*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Original Notes (as defined below) and the New Notes (as defined below) (the New Notes together with the Original Notes, the "**Notes**") to be issued under the Programme (as defined below) have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any other jurisdiction, and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act ("**Regulation S**")) or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes will be offered and sold (i) in the United States only to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A thereunder and (ii) outside the United States to non-U.S. persons in compliance with Regulation S.*

This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis of any contract or commitment whatsoever. *For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Company (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

Notice to Hong Kong investors: The Company confirms that the Notes are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on that basis. Accordingly, the Company confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

PUBLICATION OF OFFERING CIRCULAR AND PRICING SUPPLEMENT

AMTD 尚乘

AMTD GROUP COMPANY LIMITED

(the "**Company**")

(Incorporated in the British Virgin Islands with limited liability)

U.S.$200,000,000 5.0 per cent. Notes due 8 March 2022 (the "New Notes")
(consolidated and form a single series with the
U.S.$18,285,000 5.0 per cent. Notes due 8 March 2022 issued on 8 March 2019 (the "Original Notes"))
(Stock Code: 5861) under the
U.S.$1,000,000,000 Medium Term Note Programme (the "Programme")

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Please refer to the offering circular dated 25 February 2019 (the "**2019 Offering Circular**") and the offering circular dated 15 February 2022 (the "**2022 Offering Circular**", and together with the 2019 Offering Circular, the "**Offering Circulars**") in relation to the Programme and the pricing supplement dated 15 February 2022 in relation to the New Notes (the "**Pricing Supplement**"), each appended hereto (the Offering Circulars and the Pricing Supplement together, the "**Listing Documents**", and each a "**Listing Document**"). As disclosed in the Listing Documents, the New Notes are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only have been listed on the Hong Kong Stock Exchange on that basis.

21 February 2022

As at the date of this announcement, the directors of the Company are Dr. CHOI, Chi Kin Calvin (Chairman), Mr. WONG, Yui Keung Marcellus (Executive Vice Chairman), Mr. GAO, Yu and Dr. HAMDULLAHPUR, Feridun.

CONTENTS

Appendix 1 – Offering Circular dated 25 February 2019

Appendix 2 – Offering Circular dated 15 February 2022

Appendix 3 – Pricing Supplement dated 15 February 2022 in relation to the New Notes

Appendix 1

Offering Circular dated 25 February 2019

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer (as defined in this Offering Circular) in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, AMTD Global Markets Limited ("**AMTD Global Markets**") (the "**Arranger**") and Cathay United Bank Co., Ltd., China Everbright Securities (HK) Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, CMBC Securities Company Limited, GF Securities (Hong Kong) Brokerage Limited, Industrial and Commercial Bank of China (Asia) Limited, KEB Hana Global Finance Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Yuanyin Securities Limited and Zhongtai International Securities Limited (the "**Dealers**"), any person who controls the Arranger or the Dealers, any director, officer, employee nor agent of the Issuer or the Arranger or the Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger or the Dealers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Offering Circular dated 25 February 2019

AMTD GROUP COMPANY LIMITED

(incorporated under the laws of the British Virgin Islands with limited liability)

(as Issuer)

U.S.$1,000,000,000

Medium Term Note Programme

Under the U.S.$1,000,000,000 Medium Term Note Programme described in this Offering Circular (the "**Programme**"), AMTD Group Company Limited (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "**Notes**") or perpetual securities (the "**Perpetual Securities**" and, together with the Notes, the "**Securities**"). The Perpetual Securities may rank as senior obligations (the "**Senior Perpetual Securities**") or subordinated obligations (the "**Subordinated Perpetual Securities**") of the Issuer. The aggregate nominal amount of Securities outstanding will not at any time exceed U.S.$1,000,000,000 (or the equivalent in other currencies), subject to increase as described herein. Securities may be issued in bearer or registered form. The Securities may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Securities being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Securities.

Application has been made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of the Programme by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, "**Professional Investors**") only during the 12-month period from the date of this document on the Hong Kong Stock Exchange. This document is for distribution to Professional Investors only. **Investors should not purchase the Securities in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Securities are only suitable for Professional Investors.**

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Securities on Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Securities or the Issuer or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Notice of the aggregate nominal amount of Securities, interest (if any) payable in respect of Notes, the distribution (if any) payable in respect of the Perpetual Securities, the issue price of Securities and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in the terms and conditions of the Notes or, as the case may be, the Perpetual Securities) of Securities will be set out in a pricing supplement (each a "**Pricing Supplement**") which, with respect to Securities to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange, on or before the date of issue of the Securities of such Tranche.

The Programme provides that Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer, and the relevant Dealer. The Issuer may also issue unlisted Securities and/or Securities not admitted to trading on any market. The relevant Pricing Supplement in respect of the issue of any Securities will specify whether or not such Securities will be listed on the Hong Kong Stock Exchange or any other stock exchange.

Each Series (as defined in "*Summary of the Programme*") of Securities in bearer form will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Securities**"), and will be sold in an "offshore transaction" within the meaning of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Interests in Temporary Global Securities generally will be exchangeable for interests in permanent global securities (each a "**Permanent Global Security**" and, together with the Temporary Global Securities, the "**Global Securities**"), or if so stated in the relevant Pricing Supplement, definitive Securities ("**definitive Securities**"), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of such Tranche, upon certification as to non-U.S. beneficial ownership. Interests in Permanent Global Securities will be exchangeable for Definitive Securities in whole but not in part as described under "Summary of Provisions Relating to the Securities while in Global Form".

The Securities of each Series to be issued in registered form ("**Registered Securities**", or only in the case of the Notes of each Series to be issued in registered form, also the "**Registered Notes**") will initially be represented by a permanent registered global certificate (each a "**Global Certificate**") without interest coupons, which may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), with a common depositary ("**Common Depositary**") on behalf of Euroclear and Clearstream, Luxembourg, (b) in the case of a Series intended to be cleared through the CMU Service with a sub-custodian for the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the "**CMU Service**") and (c) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear, Clearstream, Luxembourg and/or the CMU Service, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. The provisions governing the exchange of interests in Global Securities for other Global Securities and definitive Securities are described in "Summary of Provisions Relating to the Securities while in Global Form".

The Securities have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Securities may include Bearer Securities (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold, or, in the case of Bearer Securities, delivered within the United States. Securities are subject to certain restrictions on transfer, see "Subscription and Sale".

The Issuer may agree with any Dealer that Securities may be issued in a form not contemplated by the Terms and Conditions of the Securities herein, in which event a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Securities.

Investing in Securities issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Securities in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in Securities. Investors should not purchase Securities unless they understand and are able to bear risks associated with Securities. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations in respect of the Securities are discussed under "Risk Factors" below.

Arranger

AMTD

Dealers

AMTD **Cathay United Bank** **Everbright Sun Hung Kai Company Limited** **China Minsheng Banking Corp., Ltd., Hong Kong Branch** **CMBC Capital** **GF Securities**

ICBC (Asia) **KEB Hana Global** **Shanghai Pudong Development Bank Hong Kong Branch** **Yuanyin Securities Limited** **Zhongtai International**

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries (collectively, the "**Group**") and the Securities, which is material in the context of the issue and offering of the Securities, (ii) the statements contained in it relating to the Issuer and the Group are in every material respect true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other facts in relation to the Issuer, the Group or the Securities the omission of which would, in the context of the issue and offering of the Securities, make any statement in this Offering Circular misleading in any material respect and (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. In addition, the Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "**Terms and Conditions of the Notes**" (in relation to Notes) or "**Terms and Conditions of the Perpetual Securities**" (in relation to Perpetual Securities) as amended and/or supplemented by the Pricing Supplement specific to such Tranche (together, the "**Terms and Conditions of the Securities**"). This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Securities, must be read and construed together with the relevant Pricing Supplement.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Securities in certain jurisdictions may be restricted by law. Persons who come into possession of this Offering Circular are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. None of the Issuer, the Arranger or the Dealers represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which would permit a public offering of any Securities or distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

There are restrictions on the offer and sale of the Securities and the circulation of documents relating thereto, in certain jurisdictions including, but not limited to, the United States of America, the European Economic Area, the United Kingdom, the PRC, Hong Kong, Japan, Singapore and the British Virgin Islands, and to persons connected therewith. The Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Securities in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold or, in the case of Bearer Securities, delivered within the United States. The Securities are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. For a description of certain restrictions on offers, sales and transfers of Securities and on the distribution of this Offering Circular, see "Subscription and Sale".

MiFID II product governance/target market — The Pricing Supplement in respect of any Securities may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration such target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Securities and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

PRIIPs/IMPORTANT — EEA RETAIL INVESTORS — If the Pricing Supplement in respect of any Securities includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) — The Pricing Supplement in respect of any Securities may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"). The Issuer will make a determination in relation to each issue about the classification of the Securities being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Pricing Supplement will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Information Incorporated by Reference"). This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

Listing of the Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Group or the Securities. In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved. See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Securities.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme and the sale of Securities and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, any Dealer, or any Arranger.

Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Security shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Group since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Securities and should not be considered as a recommendation by the Issuer, the Arranger, the Dealers, or any director, officer, employee, agent or affiliate of any such person or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Securities. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Securities outstanding at any one time under the Programme will not exceed U.S.$1,000,000,000 (and for this purpose, any Securities denominated in another currency shall be translated into U.S.$ at the date of the agreement to issue such Securities calculated in accordance with the provisions of the Dealer Agreement).

The maximum aggregate principal amount of Securities which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "Subscription and Sale".

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF SECURITIES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT THE SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE TRADE DATE. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABLISATION ACTION MAY BEGIN ON DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISTION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABLISATION MANAGER(S) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES,

The Arranger and the Dealers have not separately verified the information contained in this Offering Circular. To the fullest extent permitted by law, neither any of the Arranger nor any of the Dealers, or any director, officer, employee, agent or affiliate of any such person makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, neither the Arranger nor the Dealers, or any director, officer, employee, agent or affiliate of any such person accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by an Arranger, a Dealer, or any director, officer, employee, agent or affiliate of any such person or on its behalf in connection with the Issuer, the Group or the issue and offering of the Securities. Each Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Securities of a particular issue. Each potential purchaser of Securities should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Securities, which may describe additional risks and investment considerations associated with such Securities. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in an issue of Securities and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

Each potential purchaser of Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group. Each potential purchaser of Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Securities should be based upon such investigation as it deems necessary. Neither the Arranger nor the Dealers or agent or affiliate of any such person undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Securities of any information coming to the attention of any of the Arranger or the Dealers or any of them.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "**U.S.$**" and to "**U.S. dollars**" are to United States dollars; all references to "**HK$**" and "**Hong Kong dollars**" are to Hong Kong dollars; all references to "**euro**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended; all references to "**yen**" are to Japanese yen; all references to "**Renminbi**", "**CNY**" and "**RMB**" are to the currency of the PRC; all references to "**United States**" or "**U.S.**" are to the United States of America; references to "**China**" and the "**PRC**" in this Offering Circular mean the People's Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; references to "**PRC Government**" mean the government of the PRC; references to "**Hong Kong**" and "HKSAR" are to the Hong Kong Special Administrative Region of the People's Republic of China; references to "**Macau**" are to the Macao Special Administrative Region of the People's Republic of China; all references to "**Greater China**" are to China, Hong Kong, Macau and the Republic of China ("**Taiwan**"); and all references to "**United Kingdom**" are to the United Kingdom of Great Britain and Northern Ireland. No representation is made that the U.S. dollar or Hong Kong dollar amounts referred to in this Offering Circular could have been or could be converted into Hong Kong dollars or U.S. dollars, as the case may be, at any particular rate or at all.

FORWARD LOOKING STATEMENTS

Certain statements under "Risk Factors", "Description of the Group" and elsewhere in this Offering Circular constitute "forward-looking statements". The words including "believe", "expect', "plan", "anticipate", "schedule", "estimate" and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group's management for its future operations (including development plans and objectives relating to the Group's operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. The Issuer expressly disclaims any obligation or undertaking to release any updates or revisions to any forward- looking statements contained herein to reflect any change in the Issuer's or the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under "Risk Factors" and elsewhere, important factors that could cause actual results to differ materially from the Issuer's expectations. All subsequent written and forward-looking statements attributable to the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by such cautionary statements.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Group as at and for the years ended 31 December 2016 and 2017 (the "**Audited Financial Statements of the Group**") have been prepared and presented in accordance with International Financial Reporting Standards ("**IFRS**") and have been audited by Ernst & Young, Certified Public Accountants ("**Ernst & Young**"). The consolidated financial statements of the Group as at and for the six months ended 30 June 2018 have been reviewed by Ernst & Young, and included elsewhere in this Offering Circular in accordance with International Accounting Standards 34 issued by the International Accounting Standards Board.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

INFORMATION INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement and all amendments and supplements from time to time to this Offering Circular, which shall be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the specified offices of the Paying Agents and the principal office in Hong Kong of the Fiscal Agent (as defined under "Summary of the Programme") set out at the end of this Offering Circular (save that a Pricing Supplement relating to an unlisted Series of Securities will only be available for inspection by a holder of any such Securities and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Securities and identity).

CONTENTS

	Page
SUMMARY OF THE PROGRAMME	1
SUMMARY FINANCIAL INFORMATION	8
RISK FACTORS	11
USE OF PROCEEDS	39
CLEARANCE AND SETTLEMENT	40
TERMS AND CONDITIONS OF THE NOTES	42
TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES	66
FORM OF PRICING SUPPLEMENT IN RELATION TO THE NOTES	91
FORM OF PRICING SUPPLEMENT IN RELATION TO THE PERPETUAL SECURITIES	101
SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM	111
CAPITALISATION	116
DESCRIPTION OF THE ISSUER	117
DESCRIPTION OF THE GROUP	118
DIRECTORS AND SENIOR MANAGEMENT	137
TAXATION	141
SUBSCRIPTION AND SALE	143
GENERAL INFORMATION	148
INDEPENDENT AUDITOR'S REPORT AND AUDITED FINANCIAL STATEMENTS	F-1

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and any decision to invest in the Securities should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Words and expressions defined in the "Terms and Conditions of the Notes" and "Terms and Conditions of the Perpetual Securities" below or elsewhere in this Offering Circular have the same meanings in this summary.

Issuer	AMTD Group Company Limited.
Legal Entity Identifier Code	300300562CL5FSKOCE61.
Programme Size	Up to U.S.$1,000,000,000 (or the equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors	Investing in Securities issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations in respect of the Securities are discussed under the section "Risk Factors" below.
Arranger	AMTD Global Markets Limited.
Dealers	AMTD Global Markets Limited, Cathay United Bank Co., Ltd., China Everbright Securities (HK) Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, CMBC Securities Company Limited, GF Securities (Hong Kong) Brokerage Limited, Industrial and Commercial Bank of China (Asia) Limited, KEB Hana Global Finance Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Yuanyin Securities Limited and Zhongtai International Securities Limited and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Securities.
Fiscal Agent and Issuing and Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch.
CMU Lodging and Paying Agent, Registrar and Transfer Agent	The Bank of New York Mellon, Hong Kong Branch.
Method of Issue	Securities may be issued on a syndicated or non-syndicated basis. Securities will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest (in the case of Notes) or the first payment of distribution (in the case of Perpetual Securities), as applicable), the Securities of each Series being intended to be interchangeable with all other Securities of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest (in the case of Notes) or the first payment of distribution (in the case of Perpetual Securities), as applicable), and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Pricing Supplement.

Issue Price	Securities may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Securities may be issued, the issue price of which will be payable in two or more instalments.
Form of Securities	The Securities may be issued in bearer form ("**Bearer Securities**", or only in the case of the Notes that may be issued in bearer form, also the "**Bearer Notes**") or in registered form ("**Registered Securities**", or only in the case of the Notes that may be issued in registered form, also the "**Registered Notes**") only. Each Tranche of Bearer Securities will be represented on issue by a Temporary Global Security if (i) definitive Securities are to be made available to Securityholders (as defined in the relevant terms and conditions of the Securities) following the expiry of 40 days after their issue date or (ii) such Securities have an initial maturity of more than one year and are being issued in compliance with TEFRA D (as defined in "— *Selling Restrictions*" below), otherwise such Tranche will be represented on issue by a Permanent Global Security. Registered Securities will be represented on issue by a Global Certificate.
Clearing Systems	Clearstream, Luxembourg, Euroclear and/or the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent (or, the CMU Lodging and Paying Agent, as the case may be) and the relevant Dealer.
Initial Delivery of Securities	On or before the issue date for each Tranche, the Global Security representing Bearer Securities or the Global Certificate representing Registered Securities may be deposited with the Common Depositary or deposited with a sub-custodian for the CMU. Global Securities or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent (or, the CMU Lodging and Paying Agent, as the case may be) and the relevant Dealer. Registered Securities that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in any currency agreed between the Issuer and the relevant Dealers.
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer and the relevant Dealer(s).
Specified Denomination	Definitive Securities will be in such denominations as may be specified in the relevant Pricing Supplement save that unless otherwise permitted by then current laws and regulations, Securities (including Securities denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Notes

Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or (ii) by reference to LIBOR, EURIBOR or HIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. Interest periods will be specified in the relevant Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of dual currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.
Index-Linked Notes	Payments of principal in respect of Index-Linked Redemption Notes or of interest in respect of Index-Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Redemption	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Redemption by Instalments	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Optional Redemption	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

Change of Control Redemption	Notes may be redeemed before their stated maturity at the option of the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement upon the occurrence of a Change of Control (as defined in "*Terms and Conditions of the Notes*").
Status of Notes	The Notes will constitute unsecured obligations of the Issuer as described in "*Terms and Conditions of the Notes — Status*".
Negative Pledge	See "*Terms and Conditions of the Notes — Negative Pledge*".
Cross Acceleration	See "*Terms and Conditions of the Notes — Events of Default*".
Early Redemption	Except as provided in "Optional Redemption" and "Change of Control Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "*Terms and Conditions of the Notes — Redemption, Purchase and Options*".
Withholding Tax	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the British Virgin Islands unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required, all as described in "*Terms and Conditions of the Notes — Taxation*".
Governing Law	English.
<u>Perpetual Securities</u>	
Maturities	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the terms and conditions of the Perpetual Securities.
Distribution Basis	Perpetual Securities may confer a right to receive distribution at fixed or floating rates.
Fixed Rate Perpetual Securities	Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the relevant Pricing Supplement.
Floating Rate Perpetual Securities	Floating Rate Perpetual Securities will bear distribution determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the Relevant Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.; or (ii) by reference to LIBOR, EURIBOR or HIBOR, (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. Distribution periods will be specified in the relevant Pricing Supplement.

Distribution Periods and Distribution Rates	The length of the distribution periods for the Perpetual Securities and the applicable distribution rate or its method of calculation may differ from time to time or be constant for any Series. Perpetual Securities may have a maximum distribution rate, a minimum distribution rate, or both. The use of distribution accrual periods permits the Perpetual Securities to allow distribution at different rates in the same distribution period. All such information will be set out in the relevant Pricing Supplement.
Distribution Discretion	If Distribution Deferral is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution or to pay only part of a distribution by giving notice prior to a scheduled Distribution Payment Date. If Dividend Pusher is specified in the relevant Pricing Supplement, the Issuer may not elect to defer any distribution if, during the Reference Period ending on the day before that scheduled Distribution Payment Date, a Compulsory Distribution Payment Event has occurred, as described in "*Terms and Conditions of the Perpetual Securities — Distributions and other Calculations — Distribution Discretion*".
Non-Cumulative Deferral and Cumulative Deferral	If Non-Cumulative Deferral is specified in the relevant Pricing Supplement, any deferred distribution is non-cumulative and will not accrue interest and the Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. If Cumulative-Deferral is specified in the relevant Pricing Supplement, any deferred distribution shall constitute Arrears of Distribution.
Restrictions in the case of Non-Payment	If a Dividend Stopper is specified in the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full, the Issuer shall not and shall procure that none of its subsidiaries shall (i) declare or pay any dividends, distributions or make any other payment or (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any of its Relevant Obligations (Stopper).
Status of the Senior Perpetual Securities	All Senior Perpetual Securities will, upon issue, constitute unsecured obligations of the Issuer as described in "*Terms and Conditions of the Perpetual Securities — Status — Status of Senior Perpetual Securities*".
Status of the Subordinated Perpetual Securities	All Subordinated Perpetual Securities will, upon issue, constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in "*Terms and Conditions of the Perpetual Securities — Status — Status of Subordinated Perpetual Securities*".

Subordination of Subordinated Perpetual Securities	Subject to the insolvency laws of the British Virgin Islands and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them shall rank ahead of those persons whose claims are in respect of any Junior Obligations of the Issuer, but shall be subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer, other than the claims of holders of Parity Obligations of the Issuer.
No set-off in relation to Subordinated Perpetual Securities	Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them. Such holders are deemed to have waived all such rights. If any amounts owing to the holders are discharged by set-off, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer.
Optional Redemption	The Pricing Supplement issued in respect of each issue of Perpetual Securities will state whether such Perpetual Securities may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Tax Redemption	The Issuer may redeem the Perpetual Securities in whole, but not in part, at their principal amount, together with any distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), in the event of certain changes affecting the taxes of the British Virgin Islands, as further described in "*Terms and Conditions of the Perpetual Securities — Redemption, Purchase and Options — Redemption for Taxation Reasons*".
Redemption for Accounting Reasons	If so specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to International Financial Reporting Standards, as amended from time to time (the "**IFRS**") or any other accounting standards that may replace IFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.
Limited right to institute proceedings in relation to Perpetual Securities	Notwithstanding any of the provisions in Condition 10 of the Perpetual Securities, the right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 5(IV) of the Perpetual Securities.

Proceedings for Winding-Up	If an Enforcement Event, as described in Condition 10 of the Perpetual Securities, occurs, the Issuer shall be deemed to be in default and Perpetual Securityholders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Perpetual Securities may institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.
Taxation	All payments of principal and distribution in respect of the Perpetual Securities and the Coupons will be made free and clear of withholding taxes of the British Virgin Islands unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Securityholder of such amounts as would have been received by it had no such withholding been required, all as described in "*Terms and Conditions of the Perpetual Securities — Taxation*".
Listing and Admission to Trading	Application has been made to the Hong Kong Stock Exchange for the listing of the Programme by way of debt issues to Professional Investors only during the 12-month period from the date of this document on the Hong Kong Stock Exchange. The Programme provides that Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer, and the relevant Dealer. The Issuer may also issue unlisted Securities and/or Securities not admitted to trading on any market. The relevant Pricing Supplement in respect of the issue of any Securities will specify whether or not such Securities will be listed on the Hong Kong Stock Exchange or any other stock exchange.
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Securities and on the distribution of offering material in the United States, the European Economic Area (including the United Kingdom), the PRC, Hong Kong, Japan, Singapore and the British Virgin Islands, see "Subscription and Sale" below. Category 1 selling restrictions will apply for the purposes of Regulation S. The Securities will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) (the "**D Rules**") unless (i) the relevant Pricing Supplement states that Securities are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**C Rules**") or (ii) the Securities are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Securities will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**") or will be in "registered form" for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

SUMMARY FINANCIAL INFORMATION

*The summary financial information set forth below has been extracted from the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2017 (the "**Annual Financial Statements**") and the Issuer's unaudited but reviewed condensed consolidated interim financial statements as at and for the six months ended 30 June 2018 (the **"Interim Financial Statements"**). The Annual Financial Statements have been audited and the Interim Financial Statements have been reviewed by Ernst & Young, Certified Public Accountants. The information set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant published consolidated financial statements of the Issuer, including the notes thereto, set out elsewhere in this Offering Circular. The Issuer's Annual Financial Statements and Interim Financial Statements for each of the financial periods stated are prepared and presented in accordance with the prevailing IFRS. In particular, the unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 have been prepared under the accounting policies as set out in the comparative information.*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December		For the period ended 30 June	
	2016	2017	2017	2018
	(HK$) *(audited)*		*(HK$)* *(reviewed)*	
CONTINUING OPERATIONS				
REVENUE				
Fee and commission income	305,825,199	307,575,184	141,862,133	230,030,856
Net investment gain	129,671,458	792,489,152	189,021,401	259,872,231
	435,496,657	1,100,064,336	330,883,534	489,903,087
Other income	2,871,218	18,330,226	10,229,624	142,016,297
Operating expenses	(62,798,658)	(136,610,667)	(50,898,006)	(71,357,969)
Gain on disposal of available-for-sale investments	16,511,500	—		
Staff costs	(59,806,711)	(129,208,940)	(33,847,101)	(41,061,509)
Finance costs	(46,554,416)	(128,630,508)	(52,440,798)	(88,340,356)
PROFIT BEFORE TAX	285,719,590	723,944,447	203,927,253	431,159,550
Income tax expense	(52,426,467)	(138,800,028)	(44,353,775)	(36,792,697)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	233,293,123	585,144,419	159,573,478	394,366,853
DISCONTINUED OPERATION				
(Loss)/Profit for the period from a discontinued operation	(791,344)	35,684	57,915	—
PROFIT FOR THE PERIOD	**232,501,779**	**585,180,103**	**159,631,393**	**394,366,853**
Attributable to:				
Ordinary shareholders of the parent	232,517,239	401,779,396	140,169,570	325,726,922
Shareholder of subordinated loans	—	1,908,219	143,836	1,735,617
Holders of perpetual securities	—	64,523,258	4,959,681	59,781,906
Non-controlling interests	(15,460)	116,969,230	14,358,306	7,122,408
PROFIT FOR THE PERIOD	**232,501,779**	**585,180,103**	**159,631,393**	**394,366,853**
OTHER COMPREHENSIVE INCOME/(LOSS)				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Available-for-sale investments and cash flow hedge:				
Changes in fair value (recycling)	570,998,970	21,000	278,516,000	—
Reclassification adjustments for gains included in the consolidated statement of profit or loss — gain on disposal	(16,511,500)	—	—	—
Exchange difference on translation of foreign operations	281,352	807,664	316,350	(66,233)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:				
Equity instruments at fair value through other comprehensive income "FVOCI" and cash flow hedge:				
Changes in fair value (non-recycling)	—	—	—	(2,136,000)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	554,768,822	828,664	278,832,350	(2,202,233)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**787,270,601**	**586,008,767**	**438,463,743**	**392,164,620**
Attributable to:				
Ordinary shareholders of the parent	787,286,061	402,608,060	419,001,920	323,524,689
Shareholder of subordinated loans	—	1,908,219	143,836	1,735,617
Holders of perpetual securities	—	64,523,258	4,959,681	59,781,906
Non-controlling interests	(15,460)	116,969,230	14,358,306	7,122,408
	787,270,601	**586,008,767**	**438,463,743**	**392,164,620**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		As at 30 June
	2016	2017	2018[(1)]
	(HK$)	*(HK$)*	*(HK$)*
	(audited)	*(audited)*	*(reviewed)*
ASSETS			
Cash and bank balances — general accounts	149,848,963	115,243,427	94,736,622
Bank balances — segregated accounts	388,091,169	397,628,263	502,036,319
Accounts receivable	117,650,689	112,322,533	260,619,845
Prepayments, deposits and other receivables	54,324,153	9,546,811,862	5,590,293,389
Loans receivable	52,573,022	356,539,342	311,671,166
Due from a related company	30,321,777	35,156,003	4,075,351
Due from ultimate holding company	—	662,977,191	2,375,131,433
Financial assets at fair value through profit or loss	1,448,466,787	3,509,926,093	5,686,302,012
Derivative at fair value through profit or loss	—	676,800,000	809,280,000
Equity instruments at FVOCI	1,192,300,000	497,521,000	362,905,000
Debt instruments at amortised cost	155,102,000	156,294,000	256,639,412
Tax recoverable	—	11,805,463	—
Property, plant and equipment	10,316,995	30,252,966	33,825,496
Intangible assets	15,171,170	15,171,170	15,171,170
Assets of a disposal business classified as held for sale	61,469,252	62,928,575	—
TOTAL ASSETS	**3,675,635,977**	**16,187,377,888**	**16,302,687,215**
LIABILITIES AND EQUITY			
LIABILITIES			
Clients' monies held on trust	339,118,657	381,027,252	514,727,303
Accounts payable	678,442,904	378,101,850	112,559,849
Other payables and accruals	35,697,119	77,201,104	34,121,677
Loans payable	143,528,767	—	—
Bonds payable	1,220,468,755	2,682,641,691	2,692,178,911
Due to ultimate holding company	190,028,927	—	—
Tax payable	20,600,730	5,655,952	22,777,561
Bonds interest payable	15,165,517	41,547,541	41,991,960
Provisions	59,638,242	59,739,689	—
Deferred tax liabilities	17,239,669	130,208,677	135,512,437
Liabilities directly associated with the assets classified as held for sale	15,121,215	12,322,454	—
Total liabilities	**2,735,050,502**	**3,768,446,210**	**3,553,869,698**
EQUITY			
Share capital	78,008	78,008	78,008
Share premium	56,422,000	56,422,000	56,422,000
Subordinated loans payable to a shareholder	—	147,028,767	148,764,384
Retained profits	336,493,722	738,273,118	1,061,559,972
Other reserves	555,773,886	692,964,804	690,762,571
Total ordinary shareholders' equity	948,767,616	1,634,766,697	1,957,586,935
Holders of perpetual securities	—	10,547,734,346	10,547,677,539
Non-controlling interests	(8,182,141)	236,430,635	243,553,043
Total equity	940,585,475	12,418,931,678	12,748,817,517
TOTAL LIABILITIES AND EQUITY	**3,675,635,977**	**16,187,377,888**	**16,302,687,215**

(1) The Issuer's Annual Financial Statements and Interim Financial Statements for each of the financial periods stated are prepared and presented in accordance with the prevailing IFRS.

RISK FACTORS

Any investment in the Securities issued under the Programme is subject to a number of risks. Prior to making any investment decision, potential investors should consider carefully all of the information in this Offering Circular, including but not limited to the risks and uncertainties described below. The following factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Any of the risks or uncertainties described below, as well as additional risks or uncertainties, including those which are not currently known to the Issuer or which the Issuer currently deems to be immaterial, may affect the Issuer's business, financial condition or results of operations of the Group or its ability to fulfil its obligations under the Securities.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Securities issued under the Programme, but the inability of the Issuer to pay interest or distribution, as the case may be, principal or other amounts on or in connection with any Securities may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP'S BUSINESSES

The Group is reliant on a number of its shareholders and their affiliates as well as the strategic alliances it has entered into for a significant proportion of its revenue and profit

Part of the Group's revenue, particularly in its corporate insurance brokerage and risk solutions business line, is derived from services provided to its direct and indirect shareholders and their affiliated businesses. Any negative developments with the Group's shareholders may have a financial or reputational impact on the Group. Furthermore, the development and growth of the Group's capital markets & advisory business line is expected to depend, in part, on its ability to successfully leverage on the relationships and businesses of L.R. Capital Management Company (Cayman) Limited ("**L.R. Capital Group**").

A significant proportion of the Group's business opportunities, particularly in its capital markets & advisory, including its securities underwriting and placement business, and asset management businesses, from which it may derive revenue and generate profit, originates or is expected to originate from strategic alliance partners with whom the Group has entered into a strategic alliance or cooperation agreement with and their clients (see "*Description of the Group — Business Strategies — Leverage strong support from key shareholders*" and "*Description of the Group — Business Strategies — Pursue and leverage off strategic alliances, tie-ups and associations for growth*"). Whilst transactions with these counterparties are on arm's length commercial terms, they may be subject to pricing pressure due to a need to continue to develop wider relationships, which could negatively impact revenue and profitability.

Whilst the Group also conducts business with other third parties across its markets and plans to continue to diversify its client base across its business lines, in some areas it is reliant on the relationships that it has with these related and affiliated parties and their clients. These relationships are dependent in part on the continued support from L.R. Capital Group, and there is no assurance that this support will continue in its current form or that these entities will continue to maintain their strategic investments in the Group. In the event that all or some of these related or affiliated parties choose to conduct their business with one of the Group's competitors instead, cease to require the Group's services, or cease to become a source of business origination, this could have a material adverse effect on the Group's business, revenue, fee income, results of operations and financial condition.

Some of the Group's businesses are at an early stage of development and will require investment and resources in order to achieve the Group's business strategies

Certain of the Group's businesses or products across its four main business segments are in a developing stage. The Group's strategic investment (formerly known as investment solutions) business was initiated in 2016, its capital markets & advisory business in 2015 and its asset management business in 2014. Although the Group's corporate insurance brokerage and risk solutions business was established in 2004 and has a longer track record of operation, it is in a stage of development from a captive insurance broker for CK Hutchison Holdings Limited ("**CK Hutchison**") and its group companies to a diversified general insurance broker to the general corporate market. Consequently, the Group has only a limited operating history on which to base an evaluation of its business, financial condition and prospects. In addition, certain of the Group's businesses are evolving and the Group therefore believes that historical period-to-period comparisons of its financial statements may not be meaningful and should not be relied upon as an indication of future performance. The Group's future prospects must be considered in the light of the risks and uncertainties frequently encountered by companies in their early stages of development.

The Group will continue to need to invest capital and resources in these 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 profitable revenue. In addition to capital investment, the Group will need to invest in additional skilled and experienced members of management and other staff across its developing businesses. There can however be no assurance that the planned and anticipated growth of the four main business segments 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, which may have a material adverse effect on the Group's business, growth prospects, fee income, results of operations and financial condition.

In order to develop and expand its business, the Group is committed to providing new products and services in order to strengthen its market position in Hong Kong. The Group plans to continue to expand its product and service offerings as permitted by relevant regulatory authorities, conduct transactions with new customers not in the Group's traditional customer base, acquire businesses and potentially enter into new markets. These activities expose the Group to new and increasingly challenging risks, including, but not limited to:

- the Group may not be able to obtain the necessary and requisite licences and consents from the regulatory authorities within the expected timeframe in offering the new products and services to customers;
- it may have insufficient experience or expertise in offering new products and services and dealing with new counterparties and clients;
- it may be subject to greater regulatory scrutiny, increased credit risks, market risks and operational risks;
- it may suffer from reputational concerns arising from dealing with less sophisticated counterparties and clients;
- it may be unable to expand its client base quickly in some of its businesses at an early stage of development due to a lack of track record;
- it may be unable to provide clients with adequate levels of service for its new products and services;
- it may be unable to hire additional qualified personnel to support the offering of a broader range of products and services;
- its new products and services may not be accepted by the Group's clients or meet its profitability expectations;
- it may be unable to obtain sufficient financing from internal and external sources to support its business expansion;
- it may not be successful in enhancing its risk management capabilities and IT systems to identify and mitigate all the risks associated with these new products and services, new clients and new market; and
- it may not be successful in applying for the establishment of a full-licence joint venture securities firm in the PRC.

If the Group is unable to achieve the intended operating results with respect to its offering of new products and services, its business, financial condition and results of operations could be materially and adversely affected.

The Group is subject to moderate gearing although certain outstanding debt constitutes subordinated shareholder loans

As at 30 June 2018, the Group's debt to equity ratio was approximately 0.22:1 (although certain outstanding debt is constituted by the subordinated Shareholder Loans (as defined in "*Description of the Issuer*")). The incurrence of any material amount of new debt (including in relation to any Securities issued under the Programme) may have impacts on the Group's leverage. However, pursuant to the Subordination Agreements (as defined below), the Shareholder Loans (as defined below) are subordinated to the Securities issued under the Programme. However, whilst the Group's shareholders have supported it through the Shareholder Loans, the shareholders have neither provided any form of guarantee as regards any Securities nor any form of "keepwell" undertaking as regards the Group.

Unless the Group has sufficient positive cash flow from operations or other financial resources it may not be able to meet ongoing repayment obligations under existing and new debt, including Securities issued under the Programme

The Group will be reliant on generating sufficient cash flows from operations to service its debt obligations (including any Securities issued under the Programme), unless it has access to other sources of funding, including shareholder support (see "*Risk Factors — Risks Relating to the Group's Business — Limitations on access to liquidity and capital resources could adversely affect the ability to implement the Group's expansion plans and the execution of its business strategy*"). There can be no assurance that the cash flows generated by the Group's operations will increase and therefore be sufficient to enable it to repay its debt obligations in a timely manner or at all. High gearing will require the Group to dedicate a significant proportion of its cash flows towards servicing and repayment of its existing debt, which will reduce the availability of cash flows to fund working capital, capital expenditures, acquisitions and other general corporate requirements. For the year ended 31 December 2017, the Group had a negative cash flow from operating activities of HK$764.7 million and for the year ended 31 December 2016 it generated a positive cash flow from operating activities of HK$368.3 million. For the six months ended 30 June 2018, the Group had positive cash flow from operating activities of HK$2,122.3 million, and for the six months ended 30 June 2017, the Group had negative cash flow from operating activities of HK$1,652.0 million.

The proceeds from any issue of Securities under the Programme will fund working capital, refinancing or capital expenditures (as detailed in the relevant Pricing Supplement), but may need to be utilised in a way that enhances the cash flows of the business. As noted above, aside from corporate insurance brokerage and risk solutions and asset management services, the Group's capital markets & advisory, institutional asset management and strategic investment businesses are developing, and the Group's growth strategy is subject to a wide range of economic, market and operational risks. As a result, the return on the Group's investment of the proceeds of its debt issues may not achieve the anticipated levels of return or may be subject to delay.

In the absence of internal financial resources or further support from its shareholders, in order to repay its debt (including Securities issued under the Programme) the Group will need to refinance the principal amount of any Securities issued under the Programme or raise further equity and there can be no assurance that the Group will be able to refinance, or obtain credit for refinancing to repay the principal amount of any Securities issued under the Programme. The Group's ability to obtain refinancing on commercially acceptable terms will depend on its relationship banks', lenders' and other potential investors' views on the financial health and prospects of the Group, and an assessment of leverage, asset support and cash flows may impact these views.

Failure to repay its debt obligations in a timely manner and failure to refinance to repay the principal amount of any Securities will cause the Group to default under its obligations, which will in turn have an adverse effect on the Group's business, results of operations and financial condition

Limitations on access to liquidity and capital resources could adversely affect the ability to implement the Group's expansion plans and the execution of its business strategy

In the past, the Group has principally relied on the cash flow generated by its operations in order to fund its business. The Group has also received shareholder loans from the Issuer's immediate holding company, and as at 30 June 2018, the Group had subordinated loans payable to a shareholder of HK$148.8 million. Such shareholder loans have been provided specifically in order to facilitate certain equity purchases and subsidiary financing by the Group.

The ability of the Group to access funding sources on acceptable commercial terms over the longer-term is dependent on a variety of factors, including a number of factors outside of its control, such as general market conditions and confidence in the global banking system. Over the past two years, global credit markets have tightened significantly with the failure and/or the nationalisation of a number of large financial institutions in Europe, the United States and other countries. Cautious lending policies implemented by financial institutions may result in increased financing costs through increased interest rates and more limited availability of financing. Access to funding will also depend, in part, on the Group's ability to demonstrate to banks, other lenders and investors, that it is a stable and growing business with a robust current financial position and healthy financial outlook and that it is able to develop across its business lines in accordance with its espoused strategy. There can be no assurance that the Group will be able to obtain credit on favourable terms or at all or that any additional funding will be provided by way of further shareholder loans. Failure to secure funding for operations or refinancing could adversely impact the Group's business, results of operation and financial condition.

Continued deterioration of global economic conditions could negatively impact the Group's business

The Group's business is sensitive to national, global and local economic conditions in the markets in which it operates, including GDP growth, inflation, interest rates, availability of and access to capital markets, consumer spending rates, and the effects of governmental initiatives to manage economic conditions. Any such changes could adversely affect the industry's in which the Group operates in general which could materially and adversely affect the Group's financial results. Any significant turmoil in the major Chinese stock markets, decline in the global prices of commodities, including oil, depreciation in the value of Renminbi, economic and political instability in various countries in the Middle East and Northern Africa. The United Kingdom held a referendum on 23 June 2016 in which majority of voters voted to exit the European Union ("**Brexit**"). Brexit could adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets.

The U.S. and the PRC have recently been involved in disputes over trade barriers that have threatened to escalate into a trade war between the countries. Both countries have implemented tariffs on certain imported products from the other, casting uncertainty over tariffs and barrier to entry for products on both sides. It is uncertain when or whether the two governments will resolve their differences in the ongoing negotiations. Sustained tension between the U.S. and the PRC over trade policies could significantly undermine the stability of the global economy. Any severe or prolonged slowdown or instability may materially and adversely affect our business, operational results and financial position.

