Strategic investment
AMTD Overseas Limited (formerly known as AMTD Europe Holdings Limited) (“AMTD Overseas”)	HK	HK\$ 1	—	100%	—	100%	Strategic investment



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

1.1 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	
			2019		2020			
			Direct	Indirect	Direct	Indirect		
AMTD Fintech Investment Limited (“AMTD FI”)	HK	HK\$	1	—	100%	—	100%	Strategic investment
AMTD Investment Inc. (“AMTD Investment”)	Cayman Islands	US\$	1	100%	—	100%	—	Investment holding
AMTD Strategic Investment (BVI) Limited	BVI	US\$	1	—	100%	—	100%	Investment holding
AMTD Investment Solutions Group (BVI) Limited	BVI	US\$	1	—	100%	—	100%	Investment holding
AMTD Overseas (BVI) Limited	BVI	US\$	1	—	100%	—	100%	Investment holding
AMTD Fintech Investment (BVI) Limited	BVI	US\$	1	—	100%	—	100%	Investment holding
尚乘(珠海)股权投资基金管理有限公司	People’s Republic of China	US\$	2,000,000	—	—	—	100%	Private fund management
AMTD Capital Co., Ltd. *	China	US\$	2,000,000	—	—	—	100%	Private fund management

* The translation is for identification purpose only

1.2 REORGANISATION

In order to facilitate the Company’s initial public offering at the New York Stock Exchange, AMTD Group completed a Reorganisation (the “Reorganisation”) whereby, certain operating and their respective immediate holding entities under AMTD Group’s common control, were ultimately contributed to the Company:

- On February 8, 2019, AMTD Investment was incorporated in Cayman Islands and directly held by the Company;
- From March 12, 2019 to March 14, 2019, four wholly-owned subsidiaries were incorporated in the BVI and were held indirectly by the Company through AMTD Investment;
- On March 18, 2019, the Company entered into sale and purchase agreements with AMTD Group and its subsidiaries which held the shares of AMTD ISG, AMTD SI, AMTD Overseas and AMTD FI (collectively referred to as the “transferred entities”), pursuant to which AMTD Group and its subsidiaries agreed to contribute 100% of the share capital of the transferred entities to the Company for a total of 199,990,000 newly issued Class B ordinary shares of the Company. For AMTD ISG and AMTD SI with non-controlling interests, all shareholders had passed a resolution to provide consent to enter the sale and purchase agreements that involved the two entities and agreed that shareholders other than AMTD Group would not receive any consideration from the disposal of the two entities. The Company issued 199,990,000 Class B ordinary shares and holds the equity interests of AMTD ISG, AMTD SI, AMTD Overseas and AMTD FI indirectly through the four newly set up BVI entities.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

1.2 REORGANISATION (CONTINUED)

- On April 1, 2019, the Securities and Futures Commission (“SFC”) approved the shareholder change of AMTD IHG, which holds two licensed subsidiaries (AMTD GM and AMTD AAAPL) governed by the SFC in Hong Kong, from AMTD Group to the Company. The sale and purchase agreement with respect to the transfer of AMTD IHG became effective automatically upon the approval from the SFC. AMTD Group transferred 100% of share capital of AMTD IHG to the Company. In return, the Company issued one Class B ordinary share to AMTD Group.

The Reorganisation was completed on April 1, 2019. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group. Accordingly, for the purpose of preparation of the consolidated financial statements of the Group, the Company is considered as the holding company of the companies now comprising the Group throughout the years ended December 31, 2018, 2019 and 2020.

Through the Reorganisation, the Company became the holding company of the contributed businesses now comprising the Group, which were under the common control of the controlling shareholder before and after the Reorganisation. Accordingly, the financial statements were prepared on a consolidated basis by applying the principles of the pooling of interest method as if the Reorganisation had been completed at the date when contributed business first came under the control of the controlling party.

The consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the years ended December 31, 2018 and 2019, included the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholder, whenever the period is shorter.

The consolidated statements of financial position of the Group as of December 31, 2018 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholder’s perspective. No adjustments are made to reflect fair values, or to recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholder, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity applying the principles of the pooling of interest method.

2.1 BASIS OF PRESENTATION

Basis of preparation

The Group’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and the Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) issued by the International Accounting Standards Board (“IASB”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, stock loan, derivative financial asset and derivative financial liability which are measured at fair value. The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”) unless otherwise stated.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

2.2 APPLICATION OF AMENDMENTS TO IFRSs

Amendments to IFRSs that are mandatorily effective for current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by IASB for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IAS 1 and IAS 8 Definition of Material

The Group has applied the Amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs and International Accounting Standards ("IASs") that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to IFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform—Phase 2 ⁵
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimate ¹
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts—Cost of Fulfilling a Contract ²
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020 ²



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

New and amendments to IFRSs in issue but not yet effective (continued)

- ¹ Effective for annual periods beginning on or after January 1, 2023
- ² Effective for annual periods beginning on or after January 1, 2022
- ³ Effective for annual periods beginning on or after a date to be determined
- ⁴ Effective for annual periods beginning on or after June 1, 2020
- ⁵ Effective for annual periods beginning on or after January 1, 2021

Except for the amendments to IFRSs described below, the directors of the Company anticipate that application of all other new and amendments to IFRSs will have no material impact on the Group's financial position and financial performance when they become effective.

Impact on amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform—Phase 2

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform—Phase 2 relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

- Modification of financial assets, financial liabilities and lease liabilities. A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRSs requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16;
- Hedge accounting requirements. Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and
- Disclosures. The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As of December 31, 2020, the Group has several London Interbank Offered Rate ("LIBOR") and Hong Kong Interbank Offered Rate ("HIBOR") bank loans which may be subject to interest rate benchmark reform. The Group expects no significant gains or losses should the interest rate benchmark for these loans change resulting from the reform on application of the amendments.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

Impact on amendments to IAS 1 Classification of Liabilities as Current or Non-current

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date;
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32.

As of December 31, 2020, the Group's outstanding convertible instruments include counterparty conversion options that do not meet equity instruments classification by applying IAS 32. The Group classified as current or non-current based on the earliest date in which the Group has the obligation to redeem these instruments through cash settlement. The host debt component is measured at amortised cost with carrying amount of HK\$103,278,429 and the derivative component (including the conversion options) is measured at fair value with carrying amount of HK\$12,954,313 as of 31 December 2020, both of which are classified as non-current as set out in Note 24. Upon the application of the amendments, in addition to the obligation to redeem through cash settlement, the transfer of equity instruments upon the exercise of the conversion options that do not meet equity instruments classification also constitute settlement of the convertible instruments. Given that the convertible options are exercisable anytime after six months following the date of issuance, the host liability and the derivative component amounting to HK\$116,232,742 would be reclassified to current liabilities as the holders have the option to convert within twelve months.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the years ended December 31, 2018, 2019 and 2020. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group has power over investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

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.

Fair value measurement

The Group measures its derivative financial instruments, debt and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 recognised 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

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's value in use and its fair value less costs of disposal, and is determined for an individual



AMTD INTERNATIONAL INC.
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.



**AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the year in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised 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 recognises 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 or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture and fixtures	20%
Computer equipment	33 $\frac{1}{3}$ %

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination or asset acquisition is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Licenses

Purchased licenses are stated at cost less any impairment losses and have indefinite useful life.

Financial instruments—Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost or fair value.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments—Investments and other financial assets (continued)

Initial recognition and measurement (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, the contractual terms needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding and the financial asset is held within a business model whose objective is to collect contractual cash flows.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised 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 amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statements of profit or loss when the asset is derecognised, modified or impaired.

The effective interest method is a method of calculating the amortised 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 recognised in profit or loss.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments—Investments and other financial assets (continued)

Financial assets at fair value through profit or loss (continued)

This category includes debt investments which the Group has irrevocably classify at fair value through profit or loss, derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are recognised as revenue in the consolidated statements of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments at fair value through other comprehensive income, if any, and financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the



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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

General approach (continued)

next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial asset as of the reporting date with the risk of a default occurring on the financial asset as of the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivable which apply the simplified approach as detailed below.

- Stage 1 — Financial assets for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial assets for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

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.

Simplified approach

For accounts receivable that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or at fair value through profit or loss (warrants and derivative financial instruments), as appropriate.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Initial recognition and measurement (continued)

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised 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 recognised immediately in profit or loss.

The Group's financial liabilities include accounts payable, margin loans 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 amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised 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 amortisation is included in finance costs in profit or loss.

Convertible bonds

If the conversion option of convertible bond exhibits characteristics of an embedded 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 as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. 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 recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments

Derivative financial asset is initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value. Derivative financial instruments is carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any gain or loss arising from changes in fair value of the derivative financial instruments is taken directly to profit or loss.

Day 1 profit or loss

If the fair value of the derivative financial instrument at initial recognition differs from the transaction price and the fair value is not evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or a valuation technique that uses only data from observable markets, the difference between the fair value at initial recognition and the transaction price is the deferred and is only recognised as a gain or loss during the term of the derivative financial instrument using a systematic basis that reflects a change in a factor (including time) that market participants would take into account when pricing the derivative financial instrument.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised 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 recognised 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 recognised outside profit or loss is recognised 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.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied to the same taxable entity by the same taxation authority in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised 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.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

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 recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The primary components of fee and commission income are investment banking fee and income and asset management fee.

(a) *Investment banking fee and income*

Investment banking service income is composed of underwriting commission, brokerage fee and financial advisory fee. Underwriting commission earned from underwriting equity and debt securities is recognised 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.

Brokerage fee earned from sales of equity and debt securities from underwriting is recognised at the point in time when the associated service is fulfilled, generally on the trade execution date.

Financial advisory fee is recognised over the advisory service period when revenue is not probable of a significant reversal. The majority of the contracts have a duration of 90 to 180 days.

(b) *Asset management fee*

Asset management fee primarily includes fees associated with asset management, performance-based incentive fee, brokerage and handling fee. The management fee and the performance-based incentive fee are earned for the provision of asset management services, which include portfolio diversification and rebalancing. These services represent a single performance obligation comprised of a series of distinct services which are substantially the same, being provided continuously over the contract period. Asset management fees, some of which are received in advance, consist of management and performance fees that are fixed or variable consideration. 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 recognised when services are performed. Fixed consideration is recognised 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 recognised 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 two performance obligations, 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 fees are recognised at the point in time when the associated service is fulfilled, generally on the trade execution date.



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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from other sources

Fair value changes on financial assets at fair value through profit or loss, stock loan and derivative financial assets are recognised in the period in which they arise. Gain/loss recognised during the period for the financial assets at fair value through profit or loss, stock loan and derivative financial asset disposed during the current period is recognised as gain/loss related to disposed investment, whereas gain/loss recognised during the period for those financial assets at fair value through profit or loss, stock loan and derivative financial asset held at the end of the reporting period is recognised as net fair value changes on financial assets at fair value through profit or loss and stock loan and net fair value changes on derivative financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised 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 recognised 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 of asset management service, the Company requires upfront payment of management fee and recorded such upfront fee as contract liabilities in other payables and accruals. Upfront fee is recognised as revenue based on the time elapsed for the service period. Asset management contracts normally cover periods of one to three years.

Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised 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



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

Retirement benefit cost (continued)

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.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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 recognised in other comprehensive income or profit or loss is also recognised 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 recognises 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 recognised 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



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

differences are re-attributed to non-controlling interests and are not recognised 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 JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Deferred tax and current/non-current classification of investments

Significant judgements on the tax treatment of unrealised gain on certain investments under strategic investment segment are required in determining income and deferred tax provisions. The Group's intention has always been to hold these investments for capital appreciation. However in the first few years post purchases of these investments there is uncertainty on whether it is probable that the unrealised gain can be treated as capital in nature and not assessable for profit tax under the relevant tax laws. As such, deferred tax provisions have been recorded in prior years. These investments have also been classified as current assets for the respective periods. Periodical reviews are performed by the Group to assess the intention of the Group and classification of the investments.

During the year ended December 31, 2020, the Group carried out periodical review based on the internal policy and re-evaluated the classification of these investments. With the passage of time, the Group considered there is sufficient evidential circumstance to demonstrate the Group's intention to hold these investments for long term capital appreciation, and re-classified these investments as non-current assets. As the unrealised gain arising from the receipts of non-current assets should be treated as capital in nature under the relevant tax laws, accordingly deferred tax liabilities of HK\$242,913,577 on the unrealised gain on investments is reversed and recognised as deferred tax credit during the year ended December 31, 2020. In cases where change in facts and circumstances which result in revision of the Group's intention, a material further recognition or reversal of deferred tax liabilities may arise, which would be recognised in profit or loss for the period in which such further recognition or reversal takes place.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Fair value of unlisted equity investments

As of December 31, 2019, the fair value of unlisted equity investment-Investment B (Note 13) was based on the prices of recent transactions of the same instruments with the same rights of the same issuers that occurred within 12 months. As of December 31, 2020, the fair value of this investment was estimated using an equity value allocation (“EVA”) valuation technique relying on the hybrid method, considering three scenarios in a probability weighted expected return method (“PWERM”) framework, and using the option pricing method (“OPM”) to allocate value in the IPO exit scenario. The valuation requires the management to consider three scenarios in its PWERM analysis which are liquidation event, redemption event and IPO exit event and hence they were subject to uncertainty. The input of the equity value of unlisted equity investment-Investment B was estimated using forward price/earnings (“P/E”) ratio as the valuation multiple.

As of December 31, 2019 and 2020, the fair value of the unlisted equity investment-Investment C (Note 13) was estimated using an EVA valuation technique relying on the hybrid method, considering three scenarios in a PWERM framework, and using the OPM to allocate value in the IPO exit scenario. The valuation requires the management to consider three scenarios in its PWERM analysis which are liquidation event, redemption event and IPO exit event and hence they were subject to uncertainty. The input of the equity value of unlisted equity investment-Investment C was estimated using forward P/E ratio as the valuation multiple.

As of December 31, 2019 and 2020, the fair value of unlisted equity investment-Investment D (Note 13) was determined by considering the prices of recent transactions of the same instruments with the same rights of the same issuers.

As of December 31, 2020, the fair value of unlisted equity investment-Investment E (Note 13) was based on the prices of recent transactions of the same instruments with the same rights of the same issuers that occurred within 12 months.

As of December 31, 2020, the fair value of unlisted equity investment-Investment F (Note 13) was estimated with reference to the unadjusted market price of the underlying listed equity securities.

Fair value of derivative financial asset

The fair value of the derivative financial asset 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 as Level 3.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) The investment banking segment assists customers in raising funds through equity and debt financing, providing underwriting for initial public offerings (“IPOs”), private placements and debt issuances and providing financial advisory services (including but not limited to domestic and cross border advisory services for merger and acquisitions).
- (b) The asset management segment provides a wide range of asset management products and services, including in relation to listed equity, fixed income securities, hedge funds, structured products, foreign exchange, private equities, alternative investments, discretionary account services, investment advisory services and external asset management services.
- (c) The strategic investment segment engages in proprietary investments and management of investment portfolio in Hong Kong and China.

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 and finance costs to strategic investment segment consistently with the Group’s profit before tax from operations. Net fair value change on derivative financial liability, other income and corporate expenses such as staff costs not directly attributable to segment, office rental and administrative expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, amounts due from immediate holding company, prepayments, deposits and other receivables, 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, deferred tax liabilities, convertible bond, derivative financial liability, bank borrowings and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.



AMTD INTERNATIONAL INC.
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4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

For the year ended December 31, 2018

	<u>Investment banking</u>	<u>Asset management</u>	<u>Strategic investment</u>	<u>Total</u>
	HK\$	HK\$	HK\$	HK\$
Segment revenue (Note 5)				
Revenue				
—from contracts with customers	288,591,129	78,946,986	—	367,538,115
—others	—	—	355,688,019	355,688,019
Intersegment	—	172,809	—	172,809
	<u>288,591,129</u>	<u>79,119,795</u>	<u>355,688,019</u>	<u>723,398,943</u>
<i>Reconciliation</i>				
Intersegment				<u>(172,809)</u>
				<u>723,226,134</u>
Segment results	<u>254,901,096</u>	<u>57,385,943</u>	<u>350,306,996</u>	<u>662,594,035</u>
Unallocated other income				15,372,350
Unallocated finance costs				(3,666,040)
Corporate and other unallocated expenses				<u>(65,335,119)</u>
Profit before tax				<u>608,965,226</u>
Other segment information				
Depreciation				334,841
Capital expenditure				<u>14,214</u>



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the year ended December 31, 2019

	<u>Investment banking</u>	<u>Asset management</u>	<u>Strategic investment</u>	<u>Total</u>
	HK\$	HK\$	HK\$	HK\$
Segment revenue (Note 5)				
Revenue				
—from contracts with customers	455,955,912	124,050,364	—	580,006,276
—others	—	—	624,167,735	624,167,735
	<u>455,955,912</u>	<u>124,050,364</u>	<u>624,167,735</u>	<u>1,204,174,011</u>
Segment results	<u>413,354,182</u>	<u>109,182,198</u>	<u>624,167,734</u>	<u>1,146,704,114</u>
Unallocated other income				22,088,780
Unallocated finance costs				(27,705,955)
Corporate and other unallocated expenses				<u>(151,832,967)</u>
Profit before tax				<u>989,253,972</u>
Other segment information				
Depreciation				113,919
Capital expenditure				<u>13,710</u>

For the year ended December 31, 2020

	<u>Investment banking</u>	<u>Asset management</u>	<u>Strategic investment</u>	<u>Total</u>
	HK\$	HK\$	HK\$	HK\$
Segment revenue (Note 5)				
Revenue				
—from contracts with customers	376,324,880	230,938,245	—	607,263,125
—others	—	—	511,277,048	511,277,048
	<u>376,324,880</u>	<u>230,938,245</u>	<u>511,277,048</u>	<u>1,118,540,173</u>
Segment results	<u>339,933,098</u>	<u>225,338,122</u>	<u>511,277,048</u>	<u>1,076,548,268</u>
Unallocated other income				111,867,468
Unallocated finance costs				(21,510,079)
Unallocated net changes in fair value on derivative financial liability				7,765,148
Corporate and other unallocated expenses				<u>(173,250,588)</u>
Profit before tax				<u>1,001,420,217</u>
Other segment information				
Depreciation				30,374
Capital expenditure				<u>110,734</u>



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	December 31,	
	2019	2020
	HK\$	HK\$
Segment assets		
Investment banking	64,813,018	21,976,920
Asset management	539,713,339	265,452,001
Strategic investments	2,894,217,916	3,280,242,681
Total segment assets	3,498,744,273	3,567,671,602
Unallocated corporate assets	4,771,948,379	6,958,618,685
Total assets	8,270,692,652	10,526,290,287
Segment liabilities		
Asset management	492,039,337	249,257,201
Strategic investments	317,722,439	—
Total segment liabilities	809,761,776	249,257,201
Unallocated corporate liabilities	632,435,932	552,857,491
Total liabilities	1,442,197,708	802,114,692

Geographical information

The following table sets forth the Group's revenue from contracts with customer by geographical areas based on the location of the customers:

For the year ended December 31, 2018

	Investment banking	Asset management	Total
	HK\$	HK\$	HK\$
Hong Kong	128,880,466	39,451,207	168,331,673
Mainland China	158,780,244	36,615,872	195,396,116
Others	930,419	2,879,907	3,810,326
	288,591,129	78,946,986	367,538,115

For the year ended December 31, 2019

	Investment banking	Asset management	Total
	HK\$	HK\$	HK\$
Hong Kong	118,086,900	21,441,042	139,527,942
Mainland China	300,078,498	92,797,260	392,875,758
United States	30,342,514	3,229,613	33,572,127
Others	7,448,000	6,582,449	14,030,449
	455,955,912	124,050,364	580,006,276



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

For the year ended December 31, 2020

	<u>Investment banking</u>	<u>Asset management</u>	<u>Total</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Hong Kong	212,766,711	21,836,318	234,603,029
Mainland China	163,447,101	192,391,853	355,838,954
Others	111,068	16,710,074	16,821,142
	<u>376,324,880</u>	<u>230,938,245</u>	<u>607,263,125</u>

The Group's revenue is derived solely from its operations in Hong Kong based on the location in which contracts were executed and services were rendered.

As of December 31, 2019 and 2020, non-current assets, for the purpose of geographical information, consisting of property, plant and equipment and intangible assets, were all located in Hong Kong.

Information about major customers

During the year ended December 31, 2018, 2019 and 2020, no revenue derived from a single customer accounted for 10% or more of the total revenue of the Group.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	For the year ended December 31,		
	2018	2019	2020
	HK\$	HK\$	HK\$
<u>Revenue from contracts with customers</u>			
<i>Investment banking</i>			
Investment banking fee and income	288,591,129	455,955,912	376,324,880
<i>Asset management</i>			
Management fee and performance-based incentive fee	43,465,186	103,509,196	196,352,216
Brokerage and handling fees	31,393,570	19,383,099	33,359,007
Others	4,088,230	1,158,069	1,227,022
	<u>78,946,986</u>	<u>124,050,364</u>	<u>230,938,245</u>
	<u>367,538,115</u>	<u>580,006,276</u>	<u>607,263,125</u>
<u>Revenue from other sources</u>			
<i>Strategic investments</i>			
Dividend income	99,227,724	92,316,548	88,078,159
Gain related to disposed investment	—	8,235,180	82,948,508
	<u>99,227,724</u>	<u>100,551,728</u>	<u>171,026,667</u>
Net fair value changes on financial assets at fair value through profit or loss and stock loan			
-from listed equity shares, at quoted price	202,304,000	(683,060,000)	(371,305,326)
-from unlisted debt securities	86,000	—	—
-from unlisted equity shares	54,070,295	41,456,007	313,561,520
-from unlisted equity linked note	—	—	26,688,861
Total net fair value changes on financial assets at fair value through profit or loss and stock loan	<u>256,460,295</u>	<u>(641,603,993)</u>	<u>(31,054,945)</u>
Net fair value changes on derivative financial asset			
-from derivative financial asset	—	1,165,220,000	371,305,326
	<u>355,688,019</u>	<u>624,167,735</u>	<u>511,277,048</u>
Total revenue	<u>723,226,134</u>	<u>1,204,174,011</u>	<u>1,118,540,173</u>



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information

The Company assesses revenues based upon the nature or type of goods or services it provides and the operating segments of the related businesses. For more information on the operating segments, see Note 4, "Operating Segment Information". The following tables present disaggregated revenue information:

For the year ended December 31, 2018

Segments	Investment banking HK\$	Asset management HK\$	Strategic investment HK\$	Total HK\$
<i>Investment banking</i>				
Underwriting commission and brokerage fee	217,002,789	—	—	217,002,789
Financial advisory fee	71,588,340	—	—	71,588,340
<i>Asset management</i>				
Management fee and performance- based incentive fee	—	43,465,186	—	43,465,186
Brokerage and handling fee	—	31,393,570	—	31,393,570
<i>Strategic investment</i>				
Net fair value changes on financial assets at fair value through profit or loss and stock loan	—	—	256,460,295	256,460,295
Dividend income	—	—	99,227,724	99,227,724
<i>Others</i>	—	4,088,230	—	4,088,230
Total	<u>288,591,129</u>	<u>78,946,986</u>	<u>355,688,019</u>	<u>723,226,134</u>

Segments	Investment banking HK\$	Asset management HK\$	Total HK\$
<i>Timing of revenue recognition</i>			
Services transferred at a point in time	217,002,789	35,481,800	252,484,589
Services transferred over time	71,588,340	43,465,186	115,053,526
Total revenue from contracts with customers	<u>288,591,129</u>	<u>78,946,986</u>	<u>367,538,115</u>



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information (continued)

For the year ended December 31, 2019

<u>Segments</u>	<u>Investment banking</u>	<u>Asset management</u>	<u>Strategic investment</u>	<u>Total</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
<i>Investment banking</i>				
Underwriting commission and brokerage fee	403,573,912	—	—	403,573,912
Financial advisory fee	52,382,000	—	—	52,382,000
<i>Asset management</i>				
Management fee and performance- based incentive fee	—	103,509,196	—	103,509,196
Brokerage and handling fee	—	19,383,099	—	19,383,099
<i>Strategic investment</i>				
Net fair value changes on financial assets at fair value through profit or loss and stock loan . . .	—	—	(641,603,993)	(641,603,993)
Net fair value changes on derivative financial asset	—	—	1,165,220,000	1,165,220,000
Gain related to disposed investment	—	—	8,235,180	8,235,180
Dividend income	—	—	92,316,548	92,316,548
<i>Others</i>	—	1,158,069	—	1,158,069
Total	<u><u>455,955,912</u></u>	<u><u>124,050,364</u></u>	<u><u>624,167,735</u></u>	<u><u>1,204,174,011</u></u>

<u>Segments</u>	<u>Investment banking</u>	<u>Asset management</u>	<u>Total</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
<u>Timing of revenue recognition</u>			
Services transferred at a point in time	403,573,912	20,541,168	424,115,080
Services transferred over time	<u>52,382,000</u>	<u>103,509,196</u>	<u>155,891,196</u>
Total revenue from contracts with customers	<u><u>455,955,912</u></u>	<u><u>124,050,364</u></u>	<u><u>580,006,276</u></u>



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information (continued)

For the year ended December 31, 2020

<u>Segments</u>	<u>Investment banking</u>	<u>Asset management</u>	<u>Strategic investment</u>	<u>Total</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
<i>Investment banking</i>				
Underwriting commission and brokerage fee	165,472,605	—	—	165,472,605
Financial advisory fee	210,852,275	—	—	210,852,275
<i>Asset management</i>				
Management fee and performance-based incentive fee	—	196,352,216	—	196,352,216
Brokerage and handling fee	—	33,359,007	—	33,359,007
<i>Strategic investment</i>				
Net fair value changes on financial assets at fair value through profit or loss and stock loan	—	—	(31,054,945)	(31,054,945)
Net fair value changes on derivative financial asset	—	—	371,305,326	371,305,326
Gain related to disposed investment	—	—	82,948,508	82,948,508
Dividend income	—	—	88,078,159	88,078,159
Others	—	1,227,022	—	1,227,022
Total	<u>376,324,880</u>	<u>230,938,245</u>	<u>511,277,048</u>	<u>1,118,540,173</u>

<u>Segments</u>	<u>Investment banking</u>	<u>Asset management</u>	<u>Total</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
<u>Timing of revenue recognition</u>			
Services transferred at a point in time	165,472,605	34,586,029	200,058,634
Services transferred over time	210,852,275	196,352,216	407,204,491
Total revenue from contracts with customers	<u>376,324,880</u>	<u>230,938,245</u>	<u>607,263,125</u>

The following table shows the amounts of revenues recognised in the current period that were included in the contract liabilities at the beginning of the reporting period:

	<u>As of December 31,</u>	
	<u>2019</u>	<u>2020</u>
	<u>HK\$</u>	<u>HK\$</u>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period		
Asset management	<u>39,296,815</u>	<u>94,328,532</u>



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

5. REVENUE AND OTHER INCOME (CONTINUED)

(ii) Performance obligations

The transaction prices allocated to the remaining performance obligations of asset management services (unsatisfied or partially unsatisfied) as of December 31, 2019 and 2020 are as follows:

	<u>As of December 31,</u>	
	<u>2019</u>	<u>2020</u>
	<u>HK\$</u>	<u>HK\$</u>
Within one year	75,077,754	35,716,912
More than one year	36,896,409	11,554,086
	<u>111,974,163</u>	<u>47,270,998</u>

The performance obligations expected to be recognised 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 recognised within one year.

Other income

	<u>For the year ended December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Bank interest income	7,681	1,115,839	67,783
Interest income from the immediate holding company (Note 28(a)(iv)) (Note 28(b)(i)) . . .	—	17,562,104	101,159,079
Other income from a fellow subsidiary (Note 28(b)(iv))	3,666,040	—	—
Government grants	—	—	3,061,665
Others	11,719,054	3,412,325	7,578,941
	<u>15,392,775</u>	<u>22,090,268</u>	<u>111,867,468</u>

During the current year, the Group recognised government grants of HK\$3,061,665 applicable to Covid-19 related subsidies in connection with the Employment Support Scheme provided by the Hong Kong Government.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

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,		
	2018	2019	2020
	HK\$	HK\$	HK\$
Other operating expenses			
Marketing and brand promotional expenses	11,864,097	12,903,989	5,696,606
Premises costs and office utilities			
—Premises costs	9,465,094	11,965,344	14,244,127
—Office utilities	6,117,640	9,152,802	6,601,790
	<u>15,582,734</u>	<u>21,118,146</u>	<u>20,845,917</u>
Traveling and business development expenses	10,860,318	19,362,587	5,636,354
Commissions and bank charges	5,197,984	2,307,050	1,957,433
Office and maintenance expenses	1,603,484	1,430,834	175,348
Administrative service fee	—	12,000,000	24,330,000
Legal and professional fees			
—Auditor’s remuneration	789,000	11,402,267	12,068,575
—Other legal and professional fees	1,650,070	11,776,501	12,434,767
—Professional indemnity expense	—	—	11,811,165
	<u>2,439,070</u>	<u>23,178,768</u>	<u>36,314,507</u>
Staff welfare and staff recruitment expenses	3,659,523	2,471,705	1,223,673
Others			
—Depreciation	334,841	113,919	30,374
—Foreign exchange differences, net	382,757	12,596,647	3,222,789
—Other expenses	657,299	7,213,210	4,290,210
	<u>1,374,897</u>	<u>19,923,776</u>	<u>7,543,373</u>
	<u>52,582,107</u>	<u>114,696,855</u>	<u>103,723,211</u>

7. STAFF COSTS

	For the year ended December 31,		
	2018	2019	2020
	HK\$	HK\$	HK\$
Salaries and bonuses	67,187,493	93,703,848	93,660,617
Pension scheme contributions (defined contribution schemes)	837,020	903,649	749,664
	<u>68,024,513</u>	<u>94,607,497</u>	<u>94,410,281</u>



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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8. FINANCE COSTS

An analysis of finance costs is as follows:

	For the year ended December 31,		
	2018	2019	2020
	HK\$	HK\$	HK\$
Interests on margin loans payable	9,047,063	27,705,955	12,475,296
Interests on convertible bond	—	—	7,717,348
Interests on bank borrowings	—	—	1,317,435
	<u>9,047,063</u>	<u>27,705,955</u>	<u>21,510,079</u>

9. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%; 2018: 16.5%) on the estimated assessable profits arising in Hong Kong:

	Note	For the year ended December 31,		
		2018	2019	2020
		HK\$	HK\$	HK\$
Hong Kong profits tax				
Charge for the year		43,127,820	69,585,469	96,708,600
Overprovision in prior year . . .		(2,359,495)	—	(143,606)
Deferred tax	3, 23	33,148,500	79,556,400	(242,913,577)
The People's Republic of China withholding tax charge for the year		<u>9,922,772</u>	<u>9,207,649</u>	<u>8,807,816</u>
		<u>83,839,597</u>	<u>158,349,518</u>	<u>(137,540,767)</u>

On March 21, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, 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%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended December 31, 2018 and 2019. For the year ended December 31, 2020, 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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9. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

A reconciliation of tax expense/(credit) 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,		
	2018	2019	2020
	HK\$	HK\$	HK\$
Profit before tax	608,965,226	989,253,972	1,001,420,217
Tax at statutory tax rate of 16.5%	100,479,262	163,226,906	165,234,336
Tax effect of two-tiered profit tax rate	—	—	(165,000)
Tax effect of non-taxable income	(25,554,680)	(23,255,305)	(79,190,106)
Tax effect of non-deductible expenses	1,355,050	8,952,076	10,887,971
Tax effect of unrecognised temporary difference	16,553	223,434	(25,011)
Reversal of deferred tax liability	—	—	(242,913,577)
Tax effect of tax loss not recognised	10,797	24,541	—
Overprovision in prior year	(2,359,495)	—	(143,606)
Utilization of tax losses previously not recognised	(30,662)	(29,783)	(33,590)
Withholding tax on the dividend income	9,922,772	9,207,649	8,807,816
Income tax expense/(credit)	<u>83,839,597</u>	<u>158,349,518</u>	<u>(137,540,767)</u>

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, as if the Reorganisation had taken place on January 1, 2018 as mentioned in Note 1.2.

The diluted earnings per share attributable to Class A ordinary equity holders and Class B ordinary equity holders are based on the profit for the year attributable to Class A ordinary equity holders and Class B ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bond of HK\$7,717,348, fair value changes on the derivative component of the convertible bonds of HK\$7,765,148 and the foreign exchange effect of the convertible bonds of HK\$528,958. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

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:

	<u>For the year ended December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Basic earnings per share:			
<i>Numerator:</i>			
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation (HK\$)-basic Class A	—	69,906,757	249,206,548
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation (HK\$)-basic Class B	468,061,079	868,366,128	810,766,722
<i>Denominator:</i>			
Weighted average number of Class A ordinary shares outstanding—basic	—	16,112,737	57,474,495
Weighted average number of Class B ordinary shares outstanding—basic	200,000,001	200,148,822	186,987,093
Basic earnings per share (HK\$) Class A	—	4.34	4.34
Basic earnings per share (HK\$) Class B	2.34	4.34	4.34
Diluted earnings per share:			
<i>Numerator:</i>			
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculation (HK\$)-diluted Class A	—	69,906,757	248,629,790
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculation (HK\$)-diluted Class B	468,061,079	868,366,128	810,766,722
<i>Denominator:</i>			
Weighted average number of Class A ordinary shares outstanding—diluted	—	16,117,254	58,966,142
Weighted average number of Class B ordinary shares outstanding—diluted	200,000,001	200,204,936	186,987,093
Diluted earnings per share (HK\$) Class A	—	4.34	4.22
Diluted earnings per share (HK\$) Class B	2.34	4.34	4.34



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

	Number of shares		
	For the year ended December 31,		
	2018	2019	2020
<i>Shares:</i>			
Weighted average number of Class A ordinary shares in issue during the year used in the basic earnings per share calculation	—	16,112,737	57,474,495
Effect of dilution – weighted average number of ordinary shares:			
Warrants	—	864	—
Convertible bond	—	3,653	1,491,647
	—	16,117,254	58,966,142
Weighted average number of Class B ordinary shares in issue during the year used in the basic earnings per share calculation	200,000,001	200,148,822	186,987,093
Effect of dilution – weighted average number of ordinary shares:			
Warrants	—	10,728	—
Convertible bond	—	45,386	—
	200,000,001	200,204,936	186,987,093

11. ACCOUNTS RECEIVABLE

	Notes	As of December 31,	
		2019	2020
		HK\$	HK\$
Receivable from investment banking services	(i)	66,740,188	21,976,920
Receivable from brokers and clearing house	(ii)	261,329,847	19,864,662
Clients' receivables	(ii)	18,309,539	35,508,668
		346,379,574	77,350,250

Notes:

- (i) The normal settlement terms of receivables from investment banking services are specific terms mutually agreed between the contracting parties. Receivable from investing banking services is non-interest bearing. As of January 1, 2019, the Group has receivable arising from contracts with customers in investment banking services of HK\$134,855,895.
- (ii) As of December 31, 2020, included in the clients' receivables are non-interest bearing receivables arising from asset management service of HK\$34,208,077 (2019: HK\$9,428,553). There are normal settlement terms of those receivables which are specific terms mutually agreed between the contracting parties. As of January 1, 2019, the Group has receivables arising from contracts with customers in asset management service of HK\$5,512,422. The normal settlement terms of clients' receivables and receivable from brokers and clearing house arising from asset management services are 2 days after trade date or at specific terms



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11. ACCOUNTS RECEIVABLE (CONTINUED)

agreed with brokers and clearing house. Overdue clients' receivable is interest-bearing. As of December 31, 2019 and 2020, the Group's clients' receivables of HK\$2,142,145 and nil were due from fellow subsidiaries, respectively, which are repayable on similar credit terms to those offered to the major customers of the Group.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control team to minimise 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 periods, based on the invoice date, net of loss allowance is as follows:

	As of December 31,	
	2019	2020
	HK\$	HK\$
Not yet due	294,541,514	67,241,210
Past due		
Within 1 month	41,032,006	7,797,011
1 to 3 months	5,232,320	221,183
Over 3 months	5,573,734	2,090,846
	<u>346,379,574</u>	<u>77,350,250</u>

As of December 31, 2019 and 2020, accounts receivable was due from a number of reputable corporate clients, brokers and individual clients.

An impairment analysis of clients' receivables, receivable from brokers and clearing house, and receivable from investment banking 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 notion or categorization of credit risk rating is for internal risk management purposes and is not equivalent to the similar terms applied by other credit rating agencies. 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.

During the year ended December 31, 2020, an impairment for loss allowance of HK\$17,109,001 was made on receivables with gross amount of HK\$17,109,001 arising from investment banking service, and was further written off as the directors of the Company considered there was no realistic prospect of recovery. During the year ended December 31, 2018 and 2019, no impairment for loss allowance was recorded.



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11. ACCOUNTS RECEIVABLE (CONTINUED)

As of December 31, 2019, the probability of default ranged from 0.14% to 18.24% and the loss given default was estimated to be 45%. As of December 31, 2020, the probability of default ranged from 0.11% to 30.91% and the loss given default was estimated to be 45%.

	Internal credit risk rating						Total
	AAA	AA	A	BBB	BB	CCC	
As of December 31, 2019							
Expected credit loss rate	—	0.14%	0.17%	0.33%	0.59%	18.24%	—
Gross carrying amount (HK\$'000)	—	141,440	64,914	136,928	1,826	1,272	346,380
As of December 31, 2020							
Expected credit loss rate	—	—	0.07%	0.05%	—	0.56%	—
Gross carrying amount (HK\$'000)	—	—	21,977	52,723	—	2,650	77,350

The expected credit losses as of December 31, 2019 and 2020 were immaterial and no loss allowance for accounts receivable was recorded.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As of December 31,	
	2019	2020
	HK\$	HK\$
Prepayments	35,085,959	23,221,564
Deposits	451,593	559,933
Other receivables	903,420	1,090,894
	<u>36,440,972</u>	<u>24,872,391</u>

Deposits and other receivables mainly represent deposits with the Hong Kong Stock Exchange. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings.

As of December 31, 2019 and 2020, the probability of default applied ranged from 0.09% to 0.50% and the loss given default was estimated to be 45%. The recoverability was assessed with reference to the credit status of the debtors, and the expected credit loss as of December 31, 2019 and 2020 is considered to be minimal.

None of the above assets is either past due or impaired. The 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,	
	2019	2020
	HK\$	HK\$
Financial assets at fair value through profit or loss, other than stock loan	1,572,697,716	1,377,856,715
Stock loan	1,200,980,200	878,483,400
Total financial assets at fair value through profit or loss	<u>2,773,677,916</u>	<u>2,256,340,115</u>
Listed equity shares, at quoted price		
—Investment A	2,450,980,000	1,001,399,213
Total listed equity shares, at quoted price	<u>2,450,980,000</u>	<u>1,001,399,213</u>
Unlisted equity shares		
—Investment B	77,023,394	85,706,112
—Investment C	47,149,360	24,111,436
—Investment D	198,525,162	190,038,137
—Investment E	—	892,565,280
Total unlisted equity shares	<u>322,697,916</u>	<u>1,192,420,965</u>
Unlisted equity linked note		
—Investment F	—	62,519,937
Total unlisted equity linked note	<u>—</u>	<u>62,519,937</u>
	<u>2,773,677,916</u>	<u>2,256,340,115</u>

The above unlisted investments at December 31, 2019 and 2020 were equity shares investments issued by enterprises. Financial assets at fair value through profit or loss are categorised into levels 1 and 3. Refer to Note 30 for more information.

As of December 31, 2019, the Group's listed equity investments with a carrying amount of HK\$1,249,999,800 were pledged against its margin loans payable.

On September 17, 2017, the Group entered into certain stock lending agreements with a shareholder of our immediate holding company, pursuant to which the Group lent certain listed equity shares of Investment A to the shareholder, who further pledged the shares to a third party as collateral as of December 31, 2020.

On May 1, 2020, the Group entered into a stock lending agreement with a fellow subsidiary, pursuant to which the Group lent certain listed equity shares of Investment A to the fellow subsidiary.

These listed shares did not qualify for derecognition as the Group retained substantially all the risks and rewards of these investment. As such, the stock lending agreements were continued to be recognized on the consolidated statements of financial position under the caption "stock loan".

As of December 31, 2019 and 2020, the fair values of the listed equity shares underlying the stock loan were HK\$1,200,980,200 and HK\$878,483,400 respectively. In addition, the net fair value changes on the stock loan were HK\$334,699,400 and HK\$324,855,300 for the years ended December 31, 2019 and 2020, respectively.

During the year ended December 31, 2020, the Group obtained 19.2% ownership interest in Investment E in exchange for extinguishment of HK\$556,161,528 of current accounts due from the immediate holding



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13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND STOCK LOAN (CONTINUED)

company. The Group does not have rights to nominate board representation to direct the relevant activities of the investee; accordingly, the Group concluded that it does not have significant influence to direct the relevant activities of the investee and classified the investment as a financial asset at fair value through profit or loss.

During the year ended December 31, 2020, on the Group's periodic review, the Group has re-evaluated the classification of these investments and has reclassified these investments as non-current.

Subsequent to December 31, 2020, the unlisted equity linked note was disposed of with a gain of HK\$145,162,859.

14. DERIVATIVE FINANCIAL ASSET

On April 1, 2019, two subsidiaries of the Group entered into "Upside Participation and Profit Distribution Agreements" (the "Agreements") with a counterparty in relation to the movement of the share price of the entirety of the listed shares of Investment A (Note 13) that the Group owns ("Underlying Assets"). The Agreements have an original term of 12 months and can be extended for any further period or terminated at any time upon mutual agreement of the contracting parties. Pursuant to the Agreements:

- (a) The counterparty is entitled to 25% (the "Sharing Percentage") of the gain of the Underlying Assets if the quoted market price or disposal price of the Underlying Assets is higher than HK\$8.1 per share (the "Underlying Price");
- (b) The counterparty shall pay a sum equivalent to the loss if the quoted market price or disposal price of the Underlying Assets is lower than Underlying Price ("Participation Cost"); and
- (c) Dividend or cash distributions generated from the Underlying Assets during the term of the Agreements shall be received by the Group for its sole benefit and shall not be included in the computation of the Profit or the Participation Cost.

Further addendums to the Agreements were entered into on June 30, July 1, September 30 and December 31, 2019, March 31, June 26, June 30, September 30 and December 31, 2020 (the "Addendums"), where:

- On June 30, 2019, the term of the Agreements was modified from 12 months to 3 months and could be roll-forward for an additional three-month period upon mutual agreement between the contracting parties provided that the Underlying Assets are not fully disposed by the Group on the termination date.
- On July 1, 2019, the Agreements were extended for a 3-month period to September 30, 2019 and the Underlying Price was modified from HK\$8.1 to HK\$9.0 and the Sharing Percentage was modified from 25% to 40%.
- On September 30 and December 31, 2019 and March 31, 2020, the Agreements were extended for another three-month period and thus lastly to June 30, 2020.
- On June 26, 2020, the underlying listed shares have been partially sold, in which 176,766,469 underlying shares were sold to the counterparty at the disposal price of HK\$5.5 per share, and HK\$618,682,641 was paid by the counterparty to settle 176,766,469 notional of the derivatives reflecting the difference between disposal price and Underlying Price. Accordingly, corresponding revisions were made to the Agreements to reflect the reduction in the number of underlying listed shares.
- On June 30 and September 30, the Agreements were further extended for an additional three months period and thus till December 31, 2020.



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14. DERIVATIVE FINANCIAL ASSET (CONTINUED)

- On October 27, 2020, the Agreements were novated by the original counterparty to an external third party.
- On December 31, 2020 and March 31, 2021, the Agreements were extended for an additional three months period and thus till June 30, 2021.

In December 2019, the controlling person of the original counterparty, with which the Group has entered into the Agreements, was appointed as a Director to the Board of Directors of the Company. Accordingly, the counterparty became a related party of the Company.

The Agreements together with the Addendums satisfied the definition of derivative financial asset in accordance with IFRS 9 and were stated at fair value with any subsequent changes recognised in profit or loss. In addition, since the transaction price of the derivative financial asset differed from the fair value at origination and the fair value was based on a valuation technique using unobservable inputs, the difference between the transaction price and the fair value (Day 1 profit or loss) was deferred and amortized during the term of the Agreements.



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14. DERIVATIVE FINANCIAL ASSET (CONTINUED)

The table below shows the movement of:

- (i) the profit or loss not recognised when the derivative financial asset was initially recognised (Day 1 profit or loss);
- (ii) net carrying amount presented in the consolidated statements of financial position; and
- (iii) Net changes in fair value on derivative financial asset presented in the consolidated statements of profit or loss and other comprehensive income

	Fair value using valuation technique	Day 1 (profit)/loss	Net carrying amount	Net changes in fair value recognised in profit or loss
	HK\$	HK\$	HK\$	HK\$
At January 1, 2019	—	—	—	—
Initial transaction on April 1, 2019	355,294,216	(355,294,216)	—	—
Recognised in profit and loss prior to contract renegotiation on July 1, 2019				
- Changes in fair value	106,129,339	—	106,129,339	106,129,339
- Recognition of day 1 profit or loss	—	88,338,180	88,338,180	88,338,180
At June 30, 2019	461,423,555	(266,956,036)	194,467,519	194,467,519
Contract renegotiation on July 1, 2019	115,758,384	(115,758,384)	—	—
At July 1, 2019	577,181,939	(382,714,420)	194,467,519	194,467,519
Recognised in profit and loss prior to contract renegotiation on September 30, 2019				
- Changes in fair value	230,436,061	—	230,436,061	230,436,061
- Recognition of day 1 profit or loss	—	382,714,420	382,714,420	382,714,420
At September 30, 2019	807,618,000	—	807,618,000	807,618,000
Contract renegotiation on September 30, 2019	1,538,635	(1,538,635)	—	—
At September 30, 2019	809,156,635	(1,538,635)	807,618,000	807,618,000
Recognised in profit and loss prior to contract renegotiation on December 31, 2019				
- Changes in fair value	356,063,365	—	356,063,365	356,063,365
- Recognition of day 1 profit or loss	—	1,538,635	1,538,635	1,538,635
At December 31, 2019	1,165,220,000	—	1,165,220,000	1,165,220,000
Contract renegotiation on December 31, 2019	(17,847,221)	17,847,221	—	—
At December 31, 2019	<u>1,147,372,779</u>	<u>17,847,221</u>	<u>1,165,220,000</u>	<u>1,165,220,000</u>



AMTD INTERNATIONAL INC.
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14. DERIVATIVE FINANCIAL ASSET (CONTINUED)

	Fair value using valuation technique	Day 1 (profit)/loss	Net carrying amount	Net changes in fair value recognised in profit or loss
	HK\$	HK\$	HK\$	HK\$
At December 31, 2019	1,147,372,779	17,847,221	1,165,220,000	—
Recognised in profit and loss prior to contract renegotiation on March 31, 2020				
- Changes in fair value	307,143,221	—	307,143,221	307,143,221
- Recognition of day 1 profit or loss	—	(17,847,221)	(17,847,221)	(17,847,221)
At March 31, 2020	1,454,516,000	—	1,454,516,000	289,296,000
Contract renegotiation on March 31, 2020	(17,215,921)	17,215,921	—	—
At March 31, 2020	1,437,300,079	17,215,921	1,454,516,000	289,296,000
Recognised in profit and loss prior to contract renegotiation on June 30, 2020				
- Changes in fair value	(13,291,518)	—	(13,291,518)	(13,291,518)
- Partial settlement on June 26, 2020	(618,682,641)	—	(618,682,641)	—
- Gain related to disposed investment	106,059,881	—	106,059,881	—
- Recognition of day 1 profit or loss	—	(17,215,921)	(17,215,921)	(17,215,921)
At June 30, 2020	911,385,801	—	911,385,801	258,788,561
Contract renegotiation on June 30, 2020	(3,679,712)	3,679,712	—	—
At June 30, 2020	907,706,089	3,679,712	911,385,801	258,788,561
Recognised in profit and loss prior to contract renegotiation on September 30, 2020				
- Changes in fair value	93,693,124	—	93,693,124	93,693,124
- Recognition of day 1 profit or loss	—	(3,679,712)	(3,679,712)	(3,679,712)
At September 30, 2020	1,001,399,213	—	1,001,399,213	348,801,973
Contract renegotiation on September 30, 2020	(3,040,097)	3,040,097	—	—
At September 30, 2020	998,359,116	3,040,097	1,001,399,213	348,801,973
Recognised in profit and loss prior to contract renegotiation on December 31, 2020				
- Changes in fair value	25,543,450	—	25,543,450	25,543,450
- Recognition of day 1 profit or loss	—	(3,040,097)	(3,040,097)	(3,040,097)
At December 31, 2020	1,023,902,566	—	1,023,902,566	371,305,326
Contract renegotiation on December 31, 2020	12,266,453	(12,266,453)	—	—
At December 31, 2020	1,036,169,019	(12,266,453)	1,023,902,566	371,305,326

As of December 31, 2020, the counterparty of the derivative contracts pledged certain listed securities as collateral in favour of the Company which had a market value of HK\$2,860,797,360 (2019:HK\$962,442,277).