Economic conditions in the PRC are sensitive to global economic conditions, and it is impossible to predict how the Chinese economy will develop in the future. In particular, any slowdown in the PRC's economic development might lead to tighter credit markets, increased market volatility, sudden drops in business and consumer confidence and dramatic changes in business and consumer behaviours. The PRC economy also faces challenges in the short to medium term. Continued turbulence in the international markets, as well as any slowdown of economic growth in the PRC, may adversely affect the Group's liquidity and financial condition.

Disruptions and instability in credit and other financial markets and deterioration of national and global economic conditions, could, among other things:

- make it more difficult or costly for the Group to obtain financing for its operations or investments or to refinance debt;

- impair the financial condition of some of the Group's clients, thereby increasing client bad debts and demand for the Group's corporate insurance brokerage and risk solutions services; and

- increased market volatility which adversely affects the value of the Group's investments.

The Group operates in the highly competitive financial services industry

The financial services industry in Asia and Hong Kong in particular, houses a large number of participants and is highly competitive.

The Group, through its subsidiaries which are licensed corporations in Hong Kong, is currently engaged in Type 1, Type 2, Type 4, Type 6 and Type 9 regulated activities. The industry has a low entry barrier as new participants are able to enter as long as they have engaged professionals with the appropriate skills and have obtained the requisite licences and permits to engage in the various types of activities regulated under the SFO.

The Group competes on the basis of a number of factors, including price, products and services, innovation, transaction execution capability, reputation, experience and knowledge of staff and employee compensation. Apart from the multinational financial institutions including commercial banks and investment banks with global networks and a local presence in Hong Kong and other Hong Kong based securities houses and asset management firms, the Group faces further competition from other financial services firms with similar target clients and offering a similar range of products and services including traditional and online brokerage services, asset management and capital markets & advisory businesses. These include competitors which have a long operating track record, a more extensive client base and significant financial and other resources. Historically, competition in the asset management and traditional brokerage business has been fierce. Over the past decade, online securities brokerage and financial information portals have become prevalent, intensifying competition for online business revenues. In recent years, as the asset management and brokerage market in Hong Kong had become more saturated, banks and brokerage firms rolled out low management fees, prolonged commission-free concessions or extra-low fixed commissions as incentives to attract customers, thus further intensifying the competition in this industry. The Group expects that competition in asset management and securities and insurance brokerage, part of the Group's core business operations, will continue to be intense. As a relatively new entrant to some of its markets, the Group's ability to compete with more established and larger competitors in some of its business lines has been dependent, along with its shareholder and related party support and client base, on offering attractive commissions and other incentives. Whilst it is important to make these investments at an early stage of the development of a business, the Group will need to capitalise on its client base, increasing its size and reputation in order to move to a business model premised on lower commissions and other incentives in order to ensure profitability and, in turn, investment for future growth.

There can be no assurance that the Group can compete effectively against its current and future competitors, or that competitive forces in the market will not alter the industry landscape such that the Group's business objectives would become impractical and/or impossible. Under those circumstances, the Group's business and financial performance would be adversely affected.

The Group's business, financial condition, results of operations, prospects and ability to access liquidity could be materially adversely affected by downturns in the capital markets of the PRC and Hong Kong, which in turn may be affected by volatility and downturns in the global capital markets

The Group's businesses, including its capital markets & advisory, asset management, corporate insurance brokerage and risk solutions and strategic investment businesses, are highly dependent on economic and market conditions in the Greater China region. In addition, global market conditions may adversely affect market conditions in the Greater China region.

Volatility in the capital markets in the United States, Europe, Japan, the PRC and other jurisdictions in recent years has had a corresponding effect on Asian financial markets and may continue to do so in the future.

Unfavourable financial or economic conditions, such as those caused in recent years by the global financial and economic crisis, including the European debt crisis, the potential withdrawal of countries from the Eurozone and volatility in the PRC stock market, have adversely affected investor confidence. Weakening investor confidence has resulted and could continue to result in significant declines in the number and size of transactions in which the Group provides capital markets & advisory services. It may also impact the level of assets placed and transactions executed with the Group's asset management business. Any decline in the number of capital markets transactions in the PRC and Hong Kong due to unfavourable financial or economic conditions would adversely affect the Group's capital markets & advisory business.

Market volatility and adverse financial or economic conditions may also adversely affect the Group's asset management business. These conditions tend to reduce the value of the Group's clients' portfolios, discourage investor confidence and reduce investing activities, making it more difficult for the Group to maintain existing clients and attract new clients. These conditions may result in price fluctuation and a decline of the trading volumes, which in turn may adversely affect the Group's securities and brokerage services revenue.

Under adverse financial or economic conditions, the value of the Group's asset management portfolio may be adversely affected and therefore reduce the management fees or performance fees the Group earns from its asset management business, and the Group may face an influx of client redemptions in its asset management portfolio, which, in turn, could also adversely affect the Group's asset management business. To the extent that clients do not withdraw their funds, they may switch their funds to other investment products that generate less management fee revenue for the Group.

The Group's strategic investment business is further subject to risks associated with market volatility, especially in the PRC and Hong Kong capital markets, which may adversely affect the value of the financial assets held by the Group's strategic investment business. For the six months ended 30 June

2018, the Group's strategic investment business contributed HK$259.8 million in revenue, representing 53.1 per cent. of the total revenue of the Group. There can be no assurance that the Group's business, financial position and operating results, as well as its future prospects, will not be materially and adversely affected in the event of any downturn in the global or regional capital markets.

A reduction in the Group's income or a loss resulting from its financial advisory services, asset management portfolio or underwriting, securities and brokerage, investments, trading or corporate financing transactions under its capital markets & advisory, asset management, corporate insurance brokerage and risk solutions and strategic investment services could have a material adverse effect on its business, results of operations and financial condition. As a result of these risks, the Group's income and operating results may be exposed to significant fluctuations.

The Group's investments and strategic investment business is subject to market volatility and management's investment decisions

The Group launched its strategic investment business in 2016 and has invested in listed and unlisted assets. See the section headed "*Description of the Group — Business Activities — Strategic Investment*" for further details. The Group's strategic investment business primarily focuses on medium to long term investments in listed and non-listed securities across Asia and globally. The Group's investments may include related and affiliated parties if the investment matches the Group's overall investment strategy. As at 30 June 2018, the largest single equity investment held by the Group involved a net investment position of HK$2,965 million in a listed company. As the Group commits substantial amounts of capital to its investments and it records such investments at fair value at the end of each reporting period and records fair value changes through its income statement or statement in financial position, the Group is exposed to market risks arising from changes in the value of its investments. Any decline in the value of the Group's investments due to market volatility will adversely affect its revenue, and in turn, its results of operations and financial condition. Fluctuations in stock markets could affect the Group's listed investments. Poor market conditions could affect the value of the Group's listed investments while favourable market conditions may not be sustainable. Such volatility may result from changes in business conditions specifically affecting such investments or more generally from changes in global economic, political or industry conditions.

The performance of the Group's strategic investment business also relies on the Group's management's investment decisions and judgments based on its assessment of market conditions and the portfolio companies' performance and prospects. The Group cannot assure that its management's investment decisions will always yield positive results or that it will achieve the investment returns that it anticipates. The Group may suffer material losses as a result of poor investment decisions or poor business performance of its portfolio companies, which could materially and adversely affect the Group's business, financial condition and results of operations.

The Group's strategic investment business may fail to realise profits from its investments or lose some or all of the invested capital

Some of the investments made through the Group's strategic investment business are in securities and structured products that are not publicly traded. The Group's ability to dispose of such unlisted securities is dependent on market conditions. In a depressed market, the Group may be forced to sell such investments at undesirable prices or to defer the sale, potentially for a substantial period of time, exposing the Group's investment returns to market risks during the intended disposition period. Additionally, the failure of the Group's portfolio companies to perform as expected could also impair its ability to exit investments for a favourable return or at all. In such event, the Group may lose a material part or all of such investments. The Group expects to continue to make investments in unlisted securities of portfolio companies as attractive opportunities arise and will continue to be subject to such liquidity issues.

In addition, the Group has limited control over the operations of the portfolio companies that the Group invests in. The Group is subject to the risk that such companies may make business, financial or management decisions or otherwise act in a manner that does not serve its interests. If any of the foregoing occurs, the value of the Group's investments could decrease, which could adversely affect its results of operations and financial condition.

The Group may not be successful in maintaining and increasing its client base and business volume in its corporate insurance brokerage and risk solutions business.

Maintaining close and stable business relationships with the Group's major clients is crucial to its business and prospects. The corporate insurance brokerage and risk solutions business is highly competitive and the Group has to maintain its client base and attract new clients to achieve future success. Insurance brokerage clients are sensitive to the costs of purchasing insurance products and the quality of services and the breadth and relevance of information they receive in order to select the right insurance products.

For the years ended 31 December 2016 and 2017 and for the six months ended 30 June 2017 and 2018, the income from the Group's corporate insurance brokerage and risk solutions business amounted to HK$43.2 million, HK$22.8 million, HK$15.5 million and HK$12.8 million, respectively. The Group cannot assure that it will be able to maintain the current volume of business with its existing clients at the desired levels, or at all, or to attract new clients and expand its business volume. The Group's ability to maintain and grow its corporate insurance brokerage and risk solutions business is dependent on various factors, including, but not limited to:

- its ability to source and propose insurance policies that meet the requirements and standards set by its existing and potential clients;

- its ability to offer a competitive insurance brokerage rate and to provide value-added service; and

- its ability to maintain and develop amicable client relationships.

Any failure of the above could result in a loss of clients or lead to a reduced business volume or revenue with such clients, as well as limit the Group's chances in engaging new clients. This would have a material adverse impact on the Group's business, financial condition, results of operation and future prospects.

In addition, other market factors may also affect the Group's performance, including but not limited to:

- changes in premium levels in the general insurance market; and

- competitive pressures from other insurance brokers and insurers, in particular, entry of new participants and consolidation of existing participants.

Such changes could result in reduced margins or loss of market share for the Group, which could adversely affect its business, financial condition, results of operation and future prospects.

The Group faces the risk of concentration of clients and dependence on major clients to generate a large portion of its revenue in its corporate insurance brokerage and risk solutions business

For the years ended 31 December 2016 and 2017 and for the six months ended 30 June 2017 and 2018, income from the Group's top five clients in its corporate insurance brokerage and risk solutions business amounted to approximately 9.9 per cent., 2.1 per cent., 4.7 per cent. and 2.6 per cent. of the total revenue of this business segment for such periods, respectively. The majority of these top five clients, as well as other major clients, are the Group's long-term clients. Any decision by a client to reduce or discontinue its business with the Group, whether as a result of the Group's failure to meet their needs in sourcing suitable insurance products at a competitive rate or because of other reasons, such as changes in its operations or financial condition, would have a material adverse impact on the Group's business, financial condition, results of operation and future prospects.

The Group's business operations are exposed to liquidity risk. Limitations on access to liquidity and capital resources could adversely affect its ability to implement expansion plans and the execution of the Group's business strategy

The Group requires a significant amount of funds for expansion and to make additional investments. As a result, sufficient liquidity is crucial to the Group's business operations. Any decline in the Group's liquidity level may impair its ability to expand operations, which may result in loss of potential business and clients. The Group also has accounts payable to brokers arising from the use of margin loans in investments through its strategic investment business. Such accounts payable are repayable on demand. The Group cannot assure that such payables will not be called for immediate repayment should the value of the relevant investments deteriorate.

The Group's ability to access funding sources on acceptable commercial terms over the longer-term is dependent on a variety of factors, including a number of factors outside of its control, such as general market conditions and confidence in the global banking system. Over the past two years, global credit markets have tightened significantly. Cautious lending policies implemented by financial institutions may result in increased financing costs through increased interest rates and more limited availability of financing. Access to funding will also depend, in part, on the Group's ability to demonstrate to banks, other lenders and investors, that the Group are a stable and growing business with a robust current financial position and healthy financial outlook and that the Group is able to develop across its business segments in accordance with its espoused strategy. The Group cannot assure that it will not need additional funding in the future, or be able to obtain credit on favourable terms or at all or that any additional funding will be provided by shareholders. Failure to secure funding for operations or refinancing could adversely impact the Group's business, results of operation and financial condition.

The Group and the companies within it are unlisted and may in the future be the subject of a spin-off through a public offering or sale

The Group currently operates as an unlisted business with the support of its major shareholders. A number of the businesses operated by the Group are at a relatively early stage of their development. As a result, historical information available in relation to the Group may not be appropriate or sufficient to evaluate the Group's business and prospects. Where a particular business or company within the Group is of a size and stage of its development where there is an opportunity to seek funding for the business through a public offering, the Group will actively explore and take advantage of a public offering of any of the Group's business. Whilst any offering, restructuring or disposal would be conducted on terms that are commercially attractive to the Group and consideration received would be used for the future development of the Group's remaining business, a change in business structure or overall composition of the Group could negatively impact the Group in the short to medium term. Investors should note that there are no covenants in the Conditions of the Securities which prevent disposals of assets or shares.

The Issuer's shares are unlisted and it is not subject to the continuous disclosure requirements that a listed company would be, and there is limited historical financial information available

The Issuer is currently not listed and is not subject to requirements to produce and maintain public information relating to its business or to publicly publish financial information or other information that would be required if it did have an equity listing in Hong Kong or elsewhere. Whilst requirements will be imposed on the Issuer relating to disclosure of financial information, interests of shareholders and directors in shares and debentures and other information material to investors for issues of listed Securities under the Programme, these requirements are not as stringent as those which would apply to a primary or secondary equity listing. The Issuer is also not subject to, and will not become subject to by virtue of issuing listed Securities under the Programme, the requirements that apply to companies with a primary or secondary equity listing in Hong Kong or elsewhere, including corporate governance standards, restrictions on directors' dealings in securities, controls on connected party transactions, requirements for notification and, in some cases, approval of major acquisitions and disposals, conditions on further debt and equity issuance and certain other ongoing disclosure requirements. In addition, there is limited historical financial information available in relation to certain of the Group's businesses and the Issuer, and investors should exercise caution in reviewing the historical financial information presented to them and implying or extrapolating trends based thereon. The Issuer is also not rated by any rating agency and therefore no independent assessment of its credit worthiness is available.

The Group's businesses are highly regulated in Hong Kong and is subject to regulatory and litigation risks which could have a material adverse effect on the Group's business, results of operations and financial condition

Financial Services Regulation

As a participant in the financial services industry, the Group is subject to extensive laws, regulations, rules, policies, guidance and codes of conduct of relevant regulatory authorities and faces the risk of significant intervention by regulatory authorities in Hong Kong. Across the financial services industry, regulatory bodies have recently looked to strengthen regulation and take a rigorous approach to compliance, investigation and imposition of penalties. Key regulations in Hong Kong governing the financial services industry include the SFO and the Money Lenders Ordinance (Cap. 163) of Hong Kong (the "**MLO**"). Financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations currently affecting the Group may change and, although the Group monitors developments, it cannot predict future initiatives or changes. A failure to comply with these rules and regulations may subject the Group to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines, censure, reprimand or even suspension of licences. If the Group fails to comply with any regulatory requirements in the future, the Group and its employees may become the subject of inquiries or investigations by the relevant regulatory authorities.

The Group is also in the process of establishing a full-licence joint venture securities firm in the PRC, which is subject to regulatory approval. If established, the joint venture entity will become subject to PRC laws and regulations, including regulations governing the financial services sector. As with financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations currently affecting the Group in Hong Kong, corresponding financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations in the PRC may change and, although the Group will endeavour to monitor developments, it cannot predict future initiatives or changes. A failure to comply with these rules and regulations may subject the Group to enquiries and/or investigations by the relevant regulatory bodies in the PRC, which may result in fines, censure, reprimand or even suspension of licences.

Where penalties are substantial or protracted litigation is involved, the Group's reputation and financial position may be jeopardised. In such cases, there may be a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, there is risk that new laws or regulations or changes in enforcement or interpretations of existing laws or regulations applicable to the Group's businesses or those of its clients could be imposed on a limited subset of financial institutions (either based on size, activities, geography or other criteria), which may adversely affect the Group's ability to compete effectively with other institutions that are not affected in the same way.

Insurance Intermediary Regulation

Insurers and insurance intermediaries are currently regulated in Hong Kong under a self-regulatory system. Insurance intermediaries must be authorised by the Office of Commissioner of Insurance (or, with effect from 26 June 2017, the Insurance Authority) or, alternatively, obtain membership of either The Hong Kong Confederation of Insurance Brokers ("**HKCIB**") or the Professional Insurance Brokers Association. The Group's insurance broking business (through its corporate insurance brokerage and risk solutions services business segment) is a registered member of the HKCIB and provides services to its clients under the HKCIB rules. As a member of the HKCIB, the Group is required to act in accordance with its rules and regulations and code of conduct. Whilst the Group maintains in strict compliance with all of the requirements imposed on its insurance broking business, in the event that it failed to do so this could impact its regulatory position and ability to operate this part of its business. Breach of these requirements could also lead to the imposition of financial penalties on the Group. Further, if new laws or regulations were enacted in this area, the Group could be required to incur additional costs and apply additional resources to initiate and thereafter maintain compliance.

Regulatory Requirements on Due Diligence

Changes in regulations relating to the due diligence process for initial public offerings of shares could create more onerous obligations on the part of sponsors, bookrunners and other parties in the equity offering process, with an increased risk of non-compliance. The performance and prospects of the Group's capital markets & advisory business may be adversely affected if tighter due diligence requirements result in the non-compliance of such regulatory requirements by the Group. See "— *The Group faces risks associated with the underwriting or placement of securities offerings.*"

Regulatory Approval and Licensing

Withdrawal or amendment of any regulatory approval or of any exemption from registration in respect of any part of the Group's activities in any jurisdiction might compel termination of a particular business or change the way in which it is conducted. Similarly, the withdrawal of either a licence or an approval of one or more individuals would hinder their ability to perform their current role. This is particularly relevant to the Group's asset management business, which is actively pursuing an expansion strategy in Hong Kong and the PRC where registration and licensing requirements are subject to legislation and any amendments thereto from time to time. The carrying on of regulated activities by unauthorised persons could have a number of consequences including the possibility of agreements made in the course of carrying on such activities being unenforceable.

The Group may also have to respond to any material changes in legislation or regulation which could potentially affect its business by adapting its business model or products in the relevant market. There can be no assurance that the Group will be able to effectively respond to any such changes and this may affect the Group's operations and the conduct and success of its business in the relevant market. If the relevant market is a significant or important market to the Group, this may undermine the Group's expansion strategy and may have a material adverse effect upon the Group's business, results of operations and financial condition. Even if the Group could cope with such changes in legislation or regulations, this would invariably increase the compliance costs of the Group.

If the Group fails to comply with such rules and regulations, it may become subject to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines or restrictions on the Group's business activities. If results of any investigations or enquiries are proved to involve serious misconduct, the Group may become subject to penalties including censure, reprimand and fines. In extreme cases, the Group may be prevented from conducting business in a normal manner and some or all of the Group's operation licences may become suspended or revoked. Where penalties are substantial or protracted litigation is involved, the Group's reputation and financial position may be damaged. In such cases, there may be a material and adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group faces risks associated with the underwriting or placement of securities offerings

The Group is exposed to transaction-specific execution risks for each securities offering it may underwrite or place. The Group generally receives payment of underwriting or placement commissions only after it successfully completes a transaction. If a project is not completed as scheduled or at all for any reason, including weak investor interest and a failure to receive the relevant listing approval, the Group may not receive payment for its capital markets & advisory services in a timely manner, or at all, which may materially and adversely affect its business, financial condition, results of operations and prospects. The capital markets & advisory business of the Group accounted for 36.6 per cent. of the total revenue of the Group for the six months ended 30 June 2018 and was the largest overall contributor in revenue terms. Due to the exposure of this business line to what can be volatile markets, revenue from this part of the business is likely to be unpredictable and unstable. Markets may be subject to long periods of downturn and transaction sizes may be lower on an individual or overall value basis due to local or global economic conditions, the prevailing interest rate environment and overall investor sentiment, and during such periods, the Group is unlikely to be able to draw significant revenue from this business segment, revenues being dependent on successful transaction execution.

The Group has investment risk on securities it underwrites or places on a firm commitment basis and may suffer additional losses as a member of an underwriting syndicate or placing syndicate if an offering is not fully subscribed. The performance of the underwriting activities may severely deteriorate during periods of sluggish and volatile market conditions when the securities underwritten by the Group are undersubscribed and the Group and other underwriters/sub-underwriters are required to take up unsubscribed securities. If the Group fails to sell the securities it underwrites, it would suffer reputational damage, as well as incur expenditure to purchase and hold the underwritten securities, thereby materially and adversely affecting its business, financial condition, results of operations and prospects.

In addition, companies that wish to list their securities in Hong Kong require an investment bank to act as sponsor to assist with their listing application. Should the Group act as a sponsor in the future, it would be required to fulfil certain due diligence and disclosure requirements in connection with each project it sponsors and would be subject to civil and criminal liability in relation to its role as sponsor or underwriter and the disclosure provided to investors if any relevant or applicable regulations are breached.

Furthermore, the SFC published the "Additional Fit and Proper Guidelines for Corporations and Authorized Financial Institutions applying or continuing to act as Sponsors and Compliance Advisers" (Appendix I to the "Fit and Proper Guidelines") in October 2013 to enhance the regulatory regime of sponsors in Hong Kong, which will result in more stringent regulatory requirements and increased liability for initial public offering sponsors. There can be no assurance that there will not be even more stringent regulatory requirements in the future. A failure to satisfy these requirements could subject the Group to fines and other administrative or regulatory penalties, including suspension of its licences, or even criminal liability, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Fluctuations in stock markets could affect the Group's financial assets as well as its clients' appetite for its products and services

Fluctuations in stock markets could affect the Group's investments and financial assets and the level of client interest in certain of its products and services. There has been significant volatility in PRC stock markets, with the PRC government taking unprecedented steps to support the markets. This volatility has impacted global markets, and in particular the Hong Kong stock market. Any further significant falls or increased volatility may further impact global capital markets potentially making it more difficult for the Group to access financing or impacting the Group's clients' interest in products and services, as well as the health of their businesses generally. The market volatility may also negatively affect PRC consumer confidence and have an adverse impact on the wider PRC and Hong Kong economies.

Poor market conditions could affect the value of its financial assets while favourable market conditions may not be sustainable. Lack of liquidity or price volatility could reduce the value of the financial assets that the Group invests in or manages which, in turn, may have a material adverse effect on its business, growth prospects, net inflows of asset under management, fee income, results of operations and/or financial condition.

The Group's revenue is adversely affected by reductions in its assets under management caused by market declines

The Group's revenue from its asset management business includes asset management fees and performance fees, which are based on the amount and value of its assets under management. Consequently, investment performance affects the amount of the assets under the Group's management and is one of the most important factors in retaining clients and competing for new asset management business. Poor investment performance could adversely affect the Group's revenue and business growth because:

- existing clients might withdraw funds from the Group's asset management business in favour of better performing products provided by its competitors, which would result in a reduction of management fees for the Group;

- clients may require the Group to reduce its fees for asset management services, particularly in an intensely competitive industry; and

- the Group's incentive fees (if any), which are based on a percentage of investment returns, would decline.

There can be no assurance that the Group would be able to keep or increase the assets under the Group's management. To the extent the Group may fail to keep or increase the assets under its management due to increasing competition from insurance companies, trust companies, banks and other competitors, its business, financial condition, results of operations and prospects would be adversely affected.

The expansion of and changes to the Group's product and service range exposes it to various risks, and the Group may not succeed in the implementation of a new product group or customer acquisition channel, of a new pricing or credit assessment method or analytical tools and data

The Group may seek to introduce new product or service groups, pricing and credit assessment analysis methods and uses of data in order to retain existing customers whose needs have evolved, and to attract new customers for whom the existing product offering or methods of acquisition are unattractive or ineffective and/or for whom more competitive pricing and more sophisticated underwriting processes are required. Expansion of and changes to the product and service range exposes the Group to a number of risks and challenges, including the following:

- competitors of the Group may have substantially greater experience and resources in relation to the business activities the Group wishes to commence, and the Group may not be able to attract customers to its services from competitors with existing relationships with those customers;

- the new products and services may not be accepted by the Group's customers or meet its expectations for profitability, and may require greater marketing and compliance costs than the Group's traditional services;

- the new products and services may give rise to potential disputes or claims from customers;

- the Group may need to hire additional qualified personnel but such personnel may not be readily available; and

- the Group may not be successful in enhancing its risk management capabilities and information technology systems to support a broader range of products and services.

However, there can be no assurance that the Group will be able to achieve the administrative, systems-related and logistical improvements necessary to achieve its goals and other aspects of its growth effectively. In addition, competition for highly skilled business, technical and other personnel is high due to the increasing competition in the financial services industry.

Accordingly, the Group's personnel expenses may increase or it may have difficulty in recruiting and retaining properly qualified personnel. Furthermore, to the extent its business model and practices are unfamiliar to regulators, the Group may encounter unexpected restrictions on its planned activities. If the Group is unable to achieve the intended results from the expansion of its range of products and services as a result of the unsuccessful execution of the conception, planning and/or implementation of its strategies and methods, the Group's business, results of operations and financial condition may be materially and adversely affected.

Further, the success of the Group's operations depends on, among other things, the proper timing on launching new businesses, products and services to clients. As a result of the Group's business operating in a highly competitive environment, any delay or failure to introduce new businesses in time or in response to market demand, or any failure of the Group's new products and services to gain timely market acceptance could adversely affect the overall businesses and financial performance of the Group.

There can be no assurance that the Group's investment, merger and acquisition, joint venture, divestment and disposal activities will prove to be successful

The Group has undertaken investments, joint venture activities and disposal of certain business lines in the past and may continue to do so in the future in line with day-to-day business needs and investment strategy. In addition, the Group will actively assess opportunities in mergers and acquisition in various business segments, for example in acquiring small to medium sized insurance brokerage firms in Hong Kong to strengthen the Group's corporate insurance brokerage and risk solutions business, where there are appropriate acquisition or divestment opportunities in the market. Although due diligence and detailed analysis are conducted before these activities are undertaken, there can be no assurance that these can fully expose all problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analysis on the target company conducted by the Group and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition. Relevant facts and circumstances used in the analysis could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analysis based thereon obsolete. In the case of divestments and disposals, though the Group may seek to take advantage of commercial or strategic opportunities to divest or dispose of its various businesses in commercially attractive terms, there are no assurances that the Group will be able to sell or dispose of its interests readily or at all and at the price as valued by the Group. Some of these investments, mergers and acquisitions, joint venture divestment and disposal activities are subject to regulatory approvals and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. The Group may not necessarily be able to successfully integrate target businesses into the Group and may not be able to derive any synergies from its investment, acquisition or entry into the joint venture, or successfully divest or dispose of any existing businesses at the targeted valuation of the Group (or at all), leading to increases in costs, time and resources expended.

Changes in the legal or financial stability of, or cultural or business strategic differences with, any counterparties with whom the Group enters into joint ventures or alliances may adversely affect the Group's reputation and results of operations

The Group enters into strategic alliances with foreign and domestic counterparties and is actively exploring joint venture opportunities. As at the date of the Offering Circular, the Group's major strategic alliances and associations include those with various entities such as KEB Hana Global Finance Limited ("**KEB Hana Global Finance**"), KEB Hana Bank, Tianjin Municipal Government, Guangzhou Municipal Government and the Regional Banks + Strategic Cooperation Alliance. It is also in the process of exploring joint venture opportunities in digital insurance and virtual banking in Hong Kong. The success of these operations is often dependent upon the financial and legal stability of its counterparties. If one of the counterparties with whom the Group operates a joint venture or continues a business alliance suffers a decline in its financial condition for any reason, or is subject to instability owing to a change to the laws governing its operations after investment has been made in the joint venture or the business alliance, the Group may be unable to successfully operate the joint venture or alliance, or may be required to invest additional capital or cease operations altogether. Likewise, significant differences in corporate culture and business strategy between the Group and such partners may come to light and may result in significant changes to the assumptions that the Group made in deciding to enter into the joint venture or alliance. If any joint ventures or alliances counterparties are unable to perform as expected, or if any unexpected events relating to the alliances occur, then the Group may be unable to continue those businesses successfully. The Group's inability to successfully operate joint ventures or alliances may adversely affect its reputation and the results of operations.

A reduction in brokerage commission rates or trading activities by the Group's clients may materially and adversely affect the Group's business, financial condition, results of operations and prospects

Revenue from the securities brokerage is primarily derived from the commissions the Group charges its clients for their trading activities. Accordingly, revenue from the Group's securities and brokerage services depends significantly on trading volume. Trading volume is influenced by market conditions in Hong Kong, the PRC and principal overseas financial markets, which may be adversely affected by events including the European debt crisis, the potential withdrawal of countries from the Eurozone and the recent significant volatility in the PRC stock market. In addition, the Group's securities and brokerage services could also be adversely affected by a reduction in brokerage commission rates as a result of increased competition in the Hong Kong securities and brokerage markets. There can be no assurance that the Group's revenue derived from the securities and brokerage business can be sustained.

The Group's operations are dependent upon the services of its executive directors and key management personnel

The Group's business lines are not backed by or dependent on significant levels of assets, and instead as a service business, the Group's primary assets are its employees and management. As at 30 June 2018, the Group had net assets of HK$12,748,817,517. The Group relies upon the ability, expertise, judgment, discretion, integrity and good faith of its executive directors and senior management team. The Group's success is dependent upon its personnel and key consultants and its ability to recruit and retain high quality employees. The Group must continue to recruit, retain and motivate management and other employees sufficiently to maintain its current business. This recruitment and retention may have significant cost implications if market remuneration packages increase. In addition, if a member of the key management personnel joins a competitor or forms a competing company, the loss of the services of any such person or several of such persons or failure to recruit suitable or comparable replacements could have an adverse effect on the Group's business, financial condition or results of operations.

The Group's management and professionals are critical to its ability to attract and retain customers

Hiring and retaining highly skilled professionals is critical to the Group's ability to attract and retain customers. The market for financial services professionals, including underwriting sponsors, research analysts, traders, marketing and customer support staff and information technology and other operations personnel in the Asia-Pacific region, is highly competitive and has grown more so recently as customers focus increasingly on investment performance and as employers such as investment banks and hedge funds increase their recruitment activity. As a result, movement of such individuals among different firms is frequent.

The Group endeavours to provide its employees with competitive compensation and benefits which, as a new business without an established brand name and with a smaller size, may need to be at the higher end of the market. However, it may not be successful in hiring or retaining key personnel. Failure to obtain or retain the services of key personnel may materially and adversely affect the performance of the Group's products, its ability to develop new products and the attractiveness of its services to potential and current customers.

The media may report allegations of improper business conduct against the Group or key members of the Group's management team, which, even if unproven or resulting in no regulatory inquiries or investigations or other legal actions, may negatively affect the Group's business and reputation

As a financial conglomerate, the media may from time to time report allegations, which may not have any merit, of improper business conduct against the Group or key members of the Group's management team, even if these allegations are unproven or do not result in any regulatory inquiries or investigations or other legal actions against the Group, any perceived unfair, unethical, fraudulent, or inappropriate business conduct by the Group or perceived wrong doing by any key member of the Group's management team could harm the Group's reputation and adversely affect the Group's business. Any regulatory inquiries or investigations or other legal actions that could result from these allegations, with or without merits, may substantially damage the Group's reputation, which may impede the Group's ability to attract and retain clients and grow the Group's business.

The Group regularly encounters potential conflicts of interest, and the Group's failure to identify and address such conflicts of interest could adversely affect the Group's business

The Group faces the possibility of actual, potential, or perceived conflicts of interest in the ordinary course of the Group's business operations. Conflicts of interest may exist between (i) the Group's different businesses; (ii) the Group and its clients; (iii) the Group's clients; (iv) the Group and its employees; or (v) the Group's clients and the Group's employees. As the Group expands the scope of its business and its client base, it is critical for the Group to be able to address potential conflicts of interest in a timely manner, including situations where two or more interests within the Group's businesses naturally exist but are in competition or conflict. The Group has 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 the Group's reputation and the Group's clients' confidence in the Group could be damaged if the Group fails, or appears 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 the Group's reputation, which could materially and adversely affect the Group's business in a number of ways, including a reluctance of some potential clients and counterparties to do business with the Group. Any of the foregoing could materially and adversely affect the Group's reputation, business, financial condition and results of operations.

Damage to reputation or brand, including as a result of negative publicity with respect to other companies affiliated with the Group, may materially and adversely affect the Group's business, financial condition, results of operations and prospects

The Group's operations across its principal business lines are dependent on customers' confidence in the Group's business and therefore its brand and reputation. This makes the Group vulnerable to negative publicity and market perceptions that may be difficult or impossible for it to control. The Group's reputation and brand are accordingly vital to the success of its business.

Brand or reputation can be negatively impacted by a large number of events both within and beyond the Group's control, including failure in information technology or data breach, an adverse claim being made against a member of the Group, whether successful or not, and including frivolous and vexatious claims, perceived deteriorations in financial strength, regulatory sanctions or incidents of fraud. If its reputation or brand is damaged, the Group could lose existing customers and find it difficult to cultivate new business. Each of these may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group and its strategic investment business are subject to macroeconomic, strategic, financial, operational and political risks

The Group and its strategic investment business are subject to macroeconomic, strategic, financial, operational and political risks. Where assets held by the Group under its strategic investment business devalue significantly and the Group's management considers that the devaluation is not temporary, significant impairment losses may be recognised and may have a material adverse impact on the Group's results of operations. General market or macroeconomic volatility may result in a decrease of the unrealised gains of investment assets and/or reduction in dividend income, which in turn may have a material adverse effect on the Group's financial condition and results of operations. In the event of a severe downturn in the economy, the asset quality of the Group's portfolio may further deteriorate materially.

In particular, the Group's investment portfolio is subject to investment, liquidity, market and concentration risks. Currently, the Group's portfolio chiefly includes direct investments, with new investments being focused on the technology and innovation sectors. As such, market conditions and other factors beyond the control of the Group can adversely affect the Group's investment portfolio and the Group's results of operation and financial condition. The Group's investment portfolio may also be concentrated in certain sectors, geographic regions, individual investments or types of securities which may or may not be listed. As at 30 June 2018, the financial assets at fair value through profit and loss of the Group was in HK$5,686.3 million. Any significant decline in the value of the Group's investment portfolio may therefore adversely impact its business, results of operations and financial condition.

The Group's investment portfolio profile may change from time to time depending on various factors, including market conditions, investment opportunities, and the investments and divestments undertaken by the Group. In particular, a part of the Group's investment portfolio consists of interests in unlisted companies, which may subject the Group to liquidity risk as the Group may not be able to sell or dispose of its interests readily and at the price as valued by the Group. Failure to dispose of these interests at the price of valuation, or at all, by the Group may in turn adversely impact the value of the Group's portfolio and result of operations. Additionally, a part of the Group's investment portfolio is pledged against its margin loan payables. Any significant decline in the value of the Group's investments that have been pledged against margin loan payables may trigger a margin call, which may subject the Group to liquidity risk as the Group may not be able to sell or dispose of its investments readily and at the price as valued by the Group or at all.

The due diligence processes that the Group undertakes in connection with its investments may not reveal all facts that may be relevant in connection with an investment

Before making investments, the Group's strategic investment business will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Group may be required to evaluate important and complex industry, business, financial, tax, accounting, environmental and legal issues. For example, the Group's strategic investment business is focused on investments in the technology and innovative space sectors — identifying, analysing and managing these investments will require a certain degree of experience and knowledge of the relevant industries. In certain cases, outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. The due diligence investigation carried out may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

The Group may not have day-to-day control over the companies in which it invests

The Group may not control the day-to-day management of its investments, which exposes it to additional risks relating to their operational and financial performance. As the Group may not be in a position to control the routine operations of its investment companies, this may prevent it from identifying key weaknesses in their operational and financial performance, which could have an adverse effect on the value of the Group's investment portfolio.

The Group's revenues are subject to factors beyond its control

The Group's investment returns, and thus its revenue and profitability, may be adversely affected from time to time by conditions affecting its specific investments and, more generally, by market fluctuations as well as global general economic, market and political conditions. The value of specific investments and other assets may fluctuate substantially. Future movements in market interest rates, unfavourable conditions in the global securities markets or other factors may cause the Group's investment income to decrease significantly, and could have a material adverse effect on its business, financial condition and results of operations.

The Group is exposed to the credit risk of their trade and financial counterparties

The Group operates and is expanding its business in both Hong Kong and cross-border markets. This will increasingly expose the Group to the credit risk of their trade and financial counterparties normally associated with cross-border business transactions and activities, including those relating to delayed payments from customers or difficulties in the collection of receivables. There is no assurance that, even with the Group's experienced finance and accounting team, a customer will settle outstanding invoices on time. Failure to collect receivables could adversely affect the Group's cash flow and financial position.

Misuse of, or failure to control properly, customers' personal or financial information could prove harmful to the Group

The Group is subject to the Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong which regulates "data users" such as finance companies that use databases of personal information for their businesses and protects the privacy of individuals in relation to personal data. The Group acquires a large amount of personal and financial information relating to its customers. In addition, certain third party vendors provide services to the Group using personal and financial information of the Group's customers that the Group provides to them. In particular, as the Group relies on third party encryption and authentication technology to transmit confidential information over public networks, the security of such confidential information may become jeopardised. Improper use or disclosure of, or a failure to protect or properly control, such information could result in violations of the Personal Data (Privacy) Ordinance and other applicable laws, harming the Group's reputation and business. The Group takes precautionary measures, including internal compliance procedures, to regulate the disclosure of customers' personal information, but these measures may not be effective in all cases, particularly in respect of third-party vendors.

Employee misconduct such as fraud could adversely affect the Group's business and reputation

Employee misconduct, which can include violations of laws or regulations concerning the offering and sale of the Group's financial products and fraudulent or otherwise improper activity, could result in regulatory violations and sanctions which could harm the Group's reputation and business, particularly since many of the Group's employees are involved in direct dealing with customers. Common weaknesses that facilitate fraud include the failure to implement effectively a centralised management and supervision, inadequate segregation of duties, insufficient access controls and certain actions taken by employees which are not consistent with the Group's internal control policies. While the Group's compliance programmes are intended to reduce the risk of employee misconduct and outside parties' misconduct and fraud, the Group may not always be able to timely detect or prevent such misconduct, and this risk cannot be completely eliminated. Instances of employee misconduct in the future could have consequences that materially and adversely affect the Group's business, reputation and prospects.

The Group's businesses and prospects may be materially and adversely affected if it fails to maintain its risk management and internal control systems or these systems are proved to be ineffective or inadequate

The Group has established risk management control systems and procedures. Certain areas within its risk management and internal control systems may require constant monitoring, maintenance and continual improvements by its senior management and staff. The Group's businesses and prospects may be materially and adversely affected if its efforts to maintain these systems are proved to be ineffective or inadequate.

Deficiencies in the Group's risk management and internal control systems and procedures may adversely affect its ability to record, process, summarise and report financial and other data in an accurate and timely manner, as well as adversely impact its ability to identify any reporting errors and non-compliance with rules and regulations.

The Group's internal control system may contain inherent limitations caused by misjudgement. As a result, there can be no assurance that its risk management and internal control systems are adequate or effective notwithstanding its efforts, and any failure to address any internal control matters and other deficiencies could result in investigations and disciplinary actions or even prosecution being initiated against the Group or its employees, disruption to its risk management system. In such cases, there may be a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

System and technological failures or ineffectiveness, failure of business continuity planning, corruption of databases and service disruption may occur and could result in additional administrative and remediation costs, loss of business and profits and/or cause reputational damage to the Group

The performance of the Group's businesses depends heavily on its ability to process transactions efficiently and accurately. The Group's ability to develop business intelligence systems, monitor and manage collections, maintain financial and operating controls, monitor and manage its risk exposures across the Group, keep accurate records, provide high-quality customer service and develop and sell profitable products and services in the future depends on the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems (including its information technology system) and the successful development and implementation of new systems.