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15. OTHER ASSETS

The Group maintains segregated bank accounts with corporate banks to hold clients' monies on trust under custody arising from its asset management and other business. The Group has classified the clients' monies as other assets under the assets section of the consolidated statements of financial position and recognised the corresponding amounts as clients' monies held on trust in accounts payable (Note 19) to respective clients on the basis that it is legally liable for any possible loss or misappropriation of the clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Hong Kong Securities and Futures Ordinance ("HKSFO").

	<u>As of December 31,</u>	
	<u>2019</u>	<u>2020</u>
	<u>HK\$</u>	<u>HK\$</u>
Segregated clients' bank accounts balances:		
- Asset management business	225,439,918	194,907,501
- Others	20,062,862	2,401,674
	<u>245,502,780</u>	<u>197,309,175</u>

16. CASH AND BANK BALANCES

	<u>As of December 31,</u>	
	<u>2019</u>	<u>2020</u>
	<u>HK\$</u>	<u>HK\$</u>
Cash and cash equivalents:		
- Cash on hand	31,031	31,031
- General bank accounts	766,399,440	453,935,733
Total cash and cash equivalents	<u>766,430,471</u>	<u>453,966,764</u>

Cash at banks earns 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.



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17. PROPERTY, PLANT AND EQUIPMENT

	<u>Furniture and fixtures</u>	<u>Computer equipment</u>	<u>Total</u>
	HK\$	HK\$	HK\$
Cost:			
At January 1, 2019	11,090	4,059,924	4,071,014
Additions	—	13,710	13,710
At December 31, 2019 and January 1, 2020 ...	11,090	4,073,634	4,084,724
Additions	—	110,734	110,734
At December 31, 2020	<u>11,090</u>	<u>4,184,368</u>	<u>4,195,458</u>
Accumulated depreciation:			
At January 1, 2019	(6,278)	(3,933,530)	(3,939,808)
Charge for the year	<u>(2,218)</u>	<u>(111,701)</u>	<u>(113,919)</u>
At December 31, 2019 and January 1, 2020 ...	(8,496)	(4,045,231)	(4,053,727)
Charge for the year	<u>(2,218)</u>	<u>(28,156)</u>	<u>(30,374)</u>
At December 31, 2020	<u>(10,714)</u>	<u>(4,073,387)</u>	<u>(4,084,101)</u>
Carrying amount:			
At January 1, 2019	<u>4,812</u>	<u>126,394</u>	<u>131,206</u>
At December 31, 2019	<u>2,594</u>	<u>28,403</u>	<u>30,997</u>
At December 31, 2020	<u>376</u>	<u>110,981</u>	<u>111,357</u>

18. INTANGIBLE ASSETS

	<u>HK\$</u>
Net carrying amount as of December 31, 2019 and December 31, 2020	<u>15,171,170</u>

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 intangible assets is determined by reference to the market evidence of recent transaction prices for similar licensed corporations.

19. ACCOUNTS PAYABLE

	<u>Note</u>	<u>As of December 31,</u>	
		<u>2019</u>	<u>2020</u>
		<u>HK\$</u>	<u>HK\$</u>
Clients' payables	(i)	256,423,531	138,747
Payables to clearing house and brokers	(i)	9,062,629	1,311,748
Clients' monies held on trust (Note 15)		226,553,176	200,535,707
		<u>492,039,336</u>	<u>201,986,202</u>



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19. ACCOUNTS PAYABLE (CONTINUED)

Note:

- (i) As of December 31, 2019 and 2020, payables to clearing house and brokers and clients' payable arising from assets management business are repayable 2 days after trade date or at pre-agreed specified terms.

An ageing analysis of the accounts payable as of the end of the reporting period is as follows:

	As of December 31,	
	2019	2020
	HK\$	HK\$
Within 1 month	265,486,160	1,450,495
Repayable on demand	226,553,176	200,535,707
	<u>492,039,336</u>	<u>201,986,202</u>

The balances of accounts payable are unsecured and non-interest-bearing.

20. MARGIN LOANS PAYABLE

As of December 31, 2019, the balances are interest-bearing at a rate of 6.625% per annum ("p.a."), and secured by the Group's financial assets at fair value through profit or loss of HK\$1,249,999,800 (Note 13). There was no margin loans payable as of December 31, 2020.

21. BANK BORROWINGS

A currency analysis of bank borrowings as of the end of the reporting periods is as follows:

	As of December 31,	
	2019	2020
	HK\$	HK\$
Hong Kong dollars	—	116,000,000
United States dollars	—	116,280,000
	<u>—</u>	<u>232,280,000</u>

As of December 31, 2020, the bank borrowings were unsecured, repayable in one year or on demand and bore average interest rate of 2.1% p.a..

As of December 31, 2020, the Group's aggregate banking facilities amounted to US\$30,000,000 (equivalent to HK\$232,560,000), of which HK\$232,280,000 were utilized. No banking facilities were granted as of December 31, 2019.

22. OTHER PAYABLES AND ACCRUALS

	Notes	As of December 31,	
		2019	2020
		HK\$	HK\$
Accruals and other payables		66,043,431	81,054,895
Contract liabilities	(i)	111,974,163	47,270,998
		<u>178,017,594</u>	<u>128,325,893</u>



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22. OTHER PAYABLES AND ACCRUALS (CONTINUED)

Note:

- (i) Contract liabilities include upfront fees received to deliver asset management services.

Movements in contract liabilities during the years ended December 31, 2019 and 2020 are as follows:

	<u>HK\$</u>
At January 1, 2019	55,111,818
Upfront fee received during the year	127,418,656
Revenue recognised during the year	<u>(70,556,311)</u>
At December 31, 2019	111,974,163
Upfront fee received during the year	38,201,342
Revenue recognised during the year	<u>(102,904,507)</u>
At December 31, 2020	<u><u>47,270,998</u></u>

23. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the years are as follows:

	<u>Unrealised gain on investments HK\$</u>
At January 1, 2019	163,357,177
Deferred tax charged to profit or loss during the year (Note 9)	<u>79,556,400</u>
At December 31, 2019 and January 1, 2020	242,913,577
Deferred tax credited to profit or loss during the year (Note 9)	<u>(242,913,577)</u>
At December 31, 2020	<u><u>—</u></u>

During the year ended December 31, 2020, the Group had re-evaluated the temporary difference arising from unrealised gain on investment and considered it is probable that the investments are capital in nature and therefore not subjected to income tax under the relevant tax regulations based on the Group's intention to hold the investments for long term capital appreciation. Accordingly, HK\$242,913,577 of deferred tax liabilities were reversed and recognised as deferred tax credit.

As of December 31, 2019 and 2020, the Group had estimated tax losses arising in Hong Kong of HK\$1,010,061 and HK\$550,615 subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the unutilised tax losses arising in Hong Kong as it is not considered probable that taxable profits would be available against which the tax losses can be utilised.



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24. 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 (equivalent to HK\$117,418,500) with interest payable on maturity or redemption. There was no movement in the number of these convertible bonds during the year. The bond is convertible at the option of the bondholders into Class A ordinary shares at any time after six months following the date of issuance of the bond and prior to the close of business on the second business day immediately preceding the maturity date of June, 30, 2023. The conversion rate is 99.44 American Depositary Shares (“ADSs”) per US\$1,000 principal. The conversion rate is subject to adjustment upon the occurrence of certain events that have an impact on the number of outstanding shares of the company. The bondholders can convert all or any portion of the bond that equals to or greater than US\$10,000,000. However, the bondholders can only exercise such right to convert for no more than twice. Any convertible notes not converted, as well as the accrued interest, will be repaid on June 30, 2023.

On initial recognition, the derivative component of the convertible bond is measured at fair value and presented as a derivative financial liability. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the non-derivative liability component.

The movement of convertible bond during the years ended December 31, 2019 and 2020 are as follows:

	Liability component	Derivative financial liability
	HK\$	HK\$
At January 1, 2019	—	—
Convertible bond issued during the year	95,995,690	20,813,810
At December 31, 2019	95,995,690	20,813,810
Interest for the year	7,717,348	—
Fair value gain recognised in profit or loss	—	(7,765,148)
Exchange alignment	(434,609)	(94,349)
At December 31, 2020	103,278,429	12,954,313

25. SHARE CAPITAL AND CAPITAL RESERVE

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.



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25. SHARE CAPITAL AND CAPITAL RESERVE (CONTINUED)

As of December 31, 2020, the Company had ordinary shares outstanding comprising of 62,327,851 Class A ordinary shares and 183,283,628 Class B ordinary shares, respectively. During the year ended December 31, 2020, 21,243,000 Class B ordinary shares held by the controlling shareholder were converted into Class A ordinary shares. No Class B ordinary shares were converted into Class A ordinary shares for the years ended December 31, 2019.

	Notes	Numbers of shares	
		Class A ordinary shares	Class B ordinary shares
At January 1, 2018 and December 31, 2018		—	200,000,001
Exercise of warrants	(i)	1,666,666	—
Pre-IPO financing	(ii)	8,236,838	—
Initial public offering	(iii)	23,873,655	—
New issuance of shares	(iv)	7,307,692	4,526,627
At December 31, 2019		41,084,851	204,526,628
Conversion of class B ordinary shares to class A ordinary shares		21,243,000	(21,243,000)
At December 31, 2020		<u>62,327,851</u>	<u>183,283,628</u>

Notes:

- (i) On March 6, 2019, the Company issued warrants for an aggregate consideration of US\$2 million (equivalent to HK\$15,699,600). Each warrant entitles the holder thereof to subscribe for one ordinary share at a subscription price of US\$7.2. On April 10, 2019, the warrant holder exercised the warrants in full and paid an additional amount of US\$10 million for 1,666,666 Class A ordinary shares. As of December 31, 2019 and 2020, the Company had no warrants outstanding, respectively.
- (ii) Between April 26, 2019 and June 19, 2019, the Company issued 8,236,838 Class A ordinary shares to third parties investors for an aggregate consideration of US\$53.5 million for the pre-IPO financing.
- (iii) On August 5, 2019, the Company completed its Initial Public Offering (“IPO”) on the New York Stock Exchange under the symbol of “HKIB”. The Company issued an aggregate 23,873,655 ADSs, representing 23,873,655 Class A Ordinary Shares for total net proceeds of HK\$1,507.2 million after deducting listing expenses of HK\$58.3 million.
- (iv) In December 2019, the Company issued an aggregate of 7,307,692 Class A ordinary shares and 4,526,627 Class B ordinary shares, both with par value US\$0.0001 per share, for an aggregate amount of US\$100 million (representing a per share price of US\$8.45) to Value Partners Greater China High Yield Income Fund, Ariana Capital Investment Limited, and Infinity Power Investments Limited in the form of private placement. Infinity Power Investments Limited is a British Virgin Islands company wholly owned by Mr. Calvin Choi, founder of the Company.

26. PERPETUAL SECURITIES

On May 14, 2020, the Company issued US\$200,000,000 (equivalent to HK\$1,550,020,000) and SGD50,000,000 (equivalent to HK\$272,890,845) of perpetual securities at initial distribution rate of 7.25% p.a. (the “Perpetual Securities I”) and 4.5% p.a. (the “Perpetual Securities II”) which are listed on Hong



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26. PERPETUAL SECURITIES (CONTINUED)

Kong Stock Exchange and Singapore Stock Exchange respectively (collectively the “Perpetual Securities”). Of which, US\$38,920,000 (equivalent to HK\$301,633,892) of Perpetual Securities I and SGD14,740,000 (equivalent to HK\$80,448,221) of Perpetual Securities II were issued in settlement for the redemption of Perpetual Securities issued by the immediate holding company in 2017. The consideration amounting to HK\$382,082,113 was settled through the current account with the immediate holding company during the year ended December 31, 2020.

The direct transaction costs attributable to the Perpetual Securities I and Perpetual Securities II in aggregate amounted to HK\$4,460,393.

Distributions of the Perpetual Securities I and Perpetual Securities II may be paid semi-annually in arrears on May 1 and November 1 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.

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 issuances of the Perpetual Securities. For the year ended December 31, 2020, the profit attributable to holders of Perpetual Securities based on the applicable distribution rate, was HK\$78,987,714, where any distribution could be deferred at the discretion of the Company unless a compulsory distribution payment event (including distributions to ordinary shareholders of the Company) has occurred. The Company distributed HK\$62,753,625 to the holders of perpetual securities during the year ended December 31, 2020.

27. 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 years ended December 31, 2018, the Group purchased financial assets at fair value through profit or loss of HK\$203,607,914, by way of current accounts with fellow subsidiaries, which are entities controlled by the ultimate holding company of the Company and therefore related party of the Group.

On April 10, 2019, the warrant holder exercised the warrants in full and paid an additional amount of US\$10 million for 1,666,666 Class A ordinary shares which was an equity transaction, therefore, the warrant was derecognized as a financial liability and the Company recognized in equity the sum of the additional amount received from the warrant holder and the carrying amount of the warrant.



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27. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(a) Major non-cash transactions (continued)

During the year ended December 31, 2020, the Group subscribed two equity linked notes for a consideration of HK\$148,671,602 issued by fellow subsidiaries. The underlying securities for an equity linked note were disposed by one of the fellow subsidiaries, triggering a settlement of equity linked note for a consideration of HK\$195,789,033. The Group recorded a gain related to disposed investment of HK\$82,948,667. The consideration and the disposal proceeds would be settled by way of the current accounts with fellow subsidiaries through AMTD Group under central treasury function.

(b) Changes in liabilities arising from financing activities

	<u>Margin loans payable</u>	<u>Derivative financial liability</u>	<u>Convertible bond</u>	<u>Bank borrowings</u>	<u>Total</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
At January 1, 2018	351,609,630	—	—	—	351,609,630
Cash flow from financing activities	(38,657,144)	—	—	—	(38,657,144)
Interest expenses	9,047,063	—	—	—	9,047,063
At December, 31 2018	321,999,549	—	—	—	321,999,549
Cash flow from financing activities	(31,983,066)	20,813,810	95,995,690	—	84,826,434
Interest expenses	27,705,955	—	—	—	27,705,955
At December 31, 2019	317,722,438	20,813,810	95,995,690	—	434,531,938
Cash flow from financing activities	(330,197,734)	—	—	230,962,565	(99,235,169)
Interest expenses	12,475,296	—	7,717,348	1,317,435	21,510,079
Fair value gain recognised in profit or loss	—	(7,765,148)	—	—	(7,765,148)
Exchange alignment	—	(94,349)	(434,609)	—	(528,958)
At December 31, 2020	—	12,954,313	103,278,429	232,280,000	348,512,742

(c) Changes in balances with related parties

	For the year ended December 31, 2018		
	<u>Related company</u>	<u>Fellow subsidiaries</u>	<u>Immediate holding company</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Operating activities	7,500	(699,864,420)	439,200,382
Financing activities	—	203,607,914	—
Net cash inflow/(outflow)	7,500	(496,256,506)	439,200,382



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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27. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(c) Changes in balances with related parties (continued)

	For the year ended December 31, 2019		
	Related company HK\$	Fellow subsidiaries HK\$	Immediate holding company HK\$
Investing activities	—	—	(2,957,926,150)
Net cash outflow	—	—	(2,957,926,150)
	=	=	=
	For the year ended December 31, 2020		
	Related company HK\$	Fellow subsidiaries HK\$	Immediate holding company HK\$
Investing activities	—	—	(3,581,230,632)
Net cash outflow	—	—	(3,581,230,632)
	=	=	=

28. 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,		
		2018 HK\$	2019 HK\$	2020 HK\$
Underwriting services rendered to immediate holding company	(i)	—	26,420,072	—
Financial advisory services rendered to fellow subsidiaries	(i)	70,988,340	15,691,000	30,231,825
Financial advisory services rendered to a related party controlled by a director of the Company	(i)	—	—	95,513,306
Management fee paid to immediate holding company	(i)	—	150,000	150,000
Investment advisory fee paid to a fellow subsidiary	(i)	180,000	180,000	180,000
Insurance commission paid to a fellow subsidiary	(i)	57,063	84,133	105,251
Asset management services rendered to a fellow subsidiary	(i)	5,784,775	457,431	1,362
Acquisition of investment from a fellow subsidiary	(ii)(a)	72,072,000	—	—



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28. 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,		
		2018	2019	2020
		HK\$	HK\$	HK\$
Acquisition of investment from immediate holding company	(ii)(b)	—	—	556,161,528
Acquisition of investments from fellow subsidiaries	(ii)(c)	—	—	148,671,602
Administrative service fee paid to immediate holding company	(iii)	—	12,000,000	24,000,000
Interest income from immediate holding company	(iv)	—	17,562,104	101,159,079
Recharge from/(to) immediate holding company				
—Staff costs		11,678,050	17,936,752	20,156,843
—Premises cost		9,329,432	5,300,986	14,010,263
—Office renovation		1,250,906	869,214	—
—Other operating (income)/ expenses, net		(1,753,759)	9,798,649	—
	(iii)	<u>20,504,629</u>	<u>33,905,601</u>	<u>34,167,106</u>
Net changes in fair value on derivative financial asset entered into with a related party controlled by a director of the Company	(v)	—	1,165,220,000	321,797,949
Asset management service fee income from a related party controlled by a director of the Company	(i)	—	478,611	2,672,527
Investment banking service income from a related party controlled by a director of the Company	(i)	—	2,999,584	—
Consideration received for disposal of investments to a related party controlled by a director of the Company	(v)	—	—	972,215,580
Consideration received for settlement of derivatives contracts with a related party controlled by a director of the Company	(v)	—	—	618,682,641
Consideration received for settlement of financial asset at fair value through profit or loss by a fellow subsidiary	(ii)(c)	—	—	195,789,033



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28. 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. The transaction represented the acquisition of ordinary shares of a listed company from its fellow subsidiary based on the market price as of December 12, 2018.
- b. The transaction represented the acquisition of ordinary shares of a fellow subsidiary from the immediate holding company based on the market price as of the date of acquisition.
- c. The transactions represented the acquisition and subsequent disposal of equity linked notes from fellow subsidiaries based on the market price as of the date of acquisition.
- (iii) During the years ended December 31, 2018 and 2019, staff costs, office renovation and other operating expenses (e.g. advertisement and promotional expense) were recharged by the immediate holding company based on the proportion of the Company's revenue to the consolidated revenue of the immediate holding company, net of expenses incurred by the Group. Premises cost was recharged based on actual usage. Starting from the third quarter of fiscal year 2019, the immediate holding company charged a fixed service fee of HK\$6,000,000 per quarter in place of recharging arrangement for certain operating expenses.
- (iv) The transaction represented the interest income carried at 2% per annum of advances to the immediate holding company which were repayable on demand.
- (v) In December 2019, the controlling person of the counterparty, with which the Group has entered into the Agreements (Note 14), was appointed as a Director to the Board of Directors of the Company. Accordingly, the counterparty became a related party of the Company. On October 27, 2020, the Agreements were novated to an external party.
- (b) In addition to balances disclosed elsewhere in these consolidated financial statements, the Group had the following outstanding balances with related parties:
- (i) Treasury functions of the Group are conducted centrally under AMTD Group and inter-company fund transfers were carried out among the entities within AMTD Group. The treasury function manages available funds at AMTD Group level and allocates the funds to various entities within AMTD Group for their operations. On August 5, 2019, the Group 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, 2019 and 2020, the net balances between the Group and the immediate holding company were amount due from immediate holding company of HK\$2,921,838,772 and HK\$6,477,266,499 respectively, which bear interest at 2% per annum and are unsecured and repayable on demand. The Group did not have any outstanding balances with its fellow subsidiaries due to the intercompany financing agreement. For the years ended December 31, 2018, 2019 and 2020, there was no provision for credit loss on amounts due from immediate holding company.



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28. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) In addition to balances disclosed elsewhere in these consolidated financial statement, the Group had the following outstanding balances with related parties (continued):
- (ii) As of December 31, 2019, the Group’s client receivables of HK\$2,142,145 and accounts payable of HK\$156,659,071 were due from fellow subsidiaries and a related party which is controlled by a director of the Company, respectively. The balance arose from the normal settlement term of two days after trade date arising from asset management services. Any overdue balance is interest-bearing. There was no such balance as of December 31, 2020.
 - (iii) During the year ended December 31, 2019, the immediate holding company acquired the Company’s receivable from a related company of HK\$4,075,351 at cost through the current account with the Company. The Group did not have any outstanding balances with that related company as of December 31, 2019 and 2020.
 - (iv) The Group recorded other income from a fellow subsidiary of HK\$3,666,040 for the year ended December 31, 2018 in connection with the reimbursement of interest expenses of the related margin loans payable.
- (c) Compensation of key management personnel of the Group:

	For the year ended December 31,		
	2018	2019	2020
	HK\$	HK\$	HK\$
Short-term employee benefits	19,473,470	43,062,534	32,692,568
Other long-term benefit	61,428	92,700	54,745
	<u>19,534,898</u>	<u>43,155,234</u>	<u>32,747,313</u>



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29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as of the end of the reporting period are as follows:

As of December 31, 2019

Financial assets

	Financial assets at fair value through profit or loss		Total
	Mandatorily required to be measured at fair value	Financial assets at amortised cost	
	HK\$	HK\$	HK\$
Accounts receivable	—	346,379,574	346,379,574
Financial assets included in prepayments, deposits and other receivables	—	1,355,013	1,355,013
Due from immediate holding company	—	2,921,838,772	2,921,838,772
Financial assets at fair value through profit or loss	1,572,697,716	—	1,572,697,716
Stock loan	1,200,980,200	—	1,200,980,200
Derivative financial asset	1,165,220,000	—	1,165,220,000
Other assets	—	245,502,780	245,502,780
Cash and bank balances	—	766,430,471	766,430,471
	<u>3,938,897,916</u>	<u>4,281,506,610</u>	<u>8,220,404,526</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss		Total
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	
	HK\$	HK\$	HK\$
Accounts payable	—	492,039,336	492,039,336
Margin loans payable	—	317,722,438	317,722,438
Financial liabilities included in other payables and accruals	—	66,043,431	66,043,431
Derivative financial liability	20,813,810	—	20,813,810
Convertible bond	—	95,995,690	95,995,690
	<u>20,813,810</u>	<u>971,800,895</u>	<u>992,614,705</u>



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29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as of the end of the reporting period are as follows (continued):

As of December 31, 2020

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Mandatorily required to be measured at fair value		
	HK\$	HK\$	HK\$
Accounts receivable	—	77,350,250	77,350,250
Financial assets included in prepayments, deposits and other receivables	—	1,650,827	1,650,827
Due from immediate holding company	—	6,477,266,499	6,477,266,499
Financial assets at fair value through profit or loss	1,377,856,715	—	1,377,856,715
Stock loan	878,483,400	—	878,483,400
Derivative financial asset	1,023,902,566	—	1,023,902,566
Other assets	—	197,309,175	197,309,175
Cash and bank balances	—	453,966,764	453,966,764
	<u>3,280,242,681</u>	<u>7,207,543,515</u>	<u>10,487,786,196</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	HK\$	HK\$	HK\$
Accounts payable	—	201,986,202	201,986,202
Financial liabilities included in other payables and accruals	—	54,162,984	54,162,984
Bank borrowings	—	232,280,000	232,280,000
Derivative financial liability	12,954,313	—	12,954,313
Convertible bond	—	103,278,429	103,278,429
	<u>12,954,313</u>	<u>591,707,615</u>	<u>604,661,928</u>



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30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments measured at fair value are as follows:

	Carrying amounts		Fair values	
	As of December 31,		As of December 31,	
	2019	2020	2019	2020
	HK\$	HK\$	HK\$	HK\$
Financial assets				
Financial assets at fair value				
through profit or loss	1,572,697,716	1,377,856,715	1,572,697,716	1,377,856,715
Derivative financial asset	1,165,220,000	1,023,902,566	1,147,372,779	1,036,169,019
Stock loan	1,200,980,200	878,483,400	1,200,980,200	878,483,400
	<u>3,938,897,916</u>	<u>3,280,242,681</u>	<u>3,921,050,695</u>	<u>3,292,509,134</u>
Financial liabilities				
Derivative financial				
liability	<u>20,813,810</u>	<u>12,954,313</u>	<u>20,813,810</u>	<u>12,954,313</u>

Management has assessed that the fair values of cash and cash balances, accounts receivable, financial assets included in prepayments, deposits and other receivables, amount due from immediate holding company, accounts payable, financial liabilities included in other payables and accruals, clients' monies held on trust, margin loans payable, and convertible bond, approximate to their carrying amounts largely due to the short-term maturities of these instruments or repayable on demand. Management considers that the carrying amounts of these financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

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 analyses 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, 2019 and 2020, the fair values of listed equity investments, including the stock loan, and an unlisted equity linked note were based on quoted market prices.

The valuation methodologies for unlisted equity securities are set out in Note 3 to the consolidated financial statements.

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



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30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

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. The accounting policy of the day 1 profit or loss arising from the difference between the transaction price and the fair value upon initial recognition is disclosed in Note 2.4 to the consolidated financial statements.

The fair value of the conversion option embedded in the convertible bond is calculated based on the difference of the fair value of convertible bond as a whole using binomial method, and the fair value of the loan using the discounted cash flow method. The valuation of the fair value of convertible bond as a whole requires the Group to determine credit spread, liquidity spread and volatility.

Below is summary of significant unobservable inputs to valuation of financial instruments together with a quantitative sensitivity analysis as of December 31, 2019:

	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range or estimate</u>	<u>Sensitivity of value to the input</u>
Unlisted equity investment- Investment C . . .	Multiple/EVA	Equity volatility	33.08%	5% increase/decrease in volatility results in decrease/increase in fair value by 1.0%/0.3%
		Average P/E multiple of peers	10.8	5% increase/decrease in P/E multiple results in increase/decrease in fair value by 5.4%/4.1%
Derivative financial asset	MCS	Volatility of Underlying Assets	32.82% - 36.28%	5% increase/decrease in volatility results in increase/decrease in fair value by 0.02%/0.23%
		Credit rating	BB	One rank level increase in credit rating of counterparty from BB to BBB results in increase in fair value by 0.04%
				One rank level decrease in credit rating of counterparty from BB to B results in decrease in fair value by 0.80%
Derivative financial liability	Binomial option pricing model	Volatility	67.87%	5% increase/decrease in volatility results in increase/decrease in fair value by 4.58%/4.66%
		Discount rate	12.52%	5% increase/decrease in discount rate results in increase/decrease in fair value by 0.32%/0.32%



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is summary of significant unobservable inputs to valuation of financial instruments together with a quantitative sensitivity analysis as of December 31, 2020:

	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Estimate</u>	<u>Sensitivity of value to the input</u>
Unlisted equity investment- Investment B . .	Multiple/EVA	Equity volatility	63.61%	5% increase/decrease in volatility results in decrease/increase in fair value by 3.5%/3.3%
Unlisted equity investment- Investment C . .	Multiple/EVA	Equity volatility	39.64%	5% increase/decrease in volatility results in decrease/increase in fair value by 0.9%/0.9%
		Median P/E multiple of peers	10.4	5% increase/decrease in P/E multiple results in increase/decrease in fair value by 4.7%/4.8%
Derivative financial asset	MCS	Volatility of Underlying Assets	46.03%	5% increase/decrease in volatility results in increase/decrease in fair value by 0.23%/0.11%
		Credit rating	BB	One rank level increase in credit rating of counterparty from BB to BBB results in increase in fair value by 0.02%
				One rank level decrease in credit rating of counterparty from BB to B results in decrease in fair value by 0.16%
Derivative financial liability	Binomial option pricing model	Volatility	56.58%	5% increase/decrease in volatility results in increase/decrease in fair value by 1.63%/1.66%
		Discount rate	9.77%	5% increase/decrease in discount rate results in decrease/increase in fair value by 8.22%/9.41%



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair Value Hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant unobservable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$	HK\$	HK\$	
As of December 31, 2019				
Financial assets at fair value				
through profit or loss	1,249,999,800	—	322,697,916	1,572,697,716
Stock loan	1,200,980,200	—	—	1,200,980,200
	2,450,980,000	—	322,697,916	2,773,677,916
Derivative financial asset	—	—	1,165,220,000	1,165,220,000
	<u>2,450,980,000</u>	<u>—</u>	<u>1,487,917,916</u>	<u>3,938,897,916</u>
As of December 31, 2020				
Financial assets at fair value				
through profit or loss	185,435,750	892,565,280	299,855,685	1,377,856,715
Stock loan	878,483,400	—	—	878,483,400
	1,063,919,150	892,565,280	299,855,685	2,256,340,115
Derivative financial asset	—	—	1,023,902,566	1,023,902,566
	<u>1,063,919,150</u>	<u>892,565,280</u>	<u>1,323,758,251</u>	<u>3,280,242,681</u>

Liability measured at fair value:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant unobservable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$	HK\$	HK\$	
As of December 31, 2019				
Derivative financial liability	—	—	20,813,810	20,813,810
As of December 31, 2020				
Derivative financial liability	—	—	12,594,313	12,594,313

During the years ended December 31, 2018, 2019 and 2020, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The movements in fair value measurements within Level 3 during the years are as follow:

	<u>For the year ended December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Unlisted equity shares at fair value through profit or loss:			
At January 1	15,629,400	281,241,909	322,697,916
Purchase	211,456,214	—	—
Net fair value changes recognised in profit or loss	54,156,295	41,456,007	(22,842,231)
At December 31	<u>281,241,909</u>	<u>322,697,916</u>	<u>299,855,685</u>

	<u>For the year ended</u> <u>December 31, 2019</u>	
	<u>HK\$</u>	
	Warrants at fair value through profit or loss:	
At January 1	—	
Issued	15,699,600	
Exercised	(15,699,600)	
At December 31	<u>—</u>	

	<u>For the year ended December 31,</u>	
	<u>2019</u>	<u>2020</u>
	<u>HK\$</u>	<u>HK\$</u>
Derivative financial asset (Note 14):		
At January 1	—	1,165,220,000
Recognition of day 1 profit or loss deferred on inception of contract, renegotiation and extension	472,591,235	(41,782,951)
Net fair value gains recognised in profit or loss	692,628,765	413,088,277
Gain related to disposed investment	—	106,059,881
Partial settlement	—	(618,682,641)
At December 31	<u>1,165,220,000</u>	<u>1,023,902,566</u>

	<u>For the year ended</u> <u>December 31,</u>	
	<u>2019</u>	<u>2020</u>
	<u>HK\$</u>	<u>HK\$</u>
Derivative financial liability (Note 24):		
At January 1	—	20,813,810
Issued	20,813,810	—
Net fair value changes recognised in profit or loss	—	(7,765,148)
Exchange alignment	—	(94,349)
At December 31	<u>20,813,810</u>	<u>12,954,313</u>



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and liabilities such as financial assets at fair value through profit or loss, stock loan, accounts receivable, accounts payable, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, clients' monies held on trust, margin loans payable, amounts due from immediate holding company which primarily arise directly from its operations.

The main risks arising from the Group's financial instruments are price risk, foreign currency risk, interest rate risk, credit risk and liquidity risk. Management manages and monitors these risks to ensure appropriate measures are implemented on a timely and effective manner.

Price risk

Equity price risk is the risk that the fair values of equity investments decrease as a result of changes in the levels of equity indices and the value of individual securities.

The Group is exposed to equity securities price risk because certain investments held by the Group are classified in the consolidated statements of financial position as financial assets at fair value through profit or loss. Profit for the year would increase/decrease as a result of gains/losses on equity securities classified as financial assets at fair value through profit or loss.

At December 31, 2019 and 2020, if there had been a 5% increase/decrease in the equity price of financial assets at fair value through profit or loss and stock loan with all other variables held constant, the Group's profit before tax would have been approximately HK\$122,549,000 and HK\$50,070,000 higher/lower.

At December 31, 2019 and 2020, if there had been a 5% increase/decrease in the equity price of unlisted equity shares and unlisted equity linked note, included in financial assets at fair value through profit or loss, with all other variables held constant, the Group's profit before tax would have been approximately HK\$16,134,896 and HK\$62,747,000 higher/lower.

The Group had concentration risk in its strategic investments segment as 79% of financial assets at fair values through profit or loss (excluding stock loan) at December 31, 2019 and 100% of stock loan at December 31, 2019 and 2020 were investments in listed equity shares in Investment A and 71% of financial assets at fair values through profit or loss at December 31, 2020 were investments in unlisted equity shares in Investment E.

On April 1, 2019, the Group entered Agreements with the counterparty in relation to the movement of the share price of the entirety of the Underlying Assets to reduce the Group's exposure the changes in fair value of financial assets. The Agreements were modified and renewed several times as disclosed in Note 14. The derivative financial asset is initially recognised at fair value and is subsequently remeasured at fair value. Any gains or losses arising from changes in fair value of derivative financial asset are taken directly to profit or loss. During the year ended December 31, 2019 and 2020, changes in the fair value of the derivative financial asset of HK\$1,165,220,000 and HK\$371,305,326, were charged to profit or loss.

The Group is also exposed to equity price risk arising from changes in the price of the Company's own shares to the extent that the Company's own equity investments underlie the fair values of derivatives. At December 31, 2019 and 2020, the Group was exposed to this risk through the conversion rights attached to the convertible bond (Note 24) issued by the Company. If there have been increase/decrease in the share price by 5%, it will result in decrease in profit before tax by approximately HK\$822,000 and HK\$1,036,000 or increase in profit before tax by approximately HK\$792,000 and HK\$1,036,000, for the year ended December 31, 2019 and 2020 respectively.



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AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

Certain transactions of the Group are denominated in foreign currencies which are different from the functional currency of the Group, i.e. HK\$, and therefore the Group is exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. As HK\$ is currently pegged to United States dollars (“US\$”), management considers that there is no significant foreign currency risk arising from the Group’s monetary assets and the liability denominated in US\$.

The Group’s key currency risk exposure primarily arises from accounts receivable and bank balances denominated in Renminbi (“RMB”), New Taiwan Dollar (“NTD”) and Singapore Dollar (“SGD”). As of December 2019 and 2020, the Group had no significant exposure to foreign currency risk. Consequently, no sensitivity analysis has been performed and disclosed.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate amount due from immediate holding company and convertible bond. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances, HIBOR arising from the Group’s HK\$ denominated borrowings and LIBOR arising from the Group’s US\$ denominated borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

No sensitivity analysis has been presented for variable rate bank balances and variable rate bank borrowings as the bank deposit and bank borrowings are carried at amortized cost and the cash flow interest exposure is insignificant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group’s exposure of its counterparties is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management periodically.

The Group has credit risk exposure in relation the Agreements entered into with a counterparty amounting to HK\$1,165,220,000 and HK\$1,023,902,566 as of December 31, 2019 and 2020, respectively (Note 14). On December 20, 2019, the Group entered into a pledge agreement with the same counterparty pursuant to which the counterparty pledged certain listed securities to the Group as collateral. As of December 31, 2019 and 2020, the market value of listed securities pledged to the Group amounted to approximately HK\$962,442,277 and HK\$2,860,797,360, respectively (Note 14).

The carrying amount of financial assets recorded in the consolidated financial statements, grossed up for any allowances for losses, represents the Group’s maximum exposure to credit risk.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

The credit risk on liquid funds is limited because the counterparties are mainly banks and insurance companies with sound credit.

Maximum exposure and staging as of December 31, 2019 and 2020

The table below shows the credit quality and the maximum exposure to ECL based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and the staging classification as of December 31, 2019 and 2020. The amounts presented are gross carrying amounts for financial assets at amortized cost.

As of December 31, 2019

	12-month ECLs		Lifetime ECLs		HK\$
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	
Accounts receivable*	—	—	—	346,379,574	346,379,574
Financial assets included in prepayments, deposits and other receivables					
—Normal**	1,355,013	—	—	—	1,355,013
—Doubtful**	—	—	—	—	—
Due from immediate holding company					
—Normal**	2,921,838,772	—	—	—	2,921,838,772
—Doubtful**	—	—	—	—	—
Other assets					
—Internal credit risk rating AA	245,502,780	—	—	—	245,502,780
Cash and bank balances					
—Internal credit risk rating AA	766,430,471	—	—	—	766,430,471
	<u>3,935,127,036</u>	<u>—</u>	<u>—</u>	<u>346,379,574</u>	<u>4,281,506,610</u>

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 11 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables, due from a related company and due from immediate holding company is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition; “doubtful” when there has been significant increase in credit risk since initial recognition through information developed internally or externally; “loss” when there is evidence indicating the asset is credit-impaired; and “write-off” when there is evidence indicating that the debtor is in severe financial difficulty and Group has no realistic prospect of recovery.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and staging as of December 31, 2019 and 2020 (continued)

As of December 31, 2020

	12-month ECLs	Lifetime ECLs			HK\$
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	
Accounts receivable*	21,165,253	—	—	56,184,997	77,350,250
Financial assets included in prepayments, deposits and other receivables					
—Normal**	1,650,827	—	—	—	1,650,827
—Doubtful**	—	—	—	—	—
Due from immediate holding company					
—Normal**	6,477,266,499	—	—	—	6,477,266,499
—Doubtful**	—	—	—	—	—
Other assets					
—Internal credit risk rating AA	197,309,175	—	—	—	197,309,175
Cash and bank balances					
—Internal credit risk rating AA	453,966,764	—	—	—	453,966,764
	<u>7,151,358,518</u>	<u>—</u>	<u>—</u>	<u>56,184,997</u>	<u>7,207,543,515</u>

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 11 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables, due from a related company and due from immediate holding company is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition; “doubtful” when there has been significant increase in credit risk since initial recognition through information developed internally or externally; “loss” when there is evidence indicating the asset is credit-impaired; and “write-off” when there is evidence indicating that the debtor is in severe financial difficulty and Group has no realistic prospect of recovery.

Liquidity risk

The Group aims to maintain cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, loans and equity financing.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

As of December 31, 2019					
	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total
	%	HK\$	HK\$	HK\$	HK\$
Accounts payable	N/A	492,039,336	—	—	492,039,336
Margin loans payable	6.625%	317,722,438	—	—	317,722,438
Financial liabilities included in other payables and accruals	N/A	66,043,431	—	—	66,043,431
Convertible bond	7.8%	—	—	125,273,321	125,273,321
		<u>875,805,205</u>	<u>—</u>	<u>125,273,321</u>	<u>1,001,078,526</u>

As of December 31, 2020					
	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total
	%	HK\$	HK\$	HK\$	HK\$
Accounts payable	N/A	201,986,202	—	—	201,986,202
Bank borrowings	2.1%	233,493,790	—	—	233,493,790
Financial liabilities included in other payables and accruals	N/A	54,136,011	—	—	54,136,011
Convertible bond	7.8%	—	—	124,606,940	124,606,940
		<u>489,616,003</u>	<u>—</u>	<u>124,606,940</u>	<u>614,222,943</u>

Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt which includes bank borrowing and convertible bond, equity attributable to equity holders of the Group, comprising issued share capital, retained profits, capital reserves and perpetual securities, as disclosed in consolidated statements of changes in equity.

As AMTD GM and AMTD AAAPL are licensed corporations under the Hong Kong Securities and Futures Ordinances, the Group is subject to statutory capital requirement and is required to maintain adequate financial resources to support its business. The Securities and Futures (Financial Resources) Rules require a licensed corporation to maintain liquid capital which is not less than its required liquid capital.

In addition, AMTD GM is a member of the Hong Kong Confederation of Insurance Brokers, which is required to maintain a minimum capital and net assets value of not less than HK\$100,000.

There were no changes on the Group's approach to capital risk management during the years ended December 31, 2019 and 2020.



AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

32. STOCK INCENTIVE PLAN

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.

33. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on April 28, 2021.



Exhibit 4.27

EXECUTION VERSION

Dated 30 March 2020

AMTD INTERNATIONAL INC.
as Issuer

and

THE BANK OF NEW YORK MELLON, LONDON BRANCH
as Fiscal Agent, Issuing and Paying Agent and Calculation Agent

and

THE BANK OF NEW YORK MELLON SA/NV, LUXEMBOURG BRANCH
as Registrar and Transfer Agent

and

THE BANK OF NEW YORK MELLON, HONG KONG BRANCH
as CMU Lodging and Paying Agent, Registrar and Transfer Agent

FISCAL AGENCY AGREEMENT

relating to
AMTD International Inc.
U.S.\$1,000,000,000
Medium Term Note Programme

arranged by

AMTD GLOBAL MARKETS LIMITED (尚乘环球市场有限公司) and The Bank of East Asia, Limited

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This Fiscal Agency Agreement is made as of 30 March 2020 between:

- (1) **AMTD INTERNATIONAL INC.** (the “**Issuer**”);
- (2) **THE BANK OF NEW YORK MELLON, LONDON BRANCH**, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London at One Canada Square, London E14 5AL, United Kingdom, as Fiscal Agent, Issuing and Paying Agent and Calculation Agent;
- (3) **THE BANK OF NEW YORK MELLON SA/NV, LUXEMBOURG BRANCH** as Registrar and Transfer Agent; and
- (4) **THE BANK OF NEW YORK MELLON, HONG KONG BRANCH**, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in Hong Kong at Level 26, Three Pacific Place, 1 Queen’s Road East, Hong Kong, as CMU Lodging and Paying Agent, Registrar and Transfer Agent.

The Issuer proposes to issue from time to time medium term notes (the “**Notes**”) and perpetual securities (the “**Perpetual Securities**”) pursuant to this Agreement (the Notes and the Perpetual Securities together, the “**Securities**”), which expression shall, if the context so admits, include the Global Securities (in temporary or permanent form) and Global Certificates to be initially delivered in respect of Securities) in an aggregate nominal amount outstanding at any one time not exceeding the Programme Limit (the “**Programme**”).

It is agreed as follows:

1 Interpretation

1.1 Definitions: In this Agreement:

“**Agents**” means the Fiscal Agent, the Issuing and Paying Agent, the Registrar, the other Paying Agents, the Transfer Agent, the Calculation Agent and the CMU Lodging and Paying Agent or any of them and shall include such other Agent or Agents as may be appointed from time to time hereunder and, except in Clause 18, references to Agents are to them acting solely through their specified offices;

“**Applicable Law**” means any law or regulation;

“**Authority**” means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction;

“**Business Day**” means (i) in respect of Securities other than CMU Securities, a day other than a Saturday or Sunday on which Euroclear and Clearstream, Luxembourg are operating and (ii) in respect of CMU Securities, a day other than a Saturday or Sunday on which the CMU Service is operating and (iii) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business in the city of the Paying Agent’s specified office and (iv) (if a payment is to be made on that day) a day on which commercial banks and foreign exchange markets are open for general business in the principal financial centre for the currency of the payment (other than in the case of euro or Renminbi) or, in the case of euro, a day on which the TARGET System is operating or, in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settle Renminbi payments in Hong Kong;



“**Calculation Agent**” means such party as may be appointed hereunder from time to time either generally hereunder or in relation to a specific issue or Series of Securities);

“**Certificate**” means a registered certificate representing one or more Registered Securities of the same Series and, save as provided in the Conditions, comprising the entire holding by a Securityholder of his Registered Securities of that Series and, save in the case of Global Certificates, being substantially in the form set out in Schedule 2 (in respect of Notes) or Schedule 4 (in respect of Perpetual Securities);

“**Clearstream, Luxembourg**” means Clearstream Banking S.A.;

“**CMU Instrument Position Report**” shall have the meaning specified in the CMU Rules;

“**CMU Lodging and Paying Agent**” means The Bank of New York Mellon, Hong Kong Branch as CMU Lodging and Paying Agent hereunder (or such other CMU Lodging and Paying Agent as may be appointed from time to time hereunder);

“**CMU Manual**” means the reference manual relating to the operation of the CMU Service issued by the HKMA to CMU Members, as amended from time to time;

“**CMU Member**” means any member of the CMU Service;

“**CMU Securities**” means any Securities lodged with the CMU Service;

“**CMU Rules**” means all requirements of the CMU Service for the time being applicable to a CMU Member and includes (a) all the obligations for the time being applicable to a CMU Member under or by virtue of its membership agreement with the CMU Service and the CMU Manual; (b) all the operating procedures as set out in the CMU Manual for the time being in force in so far as such procedures are applicable to a CMU Member; and (c) any directions for the time being in force and applicable to a CMU Member given by the HKMA through any operational circulars or pursuant to any provision of its membership agreement with the HKMA or the CMU Manual;

“**CMU Service**” means the Central Moneymarkets Unit Service operated by the HKMA;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended;

“**Common Depositary**” means, in relation to a Series of the Securities, a depositary common to Euroclear and Clearstream, Luxembourg;

“**Conditions**” means:

- (i) in respect of the Notes of each Series the terms and conditions applicable thereto which shall be substantially in the form set out in Schedule 2 as modified, with respect to any Notes represented by a Global Certificate or a Global Security, by the provisions of such Global Certificate or Global Security, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of that Series and shall be endorsed on the Definitive Securities subject to amendment and completion as referred to in the first paragraph of Schedule 2 Part C and any reference to a particularly numbered Condition shall be construed accordingly;



- (ii) in respect of the Perpetual Securities of each Series the terms and conditions applicable thereto which shall be substantially in the form set out in Schedule 4 as modified, with respect to any Perpetual Securities represented by a Global Certificate or a Global Security, by the provisions of such Global Certificate or Global Security, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of that Series and shall be endorsed on the Definitive Securities subject to amendment and completion as referred to in the first paragraph of Schedule 4 Part C and any reference to a particularly numbered Condition shall be construed accordingly;

“**Dealer**” has the meaning given to it in the Dealer Agreement;

“**Dealer Agreement**” means the Dealer Agreement relating to the Programme dated 30 March 2020 between the Issuer and the arrangers and dealers named in it;