However, in common with information technology systems generally, losses can result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This may result in a loss of data, a failure to provide quality service to customers and could in limited instances cause incorrect trades to be executed. The Group's information technology, databases and other systems may be subject to damage or interruption from earthquakes, volcanic eruptions, floods, fires, power loss, telecommunication failures and similar events as well as to damage from the introduction to its systems of incorrect programming language by its employees and contractors. These systems may also be subject to computer viruses, physical or electronic break-ins, sabotage, vandalism and similar misconduct. The same is true of third party service providers and software providers on which the Group depend.

The Group routinely transmits and receives personal, confidential and proprietary information through the Internet, by email and other electronic means and may not be able to ensure that its clients, vendors, service providers, counterparties and other third parties have appropriate controls in place to protect the confidentiality of the information. An interception or mishandling of personal, confidential or proprietary information being sent to or received from these third parties could result in legal liability, regulatory action and reputational harm, and the Group's efforts to ensure that these third parties have appropriate controls in place may not be successful.

If any of the above risks materialise, the interruption or failure of the Group's information technology and other systems could impair the Group's ability to provide its services effectively causing direct financial loss and may compromise the Group's strategic initiatives.

In addition, it could damage the Group's reputation if customers believe its systems are unreliable which, in turn, could have an adverse effect on the Group's ability to collect loan repayments from customers and to attract new and retain existing customers. Technology failure or underperformance could also result in a higher number of customer and employee disputes and may increase the Group's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any customer database would be expensive and time-consuming to endeavour to retrieve or recreate, would have a material adverse effect on the Group's business, operations and financial situation and may damage its reputation and brand.

Any business disruptions resulting from acts of God, acts of war, epidemics and other factors outside of the Group's control could affect the Group's business and might result in substantial costs

The Group's business is subject to general, social and political conditions. The Group's business would be adversely affected by any unexpected events, including but not limited to riots, fire, power, strikes, civil or social disruption (including events such as Hong Kong's "Occupy Central" protests), outages, natural disasters, terrorist activities, equipment or system failures, industrial action and environmental issues, which increase the cost of doing business or otherwise adversely affect the Group's operations or those of its customers or suppliers.

Natural disasters, epidemics, pandemics, health emergencies (or concerns over the possibility of one) acts of God and other disasters that are beyond the Group's control may materially and adversely affect the economy and infrastructure. The Group's business, financial condition and operating results may be materially and adversely affected as a result.

Epidemics threaten people's lives and may materially and adversely affect their livelihoods as well as their living and consumption patterns. The occurrence of an epidemic is beyond the Group's control, and there is no assurance that another outbreak of severe acute respiratory syndrome or H1N1 swine influenza will not happen. There is no assurance that an outbreak of this or any other disease will not become an epidemic or pandemic. Any epidemic or pandemic occurring in Hong Kong or the PRC may materially and adversely affect the business, financial condition and operating results of the Group.

Acts of war and terrorism may cause damage or disruption to the Group or its employees, facilities, markets, suppliers or customers, any of which may materially and adversely impact the Group's revenue, cost of sales, financial condition and operating results. Potential war or terrorist attacks may also cause uncertainty and cause the Group's business to suffer in ways that cannot be accurately predicted.

The Group may not be able to identify money laundering activities or other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and adversely affect its business

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in Hong Kong, the PRC and any other jurisdictions in which it operates. These laws and regulations require the Group, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious transactions to the applicable regulatory authorities in different jurisdictions. While the Group has adopted policies and procedures aimed at detecting and preventing the use of its networks for money- laundering activities and by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where its networks may be used by other parties to engage in money laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. To the extent the Group may fail to comply fully with applicable laws and regulations, the relevant government agencies to which the Group reports have the power and authority to impose fines and other penalties on the Group, which may adversely affect its business.

The Group may be subject to claims of mis-selling

The Group offers a number of financial products directly to corporate and institutional investors and to private investors through intermediaries or distributors. If these investors suffer losses on such financial products, they or their advisers may seek compensation from the Group on the basis of allegations that the financial products were mis-sold or that the prospectuses, offering circulars or other marketing materials contained erroneous information or failed to disclose material information the omission of which rendered the content therein misleading or that misleading marketing materials were provided to or supplied by intermediaries. Despite the policies enacted by the Group guiding employees on the appropriate selling procedures, it is possible that the Group has rogue or fraudulent employees who do not comply with such policies. Any potential legal action undertaken by investors for mis-selling may be successful and this could in turn adversely affect the business, financial condition, results of operations and/or prospects of the Group. Any claim for mis-selling may also result in regulatory investigation and censure and may damage the reputation of the Group.

The risk of an unfavourable outcome to litigation against the Group could adversely affect the Group's business, financial condition, results of operations and prospects

The Group is exposed to litigation risk relating to the operations of its businesses on an ongoing basis. While the outcome of any pending or future litigation cannot be foreseen given the inherent unpredictability of litigation, it is possible that an adverse outcome in any one or more matters may have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

Interest rate fluctuations may adversely affect the Group's businesses

The Group's business performance is affected by fluctuations in interest rates which could adversely affect financial markets conditions. For example, a decrease in interest rates, although decreases the Group's costs of capital, may also limit the Group's interest income from its margin financing and structured finance business, thus adversely affecting the Group's business and financial results. Interest rates volatility may also affect stock market performance and general market sentiment, hence causing indirect adverse impact on the Group's business performance.

PRC economic, political and social conditions, as well as government policies, could affect the Group's results of operation, financial condition and prospects

The Group's business, financial operation, results of operations, and prospects will, to an increasing degree, be subject to the economic, political and legal developments of the PRC.

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to its political structure, level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

The PRC economy has been in transition from a planned economy to a market-oriented economy. For the past three decades, the PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy.

However, the PRC Government retains the power to implement macroeconomic policies affecting the PRC economy, and has previously implemented measures to slow the pace of growth of the PRC economy, including raising interest rates and issuing administrative guidelines to control lending to certain industries. Additionally, the risk remains that the global economy, including the PRC economy, may suffer a recession and the PRC Government may have to readjust its macroeconomic control measures accordingly, causing the growth or demand for the Group's products to slow down and adversely impacting the Group's, business, financial condition and results of operations.

RISKS RELATING TO THE SECURITIES ISSUED UNDER THE PROGRAMME

Risks relating to Securities

The Securities may not be a suitable investment for all investors

Each potential investor in any Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained or incorporated by reference in this Offering Circular, any applicable supplement to the Offering Circular or any Pricing Supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Securities and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Securities, including where principal, interest or distribution is payable in one or more currencies, or where the currency for principal, interest or distribution payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, distribution rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

The Terms and Conditions of the Securities contain limited covenant protection for investors

The Terms and Conditions of the Securities contain a negative pledge that restricts the incurrence of secured debt in the form of Relevant Indebtedness (as defined in the "*Terms and Conditions of the Securities*"), but does not prevent bilateral or syndicated borrowing in the form of a loan with the benefit of security. Otherwise, the Terms and Conditions of the Securities do not contain any other financial covenants. Therefore, there are no constraints imposed on the Group including as regards gearing, interest cover, secured debt (other than pursuant to the Negative Pledge), asset disposals, dividend payments/distributions, related party transactions, or sale and leaseback transactions. As a result, there can be no assurance that actions taken by the Issuer that are considered credit negative by the holders of the Securities will give such holders the right to accelerate the Securities.

The Terms and Conditions of the Securities may be modified and certain decisions regarding the Securities may be made without the knowledge or consent of individuals

The Conditions of the Securities contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. In addition, an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) in writing signed by or on behalf of the holders of not less than 90 per cent. of the aggregate nominal amount of Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority or, as the case may be, who did not sign the relevant written resolution.

The Conditions of the Securities also provide that the Issuer shall only permit, without the consent of Securityholders or Couponholders, any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Fiscal Agency Agreement dated 10 May 2017 if such modification and/or waiver or authorisation of breach or proposed beach could not reasonably be expected to be prejudicial to the interests of the Securityholders. None of the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Paying Agents or the Calculation Agents (as defined in the Terms and Conditions of the Securities) have any responsibility or liability whatsoever with respect to any determination as to prejudice applying to the interests of the Securityholders pursuant to Condition 11.

The Issuer's obligations under the Securities are effectively subordinated to all existing and future obligations of the Issuer's subsidiaries and associated companies. Future borrowings of the Issuer may also rank pari passu with the Securities.

The Issuer is a holding company that operates through subsidiaries and investments. As a result, the Issuer's obligations under the Securities will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries and associated companies. All claims of creditors of these subsidiaries and associated companies, including trade creditors, lenders and all other creditors, will have priority as to the assets of such entities over claims of the Issuer and its creditors, including holders of the Securities. As it is principally a holding company with limited operations of its own, the Issuer will depend, to a significant extent, upon the receipt of dividends from its subsidiaries and associated companies to meet its overhead expenses and to make payments with respect to its obligations, including its obligations under the Securities, and in order to provide funds to its subsidiaries and associated companies. The ability of subsidiaries and associated companies of the Issuer to pay dividends to their shareholders (including the Issuer) is subject to the performance and cash flow requirements of such subsidiaries and associated companies and to applicable law and restrictions contained in any debt instruments of such subsidiaries and associated companies. No assurance can be given that the Issuer will have sufficient cash flow from dividends to satisfy its obligations, including the obligations under the Securities or otherwise to enable the Issuer to make payments under the Securities, or that its subsidiaries and associated companies will pay dividends at all.

Whilst the existing Shareholder Loans are subordinated to the Securities, no assurance can be made that any such future loans or indebtedness will be similarly subordinated, in which case any claims of Noteholders may rank pari passu with those future debtors. The terms and conditions of the Securities do not contain covenants restricting the amount of such loans or indebtedness that may be incurred by the Issuer in the future (see "*Risk Factors — Risks relating to the Securities issued under the Programme — The Terms and Conditions of the Securities contain limited covenant protection for investors*").

A change in English law which governs the Securities may adversely affect Securityholders

The Conditions of the Securities are governed by English law in effect as at the date of issue of the relevant Securities. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Securities.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Security or a Global Certificate must rely on the procedures of the relevant Clearing System(s)

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, or lodged with CMU (each of Euroclear, Clearstream, Luxembourg, and CMU, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive definitive Securities or Certificates. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Securities and the Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to the relevant Clearing System for distribution to their account holders or in the case of the CMU, to the persons for whose account(s) interests in such Global Security or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules (as defined in the Fiscal Agency Agreement) as notified by the CMU to the Issuer in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other notification by the CMU. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and the Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies.

Securityholders should be aware that Definitive Securities which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade

In relation to any issue of Securities which have a denomination consisting of a minimum Specified Denomination (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Securities may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Securityholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Security in respect of such holding (should definitive Securities be printed) and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more Specified Denominations. If definitive Securities are issued, holders should be aware that definitive Securities which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks relating to Perpetual Securities

Perpetual Securities will have no right to require redemption

The Issuer may issue Perpetual Securities under the Programme. The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of Perpetual Securities should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects not to pay all or a part of a distribution under the terms and conditions of the Perpetual Securities

If Deferral Election is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is subject to certain restrictions in relation to the declaration or payment of distributions on its Junior Obligations and its Parity Obligations and the redemption and repurchase of its Junior Obligations and its Parity Obligations in the event that it does not pay a distribution in whole or in part. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities.

If a Cumulative Deferral is specified in the relevant Pricing Supplement, any distribution deferred shall constitute Arrears of Distribution and the Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred. Distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time.

If a Non-Cumulative Deferral is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part. However, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time.

Any non-payment or deferral of a distribution in whole or in part shall not constitute a default for any purpose if as a result of valid election by the Issuer to defer or not pay distribution. Any election by the Issuer not to pay a distribution in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market price of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Group's financial condition.

If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option on the date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events

The Perpetual Securities are perpetual securities and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to the date fixed for redemption. In addition, if specified on the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. See "*Terms and Conditions of the Perpetual Securities — Redemption and Purchase*".

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for default under the Perpetual Securities

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the Terms and Conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non- payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment when due. The only remedy against the Issuer available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such winding-up and/or claiming in the liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a winding-up of the Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the winding-up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the holders of all Junior Obligations and *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a winding-up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a winding-up of the Issuer and/or may increase the likelihood of a non- payment of distribution under the Subordinated Perpetual Securities.

Risks relating to the structure of a particular issue of Securities

A wide range of Securities may be issued under the Programme. A number of these Securities may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Securities subject to optional redemption by the Issuer may have a lower market value than Securities that cannot be redeemed.

Unless in the case of any particular Tranche of Securities the relevant Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Securities due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Securities in accordance with the Conditions.

An optional redemption feature is likely to limit the market value of Securities. During any period when the Issuer may elect to redeem Securities, the market value of those Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Securities when its cost of borrowing is lower than the interest or distribution rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest and/or distribution rate as high as the interest or distribution rate on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Dual Currency Securities have features which are different from single currency issues

The Issuer may issue Securities with principal, interest or distribution payable in one or more currencies which may be different from the currency in which the Securities are denominated. Potential investors should be aware that:

(i) the market price of such Securities may be volatile;

(ii) they may receive no interest;

(iii) payment of principal, interest or distribution may occur at a different time or in a different currency than expected; and

(iv) the amount of principal payable at redemption may be less than the nominal amount of such Securities or even zero.

Failure by an investor to pay a subsequent instalment of partly paid Securities may result in an investor losing all of its investment

The Issuer may issue Securities where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

The market price of variable rate Securities with a multiplier or other leverage factor may be volatile

Securities with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

Inverse Floating Rate Securities are typically more volatile than conventional floating rate debt

Inverse Floating Rate Securities have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the London Inter-bank Offered Rate ("**LIBOR**"). The market values of such Securities typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Securities are more volatile because an increase in the reference rate not only decreases the interest rate of the Securities, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Securities.

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be or used as "benchmarks", have been the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective while others have yet to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of the London interbank offered rate ("**LIBOR**") has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Securities linked to such benchmark. Such factors may have the following effects on certain benchmarks:

(i) discourage market participants from continuing to administer or contribute to the benchmark;

(ii) trigger changes in the rules or methodologies used in the benchmark; or

(iii) lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Securities linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Securities carrying an interest or distribution rate which may be converted from fixed to floating interest or distribution rates and vice-versa, may have lower market values than other Securities

Fixed/Floating Rate Securities may bear interest or distribution at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest or distribution rate will affect the secondary market and the market value of such Securities since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Securities may be less favourable than then prevailing spreads on comparable Floating Rate Securities tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Securities. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Securities.

The market prices of Securities issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

The market values of Securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest or distribution bearing securities. Generally, the longer the remaining term of the Securities, the greater the price volatility as compared to conventional interest or distribution bearing securities with comparable maturities.

Investors may lose part or all of their investment in any Index-Linked Notes issued

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index-Linked Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

RISKS RELATING TO THE MARKET GENERALLY

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Securities issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity

Securities issued under the Programme will be new securities which may not be widely distributed and may be small for each individual tranche size for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Securities which is already issued). If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. If the Securities are trading at a discount, investors may not be able to receive a favourable price for their Securities, and in some circumstances investors may not be able to sell their Securities at all or at their fair market value. Although an application has been made for the Securities issued under the Programme to be admitted to listing on the Hong Kong Stock Exchange (however, notwithstanding that unlisted Securities and Securities to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme), there is no assurance that such application will be accepted, that any particular Tranche of Securities will be so admitted or that an active trading market will develop. Moreover, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Securities issued under the Programme. In addition, one or more initial investors in the Securities may purchase a significant portion of the aggregate principal amount of the Securities pursuant to the offering. The existence of any such significant Securityholder(s) may reduce the liquidity of the Securities in the secondary trading market. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Securities.

The liquidity and price of the Securities following an offering may be volatile

The price and trading volume of the Securities may be highly volatile. Factors such as variations in the Group's revenues, earnings and cash flows and proposals for new investments, strategic alliances and/or acquisitions, interest rates, fluctuations in price for comparable companies and government regulations and changes thereof applicable to the Group's industry and general economic conditions nationally or internationally could cause the price of the Securities to change. Any such developments may result in large and sudden changes in the trading volume and price of the Securities. The Group cannot assure that these developments will not occur in the future.

Exchange rate risks and exchange controls may result in investors receiving less interest, distribution or principal than expected

The Issuer will pay principal, interest or distribution on the Securities in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Securities, (2) the Investor's Currency equivalent value of the principal payable on the Securities and (3) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest, distribution or principal than expected, or no interest, distribution or principal.

Changes in market interest rates may adversely affect the value of Fixed Rate Securities

Investment in Fixed Rate Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Securities.

The credit ratings assigned to the Securities may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

RISKS RELATING TO RENMINBI-DENOMINATED SECURITIES

Securities denominated in Renminbi ("**Renminbi Securities**") may be issued under the Programme. Renminbi Securities contain particular risks for potential investors.

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Renminbi Securities

Renminbi is not freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over trade transactions routine foreign exchange transactions under current accounts.

Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in August 2011 to cover the whole nation and to make Renminbi trade and other current account item settlement available in all countries worldwide. However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific regulations or fillings with the relevant authorities and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

On 13 October 2011, Measures on Administration of Renminbi Settlement in relation to Foreign Direct Investment issued by the People's Bank of China ("**PBOC**"), together with its implementing rules issued on 14 June 2012 (collectively, the "**PBOC RMB FDI Measures**") set out operating procedures for PRC banks to handle Renminbi settlement relating to Renminbi foreign direct investments ("**RMB FDI**") covering capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. Prior to the PBOC RMB FDI Measures, cross-border Renminbi settlement for RMB FDI required approvals from the PBOC on a case-by-case basis. The new rules replaced the PBOC approval requirement with a less onerous post-event registration and filing requirement. Under the new rules, foreign invested enterprises (whether established or acquired by foreign investors) need to (i) register their corporate information after the completion of a RMB FDI transaction, and (ii) make post-event registration or filing with the PBOC of any changes in registration information or in the event of increase or decrease of registered capital, equity transfer or replacement, merger or acquisition.

On 3 December 2013, the Ministry of Commerce of the PRC ("**MOFCOM**") by the relevant PRC authorities promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (the "**2013 MOFCOM Circular**"), which became effective on 1 January 2014, to further facilitate RMB FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the 2013 MOFCOM Circular, written approval from the appropriate office of MOFCOM and/or its local counterparts specifying RMB FDI and the amount of capital contribution is required for each RMB FDI. The 2013 MOFCOM Circular has removed the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. In addition, the 2013 MOFCOM Circular also clearly prohibits RMB FDI funds from being used for any investments in securities and financial derivatives (except for investments in PRC listed companies by strategic investors) or for entrustment loans in the PRC.

As the PBOC RMB FDI Measures and the 2013 MOFCOM Circular are relatively new, they will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that the PRC Government will continue to gradually liberalise control over cross-border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. Holders of beneficial interests in the Securities denominated in Renminbi may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

In the event that the Group is not able to repatriate funds outside the PRC in Renminbi, the Issuer will need to source Renminbi offshore to finance their respective obligations under Renminbi Securities, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Securities and the Issuer s ability to source Renminbi outside the PRC to service such Renminbi Securities

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong and Singapore may offer limited Renminbi denominated banking services to Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business (the "Settlement Agreement") between the PBOC and Bank of China (Hong Kong) Limited (the "Renminbi Clearing Bank") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong. In addition, the PBOC has now established Renminbi clearing and settlement systems with financial institutions in other major global financial centres (each also a "Renminbi Clearing Bank"), including London, Frankfurt and Singapore to further internationalise the Renminbi.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The Renminbi Clearing Bank Banks only have access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of Renminbi Securities. To the extent the Issuer is required to source Renminbi in the offshore market to service Renminbi Securities, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in Renminbi Securities is subject to exchange rate risks

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC, by international political and economic conditions and by many other factors. All payments of interest, distribution or principal will be made with respect to Renminbi Securities in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of investment in U.S. dollar or other applicable foreign currency terms will decline.

If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Securities entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Securities below their stated coupon rates and could result in a loss when the return on the Renminbi Securities is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Securities.

An investment in Renminbi Securities is subject to interest rate risks

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The Renminbi Securities may carry a fixed interest rate. Consequently, the trading price of such Renminbi Securities will vary with fluctuations in interest rates. If a holder of Renminbi Securities tries to sell any Renminbi Securities before their maturity, they may receive an offer that is less than the amount invested.

Payments in respect of Renminbi Securities will only be made to investors in the manner specified in such Renminbi Securities

All payments to investors in respect of Renminbi Securities will be made solely (i) when Renminbi Securities are represented by Global Securities or Global Certificates, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) when Renminbi Securities are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank Securities, by cheque or draft or by transfer to a bank account in the PRC).

Gains on the transfer of the Renminbi Securities may become subject to income taxes under PRC tax laws

Under the PRC Enterprise Income Tax Law and its implementation rules which took effect on 1 January 2008 and the new PRC Individual Income Tax Law and its implementation regulations which came into force on 1 September 2011, any gain realised on the transfer of Renminbi Securities by non-resident enterprise holders and non-resident individuals may be subject to enterprise income tax if such gain is regarded as income derived from sources within the PRC. However, there remains uncertainty as to whether the gain realised from the transfer of the Renminbi Securities would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law and its implementation rules. According to the arrangement between the PRC and Hong Kong for the avoidance of double taxation, residents of Hong Kong, including enterprise holders and individual holders, will not be subject to PRC tax on any capital gains derived from a sale or exchange of the Renminbi Securities.

Therefore, if non-resident enterprise holders are required to pay PRC income tax on gains on the transfer of the Renminbi Securities (such enterprise income tax is currently levied at the rate of 10 per cent. of the gross proceeds, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-resident enterprise holders of Renminbi Securities reside that reduces or exempts the relevant tax), the value of their investment in the Renminbi Securities may be materially and adversely affected.

Similarly, if non-resident individual holders are required to pay any PRC income tax on gains on the transfer of the Securities (such individual income tax is currently levied at the rate of 20 per cent. of the gross proceeds, unless there is an applicable tax treaty between the PRC and the jurisdiction in which relevant non-resident individual holder of the Securities resides that reduces or exempts the relevant tax), the value of his investment in the Securities may be affected.

USE OF PROCEEDS

The net proceeds from the issue of each tranche of Securities under the Programme will be used for capital expenditure, refinancing and general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be specified in the relevant Pricing Supplement.

CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg, the CMU (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believe to be reliable, but neither the Issuer nor any Arranger nor any Agent nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Fiscal Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Securities held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book- entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal, interest and/or distribution with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant Clearing System's rules and procedures.

CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (the "**HKMA**") for the safe custody and electronic trading between the members of this service ("**CMU Members**") of capital markets instruments ("**CMU Securities**") which are specified in the CMU Reference Manual as capable of being held within the CMU.

The CMU is only available to CMU Securities issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike Euroclear or Clearstream, Luxembourg), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest, distribution or principal) under, or notices pursuant to the notice provisions of, the CMU Securities. Instead, the HKMA advises the lodging CMU Member (or a designated Paying Agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Securities are credited, whereupon the lodging CMU Member (or the designated Paying Agent) will make the necessary payments of interest, distribution or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Securities held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU.

Book-Entry Ownership

Bearer Securities

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Securities to be represented by a Global Security. The Issuer may also apply to have Bearer Securities to be represented by a Global Security accepted for clearance through the CMU. In respect of Bearer Securities, a Temporary Global Security and/or a Permanent Global Security in bearer form without coupons may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU or any other relevant clearing system (an "**Alternative Clearing System**") as agreed between the Issuer and the relevant Dealer. Transfers of interests in a Temporary Global Security or a Permanent Global Security will be made in accordance with the normal Euromarket debt securities operating procedures of the CMU, Euroclear and Clearstream, Luxembourg or, if appropriate, the Alternative Clearing System. Each Global Security will have an International Securities Identification Number ("**ISIN**") and a Common Code or a CMU Instrument Number, as the case may be. Investors in Securities of such Series may hold their interests in a Global Security through Euroclear or Clearstream, Luxembourg or the CMU, as the case may be.

Registered Securities

The Issuer may make applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Registered Securities to be represented by a Global Certificate. The Issuer may also apply to have Securities represented by a Global Certificate accepted for clearance through the CMU. Each Global Certificate deposited with a Common Depositary will, where applicable have an ISIN and/or a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number. Investors in Securities of such Series may hold their interests in a Global Certificate only through Euroclear or Clearstream, Luxembourg or the CMU, as the case may be.

Individual Definitive Securities

Registration of title to Registered Securities in a name other than a depositary or its nominee for Euroclear and Clearstream, Luxembourg or the CMU will be permitted only in the circumstances set forth in "Summary of Provisions Relating to the Securities while in Global Form — Exchange". In such circumstances, the Issuer will cause sufficient individual definitive Securities to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Securityholder(s). A person having an interest in a Global Certificate must 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 such individual definitive Securities.

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Securities or Certificates, as the case may be. References in the Conditions to "*__Notes__" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an amended and restated fiscal agency agreement dated 10 May 2017, as supplemented by the first supplemental fiscal agency agreement dated 25 February 2019 (as amended or supplemented as at the Issue Date, together, and the "**Fiscal Agency Agreement**") between AMTD Group Company Limited 尚乘集團有限公司 (the "**Issuer**"), The Bank of New York Mellon, London Branch as fiscal agent, issuing and paying agent and calculation agent, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent, The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent, registrar and transfer agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**") and the other agents named in it and with the benefit of a deed of covenant dated 9 March 2016 and a deed of covenant dated 10 May 2017 (together, and as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") executed by the Issuer in relation to the Notes. The fiscal agent, the CMU lodging and paying agent, the issuing and paying agent, each registrar, the transfer agents, the paying agents, and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**CMU Lodging and Paying Agent**", the "**Issuing and Paying Agent**", the "**Registrar**", the "**Transfer Agents**", the "**Paying Agents**" (which expression shall include the Fiscal Agent and the CMU Lodging and Paying Agent) and the "**Calculation Agent(s)**". For the purposes of these terms and conditions, all references to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly. The Noteholders (as defined below), the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Fiscal Agency Agreement applicable to them.

As used in these terms and conditions (the "**Conditions**"), "**Tranche**" means Notes which are identical in all respects.

Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index-Linked Interest Note, an Index-Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar outside of the United Kingdom and Hong Kong in accordance with the provisions of the Fiscal Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 No Exchange of Notes and Transfers of Registered Notes

(a) **No Exchange of Notes**: Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) **Transfer of Registered Notes**: One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) **Exercise of Options or Partial Redemption in Respect of Registered Notes**: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Fiscal Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d),"**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Transfer Free of Charge**: Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) **Closed Periods**: No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

3 Status

The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

4 Negative Pledge and other Covenants

(a) **Negative Pledge**: So long as any Note or Coupon remains outstanding (as defined in the Fiscal Agency Agreement) the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders.

(b) **Financial Statements**: So long as any Note or Coupon remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer shall:

(i) provide to the Fiscal Agent for inspection by any Noteholder a copy of its Semi-Annual Unaudited Financial Statements and Annual Audited Financial Statements; and

(ii) provide Noteholders with a copy of its Semi-Annual Unaudited Financial Statements and Annual Audited Financial Statements by arranging for the publication of such documents on the Issuer's website (with such password protection as the Issuer shall reasonably deem necessary),

in each case as soon as they are available, but in any event within 120 calendar days after the end of the Relevant Period.

(c) **Shareholder Loan Agreements**: So long as any Note or Coupon remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer:

(i) shall ensure that the payment obligations of the Issuer in respect of the loans under each Shareholder Loan Agreement are subordinated to the claims of the Noteholders; and

(ii) will not repay, in whole or in part, the principal amount of the loans under any of the Shareholder Loan Agreements.

(d) **Definitions**: In these Conditions:

(i) "**Annual Audited Financial Statements**" means annual consolidated financial statements of the Issuer, which include a consolidated statement of profit or loss and other comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity and a consolidated statement of cash flows, audited by an internationally recognised firm of independent accountants, together with the auditors' report and notes to the financial statements;

(ii) "**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended on the part of the Issuer thereof to be, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

(iii) "**Relevant Period**" means, in relation to the Annual Audited Financial Statements, each period of 12 months ending on the last day of the financial year (being 31 December of that financial year) and in relation to the Semi-Annual Unaudited Financial Statements, each period of six months ending on the last day of the first half of the financial year (being 30 June of that financial year);

(iv) "**Semi-Annual Unaudited Financial Statements**" means semi-annual unaudited and unreviewed consolidated financial statements of the Issuer, which include a consolidated statement of profit or loss and other comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity and a consolidated statement of cash flows, in each case, prepared on a basis consistent with the Annual Audited Financial Statements;

(v) "**Shareholder Loan Agreements**" means the shareholder loan agreements dated 16 December 2015 and 30 December 2015 respectively between L.R. Capital Financial Holdings Limited and the Issuer; and

(vi) "**Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

5 Interest and other Calculations

(a) **Interest on Fixed Rate Notes**: Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) **Interest on Floating Rate Notes and Index-Linked Interest Notes**:

(i) *Interest Payment Dates*: Each Floating Rate Note and Index-Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined by the Calculation Agent in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon

(y) the Designated Maturity is a period specified hereon and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR, Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR, EURIBOR or HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to the

Calculation Agent (and at the request of the Issuer) by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter- bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(c) **Rate of Interest for Index-Linked Interest Notes**: The Rate of Interest in respect of Index-Linked Interest Notes for each Interest Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(d) **Zero Coupon Notes**: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note.

As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(e) **Dual Currency Notes**: In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined by the Calculation Agent in the manner specified hereon.

(f) **Partly Paid Notes**: In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(g) **Accrual of Interest**: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(h) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding**:

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures(with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(i) **Calculations**: The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(j) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**: The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation 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 and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority 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. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(k) **Definitions**: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**") and/or

(iii) 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 settlement of Renminbi payments in Hong Kong; and/or

(iv) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365

(iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360

(v) if "**30/360**", "**360/360**" or **"Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

(vii) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“$\mathbf{Y_1}$” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“$\mathbf{Y_2}$” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“$\mathbf{M_1}$” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“$\mathbf{M_2}$” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“$\mathbf{D_1}$” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

“$\mathbf{D_2}$” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30

(viii) if “**Actual/Actual-ICMA**” is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s)

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended

“**Interest Accrual Period**” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in each case selected by the Calculation Agent or as specified hereon

"**Reference Rate**" means the rate specified as such hereon

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service)

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(l) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over- the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(m) **Business Day Convention**: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

6 Redemption, Purchase and Options

(a) **Redemption by Instalments and Final Redemption:**

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) **Early Redemption:**

(i) *Zero Coupon Notes:*

(a) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(b) Subject to the provisions of sub-paragraph (c) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(c) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub- paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index-Linked Interest Note) or, at any time, (if this Note is neither a Floating Rate Note nor an Index-Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands (in the case of payment by the Issuer) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) **Redemption at the Option of the Issuer**: If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date specified hereon. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) **Redemption at the Option of Noteholders**: If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Fiscal Agency Agreement) without the prior consent of the Issuer.

(f) **Redemption for Change of Control**: If Change of Control Put is specified hereon, following the occurrence of a Change of Control (as defined below), the holder of each Note will have the right, at such holder's option, to require the Issuer to redeem all, or some only, of that holder's Notes on the Change of Control Redemption Date (as defined below) at 101 per cent. of their nominal amount or such other Early Redemption Amount (Change of Control) as is specified hereon, together in each case with interest accrued to the Change of Control Redemption Date. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "**Change of Control Redemption Notice**") together with the Certificate evidencing the Notes to be redeemed by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 14. The "**Change of Control Redemption Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

A Change of Control Redemption Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes the subject of Change of Control Redemption Notices delivered as aforesaid on the Change of Control Redemption Date. The Issuer shall give notice to Noteholders and the Fiscal Agent in accordance with Condition 14 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition and shall give brief details of the Change of Control. For the avoidance of doubt, the Fiscal Agent shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred or to monitor the occurrence of any Change of Control.

For the purposes of this Condition 6(f):

"**Control**" means the direct or indirect ownership of, or the power to control directly or indirectly, at least 40 per cent. of the Voting Rights of the issued share capital of the Issuer;

a "**Change of Control**" occurs when: (i) the Controlling Shareholder ceases to have Control of the Issuer; or (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any Person or Persons other than the Controlling Shareholder, unless the consolidation, merger, sale or transfer will not result in the Controlling Shareholder ceasing to have Control over the Issuer or the successor entity; or (iii) the Controlling Shareholder is not or ceases to be, directly or indirectly, the single largest shareholder of the Issuer; or (iv) the nominees of the Controlling Shareholder cease to comprise the majority of the members of the Issuer's board of directors; or (v) the Controlling Shareholder ceases to own or have the power to control, in each case, directly or indirectly, at least 51 per cent. of the Voting Rights of the issued share capital of L.R. Capital Financial Holdings Limited;

"**Controlling Shareholder**" means L.R. Capital Management Company (Cayman) Limited;

a "**Person**" as used in this Condition 6(f), includes any individual, company corporation, firm, partnership, joint venture, undertaking, associations, organisation, trust, state or agency of state (in each case whether or not being a separate legal entity) but does not include the Issuer's wholly owned direct or indirect Subsidiaries; and

"**Voting Rights**" means the right generally to vote at a general meeting of shareholders of the relevant entity (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

(g) **Partly Paid Notes**: Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(h) **Purchases**: Each of the Issuer and its Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(i) **Cancellation**: All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 Payments and Talons

(a) **Bearer Notes**: Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relevant Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Fiscal Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(b) **Registered Notes**:

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business (i) on the fifteenth day before the due date for payment thereof or (ii) in the case of Renminbi, on the fifth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made (x) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and (y) in the case of Renminbi, by transfer to the registered account of the Noteholder. In this

Condition 7(b), "**registered account**" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Registered Notes are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Fiscal Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

So long as the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

(c) **Payments in the United States**: Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments Subject to Fiscal Laws**: Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents**: The Fiscal Agent, the CMU Lodging and Paying Agent, the Issuing and Paying Agent, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where the Conditions so require, and (v) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and Receipts and unexchanged Talons**:

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index-Linked Notes), those Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index-Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) **Talons**: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) **Non-Business Days**: If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or

(ii) (in the case of a payment in euro) which is a TARGET Business Day; or

(iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) **Other connection**: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the British Virgin Islands other than the mere holding, or receipt of payment on, of the Note, Receipt or Coupon or

(b) **Presentation more than 30 days after the Relevant Date**: presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

9 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

(i) **Non-payment**: the Issuer fails to pay any amount of principal or premium or interest due in respect of any of the Notes provided that, in the case of principal or premium, the default continues for a period of 5 days and, in the case of interest, the default continues for a period of 10 days; or

(ii) **Breach of Other Obligations**: the Issuer fails to perform or observe any of its other obligations under these Conditions which default is incapable of remedy or is not remedied within 30 days following the service by a Noteholder on the Issuer of notice of such default; or

(iii) **Cross-Acceleration**: (A) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds U.S.$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or

(iv) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of the Issuer's Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person); or

(v) **Winding-up**: any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any of the Issuer's Principal Subsidiaries, save, in the case of a Principal Subsidiary of the Issuer, for (i) any voluntary solvent winding up, liquidation or dissolution or, any reorganisation or restructuring whereby the business, undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer and/or another Principal Subsidiary of the Issuer; or (ii) the purposes of reorganisation or restructuring on terms previously approved by an Extraordinary Resolution; or

(vi) **Insolvency**: the Issuer or any of the Issuer's Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(vii) **Suspension of Business**: (i) the Issuer and its Subsidiaries (taken as a whole) suspend or cease to carry on, or threaten to suspend or cease to carry on, all or a material part of its business or operations, or (ii) any Principal Subsidiary of the Issuer suspends for a continuing period of 3 months due to regulatory reasons, except, in the case of paragraph (i), for the purposes of, or pursuant to and followed by, a consolidation, amalgamation, merger or reorganisation the terms of which shall have previously been approved by an Extraordinary Resolution of the Noteholders; or

(viii) **Enforcement Proceedings**: (i) proceedings are initiated against the Issuer or any of the Issuer's Principal Subsidiaries or the Issuer or any of the Issuer's Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed in relation to all or a material part of the undertaking or assets of the Issuer or the Issuer's Principal Subsidiaries or an encumbrancer takes possession of all or any substantial part of the undertaking or assets of the Issuer or the Issuer's Principal Subsidiaries, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or any substantial part of the undertaking or assets of the Issuer or the Issuer's Principal Subsidiaries and (ii) in any case (other than the appointment of an administrator) is not discharged within 30 days; or

(ix) **Illegality**: the Notes or the Fiscal Agency Agreement is or becomes or is claimed by the Issuer to be unenforceable or invalid; or

(x) **Authorisation and Consent**: any regulation, decree, consent, approval, licence or other authority necessary to enable the Issuer to perform its obligations under the Notes or the Fiscal Agency Agreement expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified; or

(xi) **Analogous Events**: any event occurs which, under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (iv) to (x) above.

For the purposes of this Condition:

"**Principal Subsidiary**" means any Subsidiary of the Issuer:

(a) whose profits before taxation and exceptional items ("**pre-tax profit**") (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer, as shown by its latest audited income statement, are at least 10 per cent. of the consolidated pre-tax profit as shown by the latest published audited consolidated income statement of the Issuer and its consolidated Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of associated entities and after adjustments for minority interests; or

(b) whose gross assets (excluding intercompany balances, client's bank account balances and other funds held on behalf of clients) (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer, as shown by its latest audited balance sheet, are at least 10 per cent. of the consolidated gross assets (excluding intercompany balances, client's bank account balances and other funds held on behalf of clients) of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries, including the investment of the Issuer and its consolidated Subsidiaries in each subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and of associate companies and after adjustment for minority interests;

provided that, in relation to paragraphs (a) and (b) above:

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, pre-tax profit or gross assets (excluding intercompany balances, client's bank account balances and other funds held on behalf of clients) of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer for the purposes of preparing a certificate thereon to the Noteholders; and

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its gross assets (excluding intercompany balances, client's bank account balances and other funds held on behalf of clients) (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer for the purposes of preparing a certificate thereon to the Noteholders; and

(iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer, or

(c) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate), of the Issuer prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a) or (b) above.

A certificate prepared by the directors of the Issuer certifying that, in their opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties. The certificate would, if requested by the holder(s) of, individually or in the aggregate, not less than 10 per cent. of the aggregate nominal amount of the Notes outstanding, be accompanied by a report by an internationally recognised firm of accountants addressed to the directors of the Issuer as to proper extraction of the figures used by the Issuer in determining the Principal Subsidiaries of the Issuer and mathematical accuracy of the calculation.

11 Meeting of Noteholders and Modifications

(a) **Meetings of Noteholders**: The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) **Modification of Fiscal Agency Agreement**: The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders. For the avoidance of doubt, none of the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Paying Agents or the Calculation Agent(s) shall have any responsibility or liability whatsoever with respect to any determination as to prejudice applying to the interests of the Noteholders pursuant to this Condition 11.

(c) **Substitution**: The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons, any company (the "**Substitute**"), provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Fiscal Agency Agreement as Schedule 8, and may take place only if(i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute, and in the case of the Deed Poll of the Issuer have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Fiscal Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (iii) and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 10 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

12 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of 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 the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

14 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, so long as the Notes are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the rules of the Stock Exchange so require, published in a leading newspaper having general circulation in Hong Kong (which is expected to be in the Asian Wall Street Journal). Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Hong Kong and, so long as the Notes are listed on the Stock Exchange and the rules of the Stock Exchange so require, published in a daily newspaper with general circulation in Hong Kong (which is expected to be the Asian Wall Street Journal). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate.

15 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17 Governing Law and Jurisdiction

(a) **Governing Law**: The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction**: The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Service of Process**: The Issuer irrevocably appoints Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. 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 and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Perpetual Securities in definitive form (if any) issued in exchange for the Global Security(ies) or Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Perpetual Securities or Certificates, as the case may be. References in the Conditions to "**Perpetual Securities**" are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme.*

The Perpetual Securities are issued pursuant to an amended and restated fiscal agency agreement dated 10 May 2017, as supplemented by the first supplemental fiscal agency agreement dated 25 February 2019 (as amended or supplemented as at the Issue Date, the "**Fiscal Agency Agreement**") between AMTD Group Company Limited 尚乘集團有限公司 (the "**Issuer**"), The Bank of New York Mellon, London Branch as fiscal agent, issuing and paying agent and calculation agent, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent, The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent, registrar and transfer agent for Perpetual Securities to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**") and the other agents named in it and with the benefit of an amended and restated Deed of Covenant (as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") dated 10 May 2017 executed by the Issuer in relation to the Perpetual Securities. The fiscal agent, the CMU lodging and paying agent, the issuing and paying agent, each registrar, the transfer agents, the paying agents, and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**CMU Lodging and Paying Agent**", the "**Issuing and Paying Agent**", the "**Registrar**", the "**Transfer Agents**", the "**Paying Agents**" (which expression shall include the Fiscal Agent and the CMU Lodging and Paying Agent) and the "**Calculation Agent(s)**". For the purposes of these terms and conditions, all references to the Fiscal Agent shall, with respect to a Series of Perpetual Securities to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly. The Perpetual Securityholders (as defined below), the holders of the distribution coupons (the "**Coupons**") relating to Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of all of the provisions of the Fiscal Agency Agreement applicable to them.