“**Definitive Security**” means a Bearer Security in definitive form substantially in the form set out in Schedule 2 (in respect of Notes) or Schedule 4 (in respect of Perpetual Securities) and having, where appropriate, Coupons and/or a Talon and/or Receipt(s) attached thereto on issue and, unless the context requires otherwise, means a Certificate (other than a Global Certificate);

“**Distribution Compliance Period**” has the meaning given to that term in Regulation S under the Securities Act;

“**Enforcement Event**” means an event described in Condition 10 of the Perpetual Securities;

“**Euroclear**” means Euroclear Bank SA/NV;

“**Exercise Notice**” has the meaning given to it in the Conditions of the Notes and, in the case of a Noteholders’ redemption option, shall be substantially in the form set out in Schedule 6;

“**Extraordinary Resolution**” has the meaning set out in Schedule 5;

“**FATCA Withholding**” means any withholding or deduction required pursuant to an agreement described in section 1471(b) of the Code, or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto;

“**Fiscal Agent**” means The Bank of New York Mellon, London Branch as Fiscal Agent hereunder (or such other Fiscal Agent as may be appointed from time to time hereunder). For the purposes of this Agreement, all references to the Fiscal Agent shall, with respect to a Series of Securities to be held in the CMU Service, be deemed to be a reference to the CMU Lodging and Paying Agent and, unless the context requires otherwise, all such references shall be construed accordingly;

“**Global Certificate**” means a Certificate substantially in the form set out in Schedule 1 (in respect of Notes) or Schedule 3 (in respect of Perpetual Securities) representing Registered Securities of one or more Tranches of the same Series that are registered in the name of (i) a nominee for Euroclear and/or Clearstream, Luxembourg; (ii) the HKMA, as operator of the CMU Service; and/or (iii) any other clearing system;

“**Global Security**” means a temporary Global Security or, as the context may require, a permanent Global Security;

“**HKMA**” means the Monetary Authority appointed pursuant to Section 5A of the Exchange Fund Ordinance (Cap. 66) of Hong Kong or its successors;



“**Issue Date**” means, in relation to any Tranche, the date on which the Securities of that Tranche have been issued or, if not yet issued, the date agreed for their issue between the Issuer and the Relevant Dealer(s);

“**Noteholder**” has the meaning given to it in the Conditions of the Notes;

“**outstanding**” means, in relation to the Securities of any Series, all the Securities issued other than (a) those that have been redeemed in accordance with the relevant Conditions, (b) those in respect of which the date for redemption in accordance with the relevant Conditions has occurred and the redemption moneys (including all interest or distribution, Arrears of Distribution or Additional Distribution Amounts (if any)) accrued on such Securities to the date for such redemption and any interest payable after such date) have been duly paid to the Fiscal Agent as provided in this Agreement and remain available for payment against presentation and surrender of Securities, Certificates, Receipts and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in the relevant Conditions, (e) those mutilated or defaced Bearer Securities that have been surrendered in exchange for replacement Securities, (f) (for the purpose only of determining how many Securities are outstanding and without prejudice to their status for any other purpose) those Bearer Securities alleged to have been lost, stolen or destroyed and in respect of which replacement Securities have been issued, and (g) any temporary Global Security to the extent that it shall have been exchanged for a permanent Global Security and any Global Security to the extent that it shall have been exchanged for one or more Definitive Securities in either case pursuant to its provisions; provided that, for the purposes of (i) ascertaining the right to attend and vote at any meeting of Securityholders and (ii) the determination of how many Securities are outstanding for the purposes of Conditions 10 and 11 of the Notes and Conditions 10 and 11 of the Perpetual Securities and Schedule 5, those Securities that are beneficially held by, or are held on behalf of, the Issuer or any of its Subsidiaries and not cancelled shall (unless and until ceasing to be so held) be deemed not to be outstanding;

“**Partly Paid Security**” means a Security in relation to which the initial subscription moneys are payable to the Issuer in two or more instalments;

“**Paying Agents**” means the Fiscal Agent, the CMU Lodging and Paying Agent and the Issuing and Paying Agent referred to above and such further or other Paying Agent or Agents as may be appointed from time to time hereunder;

“**permanent Global Security**” means a Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of a temporary Global Security, or part of it, and which shall be substantially in the form set out in Schedule 1 Part B (in respect of Notes) or Schedule 3 Part B (in respect of Perpetual Securities);

“**Pricing Supplement**” means, in relation to a Tranche, the Pricing Supplement issued specifying the relevant issue details of such Tranche, substantially in the form of Schedule C (in respect of Notes) or Schedule D (in respect of Perpetual Securities) to the Dealer Agreement;

“**Procedures Memorandum**” means the dealer confirmation, issuer confirmation and notice details relating to the settlement of issues of Securities as shall be agreed upon from time to time by the Issuer, the Dealers, the Registrar, the CMU Lodging and Paying Agent and the Fiscal Agent and which, at the date of this Agreement, are set out in Schedule A to the Dealer Agreement;



“**Programme Limit**” means the maximum aggregate nominal amount of Securities that may be issued and outstanding at any time under the Programme, as such limit may be increased pursuant to the Dealer Agreement and notified to the Agents;

“**Purchase Information**” means, in relation to any Tranche that is not a Syndicated Issue, the terms of such Securities and of their issue agreed between the Issuer and the Relevant Dealer pursuant to the Procedures Memorandum;

“**Register**” means the register referred to in Clause 11;

“**Registrar**” means The Bank of New York Mellon SA/NV, Luxembourg Branch as Registrar hereunder in relation to Securities that are intended to be cleared through Euroclear or Clearstream, Luxembourg, or The Bank of New York Mellon, Hong Kong Branch in relation to Securities that are intended to be cleared through the CMU Service (or such other Registrar as may be appointed hereunder either generally or in relation to a specific Series of Securities);

“**Regulations**” means the regulations referred to in Clause 12;

“**Regulation S**” means Regulation S under the Securities Act;

“**Securities Redemption Amount**” means (a) in respect of the Notes, the Final Redemption Amount, Early Redemption Amount, Early Redemption Amount (Change of Control) or Optional Redemption Amount, and (b) in the case of the Perpetual Securities, the Early Redemption Amounts or the Optional Redemption Amounts, as the case may be, all as defined in the relevant Conditions;

“**Series**” means a series of Securities, either issued on the same date or in more than one Tranche on different dates, that (except in respect of the first payment of interest or distribution (as the case may be) and their issue price) have identical terms and are expressed to have the same series number;

“**specified office**” means each of the offices of the Agents specified herein and shall include such other office or offices as may be specified from time to time hereunder;

“**Subscription Agreement**” means an agreement between the Issuer and two or more Dealers made pursuant to Clause 2.2 of the Dealer Agreement;

“**Syndicated Issue**” means an issue of Securities pursuant to Clause 2.2 of the Dealer Agreement;

“**Tax**” means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Authority having power to tax;

“**temporary Global Security**” means a Global Security representing Bearer Securities on issue and which shall be substantially in the form set out in Schedule 1 Part A (in respect of Notes) or Schedule 3 Part A (in respect of Perpetual Securities);

“**Tranche**” means, in relation to a Series, those Securities of that Series that are issued on the same date; and

“**Transfer Agent**” means The Bank of New York Mellon SA/NV, Luxembourg Branch as Registrar hereunder in relation to Securities that are intended to be cleared through Euroclear or Clearstream, Luxembourg, or The Bank of New York Mellon, Hong Kong Branch in relation to Securities that are intended to be cleared through the CMU Service and such further or other Transfer Agent or Agents as may be appointed from time to time hereunder either generally or in relation to a specific Series of Securities.



- 1.2 Construction of Certain References:** References to:
- 1.2.1** “US dollars” and “U.S.\$” are to the lawful currency for the time being of the United States of America. “Renminbi” is to the lawful currency for the time being of the People’s Republic of China.
 - 1.2.2** other capitalised terms not defined in this Agreement are to those terms as defined in the Conditions;
 - 1.2.3** (in respect of the Notes) principal and interest shall be construed in accordance with Condition 8 of the Notes and (in respect of the Perpetual Securities) principal, distribution Arrears of Distribution and Additional Distribution Amounts shall be construed in accordance with Condition 5 of the Perpetual Securities; and
 - 1.2.4** costs, charges, remuneration or expenses include any value added, turnover or similar tax charged in respect thereof.
- 1.3 Headings:** Headings shall be ignored in construing this Agreement.
- 1.4 Contracts:** References in this Agreement to this Agreement or any other document are to this Agreement or those documents as amended, supplemented or replaced from time to time in relation to the Programme and include any document which amends, supplements or replaces them.
- 1.5 Schedules:** The Schedules are part of this Agreement and have effect accordingly.
- 1.6 Alternative Clearing System:** References in this Agreement to Euroclear, Clearstream, Luxembourg and/or the CMU Service shall, wherever the context so permits, be deemed to include reference to any additional or alternative clearing system approved by the Issuer, the Registrar and the Fiscal Agent.
- 1.7 Contracts (Rights of Third Parties) Act 1999:** A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.
- 2 Appointment and Duties**
- 2.1 Fiscal Agent and Registrar:** The Issuer appoints The Bank of New York Mellon, London Branch at its specified office as Fiscal Agent in respect of each Series of Securities to be cleared through Euroclear or Clearstream, Luxembourg, The Bank of New York Mellon SA/NV, Luxembourg Branch at its specified office in Luxembourg as Registrar in respect of each Series of Registered Securities to be cleared through Euroclear or Clearstream, Luxembourg and The Bank of New York Mellon, Hong Kong Branch at its specified office in Hong Kong as Registrar in respect of each Series of Registered Securities to be cleared through the CMU Service.
- 2.2 Paying Agents and Transfer Agents:** The Issuer appoints The Bank of New York Mellon, London Branch at its specified office as Issuing and Paying Agent in respect of each Series of Bearer Securities, The Bank of New York Mellon SA/NV, Luxembourg Branch as Transfer Agent in respect of each Series of Registered Securities to be cleared through Euroclear or Clearstream, Luxembourg and The Bank of New York Mellon, Hong Kong Branch at its specified office as Transfer Agent in respect of each Series of Registered Securities to be cleared through the CMU Service, unless the Pricing Supplement relating to a Series of Securities lists the Agents appointed in respect of that Series, in which case, only those persons acting through their specified offices shall be appointed in respect of that Series.



- 2.3 Calculation Agent:** Subject to the terms of the Pricing Supplement and as agreed between the Issuer and The Bank of New York Mellon, London Branch, The Bank of New York Mellon, London Branch shall be treated as having agreed to act as Calculation Agent in respect of any Series of Securities if it shall have received the Purchase Information (in draft or final form) naming it as Calculation Agent no later than the Trade Date for the issue of such Series of Securities or, if earlier, the first date on which it is required to make any calculation or determination and shall not have notified the Issuer that it does not wish to be so appointed within two (2) Business Days of such receipt.
- 2.4 CMU Lodging and Paying Agent:** The Issuer appoints The Bank of New York Mellon, Hong Kong Branch at its specified office as CMU Lodging and Paying Agent in respect of each Series of Securities to be cleared through the CMU Service.
- The CMU Lodging and Paying Agent confirms that it is a member of the CMU Service pursuant to a CMU Membership Agreement dated 9 November 1995 between the CMU Lodging and Paying Agent and the CMU Service, and is aware of and in compliance with the terms of the CMU Rules.
- 2.5 Agents' Duties:** The obligations of the Agents are several and not joint. Each Agent shall be obliged to perform only such duties as are specifically set out in this Agreement, the Conditions and the Procedures Memorandum. No implied duties or obligations shall be read into any such documents. No Agent shall be obliged to perform additional duties set out in any Pricing Supplement and thereby incorporated into the Conditions unless it shall have previously agreed to perform such duties. If the Conditions are amended on or after a date on which any Agent accepts any appointment in a way that affects the duties expressed to be performed by such Agent, it shall not be obliged to perform such duties as so amended unless it has first approved the relevant amendment. No Agent shall be under any obligation to take any action under this Agreement that it expects, and has so notified the Issuer in writing, will result in any expense to or liability of such Agent, the payment of which is not, in its opinion, assured to it within a reasonable time.
- 3 Issue of Securities and Certificates**
- 3.1 Preconditions to Issue:** The Issuer shall not agree to any Issue Date unless it is a Business Day. Before issuing any Securities (where the Conditions of the relevant Securities require a Calculation Agent), the Issuer shall appoint a Calculation Agent. Before issuing any Partly Paid Securities or any Securities that are intended to be cleared through a clearing system other than Euroclear, Clearstream, Luxembourg or the CMU Service, the Issuer shall inform the Fiscal Agent of its wish to issue such Securities and shall agree with the Fiscal Agent (i) the procedure for the acceptance of further instalments of the subscription moneys, in the case of Partly Paid Securities, or (ii) the procedure for issuing such Securities, in the case of Securities that are to be cleared through such other clearing system, which agreement shall cover the time, date and place for the delivery of the relevant Global Security or Global Certificate by the Fiscal Agent, whether such delivery is to be free of payment or against payment, an appropriate method for determining non-U.S. beneficial ownership of Securities in accordance with applicable U.S. law and the method by which the Fiscal Agent is to receive any payment, and hold any moneys, on behalf of the Issuer.



- 3.2 Notification:** Not later than the time specified in the Procedures Memorandum, the Issuer shall in respect of each Tranche notify and/or confirm to the relevant Agents by tested fax, electronic communication or in writing all such information as the relevant Agents may require for it to carry out its functions as contemplated by this Clause. The Issuer shall advise the relevant Agents of any issue of Securities by no later than 2:00 p.m. (Hong Kong time) five Business Days before the Issue Date.
- 3.3 Issue of Certificates and Global Securities:** Upon receipt by the Fiscal Agent of the information enabling it, and instructions, to do so, the Fiscal Agent shall (i) in the case of Bearer Securities to be cleared through Euroclear and/or Clearstream, Luxembourg, complete a temporary or, as the case may be, permanent Global Security in an aggregate nominal amount equal to that of the Tranche to be issued or (ii) in the case of Bearer Securities to be cleared through the CMU Service, notify the CMU Lodging and Paying Agent of all relevant information and prepare a temporary or, as the case may be, permanent Global Security in an aggregate nominal amount equal to that of the Tranche to be issued and deliver the same to or to the order of the CMU Lodging and Paying Agent or (iii) in the case of Registered Securities, notify the Registrar of all relevant information, whereupon the Registrar shall complete one or more Certificates in an aggregate nominal amount equal to that of the Tranche to be issued, (unless the Fiscal Agent is to do so in its capacity as, or as agent for, the Registrar) authenticate each Certificate (or cause its agent on its behalf to do so) and deliver them to the Fiscal Agent or, in the case of Registered Securities to be cleared through the CMU Service, the CMU Lodging and Paying Agent not later than the time specified by the Fiscal Agent (which shall be no earlier than one Business Day after receipt by the Registrar of such instructions). The Fiscal Agent shall ensure that the Securities of each Tranche are assigned, as applicable, security numbers (including, but not limited, to common codes, CMU Instrument numbers and ISINs) which are different from the security numbers assigned to the Securities of any other Tranche of the same Series until at least expiry of the Distribution Compliance Period (if applicable) in respect of the Tranche, which shall be determined by the Issuing and Paying Agent in accordance with Clause 19 below.
- 3.4 Delivery of Certificates and Global Securities other than those cleared through the CMU Service:** Immediately before the issue of any Global Security (other than Global Securities to be cleared through the CMU Service), the Fiscal Agent (or its agent on its behalf) shall authenticate it. Following authentication of any Global Security (other than Global Securities to be cleared through the CMU Service) or receipt of any Certificate, the Fiscal Agent shall (in the case of any unauthenticated Certificate, after first authenticating it as, or as agent for, the Registrar) deliver it:
- 3.4.1** in the case of a Tranche (other than for a Syndicated Issue) intended to be cleared through a clearing system other than the CMU Service, on the Business Day immediately preceding its Issue Date to the Common Depository or to such clearing system or other depository for a clearing system as shall have been agreed between the Issuer and the Fiscal Agent, together with instructions to the clearing systems to whom (or to whose depository) such Global Security or Global Certificate has been delivered to credit the underlying Securities represented by such Global Security or Global Certificate to the securities account(s) at such clearing systems that have been notified to the Fiscal Agent by the Issuer on a delivery against payment basis or, if notified to the Fiscal Agent by the Issuer, on a delivery free of payment basis; or



3.4.2 in the case of a Syndicated Issue, on the Issue Date at or about the time specified in the relevant Subscription Agreement to, or to the order of, the Lead Manager at such place in Hong Kong as shall be specified in the relevant Subscription Agreement (or such other time, date and/or place as may have been agreed between the Issuer and the Fiscal Agent) against the delivery to the Fiscal Agent of evidence that instructions for payment of the subscription moneys due to the Issuer have been made, such evidence to be in the form set out in such Subscription Agreement; or

3.4.3 otherwise, at such time, on such date, to such person and in such place as may have been agreed between the Issuer and the Fiscal Agent.

The Fiscal Agent shall immediately notify the Registrar if for any reason a Certificate is not delivered in accordance with the Issuer's instructions. Failing any such notification, the Registrar shall cause an appropriate entry to be made in the Register to reflect the issue of the Securities to the person(s) whose name and address appears on each such Certificate on the Issue Date.

3.5 Delivery of Certificates and Global Securities cleared through the CMU Service: Immediately before the issue of any Global Security to be cleared through the CMU Service, the CMU Lodging and Paying Agent (or its agent on its behalf) shall authenticate it. Following authentication of any Global Security or receipt of any Global Certificate to be cleared through the CMU Service, the CMU Lodging and Paying Agent shall (in the case of any unauthenticated Global Security or Global Certificate, after first authenticating it as, or as agent for, the Registrar) deliver it:

3.5.1 in the case of a Tranche (other than for a Syndicated Issue), on the Business Day immediately preceding its Issue Date to a sub-custodian for the CMU Service as shall have been appointed by the CMU Service, together with instructions to the CMU Service to credit the underlying Securities represented by such Global Security or Global Certificate to the securities account(s) at the CMU Service as have been notified to the CMU Lodging and Paying Agent by the Relevant Dealer on a delivery against payment basis or, if notified to the CMU Lodging and Paying Agent by the Issuer, on a delivery free of payment basis; or

3.5.2 in the case of a Syndicated Issue, on the Issue Date at or about the time specified in the relevant Subscription Agreement to, or to the order of, the Lead Manager at such place in Hong Kong as shall be specified in the relevant Subscription Agreement (or such other time, date and/or place as may have been agreed between the Issuer and the CMU Lodging and Paying Agent) against delivery to the CMU Lodging and Paying Agent of evidence that payment of the subscription monies due has been made to the Issuer, such evidence to be in the form set out in such Subscription Agreement; or

3.5.3 otherwise, at such time, on such date, to such person and in such place as may have been agreed between the Issuer and the CMU Lodging and Paying Agent.

3.6 Clearing Systems other than the CMU Service: In delivering any Global Security or Global Certificate in accordance with Clause 3.4.1, the Fiscal Agent shall give instructions to the relevant clearing system to hold the Securities represented by it to the order of the Fiscal Agent pending transfer to the securities account(s) referred to in Clause 3.4.1. Upon payment for any such Securities being made to the Fiscal Agent, it shall transfer such payment to the account of the Issuer notified to it by the Issuer. For so long as any such Security continues to be held to the order of the Fiscal Agent, the Fiscal Agent shall hold such Security to the order of the Issuer.



- 3.7 The CMU Service:** In delivering any Global Security or Global Certificate in accordance with Clause 3.5.1, the CMU Lodging and Paying Agent shall give instructions to the CMU Service to hold the Securities represented by it to the order of the CMU Lodging and Paying Agent pending transfer to the securities account(s) referred to in Clause 3.5.1. Upon payment for any such Securities being made to the CMU Lodging and Paying Agent, it shall transfer such payment to the account of the Issuer notified to it by the Issuer. For so long as any such Security continues to be held to the order of the CMU Lodging and Paying Agent, the CMU Lodging and Paying Agent shall hold such Security to the order of the Issuer.
- 3.8 Advance Payment:** If the Fiscal Agent or the CMU Lodging and Paying Agent pays an amount (the “**Advance**”) to the Issuer or any other person on the basis that a payment (the “**Payment**”) has been, or will be, received from a Dealer, the Issuer or any person and if the Payment has not been, or is not, received by the Fiscal Agent or the CMU Lodging and Paying Agent on the date the Fiscal Agent or the CMU Lodging and Paying Agent pays the Issuer or any other person, the Issuer shall, on demand, reimburse the Fiscal Agent or the CMU Lodging and Paying Agent the Advance and pay interest to the Fiscal Agent or the CMU Lodging and Paying Agent on the outstanding amount of the Advance from the date on which it is paid out to the date of reimbursement at the rate per annum equal to the cost to the Fiscal Agent or the CMU Lodging and Paying Agent of funding such amount, as certified by the Fiscal Agent or the CMU Lodging and Paying Agent. Such Interest shall be compounded daily. For the avoidance of doubt, nothing in this Clause 3.8 obliges the Fiscal Agent or the CMU Lodging and Paying Agent to pay any amount to any person in any circumstances where such Agent has not been put in cleared funds for the full amount of such payment.
- 3.9 Exchange for Permanent Global Securities and Definitive Securities:**
- 3.9.1** On and after the due date for exchange of any temporary Global Security which is exchangeable for a permanent Global Security, the Fiscal Agent or, in the case of Securities cleared through the CMU Service, the CMU Lodging and Paying Agent shall, on presentation to it or to its order of the temporary Global Security, complete a permanent Global Security, authenticate it (or cause its agent on its behalf to do so) and procure the exchange of interests in such temporary Global Security for interests in an equal nominal amount of such permanent Global Security in accordance with such temporary Global Security. If a temporary Global Security is not to be exchanged in full, the Fiscal Agent, or in the case of Securities cleared through the CMU Service, the CMU Lodging and Paying Agent, shall, endorse, or procure the endorsement of, a memorandum of the principal amount of such temporary Global Security exchanged in the appropriate schedule to the temporary Global Security and shall return the temporary Global Security to the bearer. On exchange in full of a temporary Global Security the Fiscal Agent, or in the case of Securities cleared through the CMU Service, the CMU Lodging and Paying Agent shall cancel it. In the case of Securities cleared through the CMU Service only, on and after the due date for exchange of any temporary Global Security, the CMU Lodging and Paying Agent shall use its reasonable endeavours to arrange for the sub-custodian of the CMU Service to present the temporary Global Security and the permanent Global Security in respect of the Securities to it or its order for the purposes of effecting such exchange. For so long as the temporary Global Security is lodged with the CMU Service, the records of the CMU Service shall be conclusive evidence of the identity of the persons to whose accounts interests in the temporary Global Security are credited and the principal amount(s) of the interest(s) and of the series of Securities represented by the temporary Global Security. Save in the case of manifest error, the CMU Lodging and Paying Agent shall be entitled to rely on any CMU Instrument Position Report (as defined in the CMU Rules) or any other statement by the CMU Service of the identities and interests of persons credited with interests in the temporary Global Security. No person shall be entitled to receive any payment on the temporary Global Security unless (i) the exchange of the temporary Global Security for the relevant interest in the permanent Global Security is improperly withheld or refused by or on behalf of the Issuer or (ii) the sole reason for delay in exchange of the temporary Global Security is the refusal of the CMU Service to permit exchange of the temporary Global Security in part.



3.9.2 On or after the due date for exchange of any Global Security which is exchangeable for Definitive Securities, the Fiscal Agent or, in the case of Securities cleared through the CMU Service, the CMU Lodging and Paying Agent shall, on presentation to it or to its order of the Global Security, procure the exchange of interests in such Global Security for Definitive Securities (if applicable, having attached Coupons and/or a Talon and/or Receipts other than any that mature on or before the relevant date for exchange) in a nominal amount equal to that portion of such Global Security submitted for exchange in accordance with such Global Security. On exchange in full of any Global Security the Fiscal Agent or, in the case of Securities cleared through the CMU Service, the CMU Lodging and Paying Agent shall cancel it and, if so requested by the bearer, return it to the bearer.

3.10 Transfer of Interests in Global Certificates for Definitive Certificates:

- 3.10.1** In the event that Euroclear or Clearstream, Luxembourg, the CMU Service or such other clearing system, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or upon the other circumstances set out in the Global Certificate, the Issuer will cause sufficient definitive Registered Securities in the form of Certificates to be executed and delivered to the Registrar and authenticated by the Registrar for despatch to Securityholders in accordance with the Conditions, this Clause 3.10 and Schedule 2 to this Agreement.
- 3.10.2** The person having an interest in a Global Certificate will provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver Certificates representing its ownership of Registered Securities.
- 3.10.3** Upon receipt of the documents referred to in Clause 3.10.2, the Registrar shall arrange for the execution and delivery at the Registrar's office to, or upon the order of, the person or persons named in such order of Certificates representing such Registered Securities registered in the name or names requested by such person or persons and shall alter the entries in the Register in respect of the relevant Global Certificate(s) accordingly.



- 3.11 Signing of Securities, Certificates, Receipts, Coupons and Talons:** The Securities, Certificates, Receipts, Coupons and Talons shall be signed manually or in facsimile on behalf of the Issuer by a duly authorised signatory of the Issuer. The Issuer shall promptly notify the Fiscal Agent and, in the case of Securities cleared through the CMU Service, the CMU Lodging and Paying Agent of any change in the names of the person or persons whose signature is to be used on any Security or Certificate and shall if necessary provide new master Global Securities and Certificates reflecting such changes. The Issuer may however adopt and use the signature of any person who at the date of signing a Security, Certificate, Receipt, Coupon or Talon is a duly authorised signatory of the Issuer even if, before the Security, Certificate, Receipt, Coupon or Talon is issued, he ceases for whatever reason to hold such office and the Securities, Certificates, Receipts, Coupons or Talons issued in such circumstances shall nevertheless be (or, in the case of Certificates, represent) valid and binding obligations of the Issuer. Definitive Securities, Receipts, Coupons and Talons shall be security printed, and Certificates shall be printed, in accordance with all applicable stock exchange requirements.
 - 3.12 Details of Securities and Certificates Delivered:** As soon as practicable after delivering any Global Security, Global Certificate or Definitive Security, the Fiscal Agent or the CMU Lodging and Paying Agent or the Registrar, as the case may be, shall supply to the Issuer and the other Agents all relevant details of the Securities or Certificates delivered, in such format as it shall from time to time agree with the Issuer.
 - 3.13 Cancellation:** If any Security in respect of which information has been supplied under Clause 3.2 is not to be issued on a given Issue Date, the Issuer shall immediately (and, in any event, prior to the Issue Date) notify the Fiscal Agent and (i) in the case of Securities cleared through the CMU Service, the CMU Lodging and Paying Agent and (ii) in the case of Registered Securities, the Registrar. Upon receipt of such notice, none of the Fiscal Agent, the CMU Lodging and Paying Agent nor the Registrar shall thereafter issue or release the relevant Security(ies) or Certificate(s) but shall cancel and, unless otherwise instructed by the Issuer, destroy them and shall not make any entry in the Register in respect of them.
 - 3.14 Outstanding Amount:** The Fiscal Agent shall as soon as reasonably practicable, upon request from the Issuer or any Dealer, inform such person of the aggregate nominal amount of Securities, or Securities of any particular Series, then outstanding at the time of such request.
 - 3.15 Procedures Memorandum:** The Issuer shall furnish a copy of the Procedures Memorandum from time to time in effect to the Fiscal Agent, the CMU Lodging and Paying Agent and the Registrar. The parties agree that all issues of Securities (other than Syndicated Issues) shall be made in accordance with the Procedures Memorandum unless the Issuer, the Relevant Dealer(s) and the Fiscal Agent and (i) in the case of Securities cleared through the CMU Service, the CMU Lodging and Paying Agent and (ii) in the case of Registered Securities, the Registrar agree otherwise in respect of any issue. The Procedures Memorandum may only be amended with the consent of the Fiscal Agent, the CMU Lodging and Paying Agent and the Registrar.
- 4 Payment**
- 4.1 Payment to the Fiscal Agent:** The Issuer shall:

 - 4.1.1** in the case of any payment in Renminbi, Hong Kong dollars or U.S. dollars in respect of any Securities cleared through the CMU Service, which shall be made through the real time gross settlement system in Hong Kong, by no later than 10:00 a.m. (Hong Kong time) on the Business day prior to each date on which any payment in respect of such Securities becomes due; and



4.1.2 in the case of any other payment not otherwise covered by Clause 4.1.1 above, by no later than 5:00 p.m. (Hong Kong time) (in respect of U.S. dollars and European currencies) one Business Day and 5:00 p.m. (Hong Kong time) (in respect of Asian currencies) two Business Days, prior to each date on which any payment in respect of the Securities becomes due,

transfer to the Fiscal Agent such amount as may be required for the purposes of such payment. In this Clause, the date on which a payment in respect of the Securities becomes due means the first date on which the holder of a Security, Receipt or Coupon could claim the relevant payment by transfer to an account under the Conditions, but disregarding the necessity for it to be a business day in any particular place of presentation.

4.2 Pre-advance of Payment: The Issuer shall procure that the bank through which the payment to the Fiscal Agent required by Clause 4.1 is to be made shall irrevocably confirm to the Fiscal Agent by fax or authenticated SWIFT message no later than 3:00 p.m. (Hong Kong time) on the (in respect of U.S. dollars and other European currencies) second Business Day and (in respect of other Asian currencies) the third Business Day before the due date for any such payment that it will make such payment.

4.3 Notification of Failure to Pre-advance Payment: The Fiscal Agent shall forthwith notify by fax each of the other Agents and the Issuer if it has not received the confirmation referred to in Clause 4.2 by the time specified for its receipt, unless it is satisfied that it will receive the amount referred to in Clause 4.1.

4.4 Payment by Agents: Unless they receive a notification from the Fiscal Agent under Clause 4.3 and subject as provided in Clause 4.9, (i) the Paying Agent, in the case of Bearer Securities not cleared through the CMU Service, (ii) the CMU Lodging and Paying Agent, in the case of Securities cleared through the CMU Service, and (iii) the Fiscal Agent, in respect of Registered Securities, shall, subject to and in accordance with the Conditions, pay or cause to be paid on behalf of the Issuer on and after each due date therefor the amounts due in respect of the Securities, Receipts and Coupons and shall be entitled to claim any amounts so paid from the Fiscal Agent (where applicable). The Agents shall not be bound to make payment until satisfied that full payment has been received by such Agent from the Issuer. In addition, the Agents shall be entitled to make payments net of any taxes or other sums required by any applicable law to be withheld or deducted.

4.5 Payments on Global Security or Global Certificate:

4.5.1 For so long as a Global Security or a Global Certificate is lodged with the CMU:

- (i) the CMU Lodging and Paying Agent shall pay any amounts of principal and interest or distribution, as applicable, due on a Global Security or a Global Certificate to the person(s) notified by the CMU Service to the CMU Lodging and Paying Agent as being the person(s) for whose account(s) interest(s) in that Global Security or Global Certificate is credited and the CMU Lodging and Paying Agent shall not endorse that Global Security or Global Certificate; and



(ii) the records of the CMU Service (in the absence of manifest error) shall be conclusive evidence of the identity of the persons to whose accounts interests in that Global Security or Global Certificate are credited and the principal amount(s) of the interest(s) and of the Tranche of Securities represented by that Global Security or Global Certificate. Save in the case of manifest error, the CMU Lodging and Paying Agent shall be entitled to rely on any CMU Instrument Position Report (as defined in the CMU Rules) or any other statement by the CMU Service of the identities and interests of persons credited with interests in that Global Security or Global Certificate.

4.5.2 If, and for so long as, a Global Security or Global Certificate is not lodged with the CMU Service, the Fiscal Agent and the other Paying Agents shall make all payments in respect of that Global Security or Global Certificate against presentation (and, in the case of its redemption in full, surrender) of that Global Security or Global Certificate and (unless that Global Security or Global Certificate is surrendered) shall on behalf of the Issuer endorse, or procure the endorsement of, a memorandum of each such payment in the relevant schedule to that Global Security or Global Certificate and return it, or cause it to be returned, to its bearer or holder.

4.6 Endorsement:

4.6.1 If a Global Security is not lodged with the CMU Service the gross amount of interest or distribution, as applicable, and the actual date of payment of interest or distribution, as applicable, in respect of each Interest Period or Distribution Period, as applicable, in respect of that Global Security, when presented to the Fiscal Agent (in the case of Bearer Securities) and the Registrar (in the case of Registered Securities) or the relevant Paying Agent by or on behalf of the holder thereof shall be endorsed in the appropriate schedule and signed by the relevant number of authorised signatories of the Fiscal Agent, the Registrar or the relevant Paying Agent as specified by the Fiscal Agent, the Registrar or the relevant Paying Agent, as the case may be.

4.6.2 Upon receiving reasonable notification from the CMU Service and/or the Issuer and/or the CMU Lodging and Paying Agent in respect of a Global Security that such Global Security is to be withdrawn from the CMU Service, the CMU Lodging and Paying Agent shall use its best endeavours to ensure that such Global Security is endorsed in the relevant schedule in respect of all payments of interest and/or principal or distribution, as applicable, that have been made in respect of that Global Security during such period as it has been lodged with the CMU Service.

4.7 Notification of Non-payment: The Fiscal Agent shall forthwith notify by fax each of the other Agents and the Issuer if it has not received the amount referred to in Clause 4.1 by the time specified for its receipt, unless it is satisfied that it will receive such amount or it has already notified such persons pursuant to Clause 4.3.

4.8 Payment After Failure to Pre-advise or Late Payment: The Fiscal Agent shall forthwith notify by fax each of the other Agents and the Issuer if at any time following the giving of a notice by the Fiscal Agent under Clauses 4.3 or 4.7 either any payment provided for in Clause 4.1 is made on or after its due date but otherwise in accordance with this Agreement or the Fiscal Agent is satisfied that it will receive such payment.

4.9 Suspension of Payment by Agents: Upon receipt of a notice from the Fiscal Agent under Clause 4.3, no Agent shall make any payment in accordance with Clause 4.4. Upon receipt of a notice from the Fiscal Agent under Clause 4.7, each Agent shall cease making payments in accordance with Clause 4.4 as soon as is reasonably practicable. Upon receipt of a notice from the Fiscal Agent under Clause 4.8, each Agent shall make, or shall recommence making, payments in accordance with Clause 4.4.



- 4.10 Reimbursements of Agents:** The Fiscal Agent shall on demand promptly reimburse each Agent for payments in respect of the Securities, Receipts and Coupons properly made by it in accordance with the Conditions and this Agreement.
- 4.11 Method of payment to Fiscal Agent:** All sums payable to the Fiscal Agent hereunder shall be paid in the currency in which such sums are denominated and in immediately available or same day funds to such account with such bank as the Fiscal Agent may from time to time notify to the Issuer.
- 4.12 Moneys held by Fiscal Agent:** The Fiscal Agent may deal with moneys paid to it under this Agreement in the same manner as other moneys paid to it as a banker by its customers except that (1) it may not exercise any lien, right of set-off or similar claim in respect of them and (2) it shall not be liable to anyone for interest or distribution, as applicable, on any sums held by it under this Agreement.
- 4.13 Partial Payments:** If on presentation of a Security, Certificate, Receipt or Coupon only part of the amount payable in respect of it is paid (except as a result of a deduction of tax permitted by the Conditions), the Agent to whom it is presented shall procure that it is encased with a memorandum of the amount paid and the date of payment and shall return it to the person who presented it. Upon being informed of any partial payment being made in respect of any Registered Security, the Registrar shall make a note of the details of such payment in the Register.
- 4.14 Interest:** If the Fiscal Agent pays out any amount due in respect of the Securities in accordance with the relevant Conditions or due in accordance with Clause 4.10 before receipt of the amount due under Clause 4.1, the Issuer shall on demand reimburse the Fiscal Agent for the relevant amount and pay interest, to the Fiscal Agent on such amount that is outstanding from the date on which it is paid out to the date of reimbursement, calculated on a 360 day year basis and the actual number of days elapsed and at the rate per annum which is the aggregate of one per cent. per annum and the rate per annum equal to the cost to the Fiscal Agent of funding the amount paid out, as certified by the Fiscal Agent. Such interest shall be compounded daily.
- 4.15 Void Global Security or Registered Security:** If any Global Security becomes void (in whole or in part) or any Registered Security represented by a Global Certificate becomes void, in each case, in accordance with its terms after the occurrence of an Event of Default, the Fiscal Agent shall promptly notify the Agents and, after such notice has been given, no payment shall be made by them in respect of that Security to the extent that it has become void.
- 4.16 Non-US Beneficial Ownership Certification:** The Fiscal Agent (or the Paying Agent, as the case may be), or in the case of Securities cleared through the CMU Service, the CMU Lodging Agent, shall ensure that payments of both principal and interest or distribution, as applicable, in respect of a temporary Global Security will only be made if certification of non-US beneficial ownership as required by US Treasury regulations has been received from the Fiscal Agent, or in the case of Securities cleared through the CMU Service, the CMU Lodging Agent, in accordance with the terms of such temporary Global Security.



- 4.17 Notice of Possible Withholding Under FATCA:** The Issuer shall notify each Agent in the event that it determines that any payment to be made by an Agent under the Securities is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated, provided, however, that the Issuer's obligation under this Clause 4.17 shall apply only to the extent that such payments are so treated by virtue of characteristics of the Issuer, the Securities, or both.
- 4.18 Agent Right to Withhold:** Notwithstanding any other provision of this Agreement, each Agent shall be entitled to make a deduction or withholding from any payment which it makes under the Securities for or on account of any Tax, if and only to the extent so required by Applicable Law, in which event the Agent shall make such payment after such deduction or withholding has been made and shall account to the relevant Authority within the time allowed for the amount so deducted or withheld or, at its option, shall reasonably promptly after making such payment return to the Issuer the amount so deducted or withheld, in which case, the Issuer shall so account to the relevant Authority for such amount. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by Applicable Law for the purposes of this Clause 4.18.
- 5 Repayment**
- If claims in respect of any Security, Receipt or Coupon become void or prescribed under the Conditions, the Fiscal Agent shall forthwith repay to the Issuer the amount that would have been due on such Security, Receipt or Coupon if it or the relative Certificate had been presented for payment before such claims became void or prescribed. Subject to Clause 18, the Fiscal Agent shall not however be otherwise required or entitled to repay any sums received by it under this Agreement.
- 6 Early Redemption and Exercise of Options**
- 6.1 Notice to Fiscal Agent:** If the Issuer intends (other than consequent upon an Event of Default (in the case of Notes only) or any right of the holder to require redemption) to redeem all or any of the Securities of any Series before their stated maturity date or to exercise any Issuer's option in the Conditions it shall, at least 14 days before the latest date for the publication of the notice of redemption or of exercise of Issuer's option required to be given to Securityholders, give notice of such intention to the Fiscal Agent stating the date on which such Securities are to be redeemed or such option is to be exercised and the nominal amount of Securities to be redeemed or subject to the option.
- 6.2 Drawing on Partial Redemption or Exercise of Option:** If some only of the Securities of a Series are to be redeemed, or subject to the exercise of an Issuer's option, on such date the Fiscal Agent shall make the drawing that is required in accordance with the Conditions and the relevant Pricing Supplement and the Issuer shall be entitled to send representatives to attend such drawing.
- 6.3 Notice to Securityholders:** On the instructions of the Issuer, the Fiscal Agent or, in the case of Securities cleared through the CMU Service, the CMU Lodging and Paying Agent shall publish any notice to Securityholders required in connection with any such redemption or exercise of an Issuer's option and shall at the same time also publish a separate list of the certificate numbers of any Bearer Securities previously drawn and not presented either for payment or as may otherwise be required pursuant to any Issuer's option and of the nominal amount of Registered Securities drawn and in respect of which the related Certificates have not been so presented. Such notice shall specify the date fixed for redemption or exercise of any option, the redemption price and the manner in which redemption will be effected or the terms of the exercise of such option and, in the case of a partial redemption or exercise of any option, the certificate numbers of the Bearer Securities drawn and the nominal amount of Registered Securities drawn. In addition, the Fiscal Agent or, in the case of Securities cleared through the CMU Service, the CMU Lodging and Paying Agent shall send to each holder of Registered Securities that are called in whole or in part for redemption or exercise of any option, at its address shown in the Register, a copy of such notice together with details of such holder's Registered Securities called for redemption or subject to any option and the extent of such redemption or the terms of the exercise of such option.



6.4 Option Exercise Notices: This Clause 6.4 applies to Notes only. The Paying Agent with which a Bearer Security or the Transfer Agent with which a Certificate is deposited in a valid exercise of any Securityholders' option shall hold such Security (together with any Coupons, Receipts or Talon relating to it deposited with it) or Certificate on behalf of the depositing Securityholder (but shall not, save as provided below, release it) until the due date for redemption of, or exercise of the option relating to, the relevant Security(ies) consequent upon the exercise of such option, when, in the case of an option to redeem, and subject as provided below, it shall present any such Security, Certificate, Coupons, Receipts and Talon to itself for payment of the amount due in accordance with the Conditions and shall pay such moneys in accordance with the directions of the Securityholder contained in the Exercise Notice. In the event of the exercise of any other option, each Agent shall take the steps required of it in the Conditions and, in the case of Registered Securities, Clauses 10 and 11. If any such Security becomes immediately due and payable before the due date for its redemption or exercise of the option, or if upon due presentation payment of the amount due is improperly withheld or refused or exercise of the option is improperly denied, the Agent concerned shall mail such Security (and any related Coupons, Receipts or Talon) or its Certificate by uninsured post to, and at the risk of, the relevant Securityholder (unless the Securityholder otherwise requests and pays the costs of such insurance in advance to the relevant Agent) to such address as may have been given by the Securityholder in the Exercise Notice or, in the case of Registered Securities where no address has been given, to the address appearing in the Register. At the end of each period for the exercise of any such option, each Agent shall promptly notify the Fiscal Agent of the nominal amount of the Securities in respect of which such option has been exercised with it together with their certificate numbers (or those of the Certificates representing them) and the Fiscal Agent shall promptly notify such details to the Issuer.

7 Cancellation, Destruction and Records

7.1 Cancellation: All Bearer Securities that are redeemed (together with such unmatured Receipts or Coupons or unexchanged Talons as are attached to or are surrendered with them at the time of such redemption), all Certificates representing Registered Securities that are redeemed, all Receipts and Coupons that are paid in full and all Talons that have been exchanged for Coupon sheets shall be cancelled forthwith by the Paying Agent or Transfer Agent through which they are redeemed, paid or exchanged. Such Paying Agent or Transfer Agent shall send to the Fiscal Agent, in the case of Bearer Securities not cleared through the CMU Service, or the CMU Lodging and Paying Agent, in the case of Bearer Securities cleared through the CMU Service, or the Registrar, in the case of Registered Securities, the details required by such person for the purposes of this Clause and the cancelled Securities, Receipts, Coupons, Talons and/or Certificates.



- 7.2 Cancellation by Issuer:** If the Issuer or any of its Subsidiaries purchase any Securities that are to be cancelled in accordance with the Conditions, the Issuer shall as soon as practicable cancel them or procure their cancellation, inform the Fiscal Agent, the CMU Lodging and Paying Agent or the Registrar, as the case may be, and send them (if in definitive bearer form) to the Fiscal Agent or the CMU Lodging and Paying Agent, as the case may be. In relation to the purchase of the Securities by the Issuer or its Subsidiaries, the Agents will not be responsible for the settlement of such transactions.
- 7.3 Certificate of Fiscal Agent or Registrar:** The Fiscal Agent, in the case of Bearer Securities not cleared through the CMU Service, or the CMU Lodging and Paying Agent, in the case of Bearer Securities cleared through the CMU Service, or the Registrar, in the case of Registered Securities, shall, as soon as possible and in any event within 60 days after the date of any such redemption, payment, exchange or purchase, send the Issuer a certificate stating (1) the aggregate nominal amount of Securities that have been redeemed and cancelled and the aggregate amount paid in respect of any related Receipts and Coupons that have been paid and cancelled or in respect of interest or distribution, as applicable, paid on a Global Security, (2) the certificate numbers of such Securities (or of the Certificates representing them) and Receipts, (3) the total number by maturity dates of such Coupons, (4) the certificate numbers and maturity dates of such Talons and (5) the total number and maturity dates of unmatured Coupons, and the certificate numbers and maturity dates of unmatured Talons and Receipts, not surrendered with Bearer Securities redeemed, in each case distinguishing between Bearer Securities of each Series and denomination (and any Receipts, Coupons and Talons relating to them) and Registered Securities of each Series.
- 7.4 Destruction:** Unless otherwise instructed by the Issuer or unless, in the case of the Global Security, it is to be returned to its holder in accordance with its terms, the Paying Agent, in the case of Bearer Securities not cleared through the CMU Service, and the CMU Lodging and Paying Agent, in the case of Bearer Securities cleared through the CMU Service, and the Registrar, in the case of Registered Securities, (or their respective designated agents) shall destroy the cancelled Bearer Securities, Receipts, Coupons, Talons and/or Certificates in its possession and shall send the Issuer a certificate giving the certificate numbers of such Securities (or of the Certificates representing them) in numerical sequence, the maturity dates and certificate numbers (in numerical sequence) of such Receipts and Talons and the total numbers by maturity date of such Coupons, in each case distinguishing between Bearer Securities of each Series and denomination (and any Receipts, Coupons and Talons relating to them) and Registered Securities of each Series and Receipts, Coupons and Talons that have been paid or exchanged and those that have been surrendered for cancellation before their due date.
- 7.5 Records:** The Fiscal Agent or, in the case of Bearer Securities cleared through the CMU Service, the CMU Lodging and Paying Agent shall keep a full and complete record of all Bearer Securities, Receipts, Coupons and Talons (other than the certificate numbers of Coupons) and of their redemption, purchase, payment, exchange, cancellation, replacement and destruction and make such records available at all reasonable times to the Issuer.
- 7.6 Mutual Undertaking Regarding Information Reporting and Collection Obligations:** Each party to this Agreement (each a “Party”) shall, within ten business days of a written request by another Party, supply to that other Party such forms, documentation and other information relating to it, its operations, or the Securities as that other Party reasonably requests for the purposes of that other Party’s compliance with Applicable Law and shall notify the relevant other Party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such Party is (or becomes) inaccurate in any material respect; provided, however, that no Party shall be required to provide any forms, documentation or other information pursuant to this Clause 7.6 to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such Party and cannot be obtained by such Party using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of such Party constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality. For purposes of this Clause 7.6, “Applicable Law” shall be deemed to include (i) any rule or practice of any Authority by which any Party is bound or with which it is accustomed to comply; (ii) any agreement between any Authorities; and (iii) any agreement between any Authority and any Party that is customarily entered into by institutions of a similar nature.



8 Coupon Sheets

As regards each Bearer Security issued with a Talon, the Fiscal Agent or, in the case of Bearer Securities cleared through the CMU Service, the CMU Lodging and Paying Agent shall, on or after the due date for exchange of such Talon, make available in exchange for such Talon at the specified office of the Fiscal Agent or the CMU Lodging and Paying Agent, as the case may be, a further coupon sheet and, if relevant, a further Talon appertaining to such Bearer Security, but subject always to the Issuer having procured the delivery of a supply of such coupon sheets to the Fiscal Agent or the CMU Lodging and Paying Agent, as the case may be. To the extent that any Coupon in any such coupon sheet shall have become void before issue, the Fiscal Agent or the CMU Lodging and Paying Agent, as the case may be, shall cancel such Coupon and destroy it in accordance with the provisions of Clause 7.4.