As used in these terms and conditions (the "**Conditions**"), "**Tranche**" means Perpetual Securities which are identical in all respects.

Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1 Form, Denomination and Title

The Perpetual Securities are issued in bearer form ("**Bearer Perpetual Securities**") or in registered form ("**Registered Perpetual Securities**") in each case in the Specified Denomination(s) shown hereon.

This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown hereon).

Bearer Perpetual Securities are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached.

Registered Perpetual Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

Title to the Bearer Perpetual Securities and Coupons and Talons shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar outside of the United Kingdom and Hong Kong in accordance with the provisions of the Fiscal Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any

Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Perpetual Securityholder**" means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be), "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Perpetual Securities.

2 No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities

(a) **No Exchange of Perpetual Securities**: Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Specified Denomination may not be exchanged for Bearer Perpetual Securities of another Specified Denomination. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

(b) **Transfer of Registered Perpetual Securities**: One or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Perpetual Securityholders. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request.

(c) **Exercise of Options or Partial Redemption in Respect of Registered Perpetual Securities**: In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within three business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Fiscal Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Transfer Free of Charge**: Transfers of Perpetual Securities and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) **Closed Periods**: No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days before any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 6, (i) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date.

3 Status

(a) **Senior Perpetual Securities**: This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior hereon).

(i) **Status of Senior Perpetual Securities**

The Senior Perpetual Securities and Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Perpetual Securities and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

(b) **Subordinated Perpetual Securities**: This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated hereon).

(i) **Status of Subordinated Perpetual Securities**

The Subordinated Perpetual Securities and Coupons relating to them constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

(ii) **Ranking of claims on winding-up**

Subject to the insolvency laws of the British Virgin Islands and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them shall rank ahead of those persons whose claims are in respect of any Junior Obligations of the Issuer, but shall be subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer, other than the claims of holders of Parity Obligations of the Issuer.

In this Condition, "**winding-up**" means a final and effective order or resolution for the bankruptcy, winding-up or liquidation or similar proceedings.

(iii) **No set-off**

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated

Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of the winding-up of the Issuer, the liquidator) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator) and accordingly any such discharge shall be deemed not to have taken place.

4 Negative Pledge and other Covenants

(a) **Negative Pledge**: In the case of Senior Perpetual Securities only, so long as any Perpetual Security or Coupon remains outstanding (as defined in the Fiscal Agency Agreement) the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Perpetual Securities and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Perpetual Securityholders.

(b) **Financial Statements**: So long as any Perpetual Security or Coupon remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer shall:

(i) provide to the Fiscal Agent for inspection by any Perpetual Securityholder a copy of its Semi-Annual Unaudited Financial Statements and Annual Audited Financial Statements; and

(ii) provide Perpetual Securityholder with a copy of its Semi-Annual Unaudited Financial Statements and Annual Audited Financial Statements by arranging for the publication of such documents on the Issuer's website (with such password protection as the Issuer shall reasonably deem necessary),

in each case as soon as they are available, but in any event within 120 calendar days after the end of the Relevant Period.

(c) **Shareholder Loan Agreements**: So long as any Perpetual Security or Coupon remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer:

(i) shall ensure that the payment obligations of the Issuer in respect of the loans under each Shareholder Loan Agreement are subordinated to the claims of the Perpetual Securityholders; and

(ii) will not repay, in whole or in part, the principal amount of the loans under any of the Shareholder Loan Agreements.

(d) **Definitions**: In these Conditions:

(i) "**Annual Audited Financial Statements**" means annual consolidated financial statements of the Issuer, which include a consolidated statement of profit or loss and other comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity and a consolidated statement of cash flows, audited by an internationally recognised firm of independent accountants, together with the auditors' report and notes to the financial statements;

(ii) "**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended on the part of the issuer thereof to be, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

(iii) "**Relevant Period**" means, in relation to the Annual Audited Financial Statements, each period of 12 months ending on the last day of the financial year (being 31 December of that financial year) and in relation to the Semi-Annual Unaudited Financial Statements, each period of six months ending on the last day of the first half of the financial year (being 30 June of that financial year);

(iv) "**Semi-Annual Unaudited Financial Statements**" means semi-annual unaudited and unreviewed consolidated financial statements of the Issuer, which include a consolidated statement of profit or loss and other comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity and a consolidated statement of cash flows, in each case, prepared on a basis consistent with the Annual Audited Financial Statements;

(v) "**Shareholder Loan Agreements**" means the shareholder loan agreements dated 16 December 2015 and 30 December 2015 respectively between L.R. Capital Financial Holdings Limited and the Issuer; and

(vi) "**Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

5 Distribution and other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(a) **Distribution Rate and Accrual**

Each Fixed Rate Perpetual Security confers a right to receive distribution on its outstanding nominal amount from and including the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Distribution Rate, such distribution being payable in arrear on each Distribution Payment Date. The amount of distribution payable shall be determined in accordance with Condition 5(III)(a).

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

(b) **Distribution Rate**

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

(i) (if no Reset Date is specified hereon),

(1) if no Step-Up Margin is specified hereon, the rate shown on the face of such Perpetual Security; or

(2) if a Step-Up Margin is specified hereon, (A) for the period from (and including) the Distribution Commencement Date to (but excluding) the Step- Up Date specified hereon, the rate shown on the face of such Perpetual Security and (B) for the period from (and including) the Step-Up Date specified hereon t, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified hereon); and

(ii) (if a Reset Date is specified hereon),

(1) for the period from (and including) the Distribution Commencement Date to (but excluding) the First Reset Date specified hereon, the rate shown on the face of such Perpetual Security; and

(2) for the period from (and including) the First Reset Date and each Reset Date (as shown hereon) falling thereafter to (but excluding) the immediately following Reset Date, the Reset Distribution Rate (as specified hereon).

(c) **Calculation of Reset Distribution Rate**

The Calculation Agent will, on the second business day prior to each Reset Date, calculate the applicable Reset Distribution Rate payable in respect of each Perpetual Security. The Calculation Agent will cause the applicable Reset Distribution Rate to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents and the Registrar as soon as possible after its determination but in no event later than the fourth business day thereafter. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Calculation Agent will (in the absence of manifest error) be binding on the Fiscal Agent, the Issuer, each of the Paying Agents, the Registrar and the Perpetual Securityholders and (except as provided in the Fiscal Agency Agreement) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(d) **Publication of Relevant Reset Distribution Rate**

The Issuer shall cause notice of the then applicable Reset Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after determination thereof.

(e) **Determination or Calculation by Fiscal Agent**

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, but shall not be obliged to, appoint an agent on its behalf to do so). If it does so, the Fiscal Agent or such agent shall apply the provisions of this Condition 5(I), 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.

(f) **Calculations**

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon. The amount of distribution payable per Calculation Amount in respect of any Perpetual Security shall be calculated by multiplying the product of the Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security.

(II) Distribution on Floating Rate Perpetual Securities

(a) **Distribution Payment Dates**

Each Floating Rate Perpetual Security confers a right to receive distribution on its outstanding nominal amount from and including the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Distribution Rate, such Distribution being payable in arrear on each Distribution Payment Date. The amount of distribution payable shall be determined by the Calculation Agent in accordance with Condition 5(III)(a). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Dates or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which falls the number of months or other period shown hereon as the Distribution Period after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date.

(b) **Distribution Rate for Floating Rate Perpetual Securities**

The Distribution Rate in respect of Floating Rate Perpetual Securities for each Distribution Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Perpetual Securities

Where ISDA Determination is specified hereon as the manner in which the Distribution Rate is to be determined, the Distribution Rate for each Distribution Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for a Distribution Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon

(y) the Designated Maturity is a period specified hereon and

(z) the relevant Reset Date is the first day of that Distribution Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Perpetual Securities

(x) Where Screen Rate Determination is specified hereon as the manner in which the Distribution Rate is to be determined, the Distribution Rate for each Distribution Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR, Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) on the Distribution Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Perpetual Securities is specified hereon as being other than LIBOR, EURIBOR or HIBOR, the Distribution Rate in respect of such Perpetual Securities will be determined as provided hereon.

(y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Distribution Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Distribution Rate for such Distribution Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Distribution Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to the Calculation Agent (and at the request of the Issuer) by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Distribution Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), on the relevant Distribution Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter- bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, provided that, if the Distribution Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Distribution Rate shall be determined as at the last preceding Distribution Determination Date (though substituting, where a different Margin or Maximum or Minimum Distribution Rate is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum or Minimum Distribution Rate relating to the relevant Distribution Accrual Period, in place of the Margin or Maximum or Minimum Distribution Rate relating to that last preceding Distribution Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Distribution Accrual Period, the Distribution Rate for such Distribution Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Distribution Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Distribution Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(c) **Zero Coupon Perpetual Securities**: Where a Perpetual Security, the Interest Basis of which is specified to be Zero Coupon is repayable and is not paid when due, the amount due and payable shall be the Early Redemption Amount of such Perpetual Security.

(d) **Dual Currency Perpetual Securities**: In the case of Dual Currency Perpetual Securities, if the rate or amount of distribution falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of distribution payable shall be determined by the Calculation Agent in the manner specified hereon.

(e) **Partly Paid Perpetual Securities**: In the case of Partly Paid Perpetual Securities, distribution will accrue as aforesaid on the paid-up nominal amount of such Perpetual Securities and otherwise as specified hereon.

(f) **Accrual of Distribution**: Distribution shall cease to accrue on each Perpetual Security on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event distribution shall continue to accrue (both before and after judgment) at the Distribution Rate in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(III) Calculations

(a) **Margin, Maximum/Minimum Distribution Rate and Redemption Amounts and Rounding**:

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Distribution Accrual Periods), an adjustment shall be made to all Distribution Rate, in the case of (x), or the Distribution Rate for the specified Distribution Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph

(ii) If any Maximum or Minimum Distribution Rate, or Redemption Amount is specified hereon, then any Distribution Rate or Redemption Amount shall be subject to such maximum or minimum, as the case may be

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(b) **Determination of Distribution Rate and Calculation of Distribution Amounts**: The amount of distribution payable per Calculation Amount in respect of any Perpetual Security for any Distribution Accrual Period shall be equal to the product of the Distribution Rate, the Calculation Amount specified hereon, and the Day Count Fraction for such Distribution Accrual Period, unless a Distribution Amount (or a formula for its calculation) is applicable to such Distribution Accrual Period, in which case the amount of distribution payable per Calculation Amount in respect of such Perpetual Security for such Distribution Accrual Period shall equal such Distribution Amount (or be calculated in accordance with such formula). Where any Distribution Period comprises two or more Distribution Accrual Periods, the amount of distribution payable per Calculation Amount in respect of such Distribution Period shall be the sum of the Distribution Amounts payable in respect of each of those Distribution Accrual Periods. In respect of any other period for which distribution is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which distribution is required to be calculated.

(c) **Determination and Publication of Distribution Rate, Distribution Amounts, Early Redemption Amounts and Optional Redemption Amounts**: The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Distribution Amounts for the relevant Distribution Accrual Period, calculate the Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Distribution Rate and the Distribution Amounts for each Distribution Accrual Period and the relevant Distribution Payment Date and, if required to be calculated, the Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Perpetual Securityholders, any other Calculation Agent appointed in respect of the Perpetual Securities that is to make a further calculation upon receipt of such information and, if the Perpetual Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible 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. Where any Distribution Payment Date or Distribution Period Date is subject to adjustment pursuant to Condition 5(II)(b), the Distribution Amounts and the Distribution Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period. If an Enforcement Event occurs in relation to the Perpetual Securities, the accrued distribution and the Distribution Rate payable in respect of the Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Distribution Rate or the Distribution Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(IV) Distribution Discretion

(a) **Distribution Deferral**

If Distribution Deferral is set out hereon, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (a "**Deferral Election Notice**") to the Fiscal Agent, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 30 nor less than 15 business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

If Dividend Pusher is set out hereon, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred (each a "**Compulsory Distribution Payment Event**"):

(i) a discretionary dividend, distribution or other discretionary payment has been declared or paid on or in respect of any of its Relevant Obligations (Pusher) (except (I) in relation to Parity Securities on a *pro rata* basis or (II) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or

any of its Relevant Obligations (Pusher) have been redeemed, reduced, cancelled, bought back or acquired for any consideration on a discretionary basis (except (I) in relation to Parity Securities on a *pro-rata* basis, (II) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants or (III) as a result of the exchange or conversion of Parity Securities for Junior Securities).

If a Dividend Pusher is set out herein, each Deferral Election Notice shall be accompanied, in the case of the notice to the Fiscal Agent and the Issuing and Paying Agent, by a certificate signed by a director or a duly authorised officer of the Issuer confirming that no Compulsory Distribution Payment Event has occurred. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred and the Fiscal Agent and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Deferral Election Notice or any certificate as aforementioned. Each Deferral Election Notice shall be conclusive and binding on the Perpetual Securityholders in the absence of manifest error.

(b) **No Obligation to Pay**

If Distribution Deferral is set out hereon and subject to Condition 5(IV)(c) and Condition 5(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

(c) **Non-Cumulative Deferral and Cumulative Deferral**

(i) If Non-Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 5(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 5(IV).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

(ii) If Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 5(IV) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 5(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 5(IV) except that this Condition 5(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

(iii) If Additional Distribution is set out hereon, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 5 and shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 5. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(d) **Restrictions in the case of Non-Payment**

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 5(IV), the Issuer shall not and shall procure that none of its subsidiaries shall:

(i) declare or pay any discretionary dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other discretionary payment is made on, any of its Relevant Obligations (Stopper) (except (I) in relation to Parity Securities on a *pro-rata* basis, or (II) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration on a discretionary basis, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration on a discretionary basis is made in respect of, any of its Relevant Obligations (Stopper) (except (I) in relation to Parity Securities on a *pro-rata* basis, or (II) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, or (III) as a result of the exchange or conversion of Parity Securities for Junior Securities).

(e) **Satisfaction of Optional Distribution or Arrears of Distribution**

The Issuer:

(i) may, at its sole discretion, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Fiscal Agent, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 30 nor less than 15 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and

(ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:

(A) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 6 (as applicable);

(B) the next Distribution Payment Date on the occurrence of a breach of Condition 5(IV)(d) or (if Dividend Pusher is specified hereon) the occurrence of a Compulsory Distribution Payment Event;

(C) the date such amount becomes due under Condition 10 or on a winding-up of the Issuer; and

(D) following any substitution pursuant to Condition 11(c).

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro-rata* basis.

(f) **No Default**

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 5(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 10) on the part of the Issuer under the Perpetual Securities.

(g) **Definitions**: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**") and/or

(iii) 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 settlement of Renminbi payments in Hong Kong; and/or

(iv) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres

"**Day Count Fraction**" means, in respect of the calculation of an amount of distribution on any Perpetual Security for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Distribution Period or an Distribution Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365

(iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Distribution Payment Date falling in a leap year, 366

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

(vii) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30; and

(viii) if "**Actual/Actual-ICMA**" is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Distribution Payment Date(s)

"**Distribution Accrual Period**" means the period beginning on and including the Distribution Commencement Date and ending on but excluding the first Distribution Period Date and each successive period beginning on and including an Distribution Period Date and ending on but excluding the next succeeding Distribution Period Date

"**Distribution Amount**" means:

(i) in respect of a Distribution Accrual Period, the amount of distribution payable per Calculation Amount for that Distribution Accrual Period and which, in the case of Fixed Rate Perpetual Securities, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Distribution Payment Date ending the Distribution Period of which such Distribution Accrual Period forms part; and

(ii) in respect of any other period, the amount of Distribution payable per Calculation Amount for that period

"**Distribution Commencement Date**" means the Issue Date or such other date as may be specified hereon

"**Distribution Determination Date**" means, with respect to a Distribution Rate and Distribution Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Distribution Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Distribution Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Distribution Accrual Period if the Specified Currency is euro

"**Distribution Period**" means the period beginning on and including the Distribution Commencement Date and ending on but excluding the first Distribution Payment Date and each successive period beginning on and including a Distribution Payment Date and ending on but excluding the next succeeding Distribution Payment Date unless otherwise specified hereon

"**Distribution Period Date**" means each Distribution Payment Date unless otherwise specified hereon

"**Distribution Rate**" means the rate of distribution payable from time to time in respect of this Perpetual Security and that is either specified or calculated in accordance with the provisions hereon

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in each case selected by the Calculation Agent or as specified hereon

"**Reference Rate**" means the rate specified as such hereon

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service)

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Perpetual Securities are denominated

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(h) **Calculation Agent**: The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Perpetual Security is outstanding. Where more than one Calculation Agent is appointed in respect of the Perpetual Securities, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Distribution Rate for an Distribution Accrual Period or to calculate any Distribution Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over- the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(i) **Business Day Convention**: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

6 Redemption, Purchase and Options

(a) **No Fixed Redemption Date**

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 11) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 6.

(b) **Redemption for Taxation Reasons**: The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date (if this Perpetual Security is a Floating Rate Perpetual Security) or, at any time, (if this Perpetual Security is not a Floating Rate Perpetual Security), on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands (in the case of payment by the Issuer) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Perpetual Securities, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a "**Withholding Tax Event**"), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(c) **Redemption at the Option of the Issuer**: If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Perpetual Securityholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Perpetual Securities on any Optional Redemption Date specified hereon. Any such redemption of Perpetual Securities shall be at their Optional Redemption Amount together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption. Any such redemption or exercise must relate to Perpetual Securities of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities, or in the case of Registered Perpetual Securities shall specify the nominal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(d) **Redemption for Accounting Reasons**: If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to International Financial Reporting Standards, as amended from time to time (the "**IFRS**") or any other accounting standards that may replace IFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "**equity**" of the Issuer pursuant to the Relevant Accounting Standard (an "**Accounting Event**").

Prior to the publication of any notice of redemption pursuant to this Condition 6(d), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent and the Issuing and Paying Agent a certificate, signed by a duly authorised officer of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances.

Upon the expiry of any such notice as is referred to in this Condition 6(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 6(d) provided that such date for redemption shall be no earlier than the last day before the date on which the Perpetual Securities must not or must no longer be recorded as "**equity**" of the Issuer pursuant to the Relevant Accounting Standard.

(e) **Partly Paid Perpetual Securities**: Partly Paid Perpetual Securities will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(f) **Purchases**: Each of the Issuer and its Subsidiaries may at any time purchase Perpetual Securities (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(g) **Cancellation**: All Perpetual Securities purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Perpetual Securities shall be discharged.

7 Payments and Talons

(a) **Bearer Perpetual Securities**: Payments of principal and distribution in respect of Bearer Perpetual Securities shall, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities (in the case of all other payments of principal and, in the case of distribution, as specified in Condition 7(f)(vi)) or Coupons (in the case of Distribution, save as specified in Condition 7(f)(vi)), as the case may be, in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Perpetual Securityholder with a bank in Hong Kong. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

Payments of principal and distribution in respect of Bearer Perpetual Securities held in the CMU will be made to the person(s) for whose account(s) distributions in the relevant Bearer Perpetual Security are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Fiscal Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(b) **Registered Perpetual Securities**:

(i) Payments of principal in respect of Registered Perpetual Securities shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Distribution on Registered Perpetual Securities shall be paid to the person shown on the Register at the close of business (i) on the fifteenth day before the due date for payment thereof or (ii) in the case of Renminbi, on the fifth day before the due date for payment thereof (the "**Record Date**"). Payments of distribution on each Registered Perpetual Security shall be made (x) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and (y) in the case of Renminbi, by transfer to the registered account of the Perpetual Securityholder. In this Condition 7(b), "**registered account**" means the Renminbi account maintained by or on behalf of the Perpetual Securityholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

Payments of principal and distribution in respect of Registered Perpetual Securities held in the CMU will be made to the person(s) for whose account(s) distributions in the relevant Registered Perpetual Securities are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Fiscal Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive *evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.*

So long as the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

(c) **Payments in the United States**: Notwithstanding the foregoing, if any Bearer Perpetual Securities are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Perpetual Securities in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments Subject to Fiscal Laws**: Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(e) **Appointment of Agents**: The Fiscal Agent, the CMU Lodging and Paying Agent, the Issuing and Paying Agent, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Perpetual Securityholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Perpetual Securities, (iii) a Transfer Agent in relation to Registered Perpetual Securities, (iv) a CMU Lodging and Paying Agent in relation to Perpetual Securities accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where the Conditions so require, and (v) such other agents as may be required by any other stock exchange on which the Perpetual Securities may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Perpetual Securities denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Perpetual Securityholders.

(f) **Unmatured Coupons and unexchanged Talons**:

(i) Upon the due date for redemption of Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities (other than Dual Currency Perpetual Securities), those Perpetual Securities should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured

Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, Dual Currency Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Perpetual Security that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Perpetual Securities is presented for redemption without all unmatured Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate representing it, as the case may be. Distribution accrued on a Perpetual Security that only bears distribution after its Maturity Date shall be payable on redemption of such Perpetual Security against presentation of the relevant Perpetual Security or Certificate representing it, as the case may be.

(g) **Talons**: On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) **Non-Business Days**: If any date for payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any distribution or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or

(ii) (in the case of a payment in euro) which is a TARGET Business Day; or

(iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8 Taxation

All payments of principal and distribution by or on behalf of the Issuer in respect of the Perpetual Securities and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Perpetual Security or Coupon:

(a) **Other connection**: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Perpetual Security or Coupon by reason of his having some connection with the British Virgin Islands other than the mere holding, or receipt of payment on, of the Perpetual Security or Coupon or

(b) **Presentation more than 30 days after the Relevant Date**: presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day.

As used in these Conditions, "**Relevant Date**" in respect of any Perpetual Security or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Perpetual Securityholders that, upon further presentation of the Perpetual Security (or relevant Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Perpetual Securities, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**distribution**" shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**distribution**" shall be deemed to include any additional amounts that may be payable under this Condition.

9 Prescription

Claims against the Issuer for payment in respect of the Perpetual Securities and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of distribution) from the appropriate Relevant Date in respect of them.

10 Non-payment

(a) Non-payment when Due

Notwithstanding any of the provisions below in this Condition 10, the right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 5(IV).

(b) Proceedings for Winding-Up

If (i) a resolution is passed for the winding-up of the Issuer or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due and, in each case, such failure continues for a period of more than five business days (together, the "**Enforcement Events**"), the Issuer shall be deemed to be in default under the Perpetual Securities and Perpetual Securityholders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Perpetual Securities may institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

(c) **Enforcement**

Without prejudice to Condition 10(b) but subject to the provisions of Condition 10(d), Perpetual Securityholders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Perpetual Securities may without further notice to the Issuer institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any Arrears of Distribution and any Additional Distribution Amount), including any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) **Extent of Perpetual Securityholders' remedy**

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Perpetual Securityholders, whether for the recovery of amounts owing in respect of the Perpetual Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Perpetual Securities.

11 Meeting of Perpetual Securityholders and Modifications

(a) **Meetings of Perpetual Securityholders**: The Fiscal Agency Agreement contains provisions for convening meetings of Perpetual Securityholders to consider any matter affecting their distributions, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Perpetual Securityholders holding not less than 10 per cent. in nominal amount of the Perpetual Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing not less than 50 per cent. in nominal amount of the Perpetual Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Perpetual Securityholders whatever the nominal amount of the Perpetual Securities held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Perpetual Securities, (iii) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates or amount of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (iv) if a Minimum and/or a Maximum Rate of Distribution or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Perpetual Securities, or (vii) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Perpetual Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Perpetual Securityholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Perpetual Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Perpetual Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Perpetual Securityholders.

These Conditions may be amended, modified or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

(b) **Modification of Fiscal Agency Agreement**: The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Perpetual Securityholders. For the avoidance of doubt, none of the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Paying Agents or the Calculation Agent(s) shall have any responsibility or liability whatsoever with respect to any determination as to prejudice applying to the interests of the Perpetual Securityholders pursuant to this Condition 11.

(c) **Substitution:** If Special Event Substitution is specified in the relevant Pricing Supplement as being applicable and a Special Event has occurred and is continuing, then the Issuer may, subject to Condition 5 (without any requirement for the consent or approval of the Perpetual Securityholders) and having given not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at any time either (i) substitute all, but not some only, of the Perpetual Securities for, or (ii) vary the terms of the Perpetual Securities with the effect that they remain or become (as the case may be), Qualifying Securities. Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities in accordance with this Condition 11(c), as the case may be. In connection therewith, any outstanding Arrears of Distribution (including any Additional Distribution Amount) will be satisfied in full in accordance with the provisions of Condition 5(IV)(e). In connection with any substitution or variation in accordance with this Condition 11(c), the Issuer shall comply with the rules of any stock exchange on which the Perpetual Securities are for the time being listed or admitted to trading. Any such substitution or variation in accordance with the foregoing provisions shall not be permitted if any such substitution or variation would give rise to a Special Event with respect to the Perpetual Securities or the Qualifying Securities.

"Qualifying Securities" means securities that: (a) have terms not materially less favourable to an investor from the terms of the Perpetual Securities (as reasonably determined by the Issuer, *provided that:*

(i) they are issued by the Issuer or any wholly-owned direct or indirect finance subsidiary of the Issuer with a guarantee of the Issuer; and

(ii) they (or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* with the Perpetual Securities on a Winding-Up of the Issuer or guarantor thereof, shall preserve the Perpetual Securityholders' rights to any Arrears of Distribution, any Additional Distribution Amount and any other payment that has accrued with respect to the relevant securities, and shall contain terms which provide for the same Rate of Distribution, Distribution Payment Dates and redemption events, from time to time applying to the Perpetual Securities; and other terms of such securities are substantially identical (as reasonably determined by the Issuer) to the Perpetual Securities, save for the modifications or amendments to such terms that are specifically required to be made in order to avoid or resolve a Special Event; and

(d) are listed on a securities exchange of international standing regularly used for the listing and quotation of debt securities offered and traded in the international markets; and

"**Special Event**" means a Withholding Tax Event an Accounting Event, or any combination of the foregoing.

12 Replacement of Perpetual Securities, Certificates Coupons and Talons

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of 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 the purpose and notice of whose designation is given to Perpetual Securityholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Securities, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities having the same terms and conditions as the Perpetual Securities (so that, for the avoidance of doubt, references in these Conditions to "Issue Date" shall be to the first issue date of the Perpetual Securities) and so that the same shall be consolidated and form a single series with such Perpetual Securities, and references in these Conditions to "Perpetual Securities" shall be construed accordingly.

14 Notices

Notices to the holders of Registered Perpetual Securities shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, so long as the Perpetual Securities are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the rules of the Stock Exchange so require, published in a leading newspaper having general circulation in Hong Kong (which is expected to be in the Asian Wall Street Journal). Notices to the holders of Bearer Perpetual Securities shall be valid if published in a daily newspaper of general circulation in Hong Kong and, so long as the Perpetual Securities are listed on the Stock Exchange and the rules of the Stock Exchange so require, published in a daily newspaper with general circulation in Hong Kong (which is expected to be the Asian Wall Street Journal). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Perpetual Securities in accordance with this Condition.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held on behalf of (i) Euroclear or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Perpetual Securities of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Security or (ii) the CMU, notices to the holders of Perpetual Securities of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Security or Global Certificate.

15 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Perpetual Security or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer) by any Perpetual Securityholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Perpetual Security or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Perpetual Security or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Perpetual Securityholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Perpetual Securityholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Perpetual Security or Coupon or any other judgment or order.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act 1999.

17 Governing Law and Jurisdiction

(a) **Governing Law**: The Perpetual Securities, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that the subordination provisions set out in Condition 3(b) applicable to the Issuer shall be governed by and construed in accordance with the laws of the British Virgin Islands.

(b) **Jurisdiction**: The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Perpetual Securities, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Perpetual Securities, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Service of Process**: The Issuer irrevocably appoints Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. 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 and shall immediately notify Perpetual Securityholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

FORM OF PRICING SUPPLEMENT IN RELATION TO THE NOTES

The Pricing Supplement in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue.

[***MiFID II product governance/Professional investors and ECPs only target market** — Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [Consider any negative target market.] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]*

***[PRIIPs REGULATION — PROHIBITION OF SALES TO EEA RETAIL INVESTORS —** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]*

***[Singapore Securities and Futures Act Product Classification** - Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures Act (Capital Market Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).][1]*

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, "**Professional Investors**") only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document includes particulars given in compliance with the Rules Governing the Listing of Notes on Hong Kong Stock Exchange for the purposes of giving information with regard to the Issuer. The Issuer accepts full responsibility for the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

1 For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Pricing Supplement dated [•]

AMTD Group Company Limited
尚乘集團有限公司

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the U.S.$1,000,000,000 Medium Term Note Programme

The document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated 25 February 2019 [and the Supplemental Offering Circular dated [•]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement[,/and the Offering Circular [and the Supplemental Offering Circular].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated 25 February 2019. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular dated 25 February 2019 [and the supplemental Offering Circular dated [*date*]], save in respect of the Conditions which are extracted from the Offering Circular dated 25 February 2019 and are attached hereto.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

1.		Issuer:	AMTD Group Company Limited 尚乘集團有限公司
2.	[(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date/the Issue Date/exchange of the Temporary Global Security for interests in the Permanent Global Security, as referred to in paragraph [26] below [which is expected to occur on or about [insert date]]].] (*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*).
3.		Specified Currency or Currencies:	[•]
4.		Aggregate Nominal Amount:	[•]
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
5.	[(i)]	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	[(ii)	Net Proceeds:	[•] (*Required only for listed issues*)]

6.	(i) Specified Denominations:[1] [2] [3]	[•]
	(ii) Calculation Amount:	[•] *The applicable Calculation Amount will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes or (ii) if there are several Specified Denominations or the circumstances referred to in Footnote 2 below apply, the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations).*
7.	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]
8.	Maturity Date:	*[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*[4]
9.	Interest Basis:	[[•] per cent. Fixed Rate] [[*Specify reference rate*] +/– [•] per cent. Floating Rate] [Zero Coupon] [Index-Linked Interest] [Other (*Specify*)] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Index-Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (*Specify*)]
11.	Change of Interest or Redemption/Payment Basis:	[*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]

2 Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

3 If the specified denomination is expressed to be €50,000 (or €100,000, to the extent that Directive 2010/73/EU has been implemented in the relevant Member State) or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: €50,000 (or €100,000, to the extent that Directive 2010/73/EU has been implemented in the relevant Member State) and integral multiples of €1,000 in excess thereof up to and including [€99,000]/[€199,000]. No notes in definitive form will be issued with a denomination above [€99,000]/[€199,000].

4 Notes to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HK$500,000 (or its equivalent in other currencies).

5 Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

12.	Put/Call Options:	[Put Option] [Call Option] [Change of Control Put] [(further particulars specified below)]
13.	(i) Status of the Notes:	Senior
	(ii) Date of [*Board*] approval for issuance of Notes obtained:	[•]
14.	Listing:	[Hong Kong/Other (*specify*)/None] (*For Notes to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Notes*)
15.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate[(s)] of Interest:	[•] per cent. per annum [payable [annually/ semi-annually/quarterly/monthly/other (*specify*)] in arrear]
	(ii) Interest Payment Date(s):	[•] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
	(iii) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount[5]
	(iv) Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
	(v) Day Count Fraction:	[30/360/Actual/Actual/Actual/Actual-ICMA or Actual/ 365 (Fixed)[6]/Actual/365 (Sterling)/Actual/360/ 30E/ 360/30E/360 (ISDA)/other]
	(vi) [Determination Dates:	[•] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual-ICMA*)]
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]

6 For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01 for the case of Renminbi denominated Fixed Rate Notes and HK$0.01 for the case of Hong Kong dollar denominated Fixed Rate Notes, with CNY0.005 and HK$0.005 being rounded upwards".

7 Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi-denominated Fixed Rate Notes.

17.	**Floating Rate Note Provisions**	[Applicable/Not Applicable]
		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Interest Period(s):	[•][[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]]
	(ii) Specified Interest Payment Dates:	[[•] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]]
	(iii) Interest Period Date:	[Not Applicable]/[•] [in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
	(iv) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)] [Not Applicable]
	(v) Business Centre(s):	[•]
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
	(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[•]
	(viii) Screen Rate Determination:	
	• Reference Rate:	[•]
	• Interest Determination Date(s):	[•]
	• Relevant Screen Page:	[•]
	(ix) ISDA Determination:	
	• Floating Rate Option:	[•]
	• Designated Maturity:	[•]
	• Reset Date:	[•]
	• ISDA Definitions:	[2000/2006]
	(x) [Linear Interpolation:	Not Applicable/Applicable — the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
	(xi) Margin(s):	[+/−][•] per cent. per annum
	(xii) Minimum Rate of Interest:	[•] per cent. per annum
	(xiii) Maximum Rate of Interest:	[•] per cent. per annum
	(xiv) [Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365] [*specify other*]]

	(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•]
18.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Amortisation Yield:	[•] per cent. per annum
	(ii)	Day Count Fraction:	[•]
	(iii)	Any other formula/basis of determining amount payable:	[•]
19.	**Index-Linked Interest Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Index/Formula/other variable:	*[give or annex details]*
	(ii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[•]
	(iii)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	[•]
	(iv)	Interest Period(s):	[•]
	(v)	Specified Interest Payment Dates:	[•]
	(vi)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
	(vii)	Business Centre(s):	[•]
	(viii)	Minimum Rate/Amount of Interest:	[•] per cent. per annum
	(ix)	Maximum Rate/Amount of Interest:	[•] per cent. per annum
	(x)	Day Count Fraction:	[•]
20.	**Dual Currency Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate of Exchange/method of calculating Rate of Exchange:	[*give details*]
	(ii)	Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent):	[•]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]

(iv)	Person at whose option Specified Currency(ies) is/are payable:	[•]

PROVISIONS RELATING TO REDEMPTION

21.	**Call Option**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[[•] per Calculation Amount] [*specify other*]
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[•] per Calculation Amount
		(b) Maximum Redemption Amount	[•] per Calculation Amount
	(iv)	Notice period:	[•][7]
22.	**Put Option**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii)	Notice period:	[•][7]
23.	**Change of Control Put Option**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Early Redemption Amount (Change of Control) per Calculation Amount payable on redemption for a Change of Control and/or the method of calculating the same (if required):	[•]
24.	**Final Redemption Amount of each Note**		[•] per Calculation Amount

[8] If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent.

[9] If the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "€50,000 (or €100,000, to the extent that Directive 2010/73-EU has been implemented in the relevant Member State) and integral multiples of [€1,000] in excess thereof up to and including [€99,000]/[€199,000]", the Temporary Global Security shall not be exchangeable on [•] days notice.

25.	**Early Redemption Amount**	[•]/[Not Applicable]
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption (other than on redemption for Change of Control) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26.	**Form of Notes**	**Bearer Notes:** [Temporary Global Security exchangeable for a Permanent Global Security which is exchangeable for Definitive Securities on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Security] [Temporary Global Security exchangeable for Definitive Securities on [•] days' notice][8] [Permanent Global Security exchangeable for Definitive Securities in the limited circumstances specified in the Permanent Global Security] **[Registered Notes:** Global Certificate exchangeable for Individual Security Certificates in the limited circumstances described in the Global Certificate]
27.	Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*. *Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 17(v) and 19(viii) relate*]
28.	Talons for future Coupons or Receipts to be attached to Definitive Securities (and dates on which such Talons mature):	[No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]
29.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:	[Not Applicable/*give details*]
30.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
31.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
32.	Consolidation provisions:	The provisions [in Condition [13] (*Further Issues*)] [annexed to this Pricing Supplement] apply]
33.	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

34.	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilising Manager(s) (if any):	[Not Applicable/*give names*]
	(iii) If non-syndicated, name and address of Dealer:	[Not Applicable/give name and address]
35.	U.S. Selling Restrictions:	Reg. S Category [1/2]; *(In the case of Bearer Notes)* — [TEFRA C/TEFRA D/TEFRA Not Applicable] *(In the case of Registered Notes)* — TEFRA Not Applicable
36.	Additional selling restrictions:	[Not Applicable/*give details*]
37.	Private bank rebate/commission	[Not Applicable]/[[To be included if a PB rebate is paid: In addition, we have agreed with the Joint Lead Managers that we will pay a commission to certain private banks in connection with the distribution of the Perpetual Securities to their clients. This commission will be based on the principal amount of the Perpetual Securities so distributed, and may be deducted from the purchase price for the Perpetual Securities payable by such private banks upon settlement.]

OPERATIONAL INFORMATION

38.	ISIN Code:	[•]
39.	Common Code:	[•]
40.	CMU Instrument Number:	[•]
41.	Legal Entity Identifier (LEI)	300300562CL5FSKOCE61
42.	Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
43.	Delivery:	Delivery [against/free of] payment
44.	Additional Paying Agent(s) (if any):	[•]

GENERAL

45.	The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [•], producing a sum of (for Notes not denominated in U.S. dollars):	[Not Applicable/U.S.$[•]]
46.	Use of proceeds	[•]
47.	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)*

[STABILISATION

In connection with this issue, [insert name of Stabilising Manager] (the "**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be discontinued at any time, and must be brought to an end after a limited period.]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Hong Kong Stock Exchange of the Notes described herein pursuant to the U.S.$1,000,000,000 Medium Term Note Programme.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. Signed on behalf of AMTD Group Company Limited 尚乘集團有限公司:

By: . . . .
Duly authorised

FORM OF PRICING SUPPLEMENT IN RELATION TO THE PERPETUAL SECURITIES

The Pricing Supplement in respect of each Tranche of Perpetual Securities will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Perpetual Securities and their issue.

***[MiFID II product governance/Professional investors and ECPs only target market** — Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [Consider any negative target market.] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]*

***[PRIIPs REGULATION — PROHIBITION OF SALES TO EEA RETAIL INVESTORS —** The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]*

***[Singapore Securities and Futures Act Product Classification —** Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures Act (Capital Market Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Perpetual Securities are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04- N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).]*[1]

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, "**Professional Investors**") only. **Investors should not purchase the Perpetual Securities in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Perpetual Securities are only suitable for Professional Investors.**

Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Perpetual Securities on Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Perpetual Securities or the Issuer or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document includes particulars given in compliance with the Rules Governing the Listing of Perpetual Securities on Hong Kong Stock Exchange for the purposes of giving information with regard to the Issuer. The Issuer accepts full responsibility for the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

---

[1] For any Perpetual Securities to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Pricing Supplement dated [•]

AMTD Group Company Limited
尚乘集團有限公司

Issue of [Aggregate Nominal Amount of Tranche] [Title of Perpetual Securities]

under the U.S.$1,000,000,000 Medium Term Note Programme

The document constitutes the Pricing Supplement relating to the issue of Perpetual Securities described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Perpetual Securities (the "**Conditions**") set forth in the Offering Circular dated 25 February 2019 [and the Supplemental Offering Circular dated [•]]. This Pricing Supplement contains the final terms of the Perpetual Securities and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Perpetual Securities is only available on the basis of the combination of this Pricing Supplement[,/and the Offering Circular [and the Supplemental Offering Circular].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Perpetual Securities (the "**Conditions**") set forth in the Offering Circular dated 25 February 2019. This Pricing Supplement contains the final terms of the Perpetual Securities and must be read in conjunction with such Offering Circular dated 25 February 2019 [and the supplemental Offering Circular dated [*date*]], save in respect of the Conditions which are extracted from the Offering Circular dated 25 February 2019 and are attached hereto.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

1.	Issuer:		AMTD Group Company Limited 尚乘集團有限公司
2.	[(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the Perpetual Securities become fungible:	[Not Applicable/The Perpetual Securities shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date/the Issue Date/exchange of the Temporary Global Security for interests in the Permanent Global Security, as referred to in paragraph [24] below [which is expected to occur on or about [insert date]]].] *(If fungible with an existing Series, details of that Series, including the date on which the Perpetual Securities become fungible).*
3.	Specified Currency or Currencies:		[•]
4.	Aggregate Nominal Amount:		[•]
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
5.	[(i)]	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued distribution from [insert date] (in the case of fungible issues only, if applicable)]
	[(ii)	Net Proceeds:	[•] *(Required only for listed issues)*]

6.	(i)	Specified Denominations:[3 4 5]	[•]
	(ii)	Calculation Amount:	[•]
			The applicable Calculation Amount will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Perpetual Securities or (ii) if there are several Specified Denominations or the circumstances referred to in Footnote 2 below apply, the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations).
7.	(i)	Issue Date:	[•]
	(ii)	Distribution Commencement Date:	[*Specify/Issue Date/Not Applicable]*
8.	Maturity Date:		[*Specify date or (for Floating Rate Perpetual Securities) Distribution Payment Date falling in or nearest to the relevant month and year]*[6]
9.	Distribution Basis:		[[•] per cent. Fixed Rate]
			[[Specify reference rate] +/– [•] per cent. Floating Rate]
			(further particulars specified below)
10.	Redemption/Payment Basis:		[Redemption at par]
			[Dual Currency]
			[Partly Paid]
11.	Put/Call Options:		[Redemption for Taxation Reasons]
			[Redemption at the Option of the Issuer][Redemption for Accounting Reasons]
			(Any other redemption events to be specified)
			[(further particulars specified below)]
12.	(i)	Status of the Perpetual Securities:	[Senior Perpetual Securities/Subordinated Perpetual Securities]
	(ii)	Parity Obligations	[•]
	(iii)	Junior Obligations	[•]
	(iv)	Date of [*Board*] approval for issuance of Perpetual Securities obtained:	[•]

2 Perpetual Securities (including Perpetual Securities denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

3 If the specified denomination is expressed to be €50,000 (or €100,000, to the extent that Directive 2010/73/EU has been implemented in the relevant Member State) or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: €50,000 (or €100,000, to the extent that Directive 2010/73/EU has been implemented in the relevant Member State) and integral multiples of €1,000 in excess thereof up to and including [€99,000]/[€199,000]. No perpetual securities in definitive form will be issued with a denomination above [€99,000]/[€199,000].

4 Perpetual Securities to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HK$500,000 (or its equivalent in other currencies).

5 Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Perpetual Securities where Distribution Payment Dates are subject to modification it will be necessary to use the second option here.

13.	Listing:	[Hong Kong/Other (*specify*)/None] *(For Perpetual Securities to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Perpetual Securities*)
14.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO DISTRIBUTION PAYABLE

15.	**Fixed Rate Perpetual Security Provisions**	[Applicable/Not Applicable]
		(If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i) Distribution Rate[(s)]:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
	(ii) Distribution Payment Date(s):	[•] in each year [adjusted in accordance with [specify *Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day*"]/not adjusted]
	(iii) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv) Broken Amount(s):	[•] per Calculation Amount, payable on the Distribution Payment Date falling [in/on] [•]
	(v) Day Count Fraction:	[30/360/Actual/Actual/Actual/Actual-ICMA or Actual/365 (Fixed)[7]/Actual/365 (Sterling)/Actual/360/30E/360/30E/360 (ISDA)/other]
	(vi) First Reset Date:	[•]
	(vii) Reset Date:	[•]
	(viii) Reset Distribution Rate:	[•]
	(ix) Initial Spread:	[•]
	(x) Reset Period:	[•]
	(xi) Step-Up Margin:	[•]
	(xii) Step-up Date:	[•]
	(xiii) Relevant Rate:	[•]
	(xiv) [Determination Dates:	[•] in each year *(insert regular distribution payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual-ICMA)*]
	(xv) Other terms relating to the method of calculating distribution for Fixed Rate Perpetual Securities:	[Not Applicable/*give details*]

6 Applicable to Hong Kong dollar denominated Fixed Rate Perpetual Securities and Renminbi-denominated Fixed Rate Perpetual Securities.

16.	**Floating Rate Perpetual Security Provisions**	[Applicable/Not Applicable]
		(If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i) Distribution Period(s):	[•] [[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]]
	(ii) Specified Distribution Payment Dates:	[[•] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]]
	(iii) Distribution Period Date:	[Not Applicable]/[•] [in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
	(iv) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)] [Not Applicable]
	(v) Business Centre(s):	[•]
	(vi) Manner in which the Distribution Rate(s) is/are to be determined:	[Screen Rate Determination/ISDA Determination/other *(give details)*]
	(vii) Party responsible for calculating the Distribution Rate(s) and/or Distribution Amount(s) (if not the Calculation Agent):	[•]
	(viii) Screen Rate Determination:	
	• Reference Rate:	[•]
	• Distribution Determination Date(s):	[•]
	• Relevant Screen Page:	[•]
	(ix) ISDA Determination:	
	• Floating Rate Option:	[•]
	• Designated Maturity:	[•]
	• Reset Date:	[•]
	• ISDA Definitions:	[2000/2006]
	(x) [Linear Interpolation:	Not Applicable/Applicable — the Distribution Rate for the [long/short] [first/last] Distribution Period shall be calculated using Linear Interpolation (*specify for each short or long distribution period*)]
	(xi) Margin(s):	[+/−] [•] per cent. per annum
	(xii) Minimum Distribution Rate:	[•] per cent. per annum
	(xiii) Maximum Distribution Rate:	[•] per cent. per annum
	(xiv) [Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365] [*specify other*]]

	(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating distribution on Floating Rate Perpetual Securities, if different from those set out in the Conditions:	[•]
17.	**Zero Coupon Perpetual Security Provisions**		[Applicable/Not Applicable]
18.	**Other provisions relating to Interest**		
	(i)	Distribution Deferral:	[•]
	(ii)	Optional Distribution:	[•]
	(iii)	Dividend Stopper:	[•]
	(iv)	Dividend Pusher and Reference Period:	[•]
	(v)	Relevant Obligations (Pusher):	[•]
	(vi)	Relevant Obligations (Stopper):	[•]
	(vii)	Non-cumulative Deferral:	[•]
	(viii)	Cumulative Deferral:	[•]
	(ix)	Additional Distribution:	[•]
19.	**Dual Currency Perpetual Security Provisions**		[Applicable/Not Applicable]
			(If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i)	Rate of Exchange/method of calculating Rate of Exchange:	*[give details]*
	(ii)	Party, if any, responsible for calculating the principal and/or distribution due (if not the Calculation Agent):	[•]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[•]

PROVISIONS RELATING TO REDEMPTION

20.	Redemption for Taxation Reasons	[Yes/No]
	Issuer's Redemption Option Period (Condition [6(b)])	[Specify maximum and minimum number of days for notice period]
21.	Redemption at the Option of the Issuer	[Yes/No]
	Issuer's Redemption Option Period (Condition [6(c)])	[Specify maximum and minimum number of days for notice period]
22.	Redemption for Accounting Reasons	[Yes/No]
	Issuer's Redemption Option Period (Condition [6(d)])	[Specify maximum and minimum number of days for notice period]

23.	**Redemption Amount of each Perpetual Security**	[•] per Calculation Amount
24.	**Optional Redemption Amount**	[•]/[Not Applicable]
25.	**Early Redemption Amount**	[•]/[Not Applicable]
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	

GENERAL PROVISIONS APPLICABLE TO THE PERPETUAL SECURITIES

26.	**Form of Perpetual Securities**	**Bearer Perpetual Securities:** [Temporary Global Security exchangeable for a Permanent Global Security which is exchangeable for Definitive Perpetual Securities on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Security] [Temporary Global Security exchangeable for Definitive Perpetual Securities on [•] days' notice][8] [Permanent Global Security exchangeable for Definitive Perpetual Securities in the limited circumstances specified in the Permanent Global Security] **[Registered Perpetual Securities:** Global Certificate exchangeable for Individual Security Certificates in the limited circumstances described in the Global Certificate]
27.	Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*. *Note that this paragraph relates to the date and place of payment, and not distribution period end dates, to which sub paragraph [16(v)] relates*]
28.	Talons for future Coupons or Receipts to be attached to Definitive Perpetual Securities (and dates on which such Talons mature):	[No/Yes. As the Perpetual Securities have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]
29.	Details relating to Partly Paid Perpetual Securities: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Perpetual Securities and distribution due on late payment]:	[Not Applicable/*give details*]
30.	Details relating to Instalment Perpetual Securities: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]

7 If the Specified Denominations of the Perpetual Securities in paragraph 6 includes language substantially to the following effect: "€50,000 (or €100,000, to the extent that Directive 2010/73-EU has been implemented in the relevant Member State) and integral multiples of [€1,000] in excess thereof up to and including [€99,000]/[€199,000]", the Temporary Global Security shall not be exchangeable on [•] days notice.

31.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
32.	Consolidation provisions:	The provisions [in Condition [13] (*Further Issues*)] [annexed to this Pricing Supplement] apply]
33.	Other terms or special conditions:	[Not Applicable/*give details*]
34.	Special Event Substitution	[Not Applicable/Applicable]

DISTRIBUTION

35.	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilising Manager(s) (if any):	[Not Applicable/*give names*]
	(iii) If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
36.	U.S. Selling Restrictions:	Reg. S Category [1/2]; *(In the case of Bearer Perpetual Securities)* — [TEFRA C/TEFRA D/TEFRA Not Applicable] *(In the case of Registered Perpetual Securities)* — TEFRA Not Applicable
37.	Additional selling restrictions:	[Not Applicable/*give details*]
38.	Private bank rebate/commission	[Not Applicable]/[[To be included if a PB rebate is paid: In addition, we have agreed with the Joint Lead Managers that we will pay a commission to certain private banks in connection with the distribution of the Perpetual Securities to their clients. This commission will be based on the principal amount of the Perpetual Securities so distributed, and may be deducted from the purchase price for the Perpetual Securities payable by such private banks upon settlement.]

OPERATIONAL INFORMATION

39.	ISIN Code:	[•]
40.	Common Code:	[•]
41.	CMU Instrument Number:	[•]
42.	Legal Entity Identifier (LEI)	300300562CL5FSKOCE61
43.	Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
44.	Delivery:	Delivery [against/free of] payment
45.	Additional Paying Agent(s) (if any):	[•]

GENERAL

46.	The aggregate principal amount of Perpetual Securities issued has been translated into U.S. dollars at the rate of [•], producing a sum of (for Perpetual Securities not denominated in U.S. dollars):	[Not Applicable/U.S.$[•]]
47.	Use of proceeds	[•]
48.	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)*

[STABILISATION

In connection with this issue, [*insert name of Stabilising Manager*] (the "**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) may over-allot Perpetual Securities or effect transactions with a view to supporting the market price of the Perpetual Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Perpetual Securities is made and, if begun, may be discontinued at any time, and must be brought to an end after a limited period.]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Hong Kong Stock Exchange of the Perpetual Securities described herein pursuant to the U.S.$1,000,000,000 Medium Term Note Programme.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of AMTD Group Company Limited尚乘集團有限公司:

By: . . . .
Duly authorised

Initial Issue of Securities

Global Securities and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary or a sub-custodian for the CMU Service.

Upon the initial deposit of a Global Security with the Common Depositary or with a sub-custodian for the CMU Service or registration of Registered Securities in the name of (i) any nominee for Euroclear and/or Clearstream, Luxembourg or (ii) the CMU Service and delivery of the relative Global Certificate to the Common Depositary or the sub-custodian for the CMU Service (as the case may be), Euroclear or Clearstream, Luxembourg or the CMU Service (as the case may be) will credit each subscriber with a nominal amount of Securities equal to the nominal amount thereof for which it has subscribed and paid.

Securities that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Securities that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or any other relevant clearing systems.

Relationship of Accountholders with Clearing Systems

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other relevant clearing systems as the holder of a Security represented by a Global Security or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such other relevant clearing systems (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Security or the holder of the underlying Registered Securities, as the case may be, and in relation to all other rights arising under such Global Securities or Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such other relevant clearing systems (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Securities for so long as the Securities are represented by such Global Security or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Security or the holder of the underlying Registered Securities, as the case may be, in respect of each amount so paid.

If a Global Security or a Global Certificate is lodged with the CMU Service, the person(s) for whose account(s) interests in such Global Security or Global Certificate are credited as being held in the CMU Service in accordance with the CMU Rules (as defined in the Fiscal Agency Agreement) as notified by the CMU Service to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service save in the case of manifest error) shall be the only person(s) entitled (in the case of Registered Securities, directed or deemed by the CMU Service as entitled) to receive payments in respect of Securities represented by such Global Security or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Security or Global Certificate are credited as being held in the CMU Service in respect of each amount so paid. Each of the persons shown in the records of the CMU Service, as the beneficial holder of a particular nominal amount of Securities represented by such Global Security or Global Certificate must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Global Security or Global Certificate.

Exchange

Temporary Global Securities

Subject as provided in the Conditions applicable to Partly-paid Securities, on or after the first day following the expiry of 40 days after the Issue Date (the "**Exchange Date**"), a Temporary Global Security may be exchanged (free of charge to the holder) in whole or (in the case such Temporary Global Security is issued in compliance with TEFRA D) from time to time in part by its presentation and, on exchange in full, surrender to or to the order of the Fiscal Agent or the CMU Lodging and Paying Agent for interests in a Permanent Global Security or, if so specified, for Definitive Securities in an aggregate nominal amount equal to the nominal amount of the Temporary Global Security submitted for exchange; provided that, in the case of any part of a Temporary Global Security issued in compliance with TEFRA D submitted for exchange for a Permanent Global Security or Definitive

Securities, there shall have been certification as to non-U.S. beneficial ownership in the form set out in the Fiscal Agency Agreement with respect to such nominal amount submitted for such exchange dated no earlier than the Exchange Date.

The CMU Service may require that any such exchange for a Permanent Global Security is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU Service) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) have so certified.

Permanent Global Securities

Each Permanent Global Security will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "— *Partial Exchange of Permanent Global Securities*" below, in part for Definitive Securities (i) if the Permanent Global Security is held on behalf of Euroclear or Clearstream, Luxembourg or the CMU Service or an Alternative Clearing System and any such clearing system 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 in fact does so or (ii) if, in relation to the Notes, principal in respect of any Notes is not paid when due, or in relation to the Perpetual Securities, upon a Winding- Up (as defined in the terms and conditions of the Perpetual Securities) of the Issuer, by the holder giving notice to the Fiscal Agent or the CMU Lodging and Paying Agent of its election for such exchange.

In the event that a Global Security is exchanged for Definitive Securities, such Definitive Securities shall be issued in Specified Denomination(s) only. A Securityholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Security in respect of such holding and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more Specified Denominations.

Global Certificates

The following will apply in respect of transfers of Securities held in Euroclear or Clearstream, Luxembourg or the CMU Service or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Securities within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of Securities represented by any Global Certificate pursuant to Condition 2(b) (*Transfer of Registered Securities)* may only be made in part if (i) the relevant clearing system 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, (ii) if, in relation to the Notes, principal in respect of any Notes is not paid when due, or in relation to the Perpetual Securities, upon a Winding-Up of the Issuer or (iii) with the consent of the Issuer provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Partial Exchange of Permanent Global Securities

For so long as a Permanent Global Security is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Security will be exchangeable in part on (i) if principal in respect of any Securities is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Securities.

Delivery of Securities

On or after any due date for exchange the holder of a Global Security may surrender such Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent (or, in the case of Securities lodged with the CMU Service, the CMU Lodging and Paying Agent). In exchange for any Global Security, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Security exchangeable for a Permanent Global Security, deliver, or procure the delivery of, a Permanent Global Security in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Security that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Security to reflect such exchange or (ii) in the case of a Global Security exchangeable for Definitive Securities, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated

Definitive Securities. In this Offering Circular, "**Definitive Securities**" means, in relation to any Global Security, the definitive Bearer Securities for which such Global Security may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Security and a Talon). Definitive Securities will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Fiscal Agency Agreement. On exchange in full of each Permanent Global Security, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Securities.

Exchange Date

"**Exchange Date**" means (i) in relation to an exchange of a Temporary Global Security, the day falling after the expiry of 40 days after its issue date; (ii) in relation to an exchange of a Permanent Global Security, a day falling not more than 60 days or in the case of failure to pay principal in respect of any Securities when due, a day falling 30 days, after the date of receipt of the first relevant notice by the Fiscal Agent, provided if such date is not a day on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located, the immediately following day.

Amendment to Conditions

The Temporary Global Securities, Permanent Global Securities and Global Certificates contain provisions that apply to the Securities that they represent, some of which modify the effect of the terms and conditions of the Securities set out in this Offering Circular. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Security unless exchange for an interest in a Permanent Global Security or for Definitive Securities or Registered Securities is improperly withheld or refused. Payments on any Temporary Global Security issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Fiscal Agency Agreement. All payments in respect of Securities represented by a Global Security (except with respect to Global Security held through the CMU Service) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of that Global Security to or to the order of the Fiscal Agent as shall have been notified to the Securityholders for such purpose. A record of each payment so made will be endorsed on each Global Security, which endorsement will be prima facie evidence that such payment has been made in respect of the Securities.

All payments in respect of Securities represented by a Global Security or Global Certificate held in Euroclear or Clearstream, Luxembourg, will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January. For the purpose of any payments made in respect of a Global Security, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (Non-Business Days).

In respect of a Global Security or Global Certificate held through the CMU Service, any payments of principal, interest or distribution (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Security are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) and, save in the case of final payment, no presentation of the relevant bearer Global Security or Global Certificate shall be required for such purpose.

So long as the Securities are represented by a Permanent Global Security or a Global Certificate and the Permanent Global Security or the Global Certificate is held on behalf of a clearing system, the Issuer has promised, *inter alia*, to pay in respect of such Securities from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Securities represented by the Permanent Global Security or the Global Certificate.

Meetings

The holder of a Permanent Global Security or of the Securities represented by a Global Certificate shall (unless such Permanent Global Security or Global Certificate represents only one Security) be treated as being two persons for the purposes of any quorum requirements of a meeting of Securityholders and, at any such meeting, the holder of a Permanent Global Security or a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Securities. (All holders of Registered Securities are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Securities comprising such Securityholder's holding, whether or not represented by a Global Certificate.)

Cancellation

Cancellation of any Security represented by a Permanent Global Security or Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Security or Global Certificate.

Purchase

Securities represented by a Permanent Global Security may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuer's Option

Any option of the Issuer provided for in the Conditions of any Securities while such Securities are represented by a Permanent Global Security shall be exercised by the Issuer giving notice to the Securityholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain, in the case of Bearer Securities, the certificate numbers of Securities drawn or, in the case of Registered Securities, the holder of the Securities in respect of a partial exercise of an option and accordingly no drawing of Securities shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Securities of any Series, the rights of accountholders with a clearing system in respect of the Securities will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, the CMU Service or any other relevant clearing systems (as the case may be).

Events of Default

Each Global Security provides that the holder may cause such Global Security, or a portion of it, to become due and repayable in the circumstances described in Condition 10 (*Events of Default*) by stating in the notice to the Fiscal Agent or the CMU Lodging and Paying Agent (as applicable) the nominal amount of such Global Security that is becoming due and payable. If principal in respect of any Note is not paid when due, the holder of a Global Security or Registered Securities represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 10 May 2017 to come into effect in relation to the whole or a part of such Global Security or one or more Registered Securities in favour of the persons entitled to such part of such Global Security or such Registered Securities, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Security or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion of Notes or Registered Securities, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Security may be exercised by the holder of the Permanent Global Security giving notice to the Issuing and Paying Agent or (in respect of Notes represented by a Global Certificate) the Registrar or Transfer Agent or (in respect of Notes lodged with the CMU Service) the CMU Lodging and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the Permanent Global Security or Global Certificate to the Issuing and Paying Agent, the Registrar, the Transfer Agent or the CMU Lodging and Payment Agent (or, in each case, to a Paying Agent acting on their behalf), as the case may be, for notation.

Notices

So long as any Securities are represented by a Global Security or Global Certificate and such Global Security or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream, Luxembourg or any other relevant clearing systems (except as provided in (ii) below), notices to the holders of Securities of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Security or Global Certificate or (ii) the CMU Service, notices to the holders of Securities of the relevant Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU Service on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Security or Global Certificate.

Partly Paid Securities

The provisions relating to Partly Paid Securities are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Securities or Global Certificates. While any instalments of the subscription moneys due from the holder of Partly Paid Securities are overdue, no interest in a Global Security representing such Securities may be exchanged for an interest in a Permanent Global Securities or for Definitive Securities (as the case may be). If any Securityholder fails to pay any instalment due on any Partly Paid Securities within the time specified, the Issuer may forfeit such Securities and shall have no further obligation to their holder in respect of them.

Electronic Consent and Written Resolution

While any Global Security is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

(a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Securities outstanding (an "*Electronic Consent*" as defined in the Fiscal Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held, and shall be binding on all Securityholders and holders of Coupons, Talons and Receipts whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Fiscal Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Security or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg, or the CMU or any other relevant alternative clearing system (the "*relevant clearing system*") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Securityholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Securities is clearly identified together with the amount of such holding. The Issuer shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

CAPITALISATION

As at 30 June 2018, the issued share capital of the Issuer was 11,340 ordinary shares with a par value of U.S.$1.00 per share.

The following table sets out the total capitalisation and indebtedness of the Issuer as at 30 June 2018 which has been extracted from the unaudited but reviewed condensed consolidated statement of financial position of the Issuer as at the same date. The table should be read in conjunction with the unaudited but reviewed condensed consolidated financial statements of the Issuer as at and for the year ended 30 June 2018 and the notes thereto.

	As at 30 June 2018
	(HK$)
Long-term borrowings[1] (net of current portion)	2,840,943,295
Shareholders' funds:	
Share capital	78,008
Share premium	56,422,000
Retained profits	1,061,559,972
Reserves	690,762,571
Proposed final dividend	—
Shareholders' funds	1,808,822,551
Holders of perpetual securities	10,547,677,539
Total capitalisation[2]	15,197,443,385

Notes

(1) Long-term borrowings include the Shareholder Loans (as defined below). Pursuant to the Subordination Agreements (as defined below), the Shareholder Loans are subordinated to the Securities issued under the Programme.

(2) Total capitalisation represents long-term borrowings, shareholders' funds and holders of perpetual securities.

Save as disclosed above, there has been no material change in the capitalisation of the Issuer since 30 June 2018.

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer was incorporated as a limited liability company under the International Business Companies Act (Cap. 291 of the laws of the British Virgin Islands) on 2 January 2003 under its former name "ALLDAY ENTERPRISES LIMITED". The Issuer changed its name to "AMTD Group Company Limited" 尚乘集團有限公司 on 7 October 2004 and re-registered under the BVI Business Companies Act, 2004 on 1 January 2007 (BVI company registration number: 526887). Its registered office is at the offices of Vistra (BVI) Limited, Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The address of the principal place of business is 23/F–25/F, Nexxus Building, 41 Connaught Road Central, Hong Kong.

BUSINESS ACTIVITIES

The Issuer is a holding company of the Group. As at 30 June 2018, apart from subordinated loans payable to a shareholder of HK$148.8 million (the "**Shareholder Loans**") and Securities issued under the Programme, the Issuer has no outstanding borrowings or contingent liabilities as at the date of the Offering Circular. Pursuant to subordination agreements dated 8 March 2016 as amended by the second amendment agreement to the shareholder loan agreement dated 11 May 2017 (together, the "**Subordination Agreements**"), the Shareholder Loans are subordinated to the Securities issued under the Programme.

SHARES

As at the date of this Offering Circular, the Issuer is authorised under its memorandum of association to issue a maximum of 50,000 shares of a single class with a par value of U.S.$1.00 each and 11,340 shares have been issued and credited as fully paid. None of the equity securities of the Issuer is listed or dealt in any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought as at the date of this Offering Circular.

MANAGEMENT

See "*Directors and Senior Management*" for a description for the Issuer's directors and senior management team.

OVERVIEW

The Group is an established licensed and non-bank financial services group that offers integrated financial services to corporate clients, institutional investors, insurance companies, public funds, private equity investors and private wealth management ("**Family Office**") clients primarily in Asia and other overseas markets.

The Group is based in Asia with its headquarters located in Hong Kong. As at the date of this Offering Circular, the Group carried out its business activities primarily through its subsidiaries and had in its employment a total of approximately 100 employees, the majority of which are based in Hong Kong.

For the six months ended 30 June 2018, the Group's consolidated revenue was HK$489.9 million and consolidated profit after tax was HK$394.4 million, compared to HK$330.9 million and HK$159.6 million for the six months ended 30 June 2017, an increase of 48.1 per cent. and 147.1 per cent., respectively. For the financial year ended 31 December 2017, the Group's consolidated revenue was HK$1,100 million and consolidated profit after tax was HK$585.2 million, compared to HK$435.5 million and HK$232.5 million for the financial year ended 31 December 2016, an increase of 152.6 per cent. and 151.7 per cent., respectively. None of the members of the Group are currently listed on any stock exchange.

In October 2015, L.R. Capital Holdings Limited ("**L.R. Capital**") (a subsidiary of L.R. Capital Group, which is a multi-family office with a network across Asia, Europe and North America.) acquired a controlling stake in the Issuer via L.R. Capital Financial Holdings Limited. As a result of L.R. Capital's strategic investment, the Group is well positioned to expand internationally and to capitalise on cross-border business opportunities. The Group's business primarily comprises the following business segments, namely:

- ***Capital markets & advisory***: assisting clients 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 mergers and acquisitions).

- ***Asset management***: providing discretionary account management, fund management, strategic investment services, alternative investment management, private equity investment services and real estate investment services for Family Office and institutional clients.

- ***Insurance brokerage and risk solutions***: providing insurance brokerage and risk solutions advisory services to clients, which include risk assessment, insurance coverage and programme design and maintenance, as well as the sourcing of products such as property damage insurance, third party liability insurance, motor vehicle insurance and employee insurance.

- ***Strategic investment***: investing funds from proprietary capital through leveraging the Group's experience and relationships and focusing on medium to long term investments in listed and non-listed securities across Asia and globally, with a particular focus on fintech, high technology and "new economy" sectors.

HISTORY AND MILESTONES OF THE GROUP

Set out below is the history and key milestones of the Group:

2003	The Group was principally founded by CK Hutchison and Commonwealth Bank of Australia. CK Hutchison is a leading multinational conglomerate founded by Mr. Li Ka-Shing, with operations in over 50 countries in sectors including retail, infrastructure, energy, telecommunications and finance and investments.
2005	The Group launched its first client service centre.
2009	The Group launched its first AMTD Mandatory Provident Funds (the "**MPF**") (see "— *Regulatory Requirements and Compliance — Mandatory Provident Fund Schemes Authority* (the "**MPFA**")").
2010	The Group established an office in Shanghai.
2011	The Group established an office in Shenzhen.

2014 The Group introduced Morgan Stanley Private Equity Asia ("**MSPE**") as a strategic shareholder of the Group and MSPE assisted in developing the Group's financial planning and asset management businesses catering to high net worth individual ("**HNWI**") clients in the PRC. MSPE holds a 9.9 per cent. equity stake in the Issuer as at the date of this Offering Circular, with board seat representation.

2015 A joint venture controlled by L.R. Capital acquired a controlling shareholding of 71.0 per cent. in the Issuer.

The Group entered into its first institutional asset management mandate.

2016 The Group signed long-term strategic cooperation agreements with KEB Hana Global Finance (see "*— Competitive Strengths — Strong support from key shareholders and business partners and ability to leverage their networks for growth*" and "*— Business Strategies — Leverage strong support from key shareholders*").

The Group completed its first U.S. dollar bond issuance and became the first non-listed financial institution to issue listed bonds in Hong Kong.

The Group introduced its Strategic Investment (formerly known as its Investment Solutions business) segment, and furthered its active involvement in international capital markets transactions in lead underwriter roles.

The Group made a strategic investment in the Hong Kong-listed Bank of Qingdao Co. Ltd. ("**Bank of Qingdao**") and became one of its largest shareholders.

On 6 November 2016, the Group became a Strategic Partner Associate of the World Economic Forum.

2017 The Chairman of the Board of Directors, Mr. Choi, Chi Kin Calvin was selected a Young Global Leader by the World Economic Forum.

The Group established strategic partnership with the Guangzhou government, promoting cooperation in international capital markets, insurance brokerage, talent incubation, as well as financial cooperation and innovation in the Greater Bay Area.

The Group successfully co-organized the influential Fintech event "Singapore Fintech Festival" with Monetary Authority of Singapore.

2018 The Group signed a strategic cooperation agreement with the Tianjin Municipal government, Caixin Global and The Hong Kong Polytechnic University in Davos and with Tewoo Group Co., Ltd., a Fortune 500 company.

The Group announced strategic investment in Royole Corporation, which focuses on the development of next-generation human-machine interface technologies, Day Day Cook, China's largest cooking and lifestyle media brand and AwanTuanai, an Indonesian fintech platform.

The Group signed a strategic cooperation agreement with the Tianjin Port Free Trade Zone government to establish the Group's PRC headquarter for its insurance brokerage and risk solutions business.

The Group announced at the Hong Kong Fintech Week the rollout and establishment of a Regional Banks + Strategic Cooperation Alliance with Bank of Qingdao, Guangzhou Rural Commercial Bank Co. Ltd., Jiangxi Bank Co, Ltd. and Zhongyuan Bank Co. Ltd.

The Group signed a strategic cooperation agreement with KEB Hana Bank.

The Group was the Sole Strategic Partner of Hong Kong Fintech Week which represented the world's largest cross-border Fintech event, and co-hosted Singapore Fintech Festival which was the largest global Fintech event of the year, together with the Monetary Authority of Singapore, the Association of Banks in Singapore, Government of Singapore Investment Corp., Deloitte, Prudential and Google.

COMPETITIVE STRENGTHS

The key competitive strengths of the Group are as follows:

A leading independent financial services and investment group with strong financial performance

The Group is a leading Hong Kong-based independent non-bank financial institution operating across a variety of complimentary and synergistic business segments, including capital markets & advisory, asset management, insurance brokerage and risk solutions and strategic investment. In particular, the Group has established a robust recent track record, where its capital markets & advisory business has advised on numerous debt and equity financing transactions in 2018, and has participated in a range of landmark initial public offerings in Hong Kong, such as that of Xiaomi Corporation ("**Xiaomi**") and Meituan Dianping. Similarly, the Group's asset management business has also become a key player for financial institutions of the PRC and new economy companies of Hong Kong.

As at 31 December 2017, the income streams from each of the four key businesses were well-balanced and have provided the Group with the financial fundamentals to execute its business strategies, particularly since it was not reliant on any one segment. For the year ended 31 December 2017, strategic investment, asset management, insurance brokerage and risk solutions and capital markets & advisory contributed approximately 72.0 per cent., 5.9 per cent., 2.1 per cent. and 20.0 per cent. to the Group's revenue and, for the period ended 30 June 2018, approximately 53.1 per cent., 7.7 per cent., 2.6 per cent. and 36.6 per cent. to the Group's revenue, respectively. The Group has also demonstrated that it has a strong financial platform to operate on with strong performance in a number of financial indicators. Compared with the year ended 31 December 2016, for the year ended 31 December 2017, revenue has increased 152.6 per cent. from HK$435.5 million to HK$1,100.1 million, net profit has increased 151.7 per cent. from HK$232.5 million to HK$585.2 million and EBITDA has increased from HK$335 million to HK$859 million. Compared with the six months' period ended 30 June 2017, for the six months' period ended 30 June 2018, revenue has increased 48.1 per cent. from HK$330.9 million to HK$489.9 million, net profit has increased 147.1 per cent. from HK$159.6 million to HK$394.4 million and EBITDA has increased from HK$258 million to HK$523 million.

As compared to the year ended 31 December 2016, for the year ended 31 December 2017, the net profit margin has decreased slightly from 53.4 per cent. to 53.2 per cent. but has increased to 60.4 per cent. for the six months ended 30 June 2018 (as adjusted to remove the impact of the Group's retail business disposal). For the six months ended 30 June 2018, return on total equity was 44.4 per cent.

Comprehensive one-stop financial services platform

The Group provides its clients with an integrated and client-focused one-stop financial services platform to tap into the international capital markets and to explore business opportunities in offshore markets by developing capabilities across a comprehensive range of financial services and products ranging from equity financing, debt financing, asset management and loan financing. The Group's comprehensive service offerings is further evidenced by the fact that it holds all licenses required for each type of financial services in Hong Kong.

To service its clients, the Group possesses a diversified and complementary business portfolio through its key business segments of capital markets & advisory, asset management, insurance brokerage and risk solutions and strategic investment. While each business segment offers distinct services and product offerings, they also complement each other and provide cross-selling opportunities. For example, clients who utilise the Group's capital markets & advisory services may subsequently want to explore investment opportunities offered by the asset management business. Clients who invest through the Group in capital markets transactions via the capital markets & advisory business line may have alternative asset allocation demands that the Group's asset management business line can take advantage of. The insurance brokerage and risk solutions business is also able to cross-sell their services to such clients of the Group, in order to protect their outbound investments.

The Group's diverse product offerings, synergies and cross-selling opportunities form a core part of the Group's strategy and represent a key competitive advantage. The Group's one-stop offering and emphasis on providing complementary services has allowed it to win further engagements relating to managing offshore investments as a result of work undertaken via the capital markets & advisory division. As an example, the Group assisted Bank of Qingdao in respect of its U.S.$640 million H-share IPO, followed by U.S.$1.2 billion offshore additional Tier 1 capital securities offering in September 2017 and, as a result, developed a relationship sufficient to secure offshore discretionary asset management mandate.

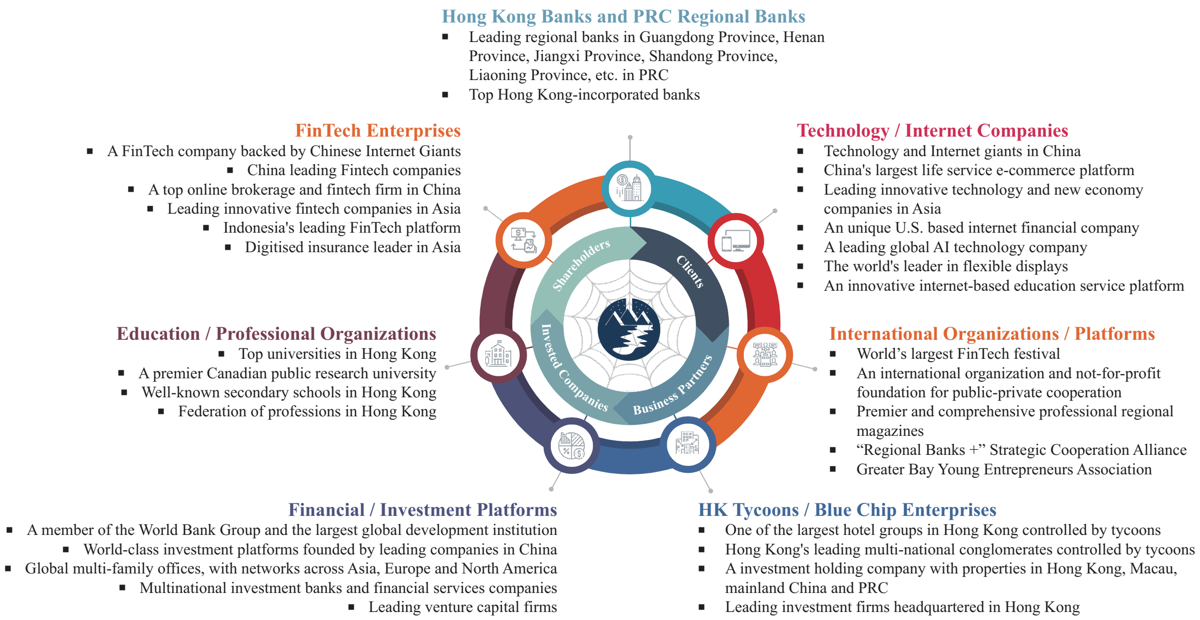
Unique “AMTD SpiderNet” ecosystem derived from strong support from key shareholders, business partners and clients

A key strength of the Group is the strong ecosystem and support derived from its shareholders, business partners and clients. The Group aligns itself with its clients, shareholders, business partners and companies it has invested in with a view to build an ever-extending, interconnected network that creates value for all stakeholders. For example, the Group’s controlling shareholder, L.R. Capital Group, a multi-family office with a network across Asia, Europe and North America, the PRC and North America has provided the Group with access to a large network and additional business opportunities.

L.R. Capital Group acts as a link for resources and capital by connecting the PRC and the international markets, focusing on a wide range of sectors, mainly financial services, new energies, and technologies, in both developed and developing economies. L.R. Capital Group provides to the Group access to a broad spread of sectors and markets, and has previously generated business opportunities for the Group in the areas of IPOs, bond offerings and financial advisory services, including acting as Joint Global Coordinator and Joint Bookrunner for the U.S.$190 million IPO of Xinte Energy Co., Ltd. and acting as Sole Financial Advisor to UCAR Inc. in their B+ round pre-IPO financing. The Group has also entered into strategic cooperation agreements, which has resulted in information sharing, preferential agreements and workforce collaboration efforts, including long-term strategic cooperation agreements covering a wide range of financial services ranging from capital markets & advisory to asset management and restructuring consulting. By leveraging the resources of its shareholders, the Group has developed competitive strengths in its offering of capital markets & advisory services, such as the ability to source and execute capital markets transactions and provide financial advisory, and asset management services, which has resulted in the Group’s expansion into these areas.

The Group’s other stakeholders, such as its business partners and clients, have also contributed extensively to the Group’s network and ecosystem. The Group actively helps stakeholders in the “AMTD SpiderNet” ecosystem to explore business collaboration opportunities among themselves and provide financial solutions or extra resources needed to facilitate such collaboration, which result in the creation of long-term relationships within the network and, in turn, further expands the network as other corporates, industry associations and other institutions that look for efficient channels of resources, attracted by the network’s benefits, join in.

The diagram below illustrates the diversification of the participants that are currently in the “AMTD SpiderNet”.



The unique service offerings of the Group provides many unique cross-selling opportunities across the different business segments of the Group, and has allowed the Group and its clients to actively explore potential business collaborations. For example, the Group initially advised Zhongyuan Bank, one of the largest city commercial banks in Henan province, as Sole Financial Advisor, to its U.S.$1.2 billion H-share initial public offering in July 2017 and subsequently acted as a joint global coordinator to its US$1.395 billion offshore additional Tier-1 capital securities offering. Through these mandates, the Group has been able to further collaborate and partner with Zhongyuan Bank to establish a Hong Kong based investment banking platform, Yuanyin International Limited in January 2018.

An experienced management team with extensive knowledge and regulatory background

The Group places considerable emphasis on the quality of its management, both at a senior level within the Group and at an operational level, and continuously seeks to attract skilled professionals to enhance its business and operations. The Group's operations are managed by executives with extensive industry experience and a proven track record in, *inter alia*, financial institutions, regulatory bodies, international accounting firms and securities exchanges. The Group's board of directors have an average of approximately twenty years of experience in the accounting and financial services industries. The Group recognises the importance of a capable workforce and has adopted various initiatives to attract proficient professionals to join the Group such as offering competitive remuneration packages, promoting staff development and encouraging career advancement. The expertise brought by the management team enables the Group to adjust its tactics and business strategies on a timely basis based on market trends and client needs.

The Group has managerial control directly over its key assets and businesses. The ability to exercise management control ensures that the strategic direction of each of the Group's businesses can be controlled and aligned, making them more efficient and leading to cost savings through management synergies.

Robust and prudent risk management system

The Group has a comprehensive risk management system in place in order to manage its risk exposure (see "*Business Description — Risk Management*"). Policies and procedures have been implemented at both the Group and subsidiary level in order to oversee and manage risk exposure. At a Group level, management has established an Investment Committee which convenes on a monthly basis to assess the macro risk profile of products offered across its businesses. Risk management controls are also developed in response to the requirements of specific business lines. For example, AMTD Global Markets Limited (尚乘環球市場有限公司) ("**AMTD Global Markets**"), through which the Group provides its capital markets & advisory and asset management operations, sets out policies in its Operation and Risk Control Manual and Securities Trading Operation Manual which clearly detail procedures to be followed by front, middle and back office staff for processes such as securities trading and customer asset handling. Senior Management of AMTD Global Markets also monitors the risk exposure of the AMTD Global Markets entity specifically.