9 Replacement Securities, Certificates, Receipts, Coupons and Talons

- 9.1 Replacement:** The Fiscal Agent, in the case of Bearer Securities, Receipts, Coupons or Talons, and the Registrar, in the case of Certificates, or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for such purpose and notice of whose designation is given to Securityholders (in such capacity, the “**Replacement Agent**”), shall issue replacement Bearer Securities, Certificates, Receipts, Coupons and Talons in accordance with the Conditions.
- 9.2 Receipts, Coupons and Talons on Replacement Bearer Securities:** In the case of mutilated or defaced Bearer Securities, the Replacement Agent shall ensure that (unless such indemnity as the Issuer may require is given) any replacement Security only has attached to it Receipts, Coupons and/or a Talon corresponding to those attached to the Security that it replaces.
- 9.3 Cancellation:** The Replacement Agent shall cancel and, unless otherwise instructed by the Issuer, destroy any mutilated or defaced Bearer Securities, Certificates, Receipts, Coupons and Talons replaced by it and shall send the Issuer and the Fiscal Agent a certificate giving the information specified in Clause 7.4.
- 9.4 Notification:** The Replacement Agent shall, on issuing a replacement Bearer Security, Certificate, Receipt, Coupon or Talon, forthwith inform the other Agents of its certificate number and of the one that it replaces.
- 9.5 Presentation after Replacement:** If a Bearer Security, Certificate, Receipt, Coupon or Talon that has been replaced is presented to an Agent for payment or exchange, that Agent shall forthwith inform the Fiscal Agent, in the case of Bearer Securities, or the Registrar, in the case of Registered Securities, which shall so inform the Issuer.



10 Additional Duties of the Transfer Agents

The Transfer Agent with which a Certificate is presented for the transfer of, or exercise of any Securityholders' option relating to, Registered Securities represented by it shall forthwith notify the Registrar of (1) the name and address of the holder of the Registered Security(ies) appearing on such Certificate, (2) the certificate number of such Certificate and nominal amount of the Registered Security(s) represented by it, (3) (in the case of an exercise of an option) the contents of the Exercise Notice, (4) (in the case of a transfer of, or exercise of an option relating to, part only) the nominal amount of the Registered Security(ies) to be transferred or in respect of which such option is exercised, and (5) (in the case of a transfer) the name and address of the transferee to be entered on the Register and, subject to Clause 6.4, shall cancel such Certificate and forward it to the Registrar.

11 Additional Duties of the Registrar

The Registrar shall maintain a Register for each Series of Registered Securities outside of Hong Kong (in respect of Registered Securities not cleared through the CMU Service) and the United Kingdom in accordance with the Conditions and the Regulations. The Register shall show the number of issued Certificates, their nominal amount, their date of issue and their certificate number (which shall be unique for each Certificate of a Series) and shall identify each Registered Security, record the name and address of its initial subscriber, all subsequent transfers, exercises of options and changes of ownership in respect of it, the names and addresses of its subsequent holders and the Certificate from time to time representing it, in each case distinguishing between Registered Securities of the same Series having different terms as a result of the partial exercise of any option. The Registrar shall upon prior written notification and at all reasonable times during office hours make the Register available to the Issuer, the Fiscal Agent and the Transfer Agent or any person authorised by any of them for inspection and the Registrar shall deliver to such persons all such lists of holders of Registered Securities, their addresses and holdings as they may request.

12 Regulations Concerning Registered Securities

The Issuer may, subject to the Conditions, from time to time with the approval of the Fiscal Agent, the Transfer Agent and the Registrar (such approval not to be unreasonably withheld or delayed) promulgate regulations concerning the carrying out of transactions relating to Registered Securities and the forms and evidence to be provided. All such transactions shall be made subject to the Regulations. The initial Regulations are set out in Schedule 5.

13 Documents, Forms and Financial Statements

13.1 Fiscal Agent: The Issuer shall provide to the Fiscal Agent in a sufficient quantity, in the case of Clauses 13.1.2(ii), 13.1.3 and 13.1.4, for distribution among the relevant Agents as required by this Agreement or the Conditions:

13.1.1 executed master Global Securities to be used from time to time for the purpose of issuing Securities in accordance with Clause 3;



13.1.2 if Definitive Securities in bearer form of any Series are to be issued, (i) such Definitive Securities and any related Receipts, Coupons and Talons, duly executed on behalf of the Issuer, (ii) specimens of such Securities, Receipts, Coupons and Talons and (iii) additional forms of such Securities, Receipts, Coupons and Talons for the purpose of issuing replacements, at least 14 days before the Exchange Date for the relative Global Security (and the Fiscal Agent (or its agent on its behalf) shall authenticate such Definitive Securities immediately before their issue);

13.1.3 all documents (including Exercise Notices) required under the Securities or by any stock exchange on which the Securities are listed to be available for issue or inspection during business hours (and the Paying Agents, in the case of Bearer Securities, and the Transfer Agent, in the case of Registered Securities, shall make such documents available for inspection to the Securityholders that are so entitled); and

13.1.4 forms of voting certificates and block voting instructions, together with instructions as to how to complete, deal with and record the issue of such forms (and the Paying Agents and the CMU Lodging and Paying Agent, in the case of Bearer Securities, and the Transfer Agent and the CMU Lodging and Paying Agent, in the case of Registered Securities, shall make such documents available to the relevant Securityholders and carry out the other functions set out in Schedule 3).

13.2 **Registrar:** The Issuer shall provide the Registrar with enough blank Certificates (including Global Certificates) to meet the Transfer Agent's and the Registrar's anticipated requirements for Certificates upon the issue and transfer of each Series of Registered Securities and for the purpose of issuing replacement Certificates.

13.3 **Securities etc. held by Agents:** Each Agent (1) acknowledges that all forms of Securities, Certificates, Receipts, Coupons and Talons delivered to and held by it pursuant to this Agreement shall be held by it as safe keeper only and it shall not be entitled to and shall not claim any lien or other security interest on such forms, (2) shall only use such forms in accordance with this Agreement, (3) shall maintain all such forms in safe keeping, (4) shall take such security measures as may reasonably be necessary to prevent their theft, loss or destruction and (5) shall keep an inventory of all such forms and make it available to the Issuer and the other Agents at all reasonable times and upon prior written notification.

13.4 **Financial Statements and other documents:**

13.4.1 The Issuer shall provide to the Fiscal Agent, in accordance with the Conditions, a copy of its Semi-Annual Unaudited Financial Statements and Annual Audited Financial Statements and any other documents (including, without limitation, any certificates and notices) that are required to be given by the Issuer to the Fiscal Agent pursuant to the Conditions.

13.4.2 The Fiscal Agent shall make available for inspection by Securityholders upon prior written notification and satisfactory proof of holding during business hours copies of any Semi-Annual Unaudited Financial Statements, Annual Audited Financial Statements and any other documents provided to it by the Issuer pursuant to Clause 13.4.1.



14 Duties of Calculation Agent

14.1 Duties of Calculation Agent: The Calculation Agent shall perform the duties expressed to be performed by it in the relevant Conditions in respect of each Series of Securities in respect of which it is appointed as Calculation Agent, and the provisions of this Fiscal Agency Agreement expressed to be applicable to it as Calculation Agent shall apply to it in such capacity.

14.2 Notes:

In the case of the Notes, as soon as practicable after the relevant time on each Interest Determination Date or such time on such date as the Conditions of the Notes may require to be calculated any rate or amount, any quotation to be obtained or any determination or calculation to be made by the Calculation Agent, the Calculation Agent shall determine such rate and calculate the Interest Amounts in respect of each denomination of the Securities for the relevant Interest Accrual Period, Interest Period or Interest Payment Date, calculate the relevant Securities Redemption Amount or Instalment Amount, obtain such quotation and/or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period, Interest Period or Interest Payment Date and, if required, the relevant Interest Payment Date and, if required to be calculated, any Securities Redemption Amount or Instalment Amount to be notified to any other Calculation Agent appointed in respect of the Securities that is to make a further calculation upon receipt of such information, the Fiscal Agent, the Issuer, each of the Paying Agents, the relevant Securityholders and, if the relevant Securities are to be listed on a stock exchange and the rules of such exchange so require, subsequently notified by the Issuer to such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. If the Calculation Agent at any material time does not make any determination or calculation or take any action that it is required to do pursuant to the Conditions, it shall forthwith notify the Issuer and the Fiscal Agent.

14.3 Perpetual Securities:

14.3.1 In the case of Perpetual Securities, as soon as practicable after the relevant time on each Distribution Determination Date or such time on such date as the Conditions of the Perpetual Securities may require to be calculated any rate or amount, any quotation to be obtained or any determination or calculation to be made by the Calculation Agent, the Calculation Agent shall determine such rate and calculate the Distribution Amounts in respect of each denomination of the Securities for the relevant Distribution Period or Distribution Payment Date, calculate the relevant Securities Redemption Amount, obtain such quotation and/or make such determination or calculation, as the case may be, and cause the Distribution Rate and the Distribution Amounts for each Distribution Period or Distribution Payment Date and, if required to be calculated, any Securities Redemption Amount to be notified to any other Calculation Agent appointed in respect of the Securities that is to make a further calculation upon receipt of such information, the Fiscal Agent, the Issuer, each of the Paying Agents, the relevant Securityholders and, if the relevant Securities are to be listed on a stock exchange and the rules of such exchange so require, subsequently notified by the Issuer to such exchange as soon as reasonably practicable after their determination but in no event later than (i) the commencement of the relevant Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Distribution Rate and Distribution Amount, or (ii) in all other cases, the fourth Business Day after such determination.



- 14.3.2 The Calculation Agent shall, in accordance with this Agreement and the Conditions of the Perpetual Securities, determine the applicable Reset Distribution Rate payable in respect of each Fixed Rate Perpetual Security, and cause written notice thereof to be given to the Fiscal Agent, the Issuer, each of the Paying Agents and the Registrar as soon as reasonably practicable after its determination but in no event later than the fourth Business Day thereafter (and of any adjustment thereto in accordance with the Conditions of the Perpetual Securities forthwith upon its being made).
- 14.3.3 The Calculation Agent shall promptly notify the Fiscal Agent, the Issuer and each of the Paying Agents if it does not for any reason at the material time determine the Reset Distribution Rate.
- 14.3.4 If the Calculation Agent does not at any material time determine or calculate the applicable Reset Distribution Rate, the Fiscal Agent may, but shall not be obliged to, do so or may appoint an agent to do so. If the Fiscal Agent or any such agent is to determine the applicable Reset Distribution Rate, the Fiscal Agent or such agent shall apply the provisions of Condition 4(I) of the Perpetual Securities, with any necessary consequential amendments, to the extent that, in its opinion, it can do so and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

14.4 Maintenance of Records: For the purposes of Clauses 14.2 and 14.3, the Calculation Agent shall maintain a record of the quotations obtained by it and all rates determined and all other action taken by it for the purposes of Clauses 14.2 and 14.3 and shall from time to time on written request deliver to the Issuer a certified copy of such record.

14.5 Continuing Obligations: If any Floating Rate Note becomes due and payable under Condition 11 of the Notes or if any Enforcement Event occurs in respect of any Floating Rate Perpetual Security, the Rate of Interest or, as the case may be, Distribution Rate and Interest Amounts or, as the case may be, Distribution Amounts payable in respect of such Security shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with the provisions (amended as necessary) of the Conditions but no publication of such Rate of Interest or, as the case may be, Distribution Rate and Interest Amounts or, as the case may be, Distribution Amounts need be made unless the Issuer otherwise requires. The first period in respect of which interest or distribution shall be so calculated shall commence on the expiry of the Interest Period or, as the case may be, the Distribution Period during which the Floating Rate Security become so payable.

14.6 Notification: If the Calculation Agent, when required to make a determination or calculation or take any action that is required of it pursuant to the relevant Conditions, does not make any determination or calculation or take any action that it is required to do pursuant to the relevant Conditions, it shall forthwith notify the Issuer, the Fiscal Agent and each of the Paying Agents.

15 Fees and Expenses

15.1 Fees: The Issuer shall pay to the Fiscal Agent the fees and expenses in respect of the Agents' services as is separately agreed with the Fiscal Agent and the Issuer need not concern itself with their apportionment between the Agents.



15.2 **Costs:** The Issuer shall also pay on demand all properly incurred out-of-pocket expenses (including legal, telex and postage expenses) by the Agents in connection with their services together with any applicable value added tax, sales, stamp, issue, registration, documentary or other taxes or duties.

16 Indemnity

16.1 **By Issuer:** The Issuer shall indemnify each Agent, its directors, officers, employees and agents (each an “**indemnified party**”) in full at all times, on an after tax basis, against any loss, liability, cost, claim, action, demand or expense (including, but not limited to, all costs, charges and expenses properly paid or properly incurred in disputing or defending any of the foregoing) and other liabilities whatsoever (the “**Losses**”), including without limitation, the costs and expenses of professional advisors that it may incur or that may be made against it arising out of or in relation to or in connection with (a) its appointment or involvement hereunder or the exercise or non-exercise of its powers, discretions, duties or functions under this Agreement or the taking of any acts in accordance with the terms of this Agreement, the Conditions or (b) any instruction or other direction upon which the Agent may rely under this Agreement, as well as the costs and expenses properly incurred by an indemnified party of defending itself against or investigating any claim or liability with respect to the foregoing, except that this indemnity shall not apply in respect of an indemnified party to the extent that a court of competent jurisdiction determines that any such Losses incurred or suffered by or brought against such indemnified party arises directly as a result of its own gross negligence, wilful default or fraud.

16.2 **Survival of Indemnity:** This indemnity shall survive the resignation or removal of an Agent or the termination and expiry of this Agreement, and shall continue to apply with respect to any liability which arose prior to such resignation or removal (including where such liability may not have been known at the time of such resignation or termination).

16.3 **Consequential loss:** Notwithstanding the foregoing, under no circumstances will the Agents or the Issuer be liable to any party to this Agreement for any consequential loss (being loss of business, goodwill, opportunity or profit) or any special, indirect or punitive damages of any kind whatsoever; in each case howsoever caused or arising and whether or not foreseeable even if previously having been advised by the other party of the possibility of suffering such loss or damage and regardless of whether the claim for loss or damage is made in negligence, breach of contract or duty, fraud or otherwise. The provisions of this Clause 16.3 shall survive the termination or expiry of this Agreement.

17 General

17.1 **No Agency or Trust:** In acting under this Agreement the Agents shall act solely as agent of the Issuer have no obligation towards or relationship of agency or trust with the holder of any Security, Receipt, Coupon or Talon.

17.2 **Holder to be treated as Owner:** Except as otherwise required by law, each Agent shall treat the holder of a Security, Receipt, Coupon or Talon as its absolute owner as provided in the Conditions and shall not be liable for doing so provided that so long as any Securities are held in the CMU Service, it shall be entitled to treat a payment made or notice given to a person credited by the CMU Service as holding an interest in that Security as complete discharge of its and the Issuer’s obligations to make such payment or give such notice.



- 17.3** **No Lien:** No Agent shall exercise any lien, right of set-off or similar claim against any holder of a Security, Receipt or Coupon in respect of moneys payable by it under this Agreement.
- 17.4** **Taking of Advice:** Each Agent may consult any legal adviser selected by it or any professional advisor selected by it, who may be an employee of or adviser to the Issuer, and it shall not be liable in respect of anything done, or omitted to be done, relating to that matter in accordance with that adviser's opinion, and the Agent shall not be responsible to any person for any loss occasioned by so acting.
- 17.5** **Delegates:** The Agents are entitled to delegate instead of acting personally, to appoint any person as attorney, contractor, professional advisor, officer, agent, delegate or otherwise (if any), and delegate to any such person its powers, duties and obligations, as may be necessary for it to carry out any of its obligations under this document. Subject to the Agent having acted with all due care in selecting such person (each person appointed under this paragraph being an "Appointee"), the Agent will not be liable for any acts or omissions of any Appointee and the Agent will not have any obligation to supervise such Appointee or be responsible for any loss, liability, cost, claim, action, demand or expense whatsoever incurred by reason of the Appointee's acts, omissions, misconduct, negligence, fraud, default or otherwise. For the avoidance of doubt, the responsibility of the Agent for losses or costs of any kind whatsoever incurred by the Issuer is limited to the failure on the part of such Agent to exercise due care in selecting and retaining such Appointee.
- 17.6** **Reliance on Documents etc.:** No Agent shall be liable in respect of anything done or suffered by it in reliance on a Security, Certificate, Receipt, Coupon, Talon or other document or information from any electronic or other source believed by it to be genuine and to have been signed or otherwise given or disseminated by the proper parties. The Agents shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document or information.
- 17.7** **Illegality:** In the event that the Agents shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from the Issuer which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action until it is directed in writing by a final order or judgment of a court of competent jurisdiction.
- 17.8** **Instruction in Writing:** Notwithstanding anything to the contrary contained in this Agreement, none of the Agents shall be obliged to act or omit to act in accordance with any instruction, direction or request delivered to them by the Issuer unless such instruction, direction or request is delivered to such Agents in writing. Each of the Agents may, in connection with its services hereunder rely upon the terms of any notice, communication or other document believed by it to be genuine.
- 17.9** **No Liability for Interest:** No Agent shall be under any liability for interest on any moneys at any time received by it pursuant to any of the provisions of this Agreement or of the Securities and applied by it in accordance with the provisions hereof, except as otherwise provided hereunder or agreed in writing. No money held by any Agent needs be segregated except as required by law. Any money held by the Agents are not subject to the UK Financial Services Client Money Rules.
- 17.10** **Not Liable for Actions:** No Agent shall be liable for any action taken or omitted by it except to the extent that a court of competent jurisdiction determines that the Agent's gross negligence or wilful default was the primary cause of any loss to the Issuer.



- 17.11 Force Majeure:** Notwithstanding anything to the contrary in this Agreement, no Agent shall in any event be liable for any failure or delay in the performance of its obligations hereunder if it is prevented from so performing its obligations by any circumstances beyond the control of such Agent, including without limitation, existing or future law or regulation, any existing or future act of governmental authority, Act of God, flood, epidemics, earthquakes, typhoons, war whether declared or undeclared, terrorism, riot, rebellion, civil commotion, strike, lockout, other industrial action, general failure of electricity or other supply, aircraft collision, technical failure, accidental or mechanical or electrical breakdown, computer failure changes in market rules, currency restrictions, availability, liquidity, transferability, devaluations or fluctuations, credit risks of clearing bank, agent or systems or failure of any money transmission system, breakdown, failure or malfunction of any telecommunications, computer services or systems affecting the execution or settlement or transactions.
- 17.12 Other Relationships:** Any Agent and any other person, whether or not acting for itself, may acquire, hold or dispose of any Security, Receipt, Coupon, Talon or other security (or any interest therein) of the Issuer or any other person, may enter into or be interested in any contract or transaction with any such person, and may act on, or as depositary, trustee or agent for, any committee or body of holders of securities of any such person, in each case with the same rights as it would have had if that Agent were not an Agent and need not account for any profit.
- 17.13 Wavier of Conflict:** The Issuer hereby irrevocably waives, in favour of each Agent, any conflict of interest which may arise by virtue of any Agent and its affiliates (together, the “**Agent Parties**”) acting in other capacities under this Agreement or for other customers of such Agent. The Issuer acknowledges that the Agent Parties may have interests in, or may be providing or may in the future provide financial or other services to other parties with interests which the Issuer may regard as conflicting with its interests and may possess information (whether or not material to the Issuer), that the Agent Parties may not be entitled to share with the Issuer. Consistent with its long-standing policy to hold in confidence the affairs of its customers, no Agent will disclose confidential information obtained from the Issuer (without consent) to any of the Agent Parties’ other customers nor will it use on the Issuer’s behalf any confidential information obtained from any other customer. Without prejudice to the foregoing, the Issuer agrees that the Agent Parties may deal (whether for their own or their customers’ account) in, or advise on, securities of any party and that such dealing or giving of advice, will not constitute a conflict of interest for the purposes of this Agreement.
- 17.14 List of Authorised Persons:** The Issuer shall provide the Fiscal Agent for itself and for delivery to each other Agent with a copy of the certified list of persons authorised to take action on behalf of the Issuer in connection with this Agreement (as referred to in Clause 9.1.4 of the Dealer Agreement) and shall notify the Fiscal Agent and each other Agent as soon as practicable in writing if any of such persons ceases to be so authorised or if any additional person becomes so authorised. Unless and until notified of any such change, each Agent may rely on the certificate(s) most recently delivered to it and all instructions given in accordance with such certificate(s) shall be binding on the Issuer.
- 17.15 Information:** The Issuer shall provide the Agents with any information they may reasonably require at any time in accordance with the provisions of this Agreement and the performance of their duties.



- 17.16 Monitoring:** The Agents are not obliged to (i) monitor whether the Issuer, the Dealers or any other party to the Programme are complying with their obligations or (ii) determine whether any Event of Default or Enforcement Event has occurred at any time.
- 17.17 Illegality and Own Funds:** No Agent is required to undertake any act which may be illegal or contrary to any law or regulation to which such Agent is subject. No Agent is obliged to expend its own funds in the discharge of its obligations under this Agreement.
- 17.18 Compliance by the Issuer:** Each of the Agents may assume (unless the Fiscal Agent has received written notice to the contrary in its capacity as Fiscal Agent for the Issuer) the:
- (iii) legality, validity, effectiveness, adequacy or enforceability of the Securities; and
 - (iv) performance and compliance by the Issuer with the provisions of this Agreement and the Conditions.
- 17.19 Liability:** None of the Agents or their respective directors, officers, employees, agents and related bodies corporate are responsible to the Issuer for, or will be liable in respect of any of the following whether before or after the date of this Agreement:
- (v) the value, validity, effectiveness, genuineness, enforceability or sufficiency of any document or agreement or any transaction;
 - (vi) any failure by any party to this document or the Conditions other than the Agent to perform its obligations; or
 - (vii) any action taken or omitted to be taken by it or them under this document or the Conditions, except in the case of and only to the extent of its or their own gross negligence, fraud or wilful default.
- 17.19.1** The Agents will not be liable in respect of any conduct, delay or breach of any obligation under this Agreement arising from an error of judgment, notwithstanding any other provision of this Agreement.
- 17.19.2** Notwithstanding any term of this Agreement, in any instance where the Issuer has suffered loss as a result of an Agent's own fraud, gross negligence or wilful default in the performance of its duties under this Agreement, such Agent shall only be liable to the Issuer for its direct damages.
- 17.20 Confidentiality:** The Agents will treat information relating to the Issuer as confidential, but (unless consent is prohibited by law) the Issuer consents to the transfer and disclosure by the Agents of any information relating to the Issuer to and between branches, subsidiaries, representative offices, affiliates and agents of the Fiscal Agent and third parties selected by any of them, wherever situated, for confidential use (including in connection with the provision of any service and for data processing, statistical and risk analysis purposes). The Agents and any branch, subsidiary, representative office, affiliate, agent or third party may transfer and disclose any such information as required by any law, court regular or legal process.
- 17.21 871(m):** The Issuer shall notify the Agents:
- 17.21.1** On or prior to the issue date of any Security whether such Security is or will upon issuance constitute a 871(m) Security; and



17.21.2 Where the Issuer has determined in accordance with (a) above such Security is an 871(m) Security, on or prior to the record date of any U.S. source dividend payable on the Underlying Security, the amount of the Dividend Equivalent on a per unit basis with respect to the 871(m) Security.

In the event the Issuer fails to provide to an Agent the information set out in Clause 17.21.1 and/or 17.21.2 above in accordance with the terms of this Clause, such Agent shall be entitled to:

- (i) treat any Security that the Agent reasonably believes to be an 871(m) Security as an 871(m) Security for the purpose of any withholding of amounts in respect of such Security by the Agent or otherwise; and
- (ii) treat the entire U.S. source dividend payable on the Underlying Security the Agent (in its absolute discretion) has determined is linked to such 871(m) Security (determined in accordance with (i) above) as a Dividend Equivalent, without any further requirement to investigate or make any further enquiries or calculations regarding such Security.