The Group manages its operational and system risks by maintaining a system of internal controls designed to prevent and detect fraud, error, unauthorised access and loss of data. The Group manages reputational risks through sound corporate governance practices. The Group's employees and sales personnel are provided with comprehensive training. The Group's legal and compliance department manages its legal and compliance risks by actively monitoring its licensed or regulated activities. These are established risk management systems that provide a comprehensive framework of procedures to manage the various and different risks involved in providing financial services. Regular staff risk management training and the legal and compliance experience of the risk management team both with regard to financial market participants and regulators has helped mitigate the Group's exposure to its risk profile.

BUSINESS STRATEGIES

The Group intends to strengthen its position and seek growth opportunities through the implementation of the following business strategies.

Continue to expand globally with a primary focus in Asia, expanding into the US and South East Asia markets

The Group's strategy is to continue to develop its base operations in Hong Kong and the PRC and to become a global non-bank financial institution by selectively broadening its outreach, with a focus on the U.S. and South-East Asia.

In Hong Kong and the PRC, given the Group's increasing track-record, local infrastructure and relationships with PRC investors from its shareholders, the Group believes that it is well positioned to capitalise on the demand for overseas investment resulting from such PRC-centric economic and policy factors, particularly with regard to its capital markets & advisory and cross-border asset management segments. As such, the Group's strategy will focus on expanding its customer base by targeting those PRC clients seeking investment advice and services in relation to the management of offshore funds, with a view to further generating revenue through the development of relationships and the cross-selling of products and services.

Globally, the Group is further committed to extending the reach of its various business segments, where appropriate acquisition, joint ventures, other tie-up opportunities, transactions or arrangements may provide the Group with the possibility of expansion in areas such as the U.S. or South-East Asia to complement the Group's existing business.

The Group plans to continue to broaden its service capabilities by investing in areas where expertise and products are required by its dynamic client-base. For example, the Group intends to drive growth in revenue in its asset management segment by enhancing its competitiveness through continuing to grow AUM by leveraging the Group's capability in offering customised products and serving its clients through the Group's unique asset accumulation model. The Group's asset accumulation model focuses on added value by increasing efficiency and reducing costs for clients and creating synergies across its business segments and external networks and generating new opportunities to develop new business. In terms of product offerings, the Group will look to expand its products and services offered such as introducing margin facilities to diversify the Group's revenue stream and increase its discretionary account service to generate more stable recurring income.

In terms of the Group's insurance brokerage and risk solutions segment, the Group intends to expand its global footprint and expanding its service offerings into cyber and digital insurance. The Group is looking to expand its service offerings into new areas such as cyber security insurance and continue to provide enterprise-wide total risk solutions services and seek to maintain a high retention ratio through strategic partnerships, as well as to actively seek opportunities to consolidate the Group's business within the fragmented insurance brokerage market in Hong Kong through strategic partnerships and acquisitions.

In addition, the Group will continue to expand its sales and relationship management team to increase service capability to absorb further clients and transactions, especially diversified clients who require one-stop asset management solutions ranging from portfolio advice to wealth management services which provide them with exclusive access to unique products. The Group intends to achieve this by leveraging on the referral by existing clients and through the selective acquisition of wealth management businesses to increase the Group's AUM, build its reputation and add scale to key growth markets in the region.

Continue to develop and expand the Group's "AMTD SpiderNet" and leverage strong support and synergies from shareholders, business partners and clients

The Group intends to continue leveraging the strong support, network and resources of its key shareholders, business partners and clients to identify, capture and exploit opportunities for growth.

From a shareholders' perspective, the Group's strategy is to utilise its cooperation with shareholders to further develop its various businesses. The Group's key shareholder, L.R. Capital Group, provides opportunities for the Group to to tap into its strong network in the PRC and overseas to increase its assets under management and capital markets transaction pipelines. The Group is also well placed to capture outbound investments as it is able to offer tailored asset management services and participating in capital markets transactions by leveraging L.R. Capital Group's extensive network and relationships. In addition, the Group is able to access L.R. Capital Group's knowhow and resources, such as its expertise on a wide range of sectors and markets, customer network and human capital, as well as the large portfolio of companies it invests in.

In terms of business partners and clients, the Group aims to utilise the various strategic alliances it has developed with strategic partners to enhance its businesses. It believes that the strategic alliances will expose the Group to business propositions and gain valuable expertise for its respective businesses. For example, amongst other initiatives, the Group has established a strategic partnership with Tiger Securities to strengthen its global online securities brokerage capabilities. It is also currently partnering with Xiaomi to apply for the first ever virtual banking licence in Hong Kong. The Group expects to enter into additional long-term cooperation agreements and will continue to seek to further leverage strategic partnerships it has entered into and draw upon the expertise offered to the Group from its partners and associated companies.

Continue strategic investments in technology, new economy sectors and human capital

The Group strives to strengthen its strategic investment platform by dedicating its efforts to optimising investment strategies and identifying targets through the following initiatives:

- Continue the Group's efforts on identifying quality investment targets in the technology and innovation sectors, such as those in the clean environment, new energy, healthcare, education, internet and Fintech industries, which the Group believes will continue to have high growth potential and benefit from favourable new economy trends in the PRC and overseas markets. The Group intends to take advantage of the opportunities derived from its AMTD Ecosystem Network to optimise on business synergies.

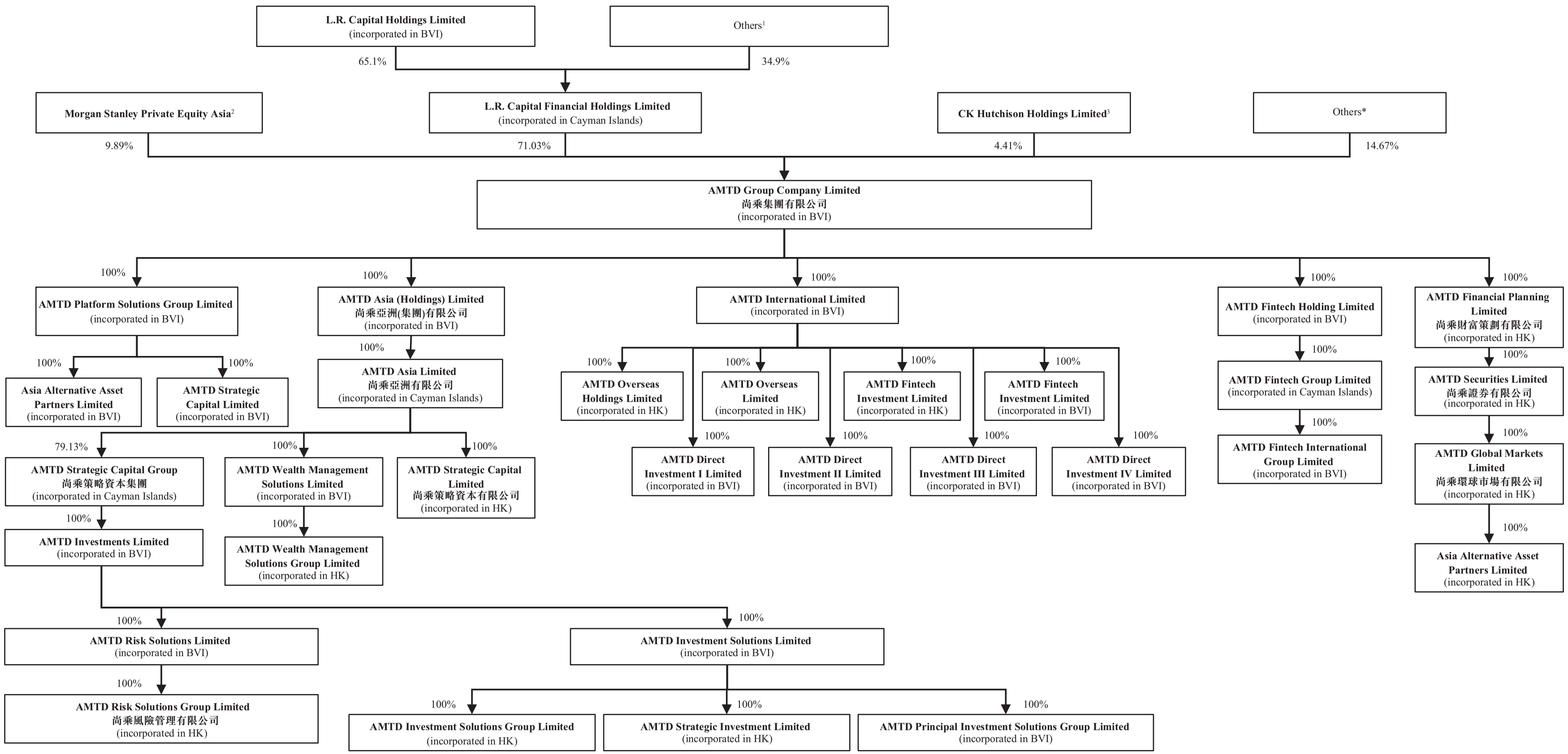
- Leverage on and actively source new investment opportunities through the Group's AMTD Ecosystem Network and other existing or potential new relationships, and utilise the Group's operational and investment experiences to assist its portfolio companies to achieve growth and scale.

Over the past two years, the Group has announced multiple strategic investments in various businesses, focusing on technological innovations. The Group's investments are mainly in three sectors: (i) disruptive technology platforms, including UCAR, Peachjar, Appier, WeDoctor, Royole and Day Day Cook, (ii) fintech companies, including Credible, FinEX Asia, AwanTunai and 58 Finance and (iii) financial institutions, including Bank of Qingdao, Greater Bay Area Investment Group, Zhongyuan Bank, Yuanyin International.

The Group also places significant emphasis in investments in human capital. The Group actively participates in innovation and development of both its employees and the broader community. The Group has entered into strategic cooperation agreements with two tertiary institutions for the establishment of innovation hubs. On 24 November 2017, the Group and the University of Waterloo signed a strategic cooperation agreement for the co-establishment of the University of Waterloo — AMTD Innovation Hub to enhance the communication of technology innovation in North America and in Asia and to promote artificial intelligence innovation and talent incubation. On 24 January 2018, the Group and the Hong Kong Polytechnic University signed a comprehensive strategic cooperation agreement and established the AMTD fintech Centre of PolyU Faculty of Business, which aims to promote the development of fintech as well as technology innovation in Hong Kong.

CORPORATE STRUCTURE

The following is a diagrammatic illustration of the shareholding and the corporate structure of the Group:



1 No shareholder holds more than or equal to 25 per cent. beneficial interest in the Issuer.

2 Held through NHPEA IV Diamond BV (incorporated in Netherlands)

3 Held through E-option Limited (incorporated in BVI)

KEY SUBSIDIARIES OF THE ISSUER

The Issuer has adopted a holding company structure and carries out its business activities primarily through wholly owned subsidiaries incorporated in Hong Kong. An overview of each of the Issuer's key subsidiaries is set out below:

- AMTD Global Markets Limited (尚乘環球市場有限公司) ("**AMTD Global Markets**") (formerly known as AMTD Asset Management Limited) — AMTD Global Markets was incorporated with limited liability in Hong Kong on 13 December 2002 and is currently licensed to engage in types 1, 2, 4, 6 and 9 regulated activities under the SFO and licensed to engage in employee benefit advice under the Mandatory Provident Fund Schemes Ordinance (Cap. 458) of Hong Kong, and is also a member of the Hong Kong Confederation of Insurance Brokers engaged in insurance brokerage activities. Its primary business covers the provision of management and investment services to Family Office and institutional clients.

- AMTD Risk Solutions Group Limited (尚乘風險管理有限公司) ("**AMTD Risk Solutions**") — AMTD Risk Solutions (formerly known as AMTD Risk Management Limited) was incorporated with limited liability in Hong Kong on 13 August 2004 and is a member of the Hong Kong Confederation of Insurance Brokers engaged in insurance brokerage activities. Its primary business covers financial consultancy services, including risk management, business insurance and employee benefit insurance broking.

- AMTD Investment Solutions Group Limited ("**AMTD Investment Solutions**") — AMTD Investment Solutions was incorporated with limited liability in Hong Kong on 28 July 2016 to carry out our Group's strategic investment in Hong Kong.

- AMTD Strategic Investment Limited ("**AMTD Strategic Investment**") — AMTD Strategic Investment was incorporated with limited liability in Hong Kong on 26 June 2017 to carry out our Group's strategic investment in Hong Kong.

- AMTD Principal Investment Solutions Group Limited ("**AMTD Principal**") — AMTD Principal was incorporated with limited liability in BVI on 27 July 2016 to carry out our Group's strategic investment outside Hong Kong.

- AMTD Overseas Limited ("**AMTD Overseas**") — AMTD Overseas was incorporated with limited liability in Hong Kong on 16 December 2016 to carry out our Group's strategic investment in Hong Kong.

- AMTD Fintech Investment Limited ("**AMTD Fintech BVI**") — AMTD Fintech BVI was incorporated with limited liability in BVI on 29 August 2018 to carry out our Group's strategic investment outside Hong Kong.

- AMTD Direct Investment I Limited ("**AMTD Direct Investment I**") — AMTD Direct Investment I was incorporated with limited liability in BVI on 29 August 2018 to carry out our Group's strategic investment outside Hong Kong.

- AMTD Fintech Investment Limited ("**AMTD Fintech HK**") — AMTD Fintech HK was incorporated with limited liability in Hong Kong on 31 August 2018 to carry out our Group's strategic investment in Hong Kong.

- AMTD Direct Investment III Limited ("**AMTD Direct Investment III**") — AMTD Direct Investment III was incorporated with limited liability in BVI on 11 October 2018 to carry out our Group's strategic investment in Hong Kong.

BUSINESS ACTIVITIES

The Group generates its revenue primarily through four principal business segments: (1) capital markets & advisory; (2) asset management; (3) insurance brokerage and risk solutions; and (4) strategic investment/investment solutions. To support these business segments, the Group has established finance, internal audit, legal, compliance and dealing and operations teams. The following table sets forth the breakdown of the Group's revenue by business segments and their respective percentages of contribution to total revenue of the Group for the years ended 31 December 2016 and 2017 and the six months ended 30 June 2017 and 2018:

	For the year ended 31 December 2017		For the year ended 31 December 2016		For the period ended 30 June 2018		For the period ended 30 June 2017	
	Amount (HK$ million)	*Percentage (%)*	*Amount (HK$ million)*	*Percentage (%)*	*Amount (HK$ million)*	*Percentage (%)*	*Amount (HK$ million)*	*Percentage (%)*
Total revenue	**1,100.1**	**100**	**435.5**	**100**	**489.9**	**100**	**330.9**	**100**
of which								
Capital markets & advisory	219.9	20.0	202.0	46.4	179.5	36.6	97.6	29.5
Asset management	64.9	5.9	60.6	13.9	37.8	7.7	28.8	8.7
Insurance brokerage and risk solutions	22.8	2.1	43.2	9.9	12.8	2.6	15.5	4.7
Strategic investment	792.5	72.0	129.7	29.8	259.8	53.1	189.0	57.1

The Group also engages in certain other business activities, including telemarketing, MPF services and self-developed products. These other activities do not fall into the four core business segments referred to above and are in the process of being wound-down by the Group to focus on the four core business segments named above. The Group considers the financial impact of such transition to be minimal.

The Group has discontinued and disposed of its operations in its retail agency and advisory services business segment to an independent third party on 30 June 2018. The net assets disposed had a book value of HK$24,894,469 and were disposed for a consideration of HK$123,250,349.

Capital markets & advisory

The Group provides equity and debt fund raising solutions for international and domestic clients through AMTD Global Markets, a corporation licensed to carry out regulated activities under the SFO. The Group's capital markets & advisory business consists of key product categories including IPOs, private placements, bond issuances and a variety of financial advisory services. Revenue is generated primarily from underwriting commissions, financial advisory fees and brokerage fees. Equity and debt fund raising solutions are offered to both corporate and institutional clients. This business segment, formerly known as the Group's capital markets & advisory business, has been rebranded to encompass the increased and refined services offering of the Group.

History and performance of the capital markets & advisory segment

The capital markets & advisory segment's revenue for the years ended 31 December 2016 and 31 December 2017 and the six months ended 30 June 2017 and 2018 was HK$202.0 million, HK$219.9 million, HK$97.6 million and HK$179.5 million, respectively. The capital markets & advisory segment contributed approximately 46.4 per cent., 20 per cent., 29.5 per cent. and 36.6 per cent. of the Group's total revenue for the years ended 31 December 2016 and 2017 and the six months ended 30 June 2017 and 2018.

Customers of the capital markets & advisory segment

Since the commencement of operations, the segment's customers have comprised of both state-owned enterprises of the PRC and private companies. The Group's capital markets & advisory customers have been derived primarily from the Group's wider ecosystem and network within Hong Kong and the PRC. The Group's strategic shareholders and their affiliates and partners, such as L.R. Capital Group, along with the Group's portfolio investment shareholders and joint ventures partners, among others, form the core of the capital markets & advisory business' origination and growth.

Products and services

Equity Financing

The Group has participated in not less than 28 primary equity offerings as an underwriter and/or financial advisor, raising an aggregate of more than U.S.$19 billion for its clients, with highlights including:

- acting as Joint Bookrunner for the U.S.$4.2 billion IPO of Meituan Dianping, the second largest TMT IPO since 2014, as well as the second listed company with weighted voting rights in Hong Kong;

- acting as Joint Bookrunner for the U.S.$5.4 billion IPO of Xiaomi Corporation, the largest TMT IPO since 2014 and the first-ever IPO with weighted voting rights in Hong Kong;

- acting as the Joint Global Coordinator and the Joint Bookrunner for the U.S.$1.1 billion H-share IPO of Jiangxi Bank Co., Ltd., largest financial industry IPO in Hong Kong in 2018 to date;

- acting as the Sole Financial Advisor for the U.S.$1.2 billion H-share IPO of Zhongyuan Bank Co., Ltd., the third largest financial institution IPO in Hong Kong in 2017;

- acting as Sole Financial Advisor, Joint Global Coordinator and Joint Bookrunner for the U.S.$1.2 billion H-share IPO of Guangzhou Rural Commercial Bank Co., Ltd., the second largest financial institution IPO in Hong Kong in 2017;

- acting as Joint Bookrunner and Joint Lead Manager for the U.S.$626 million IPO of Meitu, Inc.;

- acting as Joint Bookrunner and Joint Lead Manager for the U.S.$1.14 billion H-share IPO of Everbright Securities Company Limited;

- acting as Joint Global Coordinator and Joint Bookrunner for the U.S.$456 million H-share IPO of China Logistics Property Holdings Co., Ltd.;

- acting as Joint Global Coordinator and Joint Bookrunner for the U.S.$984 million H-share IPO of Bank of Tianjin Co., Ltd.;

- acting as Joint Global Coordinator and Joint Bookrunner for the U.S.$640 million H-share IPO of Bank of Qingdao Co., Ltd.;

- acting as Joint Global Coordinator and Joint Bookrunner for the U.S.$190 million IPO of Xinte Energy Co., Ltd.; and

- acting as Joint Bookrunner for the U.S.$25 million IPO of Lanzhou Zhuangyuan Pasture Co., Ltd.

In addition, the Group has also acted as Sole Financial Advisor and lead Subscription Agent for C Cheng Holdings Limited's new shares placement in 2017 and has participated in a number of IPOs in the US, including acting as Joint Bookrunner for the US IPO of TuanChe Limited, Weidai Ltd. and X Financial.

Debt Financing

The Group provides debt financing services by assisting corporate issuers with bonds issuances in the international debt capital markets. In particular, the Group focuses on corporate and financial institutions based in the PRC and Hong Kong. The Group has participated in not less than 79 debt offerings with an aggregate deal value of over U.S.$33 billion, highlights include:

- acting as the Joint Global Coordinator to the U.S.$1.395 billion offshore preference shares issued by Zhongyuan Bank Co., Ltd.;

- acting as the Joint Bookrunner to the U.S.$400 million bond issued by CDB Aviation Lease Finance Designated Activity Company;

- acting as the Joint Bookrunner to the U.S.$200 million bond issued by Guangzhou Metro Group Co., Ltd.;

- acting as the Joint Bookrunner to the U.S.$200 million bond issued by Everbright Sun Hung Kai Company Ltd.;
- acting as the Joint Bookrunner to the U.S.$310 million green bond issued by New World China Land Limited, which was awarded as the Best Green Bond - Real Estate by The Asset;
- acting as the Joint Bookrunner to six different transactions issued by China Aoyuan Group Limited across 2017 to 2019, totalling U.S.$1.375 billion;
- acting as the Joint Bookrunner to four different transactions issued by China Minsheng Banking Corp., Ltd., Hong Kong Branch across 2017 to 2018, totaling U.S.$ 3 billion; and
- acting as the Joint Bookrunner to four different transactions issued by Fosun International Ltd. across 2017 to 2019, totaling U.S.$2.35 billion.

Financial Advisory

The Group provides a variety of financial advisory services, with a particular focus on pre-IPO financing and corporate restructuring for large PRC enterprises. Advisory fees are charged based on the type and size of the transactions as well as the specific terms of each assignment. Key recent transactions include acting as Sole Financial Advisor for Sinolending Limited's D round capital financing, Joint Financial Advisor to Zhongmin International Jet Co., Ltd. in their €120 million equity investment in Luxaviation Group and Sole Financial Advisor to UCAR Inc. in their B+ round pre-IPO financing.

Competitive landscape and comparative advantages

The capital markets & advisory market is highly competitive, and the Group competes with global investment banks and the overseas arms of PRC and other Asian securities houses in the provision of its services. In order to develop its capital markets & advisory business, the Group utilises its extensive product and network resources in the PRC and overseas markets. Management believes that the Group is well positioned to offer creative, flexible and competitive solutions to clients.

Asset Management

The Group provides asset management services to its clients through its wholly-owned subsidiary, AMTD Global Markets, a corporation licensed to engage in regulated activities under the SFO. The Group provides a wide range of traditional and non-traditional asset management products and services, including in relation to securities, fixed income, hedge funds, structured products, foreign exchange, private equities, alternative investments, discretionary account services, strategic investment services and external asset management services.

With in-depth industry knowledge, relationships and extensive investment and asset management expertise, the Group's asset management business provides tailor-made solutions to its clients, ranging from strategic investment services to asset management capabilities. The Group seeks to help its clients invest and manage multi-asset investments and offers tailored products and services to its clients. The asset management team consists of experienced relationship managers who are able to provide high quality and bespoke strategic investment services to the Group's clients.

The main revenue streams of the business include management fees, performance fees, trading and handling fees and placement fees. The asset management segment's revenue for the years ended 31 December 2016 and 31 December 2017 and the six months ended 30 June 2017 and 2018 was HK$60.6 million, HK$64.9 million, HK$28.8 million and HK$37.8 million. As at 31 December 2018, AMTD Global Markets held a total of approximately U.S.$2.3 billion of assets under management ("**AUM**").

History and performance of the asset management segment

The Group commenced asset management operations in the third quarter of 2012. Initially, AMTD Global Markets's business was limited to catering to high net-worth clients in a primarily advisory capacity, owing to licensing and regulatory restrictions and a lack of infrastructure. However, the installation of sophisticated IT systems and engagement of professional portfolio managers has enabled the scope of the asset management segment's operations to expand into Family Office clients and others.

The Group's business strategy has evolved since inauguration and, in 2015, the segment established a sub-group targeting institutional investors, designed to operate in parallel with the Family Office client sub-group. The introduction of the institutional clients sub-group is intended to leverage opportunities presented by the Group's strategic shareholders and partners (see "— *History and Milestones of the Group*").

Revenue for the segment for the year ended 31 December 2017 was HK$64.9 million as compared with HK$60.6 million for the year ended 31 December 2016, representing an increase of 7.1 per cent. The increase in revenue is attributable to the expansion of the team and an increase in the total AUM.

The asset management segment contributed approximately 13.9 per cent., 5.9 per cent., 8.7 per cent and 7.7 per cent. of the total revenue for the years ended 31 December 2016 and 2017 and the six months ended 30 June 2017 and 2018, respectively.

Customers

The Group's asset management business is sub-divided in order to focus on two main distinct customer groups: (1) Family Office clients; and (2) institutional clients.

Family Office Clients

Established in 2012, the Family Office sub-group (formerly known as the HNWI client sub-group) primarily targets Family Office clients from Hong Kong, the PRC and Taiwan. It offers a diverse range of products to its client base, including products covering securities, fixed income, foreign exchange, hedge funds, properties, structured products as well as over-the-counter and alternative investments. Additionally, the Group provides personalised advisory services to its Family Office clients in relation to portfolios and individual assets. As at the date of this Offering Circular, the business does not offer leverage to asset management clients, however, management is contemplating the introduction of leverage to Family Office clients on a case-by-case basis in the future.

The Family Office sub-group's business is primarily originated through clients procured via relationship managers.

Institutional Clients

In 2015, AMTD Global Markets established its institutional clients sub-group ("**IC sub-group**"), which focuses on managing funds for large institutional investors based in the PRC. As at the date of this Offering Circular, the IC sub-group manages a number of fixed income products. It offers a platform to manage segregated portfolios for institutional clients covering both liquid and illiquid investments, which includes fixed income, listed equities, structured products and private equities.

AMTD Global Markets's short-term strategy involves a greater focus on its institutional asset management business. With the support of Group's shareholders and partners, AMTD Global Markets has succeeded in diversifying the Group's existing asset management business to incorporate institutional clients. The IC sub-group's business primarily originates through cross-selling opportunities arising from the Group's capital markets & advisory business and as a result of opportunities arising from its relationship with its shareholders and their affiliates.

Products and services

Strategic Investment

Leveraging off the Group's capital markets & advisory platform, the Group's strategic investment team provides professional fund consultancy services to third party institutional clients. This includes providing strategic offshore asset allocation proposals and investment advice to PRC securities companies, fund management companies and trust companies going abroad, as well as offering customised research reports and investment portfolio proposals to overseas investors investing in the PRC capital markets.

Asset Management

The Group's asset management offerings involve a dedicated investment advisory practice which looks to offer expert advice and bespoke services to identify and develop strategies to best meet the needs and preferences of its clients in pursuing their individual financial and investment objectives. The Group collaborates with its clients and third party institutions to invest in or offer its clients a wide range of projects and business opportunities, including in funds, private equity investment, pre-IPO investment, hedging strategies, leveraged buyouts, merger and acquisitions and project finance.

The Group's asset management services primarily include discretionary account services, targeted asset management schemes and specialised asset management accounts. Discretionary account services looks to managing assets with diverse risk and return profiles for multiple clients. The Group's discretionary account service team provides comprehensive, customised investment strategies to clients based on an understanding of the investment needs, risk appetite, risk tolerance, investment goals and expected return of each of these clients. Targeted asset management schemes are designed for single clients through a designated account pursuant to agreed methods, conditions, requirements and restrictions, whereas specialised asset management accounts look to manage assets for a client for a specific purpose.

Where appropriate, the Group will look to deploy its synergies and introduce clients to the broader network and resources within the Group's ecosystem. According to specific needs and risk tolerance levels, clients will have exclusive access to products with flexible terms and yields to meet their financial and investment needs and optimise their asset allocation. The Group also provide a comprehensive trading platform for clients to trade various types of products available on the market, such as equity, fixed income, bonds and mutual fund instruments.

Alternative Investment Management

The Group develops its alternative investment business through cooperating with its clients and third-party institutions to invest in a wide range of projects and business opportunities, including funds, private equity investment, pre-IPO investment, leveraged buyouts, mergers and acquisitions and project finance. In order to leverage the success of the Group's capital markets & advisory business, the Group also intends to cross-sell its private equity and pre-IPO products and services to capital markets & advisory customers.

Competitive landscape and comparative advantages

According to the China Private Wealth Report 2015 jointly published by China Merchants Bank and Bain & Company, interest in overseas investment continues to grow amongst PRC HNWIs. Nearly 40 per cent. of PRC HNWIs and almost 60 per cent. of ultra-high net worth individuals ("**UHNWIs**") indicated that they hold overseas investments, representing significant increases from the equivalent 2011 figures of approximately 20 per cent. and 30 per cent. respectively. Approximately 50 per cent. of UHNWI indicated that they plan to boost their overseas investments within the next two years, attracted by the more diverse cross-border investment opportunities.

Hong Kong is recognised as the leading asset management centre in Asia. According to the SFC, as at 31 December 2017, the total level of AUM in Hong Kong equated to U.S.$7,812 billion. Hong Kong plays a key role in the opening up of the PRC's capital markets and its profile as a base for managing Chinese assets is expected to increase in tandem with Chinese overseas investment.

Insurance brokerage and risk solutions

The insurance business provides insurance brokerage and risk management services to corporate clients, which include risk assessment, insurance coverage and programme design and maintenance, as well as the sourcing of products such as property damage insurance, third party liability insurance, motor vehicle insurance and employee insurance. The Group is one of the largest Hong Kong-based corporate insurance brokerage and risk solutions firms in Hong Kong. It provides a one-stop enterprise-wide risk solutions to our corporate clients covering the entire value chain of the risk solutions process, which includes designing the right combination of insurance products throughout a corporate's life-cycle and insurance placement. The corporate insurance business generates income primarily from fees for services rendered to customers and referral commissions from insurance brokers. Commission rates and fees vary depending upon several factors, which may include the amount of premium, the type of insurance or reinsurance coverage provided, complexity of the programme, the particular services provided and the Group's remit.

The corporate insurance segment's revenue for the years ended 31 December 2016 and 2017 and the six months ended 30 June 2017 and 2018 was HK$43.2 million, HK$22.8 million, HK$15.5 million and HK$12.8 million. The segment contributed approximately 10 per cent., 2 per cent. and 3 per cent. of the total revenue for the years ended 31 December 2016 and 2017 and the six months ended 30 June 2018 respectively.

Benefiting from the Group's proven track record on delivering high quality services to clients, the Group receives business referrals from time to time from existing clients, as well as through the Group's ecosystem and network. In addition, the Group has built a strong client base, which mainly consists of corporate clients in Hong Kong. The segment's average client retention ratio was approximately 82.6 per cent during the operating history of 15 years. The Group looks to retain existing clients by providing high quality sales and post-sales services and improving client satisfaction. The Group also has a demonstrated track record in advising on effective and suitable enterprise-wide total risk solutions for its clients with a high client retention rate. The Group works with many insurance companies and insurance brokerage firms when sourcing insurance policies for clients in the Group's insurance brokerage business. Some of the Group's key insurance companies and business partners include Sun Hung Kai Properties Insurance Ltd., Marsh (Hong Kong) Limited, China Taiping Insurance (HK) Company Limited, Assicurazioni Generali S.p.A., AXA China Region Insurance Co Ltd. and Aon Hong Kong Limited.

The Group has further developed a distinctive business model that distinguishes it from many other insurance brokers in the same competitive landscape. The Group looks to not only provides traditional brokerage services to connect clients with insurance policy issuers, but also to offer a one-stop shop solution to clients, covering the entire value chain of the risk solution process, from pre-transaction analysis to post-transaction services and claims. The Group believes its one-stop shop business model is becoming increasingly valuable to customers in the modern economy, especially to companies that have varying risk exposures arising from different business segments and geographical operations, including many Chinese companies looking to expand their operations overseas.

Strategic Investment

The Group's Strategic Investment business engages in the investment of funds from proprietary capital, leveraging the Group's network and the corresponding extensive experience, expertise and relationships to achieve synergies with clients by participating in their value creation. The Group's Strategic

Investment business primarily focuses on medium to long term investments in listed and non-listed securities across Asia and globally. The Group's Strategic Investment business generates income primarily from investment income.

History and performance of the Strategic Investment segment

Backed by the Group's strong network of relationships, the Group initiated its Strategic Investment business in 2016. The Strategic Investment segment's revenue the years ended 31 December 2016 and 2017 and the six months ended 30 June 2017 and 2018 was HK$129.7 million, HK$792.5 million, HK$189.0 million and HK$259.9 million.

The Group focus on investing in innovative new economy companies, financial technology companies, and traditional financial institutions. Although the Group makes investment decisions on a case-by-case basis, it 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.

Direct investments

The Group's direct investments business focuses on equity investments. The Group actively explores investment opportunities in fintech, high technology and "new economy" sectors. The Group invests with its proprietary capital, targeting the "new economy" companies with outstanding and reputed leadership. In terms of strategy, the Group looks to participate in placements of emerging companies with a sound financial track record and high growth potential, as well as with a focus on value investment. As a strategic investor, the Group looks to invest in companies that are at their early growth stage.

The Group manages and monitors these twelve investments with in-depth analyses and a thorough understanding of the underlying projects and business. The Group believes its direct investments business can continue to grow and generate enhanced returns through strategic investments that effectively leverage the Group's ecosystem, experience, expertise and relationship.

Fund solutions

The Group is also in the process of developing a fund solutions business primarily focusing on equity investments in selected sectors, including clean environment, new energy, Fintech and healthcare.

Competitive landscape and comparative advantages

The Group strives to strengthen its strategic investment platform by dedicating its efforts to optimising its investment strategies and identifying targets by continuing its efforts on identifying quality targets in the technology and innovation sphere, including clean environment, new energy, Fintech and healthcare. The Group believes that these segments will continue to have high growth potential and will benefit from favourable new economic trends in the PRC and overseas. In 2018, the Group was the Sole Strategic Partner of Hong Kong Fintech Week which represented the world's largest cross-border Fintech event, and co-hosted Singapore Fintech Festival which was the largest global Fintech event of the year, together with the Monetary Authority of Singapore, the Association of Banks in Singapore, Government of Singapore Investment Corp., Deloitte, Prudential and Google. The Group believes that these unique events and relationships will also benefit the Group's strategic investment segment. The Group further intends to prioritise the opportunities derived from its ecosystem and network, with a view to optimising and capitalising on its business synergies.

A well-defined investment strategy and focus, along with the support of the Group's strong ecosystem and network and ability to leverage resources from the Group's various businesses segment, the Group's strategic investment segment is able to access and complete quality investments in a variety of different quality assets which also bring substantial upside potential.

REGULATORY REQUIREMENTS AND COMPLIANCE

SFC

Due to the licensing regime of the SFC, in order to engage in the businesses of the Group, such as capital markets & advisory, securities and futures brokerage, and asset management, the relevant subsidiaries of the Group and its responsible personnel are required to obtain and hold the relevant licences from the SFC and to be in compliance with applicable regulatory requirements from time to time.

Apart from the SFO, the Group's licensed subsidiaries and their licensed personnel are required to comply with Hong Kong subsidiary legislation and regulations, codes and guidelines developed by the SFC, as well as rules and regulations introduced and administered by the Hong Kong Stock Exchange and the Hong Kong Futures Exchange Limited (the "**Futures Exchange**"). Any broker-dealer that intends to operate a brokerage business for products available on Hong Kong Exchanges and Clearing Limited or which uses the trading facilities of the Hong Kong Stock Exchange and/or Futures Exchange, must be admitted and registered as an Exchange Participant (as defined in the SFO) of that exchange.

Money Lenders Regulations

The MLO is a comprehensive regulatory statute governing consumer loan providers other than authorised institutions within the meaning of the Banking Ordinance (Cap. 155) of Hong Kong such as banks and deposit-taking companies. The MLO stipulates that only persons granted with a money lenders licence issued by a licensing court may carry on the business of a money lender. The MLO further states that such persons must carry on such money lending business in accordance with the conditions and only at the premises specified in the licence. The MLO regulates various aspects of the business, including (but not limited to) the basic terms of loan agreements and applications for, and revocations of, licences, and imposes restrictions on advertising and excessive interest rates. Whilst the Group does not participate in money lending activities as at the date of this Offering Circular, it has obtained the relevant licence pursuant to the MLO and may seek to engage in such activities in the future.

The Insurance Ordinance ("HKICO"), HKCIB and The Hong Kong Federation of Insurers ("HKFI")

The primary source of regulation of the insurance industry in Hong Kong is the HKICO. The Hong Kong Office of the Commissioner of Insurance was the regulatory body that administered the HKICO until it was replaced by the Insurance Authority of Hong Kong ("**IA**") on 26 June 2017. The principal functions of the IA are to ensure that the interests of policyholders or potential policyholders are protected and to promote the general stability of the insurance industry. The IA has the following major duties and powers: (a) authorisation of insurers to carry on insurance business in Hong Kong; (b) regulation of insurers' financial condition, primarily through the examination of the annual audited financial statements and business returns submitted by the insurers; and (c) development of legislation and guidelines on insurance supervision.

Aside from the HKICO, the insurance industry in Hong Kong currently has a high degree of industry regulation in addition to the regulatory framework established by the HKICO. The HKCIB and the HKFI are self-regulatory bodies which actively promote a self-regulatory regime with respect to areas such as conduct of insurers and insurance intermediaries, cooling off initiatives, policy replacement and initiatives on needs analysis.

Mandatory Provident Fund Schemes Authority (the "MPFA")

AMTD Global Markets is a principal intermediary registered with MPFA, and is approved by MPFA to set up a Master Trust Scheme called "AMTD MPF Scheme" in 25 May 2009. The MPFA regulates the operations of MPF schemes in accordance with the provisions under the Mandatory Provident Fund Schemes Ordinance (Cap. 458) of Hong Kong, as well as relevant codes and guidelines. The MPFA also issues circulars, standards and best practice notes to give guidance to the industry.

RISK MANAGEMENT

The Group's primary risk exposures are to the regulatory requirements and landscape of the SFC, market risk, administrative, operational and system risk, reputational risk and legal and compliance risk.

Overview

The Group has established a multi-layered corporate governance and risk management system with a clear split of responsibilities. The Group has implemented a separation of front, middle and back-end functions, and provides oversight at a Group level, through its Board of Directors, management and Investment Committee, and through its legal and compliance, internal audit and finance functions. Policies have also been implemented in respect of each particular business line in order to minimise the Group's exposure to business specific risks.

Cross-segment risk management policies and procedures

The Group has developed certain overarching risk management policies and procedures which are utilised across its business lines, including:

Cross-segment risk methodologies and tools: performance management, attribution analysis, risk calculation, risk analysis, portfolio management, quota management, regular staff training, compliance with relevant licensing requirements and monitoring of capital level and financial resources.

Sound risk management procedures: implementation of internal firewalls for the Group's IT systems, connected transaction checks, know your customer compliance, anti-money laundering compliance, conflict of interest checks and risk transfer.

Organisational structure: clearly delineated responsibility for risk oversight through the Group's Board of Directors, management and Investment Committee, and through its legal and compliance, internal audit and finance functions.

Business specific risk management policies and procedures

In order to limit the risks which are unique to its business lines, the Group has also developed business specific risk measures, which include:

Asset management: restrictions on investment portfolios including asset allocation ratio, stop loss limit, market concentration and issuer concentration limits, which are regularly reviewed and updated by the Chief Investment Officer's office, and an investment portfolio risk level which must adhere to each client's risk appetite.

Capital markets & advisory: implementation of operation monitoring and the use of information barriers to control any possible misuse of material, control room policies, restrictions on the use of non-public information, the utilisation of restricted person lists which are overseen by the legal and compliance team and diligent review and scrutiny of legal documentation.

Corporate insurance: employment of staff with extensive regulatory experiences and the provision of updates regarding market conditions and rules and regulations to staff members.

Strategic investment: control functions are in place which are performed jointly by the Group's strategic investment business team and Investment Committee. Approval from the Investment Committee is required prior to any material investments being made. The Group, among other things, performs assessments on the potential risks, expected returns, liquidity and strategic value of an investment, along with due diligence on potential targets. Post-investment risk management and exit strategies also form an integral part of the Group's control functions.

Market risk

Market risk refers to the risk of losses from on-balance sheet positions from movements in market rates and prices, including interest rates, foreign exchange rates and equity prices. Increases in market interest rates may increase the Group's funding costs and thus reduce its profit margins. However, as the interest rates for the Group's borrowings are fixed on inception, any change in market interest rates would not have material impact on the Group's profit margins. Besides, certain transactions of the Group are denominated in foreign currencies, mainly U.S.$, which are different from the functional currency of the Group, i.e., HK$. The Group is also exposed to equity price risk through its listed investments. The entity through which the Group carries out its capital markets & advisory and asset management activities, AMTD Global Markets, has published an internal control procedures manual which contains statements of policy and procedural instructions on various market risk compliance issues. The Group also operates an Investment Committee at Group level, comprising AMTD's Chairman, Responsible Officers, Financial Controller and Compliance Officer in order to monitor AMTD's risk exposure, and a Global Advisory Committee to provide strategic corporate and organisational advice to the Board of Directors.

In the event that the Group provides leverage to clients (see "*— Business Activities — Asset Management -Customers*"), the Group's exposure to creditor default may increase. However, given that any such leveraged products are intended to be offered on a case-by-case basis, management expects the Group's market risk to remain low in the short term.

Liquidity risk

The goal of liquidity management is to mitigate risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or make the required profit. Another goal is to enable the Group, even under adverse market conditions, to actively manage and match funds inflow against all maturing repayment obligations to achieve maximum harmony on cash flow management. The Group manages its liquidity position to ensure a prudent and adequate liquidity ratio. This is achieved by a transparent and collective monitoring approach across the Group on a daily basis to ensure the availability of sufficient liquid funds to meet all obligations.

Administrative, operational and system risk

Administrative, operational and system risk refers to the risks of loss resulting from fraud, administrative errors, loss of data and human errors. As the Group carries out its business activities using various internal and external information systems, any error or failure, including administrative or accidental human errors as well as fraudulence by employees, unauthorised access to systems, computer viruses, or a stoppage or breakdown of internal operating systems, could have an adverse impact on the Group's activities. The Group manages these risks by maintaining a system of internal controls designed to prevent and detect fraud, error, unauthorised access and loss of data. Specifically, independent review and monitoring control measures are embedded into different processes to prevent their misuse, and statistical analyses are performed on regular basis to identify any potential risks or irregularities. Risk management policies and procedures are regularly reviewed and updated to respond to changes in market conditions and the Group's business strategies. The Group also has disaster recovery plans, regular data backup exercises and maintains its servers at different locations to minimise the impact of any system breakdown.

Reputational risk

The Group manages reputational risks through sound corporate governance practices. The Group's employees and sales personnel are provided with comprehensive training. Operating procedures and compliance manuals are regularly updated by compliance officer and the responsibilities and duties of staff are properly segregated. The internal control functions report directly to the Chief Financial Officer, who has extensive experience in regulatory compliance and internal controls, and the board of directors.

Legal and compliance risk

As a group of financial institutions regulated by various regulatory bodies, the Group is subject to different rules and regulations. The Group's compliance officer and legal counsel manage these risks by actively monitoring the Group's licensed or regulated activities. The Group advises its staff in respect of their legal and regulatory obligations, for example, via its employee's code of conduct manual which provides general guidance as to the standards employees must adhere to in respect of regulated activities. The Group also develops and delivers legal and compliance training to its staff from time to time to update and enhance their awareness and knowledge of legal and regulatory requirements.

EMPLOYEES

The Group had approximately 100 employees as at the date of this Offering Circular. The Group has maintained good working relationships with its employees and does not foresee any difficulties in the recruitment and retention of experienced staff. The Group usually recruits its employees through referrals and undertakes to ensure its remuneration package remains competitive and on par with its competitors. The Group also offers education benefits to its eligible employees.

PROPERTY

The principal place of business of the Issuer is located at 23/F–25/F Nexxus Building, 41 Connaught Road Central, Hong Kong. This premise is leased by the Group and occupies a total area of approximately 15,980 square feet.

INFORMATION TECHNOLOGY

The Group's IT department is responsible for delivering secure, reliable and high quality systems to support the business operations of the Group and the provision of the necessary information technology infrastructure based on the business needs and development of the Group.

The Group's IT systems consist of three key components: front office, middle office and back office systems that generally cover transaction management, customer service and risk management, investment and accounting. Over its operating history, the Group has focused on allocating financial and human resources towards upgrading its IT systems with the goal of achieving higher operational efficiency, enhancing user access and customer service, providing flexibility for future business needs, responding to developing market trends and increasing its competitiveness in the local and regional markets.

INSURANCE

The Group maintains standard insurance in relation to its risk exposure arising from the nature of its business, such as office premise and property damage insurance, employee compensation insurance, personal injury insurance life and personal accident insurance, critical illness insurance and medical, dental and travel insurance. The Group's insurance coverage is provided by reputable companies with commercially reasonable limits and deductibles on coverage and complies with the statutory requirements in Hong Kong.

The Group believes that its insurance coverage is sufficient for its present purposes and is consistent with coverage for its competitors in Hong Kong. The Group periodically reviews its insurance coverage to ensure that it has adequate coverage for its business.

LEGAL PROCEEDINGS

As at the date of this Offering Circular, there are no current litigation or arbitration proceedings and no litigation is pending or threatened against the Group which could have a material and adverse effect on the Group's business, financial condition or results of operations.

DIRECTORS AND SENIOR MANAGEMENT

As at the date of this Offering Circular, the members of the Board of Directors and senior management of the Issuer are as follows:

Board of Directors

Name	Position	Age
Mr. CHOI, Chi Kin Calvin	Chairman of the Board of Directors	40
Mr. WONG, Yui Keung Marcellus	Executive Vice Chairman	65
Mr. GAO, Yu	Director	45
Dr. HAMDULLAHPUR, Feridun	Director	64

Senior Management

Name	Position	Age
Mr. CHOI, Chi Kin Calvin	President	40
Mr. WONG, Yui Keung Marcellus	Chairman of Executive Management Committee ("**EMC**")	65
Ms KWOK, Ning Kut Christine	Managing Director, Chief Operating Officer, Member of EMC	44
Mr. YAU, Wai Man Philip	Managing Director, Chief Financial Officer, Member of EMC	42
Mr. SIN, Yat Kin	Chief of Staff	61
Dr. LAU Suet Chiu Frederic	President of Capital Markets & Advisory, Member of EMC	67
Mr. LAM, Ka Tai Ros	Chief Strategy Officer	62
Mr. WANG, Fan Neil	President Special Assistant	38
Mr. LIU, Wei Wayne	President Special Assistant	47
Mr. LO, Chi Hang Mark	Managing Director, Chief Investment Officer, Head of Fixed Income	41
Ms. SHI, Xiaoyu Emily	Managing Director, Head of Capital Markets & Advisory	40
Mr. FUNG, Ching Ho William	Managing Director, Head of Debt Capital Markets and Distribution	38
Mr. FANG, Tim	Managing Director, Co-Head of Debt Capital Markets	36
Mr. KU, Shun Kit Sidney	Managing Director, Head of Insurance Brokerage and Risk Solutions	63

Mr. CHOI, Chi Kin Calvin is Chairman of the Board of Directors and President of the Issuer. He has over 20 years' experience in the investment banking and financial services industry. Since December 2016, Mr. Choi has been a non-executive director of Bank of Qingdao Co., Ltd. (stock code: 3866.HK and 002948.SZ). He also serves as the Founder and Chairman of "Regional Banks +" Strategic Cooperation Alliance, Chairman of Greater Bay Young Entrepreneurs Association ("**GBYEA**"), Board Director & Senior Vice President of Greater Bay Area Investment Group ("**GBAIG**") and Chairman & President of GBAIG (Overseas). He is also a Director of DayDayCook, Yuanyin International and AwanTunai. From October 2010 to January 2016 Mr. Choi was a Managing Director of the investment bank division of UBS AG and a member of the Asia Pacific committee of its global family office committee. Mr. Choi has led numerous large-scale and reputable capital markets deals in both equity and debt markets, as well as cross-border mergers and acquisitions and financing transactions. From January 2009 to October 2010, Mr. Choi was a Director of the corporate finance division of PricewaterhouseCoopers Hong Kong and the representative of PricewaterhouseCoopers Corporate

Finance Limited from September 2009 to October 2010. From August 2005 to December 2008, Mr. Choi was an Executive Director of the investment bank division of Citigroup and its China Chief Specialist, leading its China Strategic Alliance unit. From December 2000 to August 2005, Mr. Choi worked at the audit division of PricewaterhouseCoopers Hong Kong Office and Beijing Office, where his last position was Senior Manager.

In 2002, Mr. Choi led the process to formulate the Route Map of Banking Industry Reform for China, and provided recommendations for three measures to reform the Chinese banking industry reform, namely operational reorganisation, financial reconstruction and financial reporting. In December 2016, Mr. Choi was named as one of the 2016 Fintech Finance 35 by Institutional Investor, a leading global finance magazine. In March 2017, he was named as a Young Global Leader by the World Economic Forum. Mr. Choi is also active in volunteering and community service and he has served as Founder & Chairman of AMTD FinTech Centre of PolyU Faculty of Business, the honorary president of Hong Kong Army Cadets Association, the vice chairman of Greater Bay Area Homeland Youth Community Foundation, the vice chairman of Hong Kong Federation of Professions, and the director of OneChild Network & Support Inc., a worldwide children charity organization. Mr. Choi also previously served as the Vice Chairman of the Hong Kong Youth Association from 2014 to 2017.

Mr. Choi was a licensed person of the Financial Industry Regulatory Authority of the United States, and he qualified as a Certified Bank Auditor and a Certified Public Accountant in the United States in June 2002 and July 2005, respectively. Mr. Choi graduated from the University of Waterloo, Canada in June 2001 with a Bachelor of Arts degree with honour in Chartered Accountancy Studies.

Mr. WONG, Yui Keung Marcellus is the Executive Vice Chairman and the Chairman of the EMC of the Issuer. Mr. Wong currently holds a number of positions including, since July 2012, independent senior advisor of PricewaterhouseCoopers and, since January 2015, senior independent advisor and vice chairman of the Advisory Board of L.R. Capital Group, a global firm principally engaged in equity investment. Mr. Wong primarily provides L.R. Capital Group with independent professional advice on taxation planning and corporate governance. Mr. Wong has over 35 years of experience in accounting and tax consultancy. Mr. Wong joined PricewaterhouseCoopers in February 1990 and prior to his retirement in June 2012 served as a partner and compliance leader in the China and Hong Kong firms as well as the risk and quality leader for the Tax practice in the Asia Pacific region. Mr. Wong was the recipient of the Outstanding PolyU Alumni Award 2019. Between 1999 and 2010, Mr. Wong was consistently named by Euromoney as one of the World's Leading Tax Advisers in Hong Kong and the PRC. He also 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. Since November 2011, he has been a member of the Joint Liaison Committee on Taxation which advises Government of Hong Kong on tax issues. He was also appointed as the president of CPA Australia-Hong Kong China Division for the year 2004/2005 and was invited to serve as its honorary adviser of Greater China region in July 2014. He has been a council member of the Taxation Institute of Hong Kong since September 1995 and served as its president from 1996 to 1999. Since June 2015, Mr. Wong has been an independent non-executive director of Xinte Energy Co., Ltd. (stock code: 1799), a company listed on the Main Board of the Hong Kong Stock Exchange.

In October 1977 Mr. Wong graduated from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) with a higher diploma in Accounting and also obtained a Bachelor's degree in Laws (external programme) from the University of London, 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. He also received the qualification of Certified Tax Adviser in Hong Kong from the Taxation Institute of Hong Kong in September 2010.

Mr. GAO, Yu is a Director of the Issuer. Mr. Gao joined Morgan Stanley Asia Limited in 2005 and primarily focused on private equity investment transactions in China. He is currently a managing director of Morgan Stanley Asia Limited's private equity division and Co-Head of China Investment Operations for Morgan Stanley Private Equity Asia. Mr. Gao has been as a non-executive director of Sparkle Roll Group Limited (stock code: 970) since September 2010. From July 2007 to May 2013, he was a non-executive director of China Dongxiang (Group) Co., Ltd. (stock code: 3818) and has been an independent non-executive director since May 2013. From August 2006 to August 2014, he was a non-executive director of Belle International Holdings Limited (stock code: 1880) and has been an independent non-executive director since August 2014. The companies listed above are all listed on the Main Board of the Hong Kong Stock Exchange. Mr. Gao was also a director of Tongkun Group Co., Ltd. (a company listed on Shanghai Stock Exchange, stock code: 601233) from April 2011 to March 2015.

Mr. Gao graduated from Tsinghua University in the PRC with dual Bachelor's degrees in Engineering and Economics and later graduated from Stanford University in the United States with a Master's degree in Engineering-Economic Systems and Operations Research.

Dr. HAMDULLAHPUR, Feridun is a Director of the Issuer. 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. Dr. Hamdullahpur has served as a member of the King Abdulaziz University International Advisory Board since 2017 and 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 2014. Dr. Hamdullahpur was awarded the Queen Elizabeth II Diamond Jubilee Medal in January 2013 in acknowledgement of his leadership in education and innovation. Dr. Hamdullahpur graduated from the Technical University of Istanbul with a Bachelor's degree in mechanical engineering in 1976 and a Master's degree in mechanical engineering in 1979. Dr. Hamdullahpur received his Ph.D. degree in chemical engineer from the Technical University of Nova Scotia in 1985.

Ms. KWOK, Ning Kut Christine is a Managing Director, the Chief Operating Officer and a member of the EMC of the Issuer. Ms. Kwok has over 20 years of experience in financial industry with over 10 years in the field of regulatory and compliance of financial institutions. She currently serves as Chief Operating Officer of the Issuer. She has served the Securities and Futures Commission ("**SFC**") for over 7 years prior to joining the Issuer, where she was responsible for overseeing the regulatory compliance and internal controls of financial intermediaries licensed with the SFC, including securities and brokers, fund managers, financial planners and corporate finance advisors. Prior to joining the SFC, Ms. Kwok served as Associate Director of the Investment Banking Division of HSBC. Ms. Kwok is a Certified Public Accountant in the United States and she had worked in PricewaterhouseCoopers and Arthur Andersen, where she was responsible for initial public offerings and statutory audits for financial institutions in the Hong Kong and Greater China region.

Ms. Kwok completed The Kellogg-HKUST Executive MBA Program and obtained her Master of Business Administration degree. She had also obtained her Bachelor of Commerce degree with Highest Distinction from the University of Toronto.

Mr. YAU, Wai Man Philip is a Managing Director, the Chief Financial Officer and a member of the EMC of the Issuer. Mr. Yau has over 22 years of experience in accounting and auditing. From September 2011 to March 2016, he worked with Ernst & Young China, as a partner, where he advised on finance, management and business issues. From January 2006 to July 2011, he worked with Protiviti Shanghai Co., Ltd., latterly as a managing director and Shenzhen office leader, where he was primarily responsible for overall management of the company. From September 1997 to January 2006, he worked with PricewaterhouseCoopers, latterly as a senior manager in its assurance department, where he was primarily responsible for audit and consulting. Mr. Yau was admitted as a Certified Public Accountant in the United States in December 1999, a member of the Hong Kong Institute of Certified Public Accountants in December 2000 and a Certified Internal Auditor by the Institute of Internal Auditors in May 2001. Mr. Yau graduated from the Charles H. Lundquist College of Business of University of Oregon in the United States with a Bachelor of Arts degree in June 1997. Mr. Yau completed The Kellogg-HKUST EMBA program of the School and obtained his Master of Business Administration Degree.

Mr. SIN, Yat Kin is the Chief of Staff of the Issuer. Mr. Sin was Former Commissioner of Correctional Services and Deputy Manager of the campaign office of The Honourable Mrs. Carrie Lam, The Chief Executive of the Hong Kong Special Administrative Region, in 2017. Mr. Sin is an Independent Non-Executive Director of LH Group, Vice-Chairman of the Hong Kong Playground Association, Non-Club-Linked Director of the Hong Kong Football Association and Advisory Council Member of the Hong Kong Army Cadets Association.

Dr. LAU, Suet Chiu Frederic is the President of Capital Markets & Advisory and a member of the EMC of the Issuer. Prior to joining the Issuer, Dr. Lau served as Independent Non-Executive Director at Ping An Bank, Independent Non-Executive Director of Shenzhen Development Bank. From March 2007 to May 2011, Dr. Lau worked at Dah Sing Bank (China) and Dah Sing Banking Group Limited (stock code: 3256), where he held multiple positions, including an executive director, the head of group risk, non-executive director. Prior to that, Dr. Lau served as Chief Representative in New York, Division Head of Banking Supervision Division and Division Head of Banking Policy Division of the Hong Kong Monetary Authority and Senior Bank Examiner at the Office of Thrift Supervision, the Treasury Department of the United States, and was named capital market specialist by the agency.

Mr. LAM, Ka Tai Ros is the Chief Strategy Officer of the Issuer. Before joining the Issuer, Mr. Lam served as Former Assistant Commissioner at Office of the Commissioner of Insurance (now known as Hong Kong Insurance Authority) and was responsible for supervision of life and business insurances, as well as occupational retirement schemes. He also served as Division Head of Banking Policy of the Hong Kong Monetary Authority. He is a member of Insurance Regulatory Advisory Panel of the Hong Kong Institute of Certified Public Accountants.

Mr. WANG, Fan Neil is the President's Special Assistant of the Issuer. Mr. Wang served as the Chief Financial Officer of private equity fund manager China Oriental Summit Capital, sponsored by China Oriental Asset Management Company, where he oversaw fund management, project assessment and fund raising. Prior to joining China Oriental Summit Capital, Mr. Wang worked at CITIC Capital, which is controlled by China Investment Corporation and CITIC Group. He focused on finance, fund raising and investor relationships, management of an RMB4 billion fund, targeting private equity, venture capital, mezzanine funding and real estate investment. Mr. Wang worked at PricewaterhouseCoopers in the Assurance and Transaction Service departments as a Chinese Certified Public Accountant and served as in-charge manager on projects with parties including Bank of China, China Development Bank, Hony Capital, J.P. Morgan and CITIC Private Equity. Mr. Wang has extensive experience in the areas of accounting, tax, laws and regulations both onshore and offshore.

Mr. LIU, Wei Wayne is the President's Special Assistant of the Issuer. Prior to joining the Issuer, Mr. Liu served as the Head of Business Engagement of World Economic Forum (an international organisation for public- private co-operation, headquartered in Geneva, Switzerland) from 2013 to 2016, where he led the Forum's business development activities in Greater China including the PRC, Hong Kong and Taiwan and acted as the primary interface between chief executives of companies and the Forum. Prior to joining World Economic Forum, he worked at Corning Incorporated — Greater China Telecom as the Strategy & Business Development Director from 2007 to 2012, where he focused on strategic planning and mergers and acquisitions. Mr. Liu also worked at Arcelor Stainless (China) Co., Ltd. and Marubeni Corp as the Chief Representative and Section Chief from 1997 to 2005 and from 1994 to 1997 respectively.

Mr. LO, Chi Hang Mark is the Chief Investment Officer of the Issuer and Head of Fixed Income. Prior to joining the Issuer, Mr. Lo served as a Vice President of PineBridge Investments, a global asset manager with offerings that span the asset class and capital structure spectrum. PineBridge Investments manages over U.S.$77.6 billion in assets with investment capabilities in multi-asset, fixed income, equities and alternatives. Mr. Lo has over 15 years of experience in the fixed income business. Prior to joining PineBridge Investments, Mark served as a Vice President of RBS Coutts and Associate Director of OSK Securities and BNP Paribas. Mr. Lo obtained a Bachelor in Arts in Economics with First Class Honours from The University of Calgary and a Master in Arts in Economics from The University of British Columbia.

Ms. SHI, Xiaoyu Emily is the Head of Capital Markets & Advisory. Prior to joining the Issuer, Ms. Shi served as a Director at the investment banking division of UBS AG Hong Kong Branch, and worked at the investment banking division of Morgan Stanley in Hong Kong, Ms. Shi has extensive experience in investment banking industry and have completed many equity and debt capital markets and M&A transactions. Ms. Shi obtained her Bachelor of Engineering degree from Shanghai Jiaotong University and her Master of Business Administration degree from Massachusetts Institute of Technology.

Mr. FUNG, Ching Ho William is a Managing Director of the Chief Investment Office and Head of Debt Capital Markets and Distribution of the Issuer. Prior to joining the Issuer, Mr. Fung served as an Executive Director, Asia Debt Syndicate function at the investment banking division of UBS AG Hong Kong Branch since 2009; as well as serving similar roles at Nomura International and Lehman Brothers in Hong Kong and New York. Mr. Fung has extensive experience in global debt capital markets and has syndicated and executed numerous capital markets transactions for Asian as well as global issuers including corporates, financial institutions and sovereigns/quasi-sovereigns. Mr. Fung obtained his Bachelor of Science degree in Industrial Engineering from Purdue University and his Master of Science degree in Financial Engineering from the University of Michigan.

Mr. FANG, Tim is a Managing Director and Co-Head of Debt Capital Markets of the Issuer. Mr. Fang has 12 years of experience in investment banking. Prior to joining the Issuer, he served as the Head of UBS's Financial Institution Debt Capital Markets in Asia, assisting Asian financial institutions in issuing bank capital instruments and bond transactions. He was mainly responsible for the origination and execution of Asian financial institutions and corporate debt capital instruments with extensive experience completing landmark, large-scale bank capital issuance and liability management transactions. He also frequently communicates with major regulators in Asia, including China Banking Insurance Regulatory Commission, Hong Kong Monetary Authority, Singapore Monetary Authority, Philippine Central Bank, Bank of Thailand, National Bank of Malaysia, Taiwan Financial Management Association and Bank of Indonesia.

Mr. KU, Shun Kit Sidney is a Managing Director and Head of Insurance Brokerage and Risk Solutions and is primarily responsible for overall management, strategic planning, business development and overseeing the corporate insurance brokerage and risk solutions business of AMTD Strategic Capital Group. Mr. Ku has over 35 years management experience in the global, Hong Kong and PRC insurance markets. Prior to joining the Issuer, he was employed by Marsh, a global leader in insurance brokerage and risk management, and assisted with setting up the Marsh Hong Kong operation in September 1992 as well as the licensing of Marsh in the PRC. Between September 1992 and December 2004, he held various roles with Marsh, including chief executive officer of Marsh (Hong Kong) Limited, business development director (Asia) and managing director of Marsh & McLennan Ltd. Mr. Ku primarily oversaw the global development of Marsh during his tenure. In February 2005, Mr. Ku was appointed as a member of the Advisory Board of the Hong Kong Export Credit Insurance Corporation, a statutory body with the aim of encouraging and supporting export trade by providing Hong Kong exporters with insurance protection against non-payment risks arising from commercial and political events. At the Hong Kong Export Credit Insurance Corporation Mr. Ku provided advice on the strategy of its insurance and investment-related business. Mr. Ku was elected as one of the 18 members in the insurance subsector of the 2017 election committee for the chief executive of Hong Kong.

Mr. Ku was admitted as a member of The Institute of Certified Management Accountants and the Institute of Public Accountants in Australia in August 2011 and in January 2013, respectively. He is currently certified as the chief executive of AMTD Risk Solutions by the Hong Kong Confederation of Insurance Brokers. Mr. Ku obtained his Bachelor's degree in Business Administration from The Chinese University of Hong Kong in December 1980.

TAXATION

The following is a general description of certain tax considerations relating to the Securities and is based on law and relevant interpretation thereof in effect as at the date of this Offering Circular all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Securities, whether in those countries or elsewhere. Prospective purchasers of Securities should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Securities and receiving payments of interest, principal and/or other amounts under the Securities and the consequences of such actions under the tax laws of those countries. It is emphasised that none of the Issuer nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Securities.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Securities or in respect of any capital gains arising from the sale of the Securities.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Securities may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Securities is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Securities is derived from Hong Kong and is received by or accrues to a person, other than a corporation (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 11) of Hong Kong (the "**Inland Revenue Ordinance**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong;

(iv) interest on the Securities is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Securities will be subject to Hong Kong profits tax.

Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance) from the sale, disposal or other redemption of Securities will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Securities will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Securities are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Securities provided that either:

(i) such Bearer Securities are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Securities constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong) (the "**Stamp Duty Ordinance**").

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Securities at a rate of 3 per cent. of the market value of the Bearer Securities at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Securities.

No stamp duty is payable on the issue of Registered Securities. Stamp duty may be payable on any transfer of Registered Securities if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Securities provided that either:

(i) such Registered Securities are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Registered Securities constitute loan capital (as defined in the Stamp Duty Ordinance).

If stamp duty is payable in respect of the transfer of Registered Securities it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Securities if the relevant transfer is required to be registered in Hong Kong.

British Virgin Islands

The following summary contains a description of the principal tax laws of the British Virgin Islands, as in effect on the date hereof, and is subject to any change in the tax laws of the British Virgin Islands that may come into effect after such date (which may have retroactive effect).

Income Tax

As of the date of this offering memorandum, the Issuer is exempt from all provisions of the Income Tax Act of the British Virgin Islands, including with respect to all interests payable by the Issuer to persons who are not persons resident in the British Virgin Islands. No income, capital gain, estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any debt obligations or other securities of the Issuer.

Withholding Tax

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to payments the Issuer may make under the transaction documents relating to the Securities.

United States — FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986 ("**FATCA**"), a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the British Virgin Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Securities. The Issuer's obligations under the Securities are discharged once it has paid the Common Depositary (or a sub-custodian for the CMU Service in the case of Securities to be cleared through the CMU Service) and, therefore, the Issuer has no responsibility for any amount thereafter transmitted through the hands of the Clearing Systems and custodians or intermediaries to the beneficial owner of a Note.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 25 February 2019 (the "**Dealer Agreement**") between the Issuer, the Dealers and the Arranger, the Securities will be offered on a continuous basis by the Issuer to the Permanent Dealers (as defined in the Dealer Agreement). However, the Issuer has reserved the right to sell Securities directly on its own behalf to Dealers that are not Permanent Dealers. The Securities may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Securities may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Securities to be issued in syndicated Tranches that are underwritten by two or more Dealers. The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Securities subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of their expenses incurred in connection with the establishment, and any future update, of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Securities. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Securities in certain circumstances prior to payment for such Securities being made to the Issuer.

In connection with each Tranche of Securities issued under the Programme, the Dealers or certain of their affiliates may purchase Securities and be allocated Securities for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase Securities for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Securities and/or other securities of the Issuer or its subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Securities to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Securities).

The Issuer may agree to pay, through the Dealers, a selling agent's commission to certain private banks based on the principal amount of the Securities purchased by the clients of such private banks.

The Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services and/or Transactions**"). The Dealers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer for which they have received, or will receive, fees and expenses.

In connection with an offering of a Tranche of Securities issued under the Programme, the Dealers and/or their respective affiliates, or affiliates of the Issuer, may place orders, receive allocations and purchase Securities for their own account (without a view to distributing such Securities) and such orders and/or allocations of the Securities may be material. Such entities may hold or sell such Securities or purchase further Securities for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Securities or other securities otherwise than in connection with the offering. Accordingly, references herein to the Securities being "offered" should be read as including any offering of the Securities to the Dealers and/or their respective affiliates, or affiliates of the Issuer for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Securities. If this is the case, liquidity of trading in the Securities may be constrained (see "*Risk Factor — The liquidity and price of the Securities following an offering may be volatile*"). The Issuer and the Dealers are under no obligation to disclose the extent of the distribution of the Securities amongst individual investors.

In the ordinary course of their various business activities, the Dealers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Securities and could adversely affect the trading prices of the Securities. The Dealers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Securities or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Securities or other financial instruments.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer (as defined in this Offering Circular) in such jurisdiction.

Selling Restrictions

United States of America

The Securities have not been and will not be registered under the Securities Act and, in the case of Bearer Securities, are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered or sold or, in the case of Bearer Securities, delivered, within the United States. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell or, in the case of Bearer Securities, deliver, any Securities within the United States, except as permitted by the Dealer Agreement.

The Securities are being offered and sold outside the United States in reliance on Regulation S.

The Bearer Securities are subject to U.S. Treasury law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury regulations promulgated thereunder.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Securities, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering of such tranche of Securities) may violate the registration requirements of the Securities Act.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Securities outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Securities, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Public offer selling restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

(a) if the Pricing Supplement in relation to the Securities specifies that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "Non-exempt Offer"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Securities to the public**" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Securities specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement, in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

    (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

    (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

    (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

PRC

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

Hong Kong

In relation to each Tranche of Securities to be issued by the Issuer under the Programme, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities, except for Securities which are a "**structured product**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (i) to "**professional investors**" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the SFO and any rules made under the SFO.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will has, directly or indirectly, offered or sold and will not, directly and indirectly, offer or sell only Securities in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell such Securities or cause such Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

*Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

British Virgin Islands

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make, directly or indirectly, an invitation to the public in the British Virgin Islands or any natural person resident or citizen in the British Virgin Islands to purchase or subscribe for the Securities. This Offering Circular does not constitute, and will not be, an offering of the Securities to any person in the British Virgin Islands.

General

None of the Issuer or the Dealers represent that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. These selling restrictions may be modified by the agreement of the Issuer and the relevant Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Securities to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required. Each Dealer has, to the best of its knowledge, complied with all relevant laws, regulations and directives in each jurisdiction in which it has purchased, offered, sold or delivered Securities or has had in its possession or distributed the Offering Circular, any other offering material or any Pricing Supplement, in all cases at its own expense.

GENERAL INFORMATION

1 Listing

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme for the 12-month period from the date of this Offering Circular on the Hong Kong Stock Exchange. For those Securities that will be listed, application for the permission to deal in, and for the listing of, the Securities issued will be separately made. The issue price of Securities listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Securities, commence on the date of listing of the relevant Securities.

2 Authorisation

The Programme and the issue of the Securities were authorised by a resolution of the board of directors of the Issuer passed on 19 February 2019. The Issuer has obtained from time to time all necessary consents, approvals and authorisations in connection with the establishment of the Programme. The Legal Entity Identifier of the Issuer is 300300562CL5FSKOCE61.

3 Legal and Arbitration Proceedings

None of the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the financial position or profitability of the Issuer or the Group.

4 No Material Adverse Change

Since 30 June 2018, there has been no material adverse change in the financial position or prospects nor any significant change in the financial or trading position of the Issuer and the Group.

5 Auditor

Ernst & Young (Certified Public Accountants), the Issuer's independent auditor has audited, and rendered unqualified audit reports on, the consolidated financial statements of the Issuer as at and for the year ended 31 December 2017.

6 Documents on Display

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands for so long as the Securities are capable of being issued under the Programme:

(i) the memorandum and articles of association of the Issuer;

(ii) the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2017;

(iii) the interim unaudited condensed consolidated financial statements for the six months ended 30 June 2018;

(iv) copies of the latest annual report and audited annual consolidated financial statements of the Issuer;

(v) each Pricing Supplement (save that a Pricing Supplement relating to an unlisted Series of Securities will only be available for inspection by a holder of any such Securities and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Securities and identity);

(vi) a copy of this Offering Circular together with any Supplement to this Offering Circular; and

(vii) copies of the Fiscal Agency Agreement and the Deed of Covenant.

7 Clearing of the Securities

The Securities may be accepted for clearance through Euroclear and Clearstream, Luxembourg. The Issuer may also apply to have Securities accepted for clearance through the CMU. The appropriate ISIN and common code or CMU Instrument Number in relation to the Securities of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Securities for clearance together with any further appropriate information.

8 TEFRA Legends

Each Security, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

AMTD GROUP COMPANY LIMITED

CONTENTS

	Pages
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018	
Condensed Consolidated Statement of Profit or Loss	F-6
Condensed Consolidated Statement of Comprehensive Income	F-7
Condensed Consolidated Statement of Financial Position	F-8-9
Condensed Consolidated Statement of Changes in Equity	F-10-11
Condensed Consolidated Statement of Cash Flows	F-12-13
Notes to the Condensed Consolidated Financial Statements	F-14-49
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017	
Consolidated statement of profit or loss	F-56
Consolidated statement of comprehensive income	F-57
Consolidated statement of financial position	F-58-59
Consolidated statement of changes in equity	F-60-61
Consolidated statement of cash flows	F-62-63
Notes to the financial statements	F-64-127
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016	
Consolidated statement of profit or loss	F-134
Consolidated statement of comprehensive income	F-135
Consolidated statement of financial position	F-136-137
Consolidated statement of changes in equity	F-138-139
Consolidated statement of cash flows	F-140-141
Notes to the financial statements	F-142-192

Unaudited Condensed Consolidated Financial Statements

AMTD GROUP COMPANY LIMITED

30 June 2018

EY 安永

Building a better working world

AMTD GROUP COMPANY LIMITED

CONTENTS

	Pages
Report on Review of Condensed Consolidated Financial Statements	1 - 2
Condensed Consolidated Statement of Profit or Loss	3
Condensed Consolidated Statement of Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5 - 6
Condensed Consolidated Statement of Changes in Equity	7 - 8
Condensed Consolidated Statement of Cash Flows	9 - 10
Notes to the Condensed Consolidated Financial Statements	11 – 46

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Report on Review of Condensed Consolidated Financial Statements
To the board of directors of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements set out on pages 3 to 46, which comprises the condensed consolidated statement of financial position of AMTD Group Company Limited the ("Company") and its subsidiaries (together the "Group") as of 30 June 2018 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended, and explanatory notes.

The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

EY 安永

Report on Review of Condensed Consolidated Financial Statements (continued)
To the board of directors of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants
Hong Kong
28 September 2018

AMTD GROUP COMPANY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	Six months ended 30 June 2018 HK$ (Unaudited)	2017 HK$ (Unaudited)
CONTINUING OPERATIONS			
Revenue			
Fee and commission income		230,030,856	141,862,133
Net investment gain		259,872,231	189,021,401
	4	489,903,087	330,883,534
Other income and gains	4	142,016,297	10,229,624
Operating expenses		(71,357,969)	(50,898,006)
Staff costs		(41,061,509)	(33,847,101)
Finance costs	7	(88,340,356)	(52.440,798)
PROFIT BEFORE TAX	5	431,159,550	203,927,253
Income tax expense	6	(36,792,697)	(44,353,775)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		394,366,853	159,573,478
DISCONTINUED OPERATION			
Profit for the period from discontinued operation	8	-	57,915
PROFIT FOR THE PERIOD		394,366,853	159,631,393
Attributable to:			
Ordinary shareholders of the parent		325,726,922	140,169,570
Shareholder of subordinated loans	21	1,735,617	143,836
Holders of perpetual securities	25	59,781,906	4,959,681
Non-controlling interests		7,122,408	14,358,306
		394,366,853	159,631,393

AMTD GROUP COMPANY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	Six months ended 30 June 2018 HK$ (Unaudited)	2017 HK$ (Unaudited)
PROFIT FOR THE PERIOD		394,366,853	159,631,393
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments and cash flow hedge:			
Changes in fair value (recycling)		-	278,516,000
Exchange differences on translation of foreign operations		(66,233)	316,350
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Equity instruments at fair value through other comprehensive income "FVOCI" and cash flow hedge:			
Changes in fair value (non-recycling)		(2,136,000)	-
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(2,202,233)	278,832,350
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		392,164,620	438,463,743
Attributable to:			
Ordinary shareholders of the parent		323,524,689	419,001,920
Shareholder of subordinated loans	21	1,735,617	143,836
Holders of perpetual securities	25	59,781,906	4,959,681
Non-controlling interests		7,122,408	14,358,306
		392,164,620	438,463,743

AMTD GROUP COMPANY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Restated)
ASSETS			
Cash and bank balances – general accounts	9	94,736,622	115,243,427
Bank balances – segregated accounts	9	502,036,319	397,628,263
Accounts receivable	10	260,619,845	111,657,573
Prepayments, deposits and other receivables	11	5,590,293,389	9,545,708,176
Financial assets at fair value through profit or loss	12	5,686,302,012	3,509,926,093
Derivative at fair value through profit or loss	13	809,280,000	676,800,000
Equity instruments at FVOCI	14	362,905,000	497,521,000
Debt instruments at amortised cost	15	256,639,412	155,981,412
Loans receivable	16	311,671,166	356,180,508
Due from a related company	17	4,075,351	35,156,003
Due from ultimate holding company	17	2,375,131,433	662,977,191
Tax recoverable		-	11,805,463
Property, plant and equipment	18	33,825,496	30,252,966
Intangible assets	19	15,171,170	15,171,170
Assets of a disposal business classified as held for sale	8	-	62,928,575
TOTAL ASSETS		16,302,687,215	16,184,937,820
LIABILITIES AND EQUITY			
LIABILITIES			
Clients' monies held on trust		514,727,303	381,027,252
Accounts payable	20	112,559,849	378,101,850
Other payables and accruals		34,121,677	77,201,104
Bonds payable	22	2,692,178,911	2,682,641,691
Tax payable		22,777,561	5,655,952
Bonds interest payable		41,991,960	41,547,541
Provisions		-	59,739,689
Deferred tax liabilities	23	135,512,437	130,208,677
Liabilities directly associated with the assets classified as held for sale	8	-	12,322,454
Total liabilities		3,553,869,698	3,768,446,210

continued/...

AMTD GROUP COMPANY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 30 JUNE 2018

	Notes	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Restated)
EQUITY			
Share capital	24	78,008	78,008
Share premium		56,422,000	56,422,000
Subordinated loans payable to a shareholder	21	148,764,384	147,028,767
Retained profits		1,061,559,972	735,833,050
Other reserves		690,762,571	692,964,804
Total ordinary shareholders' equity		1,957,586,935	1,632,326,629
Holders of perpetual securities	25	10,547,677,539	10,547,734,346
Non-controlling interests		243,553,043	236,430,635
Total equity		12,748,817,517	12,416,491,610
TOTAL LIABILITIES AND EQUITY		16,302,687,215	16,184,937,820

AMTD GROUP COMPANY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Attributable to ordinary shareholders of the parent											
				Other reserves								
	Share capital HK$ (note 24)	Share premium HK$	Subordinated loans payable to shareholder HK$ (note 21)	Cash flow hedge and fair value reserves of financial assets at FVOCI HK$	Other reserve HK$	Exchange reserve HK$	Subtotal HK$	Retained profits HK$	Total HK$	Perpetual securities HK$ (note 25)	Non-controlling interests HK$	Total equity HK$
At 31 December 2017 (audited)	78,008	56,422,000	147,028,767	554,508,470	136,362,254	2,094,080	692,964,804	738,273,118	1,634,766,697	10,547,734,346	236,430,635	12,418,931,678
Impact on initial application of IFRS 9	-	-	-	-	-	-	-	(2,440,068)	(2,440,068)	-	-	(2,440,068)
Adjusted balance at 1 January 2018	78,008	56,422,000	147,028,767	554,508,470	136,362,254	2,094,080	692,964,804	735,833,050	1,632,326,629	10,547,734,346	236,430,635	12,416,491,610
Profit for the period	-	-	1,735,617	-	-	-	-	325,726,922	327,462,539	59,781,906	7,122,408	394,366,853
Other comprehensive income for the period:												
Fair value change of equity instruments at FVOCI and cash flow hedge	-	-	-	(2,136,000)	-	-	(2,136,000)	-	(2,136,000)	-	-	(2,136,000)
Exchange differences related to foreign operations	-	-	-	-	-	(66,233)	(66,233)	-	(66,233)	-	-	(66,233)
Total comprehensive income for the period	-	-	1,735,617	(2,136,000)	-	(66,233)	(2,202,233)	325,726,922	325,260,306	59,781,906	7,122,408	392,164,620
Distribution to holders of perpetual securities (note 25)	-	-	-	-	-	-	-	-	-	(59,838,713)	-	(59,838,713)
At 30 June 2018 (unaudited)	78,008	56,422,000	148,764,384	552,372,470	136,362,254	2,027,847	690,762,571	1,061,559,972	1,957,586,935	10,547,677,539	243,553,043	12,748,817,517

continued/...