The Agent shall incur no liability to any person for: (a) placing reliance on (without further investigation or enquiry) any documentation, notification or information received in accordance with this Clause from the Issuer or otherwise and/or (b) any determinations (including but not limited to, the calculation of the Dividend Equivalent on a per unit basis with respect to the 871(m) Security, the designation of a Security as a 871(m) Security or the allocation of an 871(m) Security as linked to a particular Underlying Security) made pursuant to this Clause and shall have no obligation to gross up any amounts deducted or losses incurred by any person (including but not limited to the Issuer and the Securityholders), as a consequence of such determinations or reliance.

“**871(m) Security**” means any Security which is treated as a “Specified Equity Linked Instrument” or a “Specified Notional Principal Contract” under Section 871(m) of the Code.

“**Dividend Equivalent**” shall have the meaning ascribed to the term dividend equivalent under Section 871(m) of the Code and associated regulations.

“**per unit basis**” shall have the meaning ascribed to the term per unit basis under Section 871(m) of the Code and associated regulations.

“**Section 871(m)**” means (i) Section 871(m) of the Code and (ii) any successor Code provision.

“**Underlying Security**” shall have the meaning ascribed to the term underlying security under Section 871(m) of the Code and associated regulations.

“**U.S. source dividend**” shall have the meaning ascribed such term as used in Section 871(m) of the Code.

17.22 Anti-Money Laundering and Terrorism: The Agents, at the expense of the Issuer, may take and instruct any agent or delegate to take any action which it in its sole discretion considers appropriate so as to comply with any applicable law, regulation, request of a public or regulatory authority or any policy of The Bank of New York Mellon (including without limitation any Know Your Client and other compliance policies and procedures) which relates to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to sanctioned persons or entities. Such action may include but is not limited to the interception and investigation of transactions on the Issuer’s accounts (particularly those involving the international transfer of funds) including the source of the intended recipient of fund paid into or out of the Issuer’s accounts. In certain circumstances, such action may delay or prevent the processing of the Issuer’s instructions, the settlement of transactions over the Issuer’s accounts or the Fiscal Agent’s performance of its obligations under this Agency Agreement. Neither the Agents or delegate will be liable for any loss (whether direct or consequential and including, without limitation, loss of profit or interest) caused in whole or in part by any actions which are taken by any of the Agents or delegate pursuant to this Clause 17.22.



18 Changes in Agents

- 18.1 Appointment and Termination:** In relation to any Series of Securities, the Issuer may at any time appoint additional Paying Agents or Transfer Agents and/or terminate the appointment of any Agent by giving to the Fiscal Agent and that Agent at least 60 days' notice to that effect, which notice shall expire at least 30 days before or after any due date for payment in respect of the Securities of that Series. Upon any letter of appointment being executed by or on behalf of the Issuer and any person appointed as an Agent, such person shall become a party to this Agreement as if originally named in it and shall act as such Agent in respect of that or those Series of Securities in respect of which it is appointed.
- 18.2 Resignation:** Any Agent may resign its appointment at any time by giving the Issuer and the Fiscal Agent at least 60 days' notice to that effect, provided that such notice shall expire at least 30 days before or after any due date for payment in respect of any Series of Securities.
- 18.3 Condition to Resignation and Termination:** No such resignation or (subject to Clause 18.5) termination of the appointment of the Fiscal Agent, CMU Lodging and Paying Agent, Registrar or Calculation Agent shall, however, take effect until a new Fiscal Agent (which shall be a bank or trust company) or, as the case may be, CMU Lodging and Paying Agent, Registrar or Calculation Agent has been appointed and no resignation or termination of the appointment of the Paying Agent or the Transfer Agent shall take effect if there would not then be a Paying Agent or Transfer Agent as required by the Conditions. The Issuer agrees with each Agent that if, by the expiry of any notice under Clause 18.1 or Clause 18.2, the Issuer has not appointed a successor Agent, then such Agent shall be entitled, on behalf of the Issuer, to appoint as a successor Agent in its place a reputable financial institution of good standing.
- 18.4 Change of Office:** If an Agent changes the address of its specified office in a city it shall give the Issuer and the Fiscal Agent at least 30 days' notice of the change, giving the new address and the date on which the change is to take effect.
- 18.5 Automatic Termination:** The appointment of the Fiscal Agent shall forthwith terminate if the Fiscal Agent becomes incapable of acting, is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes an assignment for the benefit of its creditors, consents to the appointment of a receiver, administrator or other similar official of all or a substantial part of its property or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if a resolution is passed or an order made for the insolvency, winding-up or dissolution of the Fiscal Agent, a receiver, administrator or other similar official of the Fiscal Agent or all or a substantial part of its property is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the Fiscal Agent or its property or affairs for the purpose of rehabilitation, conservation or liquidation or, in the case of the CMU Lodging and Paying Agent, it ceases to be a member of CMU.



- 18.6 Delivery of Records:** If the Fiscal Agent or CMU Lodging and Paying Agent or Registrar resigns or its appointment is terminated, the Fiscal Agent shall on the date on which the resignation or termination takes effect pay to the new Fiscal Agent any amount held by it for payment in respect of the Securities, Receipts or Coupons and the Fiscal Agent or CMU Lodging and Paying Agent or Registrar, as the case may be, shall deliver to the new Fiscal Agent or CMU Lodging and Paying Agent or Registrar the records kept by it and all documents and forms held by it pursuant to this Agreement.
- 18.7 Successor Corporations:** A corporation into which an Agent is merged or converted or with which it is consolidated or that results from a merger, conversion or consolidation to which it is a party shall, to the extent permitted by applicable law, be the successor Agent under this Agreement without further formality. The Agent concerned shall as soon as practicable notify such an event to the other parties to this Agreement.
- 18.8 Notices:** The Issuer shall give Securityholders at least 30 days' notice of any proposed appointment, termination, resignation or change under Clauses 18.1 to 18.4 of which it is aware and, as soon as practicable, notice of any succession under Clause 18.7 of which it is aware. The Issuer shall give Securityholders, as soon as practicable, notice of any termination under Clause 18.5 of which it is aware.
- 18.9 Issuer Right to Redirect:** In the event that the Issuer determines in its sole discretion that any deduction or withholding for or on account of any Tax will be required by Applicable Law in connection with any payment due to any of the Agents on any Securities, then the Issuer will be entitled to redirect or reorganise any such payment in any way that it sees fit in order that the payment may be made without such deduction or withholding provided that, any such redirected or reorganised payment is made through a recognised institution of international standing and otherwise made in accordance with this Agreement. The Issuer will promptly notify the Agents of any such redirection or reorganisation. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by Applicable Law for the purposes of this Clause 18.9.
- 19 Determination of End of Distribution Compliance Period**
- 19.1** In the case of a Tranche in respect of which there is only one Dealer, the Issuing and Paying Agent will determine the end of the Distribution Compliance Period (if relevant) in respect of the Tranche which shall be the 40th day following the date determined and certified by the relevant Dealer to the Issuing and Paying Agent as being the date on which distribution of the Securities of that Tranche was completed.
- 19.2** In the case of a Tranche in respect of which there is more than one Dealer but which is not issued on a syndicated basis, the Issuing and Paying Agent will determine the end of the Distribution Compliance Period (if relevant) in respect of the Tranche which shall be the 40th day following the last of the dates determined and certified by all the relevant Dealers to the Issuing and Paying Agent as being the respective dates on which distribution of the Securities of that Tranche purchased by each Dealer was completed.
- 19.3** In the case of a Tranche issued on a syndicated basis, the Issuing and Paying Agent will determine the end of the Distribution Compliance Period (if relevant) in respect of the Tranche which shall be the 40th day following the date determined and certified by the Lead Manager to the Principal Paying Agent as being the date on which distribution of the Securities of that Tranche was completed.



19.4 As soon as reasonably practicable after it determines the end of the Distribution Compliance Period (if relevant) in respect of any Tranche, the Issuing and Paying Agent shall notify the determination to the Issuer, the Registrar, the relevant Dealer or Lead Manager and Euroclear and/or Clearstream, Luxembourg, as the case may be.

20 Communications

20.1 Method: Each communication under this Agreement shall be made by telex (or where specifically required tested telex), fax, electronic communication or otherwise in writing. Each communication or document to be delivered to any party under this Agreement shall be sent to that party at the telex, fax number, postal address or electronic address, and marked for the attention of the person (if any), from time to time designated by that party to the Fiscal Agent (or, in the case of the Fiscal Agent, by it to each other party) for the purpose of this Agreement. The initial telephone number, telex number, fax number, postal address, electronic address and person so designated are set out in the Procedures Memorandum.

20.2 Deemed Receipt: Any communication from any party to any other under this Agreement shall be effective, (if by telex) when a confirmed answerback is received at the end of the transmission, (if by fax) when the relevant delivery receipt is received by the sender, (if in writing) when delivered and (if by electronic communication) when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such communication; provided that any communication which is received (or deemed to take effect in accordance with the foregoing) outside business hours or on a non-business day in the place of receipt shall be deemed to take effect at the opening of business on the next following business day in such place. Any communication delivered to any party under this Agreement which is to be sent by telex, fax or electronic communication will be written legal evidence.

20.3 Indemnity: The Issuer hereby acknowledges that it is fully aware of the risk associated with transmitting instructions via fax, and being aware of these risks authorises any Agent to accept and act upon any instruction sent to the Agent in the name of the Issuer or in the name of one or more appropriate authorised signers of the Issuer via fax. Any Agent shall be entitled to the benefit of the provisions of Clause 16.1 (*Indemnity*) when accepting or acting upon any instructions, communications or documents transmitted by fax, and shall not be liable in the event any fax transmission is not received, or is mutilated, illegible, interrupted, duplicated, incomplete, unauthorised or delayed for any reason, including (but not limited to) electronic or telecommunications failure.

20.4 Reliance on communications: Each Agent may conclusively rely on and shall be fully authorised and protected in acting or omitting to act upon or in reliance on the written and facsimile instructions of and communications from the Issuer or any other person with respect to any matter covered in this Agreement and/or the Securities or on any certificate, instrument, opinion, notice, letter, telegram, facsimile, e-mail, telex, or other document or instrument (including, without limitation, a message received from or through a Clearing System), original or copy, delivered or faxed or sent electronically to it and believed by it to be genuine and to have been sent by the proper person or persons.

Each Agent shall have no duty or obligation to verify or confirm that the person who sent such instructions or directions is, in fact, a person authorised to give instructions or directions on behalf of the Issuer (other than to verify that the signature on a fax is the signature of a person authorised to give instructions and directions on behalf of the Issuer) and shall have no liability for any losses, liabilities, costs or expenses properly incurred or sustained by Issuer as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees to assume all risks arising out of the use of any electronic communications to submit instructions and directions to the Agent, including without limitation the risk of the Agent acting on unauthorised instructions, and the risk of interception and misuse by third parties. The Issuer agrees that the indemnity set out in Clause 16.1 (*Indemnity*) shall apply in respect of any loss or liability suffered by any Agent as a result of acting upon instructions and directions sent by electronic communications.



21 Notices

- 21.1 Publication:** At the request and expense of the Issuer, the Fiscal Agent shall arrange for the publication of all notices to Securityholders (other than those to be published by the Calculation Agent). Notices to Securityholders shall be published in accordance with the Conditions.
- 21.2 Notices from Securityholders:** Each of the Fiscal Agent, the CMU Lodging and Paying Agent and the Registrar shall promptly forward to the Issuer any notice received by it from a Securityholder whether pursuant to the Conditions or otherwise.

22 Amendments

The parties to this Agreement may modify, waive or authorise any breach or proposed breach of or any failure to comply with, this Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Securityholders. For the avoidance of doubt, none of the Agents shall have any responsibility or liability whatsoever with respect to any determination as to prejudice applying to the interests of the Securityholders pursuant to this Clause 22.

23 Governing Law and Jurisdiction

- 23.1 Governing Law:** This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.
- 23.2 Submission to Jurisdiction:** In relation to any legal action or proceedings arising out of or in connection with this Agreement (“**Proceedings**”), each of the Issuer and the Agents irrevocably submits to the exclusive jurisdiction of the English courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- 23.3 Process Agent:** The Issuer hereby irrevocably appoints Law Debenture Corporate Services Limited of Fifth Floor, Wood Street, London EC2V 7EX, United Kingdom as its agent to accept service of process in any Proceedings in England in connection herewith. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent acceptable to the Agents, and to deliver to the Agents a copy of the new agent’s acceptance of that appointment, within 30 days. Nothing shall affect the right to serve process in any other manner permitted by law.



This Agreement has been entered into on the date stated at the beginning.

AMTD INTERNATIONAL INC.

By: /s/ Authorized Signatory

SIGNATURE PAGE – FISCAL AGENCY AGREEMENT



THE BANK OF NEW YORK MELLON, LONDON BRANCH

as Fiscal Agent, Issuing and Paying Agent and Calculation Agent

By: /s/ Authorized Signatory

SIGNATURE PAGE – FISCAL AGENCY AGREEMENT



THE BANK OF NEW YORK MELLON SA/NV, LUXEMBOURG BRANCH

as Registrar and Transfer Agent

By: /s/ Authorized Signatory

SIGNATURE PAGE – FISCAL AGENCY AGREEMENT



THE BANK OF NEW YORK MELLON, HONG KONG BRANCH

as CMU Lodging and Paying Agent, Registrar and Transfer Agent

By: /s/ Authorized Signatory

SIGNATURE PAGE – FISCAL AGENCY AGREEMENT



200Fpww8ZSRMpZ0/

Schedule 1
Part A
Form of Temporary Global Security in relation to Notes



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Schedule 1
Part B
Form of Permanent Global Security in relation to Notes



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AMTD INTERNATIONAL I	Donnelley Financial	HKRP64RS04 14.4.10.0	HKR pf_rend	23-Apr-2021 07:36 EST	240517 EX4 27 42	3*
FORM 20-F (IFRS)	None		HKG		HTM ESS	OC

Schedule 1
Part C
Form of Global Certificate in relation to Notes



Schedule 2
Part A
Form of Bearer Security in relation to Notes



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AMTD INTERNATIONAL I	Donnelley Financial	HKRP64RS04 14.4.10.0	HKR pf_rend	23-Apr-2021 07:37 EST	240517 EX4 27 44	3*
FORM 20-F (IFRS)	None		HKG		HTM ESS	OC

Schedule 2
Part B
Form of Certificate in relation to Notes



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Schedule 2
Part C
Terms and Conditions of the Notes



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AMTD INTERNATIONAL I	Donnelley Financial	HKRP64RS04 14.4.10.0	HKR pf_rend	23-Apr-2021 07:37 EST	240517 EX4 27 46	3*
FORM 20-F (IFRS)	None		HKG		HTM ESS	OC

Schedule 2
Part D
Form of Coupon in relation to Notes



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Schedule 2
Part E
Form of Talon in relation to Notes



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Schedule 2
Part F
Form of Receipt in relation to Notes



Schedule 3
Part A
Form of Temporary Global Security in relation to Perpetual Securities



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Schedule 3
Part B
Form of Permanent Global Security in relation to Perpetual Securities



Schedule 3
Part C
Form of Global Certificate in relation to Perpetual Securities



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AMTD INTERNATIONAL I	Donnelley Financial	HKRP64RS04 14.4.10.0	HKR pf_rend	23-Apr-2021 07:37 EST	240517 EX4 27 52	3*
FORM 20-F (IFRS)	None		HKG		HTM ESS	OC

Schedule 4
Part A
Form of Bearer Security in relation to Perpetual Securities



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AMTD INTERNATIONAL I	Donnelley Financial	HKRP64RS04 14.4.10.0	HKR pf_rend	23-Apr-2021 07:37 EST	240517 EX4 27 53	3*
FORM 20-F (IFRS)	None		HKG		HTM ESS	OC

Schedule 4
Part B
Form of Certificate in relation to Perpetual Securities



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Schedule 4
Part C
Terms and Conditions of the Perpetual Securities



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Schedule 4
Part D
Form of Coupon in relation to Perpetual Securities



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Schedule 4
Part E
Form of Talon in relation to Perpetual Securities



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Schedule 5
Provisions for Meetings of Securityholders



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Schedule 6
Form of Exercise Notice for Redemption Option



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Schedule 7
Regulations Concerning the Transfer and Registration of Securities



Schedule 8
Accountholder Certificate of Non-U.S. Citizenship and Residency



Schedule 9
Clearing System Certificate of Non-U.S. Citizenship and Residency



Schedule 10
Form of Deed Poll for Substituted Issuer



Ref: LO-6832930001500

22 September 2020

AMTD International Inc. (the “Borrower”)

(Incorporated in Cayman Islands with limited liability)

Important Notice: This Facility Letter set out the terms and conditions upon which the bank would provide banking facilities to you. You are advised to read and understand the terms and conditions before accepting this Facility Letter.

Dear Sirs,

Re: General Banking Facilities

Further to our recent discussions, the Bank is pleased to grant the following general banking facility(ies) (the “**Facility(ies)**”) to the Borrower subject to the Bank’s General Terms and Conditions for General Banking Facilities and Loan Facility(ies) (as amended from time to time, the “General Terms”) and the terms and conditions stated below. Words and expressions defined in the General Terms shall have the same meanings when used in this Facility Letter. Any appendix hereto forms an integral part of this Facility Letter.

1.1 Facility(ies)	Amount	Interest Rate / Terms and Conditions
Revolving Loan	Up to USD30,000,000.00 or its equivalent amount in HKD	<ul style="list-style-type: none"> • Please refer to Appendix I.

1.2 Commitment:

Notwithstanding any provisions of this Facility Letter, the General Terms (if applicable) or any other documents between the Borrower and the Bank to the contrary, the Bank may at any time without prior notice modify, cancel or suspend the Facility/Facilities at its sole discretion including, without limitation, cancelling any unutilized facilities, and declaring any outstanding amount to be immediately due and payable.

2. Conditions Precedent / Collateral Security(ies)

The Facility(ies) shall not be made available for drawdown or utilization by the Borrower until the Bank has confirmed receipt of all the following condition precedent documents in form and substance satisfactory to the Bank:-

- (a) A duly signed copy of this Facility Letter indicating the Borrower’s acceptance of the Facility(ies) on the terms and conditions set out in this Facility Letter.
- (b) Direct Debit Authorization duly executed by the relevant account holder(s).
- (c) Legal Opinion issued/to be issued by qualified lawyers practicing the laws of Cayman Islands appointed by the Bank confirming the validity, legality and enforceability in respect of the Facility Letter executed/to be executed by the Borrower together with any resolutions and such other documents in form and substance satisfactory to the Bank.
- (d) Process Agent Appointment Letter issued by the Borrower and duly accepted and confirmed by AMTD Global Markets Limited.
- (e) Copy, certified by a director, of each of the following documents the Borrower and AMTD Global Markets Limited:
 - Certificate of Incorporation.
 - Memorandum and Articles of Association or other constitutional documents (if any).
 - List of directors with their specimen signatures.



- Current Business Registration Certificate (if any).

Ref: LO-6832030001500

- (f) If any of the Borrower / the guarantor(s) / securities provider(s) is a limited company, the relevant shareholder and board resolution and certified copies of the constitutional documents of that company.
- (g) Such other documents as the Bank may request including those as may be required to evidence any and all licenses, authorizations, consents or approvals necessary for the performance by the Borrower or the securities provider(s) of their respective obligations under this Facility Letter and the security documents.

3. REDACTED

4. Undertaking(s)

- (a) The Borrower represents, declares and undertakes to the Bank that the utilization of any facility or use of proceeds drawn under this Facility Letter does not and will not conflict with any law or regulation applicable to the Borrower (including without limitation those in force in the People's Republic of China). The above representation and declaration is deemed to be made by the Borrower by reference to the facts then existing during the period where the Facility(ies) or any part thereof remain outstanding.
- (b) At the request of the Bank, the Borrower shall furnish to the Bank with documentary evidence in form and substance satisfactory to the Bank showing the usage of the loan (including but not limited to the flow of the loan proceeds).

5. REDACTED

Please signify your receipt of the General Terms and your understanding and acceptance of this offer by signing and returning to the Bank the duplicate copy of this Facility Letter on or before 22 October 2020, failing which this offer shall lapse unless otherwise agreed by the Bank.



Ref: LO-6832030001500

Should you have any queries, please contact our Mr Li of Institution Business Division at 3589 3603 at any time. We are here to serve you better.

Yours faithfully
For and on behalf of
Nanyang Commercial Bank, Limited

/s/ WONG Lai Kwan

Authorized Signature(s)

/chp

- Encl.
- General Terms and Conditions for General Banking Facilities and Loan Facility(ies) 201611(NCB)
 - Certified Extract of Minutes of Board Resolutions (2 sets)
 - Form of Drawdown Notice
 - Form of Notice of Roll-over
 - Direct Debit Authorization (2 sets)
 - Process Agent Appointment Letter
 - Authorisation and Indemnity in respect of Facsimile and Electronic Mail Instructions
 - Reminder on Instructions via Facsimile and Electronic Mail Service



Ref: LO-6832030001500

After due and careful consideration of the contents of this Facility Letter and the General Terms (as defined above), I/we agree to accept the Facility(ies) and to be bound by all the above terms and conditions

Borrower : AMTD International Inc.
(Incorporated in Cayman Islands with limited liability)
Signed by : WONG YUI KEUNG MARCELLUS
Date : 2020.09.25

Witness:

/s/ Li Kin Man

Name: Li Kin Man



Exhibit 8.1

List of Subsidiaries of the Registrant

Subsidiaries	Place of Incorporation
AMTD Investment Inc.	Cayman Islands
AMTD Strategic Investment (BVI) Limited	British Virgin Islands
AMTD Investment Solutions Group (BVI) Limited	British Virgin Islands
AMTD Overseas (BVI) Limited	British Virgin Islands
AMTD Fintech Investment (BVI) Limited	British Virgin Islands
AMTD Strategic Investment Limited	Hong Kong
AMTD Investment Solutions Group Limited	Hong Kong
AMTD Overseas Limited	Hong Kong
AMTD Fintech Investment Limited	Hong Kong
AMTD International Holding Group Limited	Hong Kong
AMTD Securities Limited	Hong Kong
AMTD Global Markets Limited	Hong Kong
Asia Alternative Asset Partners Limited	Hong Kong
AMTD Global Markets Pte. Ltd.	Singapore
AMTD Capital Co., Ltd.	PRC



EXHIBIT 12.1

**Certification by the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, William Fung, certify that:

1. I have reviewed this annual report on Form 20-F of AMTD International Inc. (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: April 28, 2021

By: /s/ William Fung
Name: William Fung
Title: Chief Executive Officer



EXHIBIT 12.2

**Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Xavier Ho Sum Zee, certify that:

1. I have reviewed this annual report on Form 20-F of AMTD International Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 28, 2021

By: /s/ Xavier Ho Sum Zee

Name: Xavier Ho Sum Zee
Title: Chief Financial Officer



EXHIBIT 13.1

**Certification by the Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of AMTD International Inc. (the "Company") on Form 20-F for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Fung, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2021

By: /s/ William Fung
Name: William Fung
Title: Chief Executive Officer



EXHIBIT 13.2

**Certification by the Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of AMTD International Inc. (the "Company") on Form 20-F for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Xavier Ho Sum Zee, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2021

By: /s/ Xavier Ho Sum Zee
Name: Xavier Ho Sum Zee
Title: Chief Financial Officer



Exhibit 16.1

April 28, 2021

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Ladies and Gentlemen:

We have read Item 16F of the Annual Report on Form 20-F for the year ended December 31, 2020 of AMTD International Inc. and are in agreement with the statements contained in the second sentence of the first paragraph, the second, the third, the fourth and the fifth paragraphs therein. We have no basis to agree or disagree with other statements of the registrant contained therein.

/s/ Ernst & Young

Hong Kong