AMTD GROUP COMPANY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Attributable to ordinary shareholders of the parent											
				Other reserves								
	Share capital HK$ (note 24)	Share premium HK$	Subordinated loans payable to shareholder HK$ (note 21)	Cash flow hedge and fair value reserves of financial assets at FVOCI HK$	Other reserve HK$	Exchange reserve HK$	Subtotal HK$	Retained profits HK$	Total HK$	Perpetual securities HK$ (note 25)	Non-controlling interests HK$	Total equity HK$
At 1 January 2017 (audited)	78,008	56,422,000	-	554,487,470	-	1,286,416	555,773,886	336,493,722	948,767,616	-	(8,182,141)	940,585,475
Profit for the period	-	-	143,836	-	-	-	-	140,169,570	140,313,406	4,959,681	14,358,306	159,631,393
Other comprehensive income for the period:												
Fair value change of available-for-sale investments and cash flow hedge	-	-	-	278,516,000	-	-	278,516,000	-	278,516,000	-	-	278,516,000
Exchange differences related to foreign operations	-	-	-	-	-	316,350	316,350	-	316,350	-	-	316,350
Total comprehensive income for the period	-	-	143,836	278,516,000	-	316,350	278,832,350	140,169,570	419,145,756	4,959,681	14,358,306	438,463,743
Deemed partial disposal of interests in a subsidiary without losing control (note 27)	-	-	-	-	136,362,254	-	136,362,254	-	136,362,254	-	127,643,546	264,005,800
Proceed from issue of perpetual securities (note 25)	-	-	-	-	-	-	-	-	-	1,557,400,000	-	1,557,400,000
Perpetual securities issue expenses (note 25)	-	-	-	-	-	-	-	-	-	(14,343,317)	-	(14,343,317)
Reclassification of subordinated loans payable to a shareholder (note 21)	-	-	145,120,548	-	-	-	-	-	145,120,548	-	-	145,120,548
At 30 June 2017 (unaudited)	78,008	56,422,000	145,264,384	833,003,470	136,362,254	1,602,766	970,968,490	476,663,292	1,649,396,174	1,548,016,364	133,819,711	3,331,232,249

8

AMTD GROUP COMPANY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	Six months ended 30 June 2018 HK$ (Unaudited)	2017 HK$ (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax			
From continuing operations		431,159,550	203,927,253
From a discontinued operation	8	-	57,915
Adjustments for:			
Dividend income	4	(88,290,209)	(20,308,140)
Bank interest income	4	(2,069)	(80,844)
Bond interest income	4	(6,473,109)	(6,583,181)
Interest income on due from ultimate holding company	4	(23,431,620)	(1,956,681)
Fair value gain of financial assets through profit or loss	4	(157,040,457)	(117,501,968)
Realised fair value gain on disposal of financial assets through profit or loss	4	(8,068,456)	(44,628,112)
Interests on loans from the immediate holding company	7	-	1,591,781
Interests on bond payable	7	81,793,856	35,560,666
Interests on margin loans payable	7	6,546,500	15,288,351
Gain on disposal of subsidiaries	26	(98,355,880)	-
Depreciation		3,259,619	1,803,524
Provisions		-	4,470,793
Exchange differences	5	(7,619,815)	2,659,689
		133,477,910	74,301,046
Increase in accounts receivable		(139,627,921)	(180,767,616)
Decrease/(increase) in prepayments, deposits and other receivables		3,968,467,434	(36,493,092)
Decrease in loans receivable		22,587,351	3,624,543
Decrease/(increase) in amount due from a related company		31,080,652	(13,536,140)
Increase in amount due from ultimate holding company		(1,685,335,649)	(1,429,749,085)
Decrease in accounts and other payables		(304,837,500)	(159,558,229)
Increase in loans payable		64,406,322	-
Decrease in provisions		(2,523,007)	-
Decrease in segregated bank balances		34,618,703	90,199,907
Net cash from/(used in) operating activities		2,122,314,295	(1,651,978,666)

continued/...

AMTD GROUP COMPANY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	Six months ended 30 June 2018 HK$ (Unaudited)	2017 HK$ (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	18	(6,832,149)	(1,180,133)
Proceeds from disposal of equity instruments at FVOCI		-	18,000,000
Purchase of financial assets at fair value through profit or loss		(2,098,016,657)	(38,808,000)
Purchase of debt instruments at amortised cost		(100,000,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss		-	472,840,081
Dividend received		88,290,209	-
Interest received		2,069	80,844
Proceeds from disposal of subsidiaries		121,268,394	-
Net cash (used in)/from investing activities		(1,995,288,134)	450,932,792
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of perpetual securities	25	-	1,543,056,683
Contribution from non-controlling interests	27	-	264,005,800
Interest paid		(87,658,159)	(31,163,391)
Distribution to perpetual securities holders		(59,838,713)	-
Net cash (used in)/from financing activities		(147,496,872)	1,775,899,092
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(20,470,711)	574,853,218
Cash and cash equivalents at beginning of period		115,243,427	149,848,963
Effect of foreign exchange rate change, net		(36,094)	2,799,043
CASH AND CASH EQUIVALENTS AT END OF PERIOD		94,736,622	727,501,224
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		94,736,622	727,501,224

1. BASIS OF PREPARATION

The condensed consolidated financial statements of AMTD Group Company Limited (the "Company") and its subsidiaries (the "Group") have been prepared in accordance with the applicable disclosure requirements of International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board.

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements are prepared in accordance with IAS 34. The accounting policies and basis of preparation adopted in the preparation of these unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2017, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board which are effective for the Group's annual period beginning on 1 January 2018 and mentioned below.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*
I(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to IFRS 1 and IAS 28

The Group applies, for the first time, IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* that require restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 *Financial Instruments*
IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

With the exception of hedge accounting, which the Group applied prospectively, the Group has applied IFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under IAS 39. The impacts relate to the classification and measurement and the impairment requirements are summarised as follows:

(i) Classification and measurement
Except for certain receivables, under IFRS 9, 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.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's accounts receivable, loans receivable and other receivables.

- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition. Financial assets in this category are the Group's quoted debt instruments that meet the SPPI criterion and are held within a business model both to collect cash flows and to sell.

Other financial assets are classified and subsequently measured, as follows:

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 *Financial Instruments* (continued)

(i) Classification and measurement (continued)

Other financial assets are classified and subsequently measured, as follows: (continued)

- Financial assets at FVPL comprise derivative instruments and equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

(ii) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

The ECL allowance is based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate ("EIR").

For accounts receivable, loans receivable and other receivable, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 *Financial Instruments* (continued)

(ii) Impairment (continued)

Other receivables, which are not related to service concession arrangements, are assessed for impairment based on 12-month expected credit losses: 12-month ECLs are the portion of lifetime ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the asset is less than 12 months). However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group may 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.

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of the Group's debt financial assets. The increase in allowance resulted in an adjustment to the Group's retained earnings as at 1 January 2018.

Hedge accounting

The Group applied hedge accounting prospectively. At the date of the initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with prior periods, the Group has continued to designate the change in fair value of the equity link forward contract in the Group's cash flow hedge relationships and, as such, the adoption of the hedge accounting requirements of IFRS 9 had no significant impact on the Group's financial statements.

Under IAS 39, all gains and losses arising from the Group's cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. However, under IFRS 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of the non-financial assets. Therefore, upon adoption of IFRS 9, the Net gain or loss on cash flow hedges was presented under "Other comprehensive income not to be reclassified to profit or loss in subsequent periods". This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the presentation of comparative figures.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 *Financial Instruments* (continued)

The following summarises the changes for the Group's financial assets and financial liabilities on 1 January 2018, the Group's date of initial application of IFRS 9: (continued)

	Originally stated						IFRS 9				
	Financial assets at fair value through profit or loss										
	Designated as such upon initial recognition HK$	Derivative financial instruments HK$	Loans and receivables HK$	Available-for-sale financial assets HK$	Held-to-maturity investments HK$	Remeasurement upon application of IFRS 9 HK$	Amortised cost HK$	Debt instruments at FVPL HK$	Equity instruments at FVOCI HK$	Equity and derivative instruments at FVPL HK$	Derivatives at FVPL - used for hedging HK$
Financial assets											
Cash and bank balances – general accounts	-	-	115,243,427	-	-	-	115,243,427	-	-	-	-
Bank balances – segregated accounts	-	-	397,628,263	-	-	-	397,628,263	-	-	-	-
Accounts receivable	-	-	112,322,533	-	-	(664,960)	111,657,573	-	-	-	-
Financial assets included in prepayments, deposits and other receivables	-	-	9,501,765,464	-	-	(1,103,686)	9,500,661,778	-	-	-	-
Loans receivable	-	-	356,539,342	-	-	(358,834)	356,180,508	-	-	-	-
Due from a related company	-	-	35,156,003	-	-	-	35,156,003	-	-	-	-
Due from ultimate holding company	-	-	662,977,191	-	-	-	662,977,191	-	-	-	-
Financial assets at fair value through profit or loss	3,509,926,093	-	-	-	-	-	-	38,908,610	-	3,471,017,483	-
Derivative financial assets	-	676,800,000	-	-	-	-	-	-	-	-	676,800,000
Available-for-sale investments	-	-	-	497,521,000	-	-	-	-	497,521,000	-	-
Held-to-maturity investment	-	-	-	-	156,294,000	(312,588)	155,981,412	-	-	-	
	3,509,926,093	676,800,000	11,181,632,223	497,521,000	156,294,000	(2,440,068)	11,335,486,155	38,908,610	497,521,000	3,471,017,483	676,800,000

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 *Financial Instruments* (continued)
The following summarises the changes for the Group's financial assets and financial liabilities on 1 January 2018, the Group's date of initial application of IFRS 9: (continued)

	Originally stated		IFRS 9
	Amortised cost	Remeasurement upon application of IFRS 9	Amortised cost
	HK$	HK$	HK$
Financial liabilities			
Accounts payable	378,101,850	-	378,101,850
Clients' monies held on trust	381,027,252	-	381,027,252
Other payables and accruals	77,201,104	-	77,201,104
Bonds payable	2,682,641,691	-	2,682,641,691
Bonds interest payable	41,547,541	-	41,547,541
Provisions	59,739,689	-	59,739,689
	3,620,259,127	-	3,620,259,127

The impact of the Group's retained earnings due to the remeasurement of financial instruments as at 1 January 2018, the Group's date of initial application of IFRS 9, is as follows:

	Note	Retained earnings HK$
At 1 January 2018 (originally stated)		738,273,118
Remeasurement upon initial application of IFRS 9	(i)	(2,440,068)
At 1 January 2018 (restated)		735,833,050

Note:

(i) As at 1 January 2018, the Group has recorded ECLs allowance under IFRS 9 of HK$2,440,068.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method which allows the Group to recognise the cumulative effects of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings in the 2017 financial year. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the comparative figures have not been restated.

The adoption from 1 January 2018 resulted in changes in accounting policies for revenue recognition as detailed below.

<u>Revenue from contracts with customers</u>
Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognised revenue when it transfers control over a service to a customer.

The Group satisfied a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

(b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

(c) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognises revenue at the point in time at which the performance obligation is satisfied.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 Revenue from Contracts with Customers (continued)
The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the surveyors of work performed and the costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

When the Group provides more than one service in a service concession arrangement, the transaction price will be allocated to each performance obligation by reference to their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

<u>Finance and interest income</u>
Finance and interest income is recognised on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

<u>Insurance agency commission</u>
Insurance agency commission is recognised on the effective commencement or renewal dates of the related policies;

<u>Income from asset management business and other services</u>
Income from asset management business, provision of information access facilities and office support, provision of mortgage services and mortgage loan financing, Mandatory Provident Fund ("MPF") advisory services, referral services and customer relationship services, provision of insurance and mortgage consultancy services are recognised when services are rendered;

<u>Underwriting service income</u>
Underwriting service income is recognised as income in accordance with the terms of the underwriting agreement or deal mandate when the relevant significant acts have been completed; and

<u>Net fair value changes</u>
Net fair value changes on financial assets at fair value through profit or loss, including realised gains/losses which are recognised on the transaction dates when the relevant contract notes are exchanged and unrealised fair value changes which are recognised in the period in which they arise.

Apart from providing more extensive disclosures on the Group's revenue transactions, the application of IFRS 15 has had no material impact on the unaudited interim financial information of the Group.

3. OPERATING SEGMENT INFORMATION

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

(a) The capital markets and advisory segment is assisting clients 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 is providing a wide range of asset management products and services, including in relation to 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 corporate insurance brokerage and risk solutions segment is providing insurance and risk management solutions to corporate clients for their insurance programmes, which include the sourcing of products such as property damage insurance, third party liability insurance, motor vehicle insurance and employee insurance, providing risk consulting service.

(d) The investment solutions segment engages in proprietary investments and management of investment portfolio with a wide spectrum of industries and asset classes across Asia and the global.

(e) The retail agency and advisory segment is providing retail insurance brokerage services, mortgage loan services and overseas property agency services. The directors of the Company disposed a majority of the services under this segment during the current period. Details of which are disclosed in note 26.

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 profit, which is a measure of adjusted profit before tax from continuing operations. The adjusted profit before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, loans receivable, tax recoverable, amounts due from a related company and ultimate holding company, assets held for sale, deposits and prepayments, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bond payable, bond interest payable, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intra-group sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. OPERATING SEGMENT INFORMATION (continued)

	For the six months ended 30 June									
	Capital Markets and Advisory		Asset Management		Corporate Insurance Brokerage and Risk Solutions		Investment Solutions		Total	
	2018 HK$ (Unaudited)	2017 HK$ (Unaudited)	2018 HK$ (Unaudited)	2017 HK$ (Unaudited)	2018 HK$ (Unaudited)	2017 HK$ (Unaudited)	2018 HK$ (Unaudited)	2017 HK$ (Unaudited)	2018 HK$ (Unaudited)	2017 HK$ (Unaudited)
Segment revenue										
Revenue from external customers	179,472,896	97,566,547	37,800,400	28,773,488	12,757,560	15,522,098	-	-	230,030,856	141,862,133
Intra-group revenue	-	31,221,600	4,791,377	-	-	-	-	-	4,791,377	31,221,600
Investment income	-	-	-	-	-	-	259,872,231	189,021,401	259,872,231	189,021,401
	179,472,896	128,788,147	42,591,777	28,773,488	12,757,560	15,522,098	259,872,231	189,021,401	494,694,464	362,105,134
Elimination of intra-group revenue									(4,791,377)	(31,221,600)
Revenue from continuing operations									489,903,087	330,883,534
Segment results	166,149,669	99,233,358	28,385,139	17,914,748	8,138,091	11,548,697	206,763,816	174,299,247	409,436,715	302,996,050
Interest income									24,294,165	3,170,585
Other income and unallocated gains									117,675,695	-
Corporate and other unallocated expenses									(84,123,303)	(65,818,248)
Finance costs									(36,123,722)	(36,421,134)
Profit before tax from continuing operations									431,159,550	203,927,253

3. OPERATING SEGMENT INFORMATION (continued)

	Capital Markets and Advisory		Asset Management		Corporate Insurance Brokerage and Risk Solutions		Investment Solutions		Total	
	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Restated)	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Restated)	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Restated)	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Restated)	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Restated)
Segment assets	450,746,923	874,828,625	614,230,683	422,968,460	36,475,859	36,814,190	7,115,117,153	4,845,955,753	8,216,570,618	6,180,567,028
Corporate and other unallocated assets									8,086,116,597	9,941,442,217
Assets related to discontinued operation									-	62,928,575
Total assets									16,302,687,215	16,184,937,820
Segment liabilities	-	-	612,304,958	388,155,393	14,982,194	19,351,602	1,467,915,411	351,609,630	2,095,202,563	759,116,625
Corporate and other unallocated liabilities									1,458,667,135	2,997,007,131
Liabilities related to discontinued operation									-	12,322,454
Total liabilities									3,553,869,698	3,768,446,210

4. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue, other income and gains from continuing operations is as follows:

	Six months ended 30 June	
	2018	2017
	HK$	HK$
	(Unaudited)	(Unaudited)
Revenue		
Capital markets and advisory		
Corporate finance service income	179,472,896	97,566,547
Asset management		
Asset management service income	37,222,033	28,363,090
Mandatory Provident Fund advisory service income	578,367	410,398
	37,800,400	28,773,488
Corporate insurance brokerage and risk solutions		
Advisory and commission income	12,757,560	15,522,098
Investment solutions		
Fair value gain on financial assets at fair value through profit or loss, net	157,040,457	117,501,968
Net realised gain on disposal of investments	8,068,456	44,628,112
Interest income from debt securities	6,473,109	6,583,181
Dividend income	88,290,209	20,308,140
	259,872,231	189,021,401
	489,903,087	330,883,534
Other income		
Bank interest income	2,069	80,844
Interest income from loans receivable	860,476	1,133,780
Interest income on due from ultimate holding company	23,431,620	1,956,681
Others	11,746,437	7,058,319
	36,040,602	10,229,624
Other gains		
Foreign exchange differences, net	7,619,815	-
Gain on disposal of subsidiaries	98,355,880	-
	105,975,695	-
	142,016,297	10,229,624

5. PROFIT BEFORE TAX

Profit before tax from continuing operations has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2018	2017
	HK$	HK$
	(Unaudited)	(Unaudited)
Minimum lease payments under operating leases	11,561,157	11,698,792
Auditor's remuneration	700,000	820,000
Employee benefit expenses		
Wage and salaries	40,297,709	33,029,015
Pension scheme contribution (defined contribution schemes)	763,800	818,086
	41,061,509	33,847,101
Foreign exchange differences, net	(7,619,815)	2,659,689
Gain on disposal of subsidiaries	(98,355,880)	-

6. INCOME TAX

Hong Kong profits tax is provided at 16.5% (six months ended 30 June 2017: 16.5%) on the estimated assessable profits for the period. The amount of taxation from continuing operations charged to the statement of profit or loss represents:

		Six months ended 30 June	
		2018	2017
	Note	HK$	HK$
		(Unaudited)	(Unaudited)
Hong Kong profits tax			
Current period		31,488,937	25,378,775
Deferred tax	23	5,303,760	18,975,000
		36,792,697	44,353,775

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Six months ended 30 June	
	2018	2017
	HK$	HK$
	(Unaudited)	(Unaudited)
Interests on loans from the immediate holding company (note 21)	-	1,591,781
Interests on bonds payable	81,793,856	35,560,666
Interests on margin loans payable	6,546,500	15,288,351
	88,340,356	52,440,798

8. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 30 August 2016, the directors of the Company resolved to discontinue the retail agency and advisory services, and efforts are underway to dispose of this business in the near future. The assets and liabilities attributable to the business, which are expected to be disposed to third parties in near future have been classified as asset held for sale and liabilities associated with assets held for sale are presented separately in the condensed consolidated statement of financial position as at 30 June 2017 and consolidated statement of financial position as at 31 December 2017.

During the period, the Group has entered into a sales and purchase agreement with an independent third party to disposal its retail agency and advisory services business, with a consideration of HK$123,250,349 and the details of the transaction are set out in note 26. The transaction was completed on 30 June 2018.

9. CASH AND BANK BALANCES

	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Audited)
Cash and cash equivalents:		
Cash on hand	50,031	50,031
General bank accounts	94,686,591	115,193,396
Total cash and cash equivalents	94,736,622	115,243,427
Segregated clients' bank accounts balances:		
Insurance brokerage business and others	34,980,653	16,981,725
Asset management business	467,055,666	380,646,538
Total segregated clients' bank accounts balances	502,036,319	397,628,263
Total cash and bank balances	596,772,941	512,871,690

10. ACCOUNTS RECEIVABLE

	Notes	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Restated)
Receivable from corporate insurance brokerage and risk solutions services	(i)	23,328,834	19,028,971
Clients receivable	(ii)	66,539,845	15,270,944
Receivable from brokers and clearing houses	(ii)	65,464,004	7,855,540
Receivable from capital markets and advisory services	(iii)	105,287,162	69,502,118
		260,619,845	111,657,573

Notes:

(i) The normal settlement terms of accounts receivable from corporate clients from the provision of corporate insurance brokerage and risk solutions services are repayable on demand upon receipt of debit notes.

10. ACCOUNTS RECEIVABLE (continued)

Notes: (continued)

(ii) The normal settlement terms of clients receivable and receivable from brokers and clearing houses on arising from asset management services are 2 days after trade date or at specific terms agreed with brokers and clearing houses.

(iii) The normal settlement terms of receivables from capital markets and advisory services are at specific terms mutually agreed between the contracting parties.

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. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Restated)
Not yet due	221,220,686	48,936,268
Within 1 month	14,208,620	47,849,770
1 to 3 months past due	6,776,623	6,503,407
Over 3 months past due	18,413,916	8,368,128
	260,619,845	111,657,573

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9 which permits the use of the lifetime expected loss provision for all accounts receivables. The expected credit loss rate for the Group's accounts receivable is minimal for all the above bands of accounts receivable.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Restated)
Prepayments and deposits	58,800,668	53,496,076
Other receivables (Note)	5,531,492,721	9,492,212,100
	5,590,293,389	9,545,708,176

The Group applies simplified approach to provide for expected credit losses, and there is no expected credit loss for future 12 months.

Note: On 30 November 2017, the Company issued HK$9,000 million zero coupon perpetual notes to its intermediate holding company. HK$5,353 million of the consideration is yet to be settled as at 30 June 2018 and therefore classified as other receivable. Details of the perpetual notes are disclosed in note 25.

On 27 October 2017, the Group entered into a structured financing arrangement with an independent third party amounting to HK$453,252,600, which was classified as other receivables and subsequently fully settled.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Audited)
Equity instruments at fair value through profit or loss:		
Listed equity shares, at quoted price	4,253,507,440	2,957,300,419
Unlisted equity shares	648,979,632	439,057,588
Debt instruments at fair value through profit or loss:		
Listed debt securities, at quoted price	711,283,423	38,908,610
Derivatives not designated as hedging instruments:		
Unlisted equity link notes	72,531,517	74,659,476
	5,686,302,012	3,509,926,093

The investments at 31 December 2017 and 30 June 2018 were classified as held-for-trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are categorized into level 1 and 2.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

As at 30 June 2018, the Group's listed equity investment with a carrying amount of HK$ Nil (31 December 2017: HK$730,000,000) was pledged against its margin loans payable (note 20).

13. DERIVATIVE AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Audited)
Equity linked forward contract	809,280,000	676,800,000

Equity linked forward contract is designated as hedging instruments in respect of forecast future disposal of listed equity investments. The equity linked forward contract balances vary with the levels of expected value of listed equity investments and change in market value.

The terms of the equity linked forward contract matches the forecast future disposal of listed equity investments. The cash flow hedge was assessed to be highly effective and net gains of HK$809,280,000 was included in the cash flow hedge and fair value reserves of financial assets at FVOCI.

14. EQUITY INSTRUMENTS AT FVOCI

	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Audited)
Listed equity investments in Hong Kong, at fair value	362,905,000	497,521,000

As at 30 June 2018, the Group's listed equity investment with a carrying amount of HK$ Nil (31 December 2017: HK$489,600,000) was pledged against its margin loans payable (note 20).

15. DEBT INSTRUMENTS AT AMORTISED COST

	Maturity date	Interest rate	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Restated)
Listed debt securities in Hong Kong	March 2019	8%	156,639,412	155,981,412
Unlisted debt securities	April 2019	5%	100,000,000	-
			256,639,412	155,981,412

15. DEBT INSTRUMENTS AT AMORTISED COST (continued)

At 31 December 2017, the above investments were classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

At 30 June 2018, the above investments were classified as debt investments at amortised cost in accordance with IFRS 9 since they were held within a business model with the objective to hold the items in order to collect contractual cash flows that meet the SPPI criterion.

Both held-to-maturity investments and debt investments at amortised cost are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. 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 investment gain in the statement of profit or loss.

16. LOANS RECEIVABLE

	Notes	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Restated)
Secured loans receivable			
Fixed-rate	(i)	-	10,159,110
Variable-rate	(ii)	-	34,350,232
		-	44,509,342
Unsecured loans receivable			
Fixed-rate	(iii)	311,671,166	311,671,166
Total loans receivable		311,671,166	356,180,508

Notes:

(i) The fixed-rate was 4% per annum for the year ended 31 December 2017.

(ii) The variable-rate was prime rate less 0.75% to prime rate plus 3% (31 December 2017: prime rate less 1%) per annum.

(iii) The fixed-rate was 18.5% (31 December 2017: 4%) per annum.

17. AMOUNTS DUE FROM A RELATED COMPANY/ULTIMATE HOLDING COMPANY

The balance due from a related company is unsecured, interest-free and has no fixed terms of repayment.

The balance due from ultimate holding company is unsecured, bearing interest of 4.5% (2017: 4.5%) and has no fixed terms of repayment.

18. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group purchased certain items of property, plant and equipment with an aggregate amount of HK$6,832,149 (six months ended 30 June 2017: HK$1,180,133).

19. MOVEMENT IN INTANGIBLE ASSETS

The intangible assets comprises licenses under the Securities and Futures Ordinance, CAP. 571. and there are no additions during the period. The recoverable amount of the intangible assets is determined by reference to the market evidence of recent transaction prices for similar licensed corporations.

20. ACCOUNTS PAYABLE

	Notes	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Audited)
Accounts payable to insurance companies	(i)	14,982,194	19,364,078
Payables to brokers and clearing houses	(ii)	59,453,744	2,857,658
Clients' payables	(ii)	38,123,911	4,270,484
Margin loans payable		-	351,609,630
		112,559,849	378,101,850

Notes:

(i) As at 30 June 2018, accounts payable to insurance companies amounted to HK$14,982,194 (31 December 2017: HK$19,364,078) and were repayable upon receipt of debit notes from insurance companies.

(ii) As at 30 June 2018, payables to brokers and clearing houses and clients' payable of HK$59,453,744 (31 December 2017: HK$2,857,658) and HK$38,123,911 (31 December 2017: HK$4,270,484), respectively, arising from proprietary investment and securities dealing business are repayable 2 days after trade date or at pre-agreed specific terms.

As at 31 December 2017, included in accounts payable of HK$351,609,630 are interest-bearing at a rate of 5.25% p.a. and secured by financial assets at fair value through profit or loss of HK$730,000,000 and equity instruments at FVOCI of HK$489,600,000. The balance was fully settled during the period and the remaining balances of accounts payable are unsecured and non-interest-bearing.

An aging analysis of the accounts payable as at the end of the reporting period is as follows:

	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Audited)
Within 1 month/repayable on demand	105,316,316	363,062,704
1 to 2 months	4,407,223	7,246,015
2 to 3 months	184,651	693,877
Over 3 months	2,651,659	7,099,254
	112,559,849	378,101,850

21. LOANS PAYABLE

In prior years, the loans from the immediate holding company bear interest rate at 2.5% per annum and have no fixed terms of repayment. Pursuant to the second amendment agreement to the shareholder loan agreement entered into between the Company and the immediate holding company on 11 May 2017, the outstanding balances of HK$145,120,548 and all obligation in respect of the loans thereafter shall be subordinated to the senior perpetual capital securities, and thus the subordinated loans payable to a shareholder was classified as equity instrument upon the issuance of the senior perpetual capital securities by the Company on 15 June 2017. As at 30 June 2018, the subordinated loans payable to a shareholder of HK$148,764,384 (30 June 2017: HK$145,264,384) was recognised as equity instrument.

For the six months ended 30 June 2018, the profit attributable to a shareholder, based on the applicable interest rate, was HK$1,735,617 (six months ended 30 June 2017: HK$143,836), where any repayment 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. No such event has occurred as of 30 June 2018 and 2017.

22. BONDS PAYABLE

Bond	Par value US$	Equivalent to HK$	Issue date	Term of the bond	Net proceeds HK$	Effective interest rate per annum
AMTD medium term note issued in March 2016	110,000,000	852,830,000	21 March 2016	3 year	837,593,098	5.73%
AMTD medium term note issued in October 2016	50,000,000	387,700,000	24 October 2016	3 year	377,729,648	6.30%
AMTD medium term note issued in September 2017	N/A	1,445,000,000	22 September 2017	3 year	1,443,012,348	6.44%
	160,000,000	2,685,530,000			2,658,335,094	

On 16 March 2016, the Company completed its US$500 million medium term note programme (the "Programme") and subsequently, on 10 May 2017, the Programme was expanded to US$1,000 million. The bonds are listed on the Main Board of the Stock Exchange of Hong Kong Limited under governance of Chapter 37 of the Hong Kong Main Board Listing Rules.

On 21 March 2016 and 24 October 2016, the Group drawn down from the Programme of US$110 million (equivalent to HK$852,830,000) and US$50 million (equivalent to HK$387,700,000), respectively. The bonds bear interest rate of 5.0% per annum with maturity on 21 March 2019, and interests are paid semi-annually. The transaction costs of HK$15,236,902 and HK$9,970,352, consisting mainly the arrangement fee and legal fee, are netted off against the balance of bond payable. After deducting the issuance costs, the Group received net proceeds of HK$1,215,322,746 in total.

22. BONDS PAYABLE (continued)

On 22 September 2017, the Group drawn down from the Programme of HK$1,445,000,000. The bond bears interest rate of 6.3% per annum with maturity on 22 September 2020, and interests are paid semi-annually. The transaction costs of HK$1,987,652, consisting mainly the arrangement fee and legal fee, are netted off against the balance of bond payable. After deducting the issuance costs, the Group received net proceeds of HK$1,443,012,348 in total.

	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Audited)
Medium term note repayable within five years	2,685,530,000	2,685,530,000
Discount and issue costs	(8,255,898)	(12,571,724)
Exchange realignment	14,904,809	9,683,415
	2,692,178,911	2,682,641,691

Interest expenses on the carrying amount of the above-mentioned bond payable are accrued at the effective interest rate of 5.7%, 6.3% and 6.4% per annum (inclusive of transaction cost) respectively to adjust the carrying amount of the bond payable to its amortised cost, being the present value of the expected future cash flows relating to periodic interest payments and principal repayment at par value at the maturity date.

The bond is unsecured and contains no conversion feature.

23. DEFERRED TAX

The movements in deferred tax liabilities arising from unrealised gain on investments during the periods are as follows:

	30 June 2018 HK$ (Unaudited)	31 December 2017 HK$ (Audited)
At the beginning of period/year	130,208,677	17,239,669
Deferred tax charged to profit or loss during the period/year (note 6)	5,303,760	112,969,008
At the closing of the period/year	135,512,437	130,208,677

24. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares
Authorised:		
At 1 January 2017, 31 December 2017 and 30 June 2018	50,000	US$50,000
Issued and fully paid:		
At 1 January 2017 (audited), 31 December 2017 (audited) and 30 June 2018 (unaudited)	11,340	US$10,001
Shown in the condensed consolidated statement of financial position		HK$78,008

25. PERPETUAL SECURITIES

On 10 May 2017, the Company issued the US$200 million (equivalent to HK$1,557,400,000) senior perpetual capital securities ("Perpetual Securities") under the Programme. On 15 June 2017, the Company drew down the US$200 million (equivalent to HK$1,557,400,000) Perpetual Securities at initial distribution rate of 7.625% per annum.

For the period ended 30 June 2017, the direct transaction costs attributable to the Perpetual Securities amounted to HK$14,343,317.

Distributions of the Perpetual Securities may be paid semi-annually in arrears on 15 June and 15 December 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 are unsecured, have no fixed maturity date and are callable at the Company's option in whole on 15 June 2020 ("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 6.161% per annum, the Treasury Rate and a step-up margin of 5.00% per annum.

On 30 November 2017, the Company further issued HK$9,000 million zero coupon perpetual notes ("Perpetual Notes") to its intermediate holding company. These Perpetual Notes are unsecured and rank *pari passu* with any parity obligations of the Company. The Perpetual Notes have no fixed redemption date and the Company has the right to redeem or purchase the Perpetual Notes in whole. In the opinion of the directors, the Company is able to control the delivery of cash or other financial assets to the holders of Perpetual Notes other than an unforeseen liquidation of the Company and there is no intention of the Company to redeem the Perpetual Notes.

25. PERPETUAL SECURITIES (continued)

For the six months ended 30 June 2018, the profit attributable to holders of Perpetual Securities, based on the applicable distribution rate, was HK$59,781,906 (30 June 2017: HK$4,959,681), 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. No such event has occurred as of 30 June 2018.

26. DISPOSAL OF SUBSIDIARIES

On 30 June 2018, the Group disposed the retail agency and advisory business to an independent third party, which was classified as assets and liabilities held for disposal as at 31 December 2017. The net assets disposed of in the transaction were as follows:

	Notes	HK$ (Unaudited)
Accounts and other receivables		8,041,499
Bank balances – general accounts		1,731,136
Bank balances – segregated accounts		21,229,911
Deposits and prepayments		44,942,641
Loans receivable		25,060,883
Accounts and other payables		(9,734,831)
Clients' monies held on trust		(4,505,684)
Loans payable		(2,092,539)
Provisions		(57,216,682)
Tax payable		(2,561,865)
Net assets disposed of		24,894,469
Consideration	8	123,250,349
Net assets disposed of		(24,894,469)
Gain on disposal of subsidiaries	5	98,355,880
Total consideration satisfied by:		
Cash consideration received – current period		122,999,530
Other receivables		250,819
		123,250,349
Net cash inflow arising on disposal:		
Cash consideration received		122,999,530
Cash and cash equivalents disposed of		(1,731,136)
		121,268,394

27. DEEMED PARTIAL DISPOSAL OF INTEREST IN A SUBSIDIARY WITHOUT LOSING CONTROL

During the period ended 30 June 2017, AMTD Strategic Capital Group ("AMTD SCG"), the Company's subsidiary has allotted 2,637,253 shares, representing 20.87% equity interest in AMTD SCG to independent investors. It was accounted for as an equity transaction with the non-controlling interests and an increase in equity attributable to owners of the Company, as included in other reserve, was summarised as follows:

	Six months ended 30 June 2017 HK$ (Unaudited)
Consideration received from non-controlling interests	264,005,800
Less: net assets of 20.87% equity interest in the AMTD SCG and its subsidiaries	(127,643,546)
Gain on deemed partial disposal within equity	136,362,254

28. RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed elsewhere in these condensed consolidated financial statements, the Group had the following transactions with related parties during the periods:

	Notes	Six months ended 30 June 2018 HK$ (Unaudited)	2017 HK$ (Unaudited)
Interest expenses on loans from the immediate holding company:			
Recongised in condensed consolidated statement of profit or loss	7	-	1,591,781
Recongised in condensed consolidated statement of changes in equity	21	1,735,617	143,836
		1,735,617	1,735,617
Interest income on due from ultimate holding company	17	23,431,620	1,956,681
Corporate finance service income from a fellow subsidiary		60,427,290	-

29. FINANCIAL INSTRUMENTS BY CATEGORIES

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 30 June 2018

Financial assets

	Financial assets at FVPL HK$	Amortised cost HK$	Equity instruments at FVOCI HK$	Total HK$
Accounts receivable	-	260,619,845	-	260,619,845
Financial assets included in prepayments, deposits and other receivables	-	5,539,392,782	-	5,539,392,782
Due from a related company	-	4,075,351	-	4,075,351
Due from ultimate holding company	-	2,375,131,433	-	2,375,131,433
Equity instruments at FVOCI	-	-	362,905,000	362,905,000
Derivative at fair value through profit or loss	809,280,000	-	-	809,280,000
Debt instruments at amortised cost	-	256,639,412	-	256,639,412
Financial assets at fair value through profit or loss	5,686,302,012	-	-	5,686,302,012
Loans receivable	-	311,671,166	-	311,671,166
Bank balances – segregated accounts	-	502,036,319	-	502,036,319
Cash and bank balances – general accounts	-	94,736,622	-	94,736,622
	6,495,582,012	9,344,302,930	362,905,000	16,202,789,942

29. FINANCIAL INSTRUMENTS BY CATEGORIES (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

As at 30 June 2018 (continued)

Financial liabilities

	Financial liabilities at amortised cost HK$
Accounts payable	112,559,849
Clients' monies held on trust	514,727,303
Other payables and accruals	34,121,677
Bonds payable	2,692,178,911
Bond interest payable	41,991,960
	3,395,579,700

29. FINANCIAL INSTRUMENTS BY CATEGORIES (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

As at 31 December 2017

Financial assets

	Financial assets at FVPL HK$ (Restated)	Amortised cost HK$ (Restated)	Equity instruments at FVOCI HK$ (Restated)	Total HK$ (Restated)
Accounts receivable	-	111,657,573	-	111,657,573
Financial assets included in prepayments, deposits and other receivables	-	9,500,661,778	-	9,500,661,778
Due from a related company	-	35,156,003	-	35,156,003
Due from ultimate holding company	-	662,977,191	-	662,977,191
Equity instruments at FVOCI	-	-	497,521,000	497,521,000
Derivative at fair value through profit or loss	676,800,000	-	-	676,800,000
Debt instruments at amortised cost	-	155,981,412	-	155,981,412
Financial assets at fair value through profit or loss	3,509,926,093	-	-	3,509,926,093
Loans receivable	-	356,180,508	-	356,180,508
Bank balances – segregated accounts	-	397,628,263	-	397,628,263
Cash and bank balances – general accounts	-	115,243,427	-	115,243,427
	4,186,726,093	11,335,486,155	497,521,000	16,019,733,248

29. FINANCIAL INSTRUMENTS BY CATEGORIES (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

As at 31 December 2017 (continued)

Financial liabilities

	Financial liabilities at amortised cost HK$
Accounts payables	378,101,850
Clients' monies held on trust	381,027,252
Other payables and accruals	77,201,104
Bonds payable	2,682,641,691
Bonds interest payable	41,547,541
Provisions	59,739,689
	3,620,259,127

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, accounts receivable, loans receivable, financial assets included in prepayments, deposits and other receivables, accounts payables, other payables and accruals, clients' monies held on trust, bonds payable and bonds interest payable, and balances with a related company and ultimate holding company, approximate to their carrying amounts largely due to the short term maturities of these instruments or no fixed terms of repayment.

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:

The fair values of listed financial assets are based on quoted market prices.

Derivative financial instruments, including equity linked forward contract is based on the quoted market prices.

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			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
As at 30 June 2018				
Equity instruments at FVOCI	362,905,000	-	-	362,905,000
Financial assets at fair value through profit or loss	5,037,322,380	648,979,632	-	5,686,302,012
Derivative at fair value through profit or loss	-	809,280,000	-	809,280,000
	5,400,227,380	1,458,259,632	-	6,858,487,012
As at 31 December 2017				
Equity instruments at FVOCI	497,521,000	-	-	497,521,000
Financial assets at fair value through profit or loss	3,070,868,505	439,057,588	-	3,509,926,093
Derivative at fair value through profit or loss	-	676,800,000	-	676,800,000
	3,568,389,505	1,115,857,588	-	4,684,247,093

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

31. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY

The maturity analysis is based on the remaining contractual maturity at the reporting date.

As at 30 June 2018

	Not yet due HK$	Repayable on demand HK$	Less than three months HK$	Over three months but within one year HK$	One to five years HK$	No contracted maturity HK$	Total HK$
Assets							
Bank balances – segregated accounts	-	502,036,319	-	-	-	-	502,036,319
Cash and bank balances – general accounts	-	94,736,622	-	-	-	-	94,736,622
Accounts receivable	221,220,686	-	20,985,243	18,413,916	-	-	260,619,845
Prepayments, deposits and other receivables	-	-	-	5,486,414,830	-	103,878,559	5,590,293,389
Due from a related company	-	-	-	-	-	4,075,351	4,075,351
Due from ultimate holding company	-	-	-	-	-	2,375,131,433	2,375,131,433
Loans receivable	-	-	-	311,671,166	-	-	311,671,166
Derivative at fair value through profit or loss	-	-	-	809,280,000	-	-	809,280,000
Equity instruments at FVOCI	-	-	-	-	-	362,905,000	362,905,000
Financial assets at fair value through profit or loss	-	-	-	-	72,531,517	5,613,770,495	5,686,302,012
Debt instruments at amortised cost	-	-	-	256,639,412	-	-	256,639,412
	221,220,686	596,772,941	20,985,243	6,882,419,324	72,531,517	8,459,760,838	16,253,690,549
Property, plant and equipment							33,825,496
Intangible assets							15,171,170
							16,302,687,215

31. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY (continued)

As at 30 June 2018 (continued)

	Repayable on demand HK$	Less than three months HK$	Over three months but within one year HK$	One to five years HK$	No contracted maturity HK$	Total HK$
Liabilities						
Clients' monies held on trust	514,727,303	-	-	-	-	514,727,303
Accounts payable	-	109,908,190	2,651,659	-	-	112,559,849
Other payables and accruals	-	-	-	-	34,121,677	34,121,677
Bonds interest payable	-	41,991,960	-	-	-	41,991,960
Bonds payable	-	-	1,249,045,250	1,443,133,661	-	2,692,178,911
	514,727,303	151,900,150	1,251,696,909	1,443,133,661	34,121,677	3,395,579,700
Tax payable						22,777,561
Deferred tax liabilities						135,512,437
						3,553,869,698

31. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY (continued)

As at 31 December 2017

	Not yet due HK$ (Restated)	Repayable on demand HK$ (Restated)	Less than three months HK$ (Restated)	Over three months but within one year HK$ (Restated)	One to five years HK$ (Restated)	No contracted maturity HK$ (Restated)	Total HK$ (Restated)
Assets							
Bank balances – segregated accounts	-	397,628,263	-	-	-	-	397,628,263
Cash and bank balances – general accounts	-	115,243,427	-	-	-	-	115,243,427
Accounts receivable	48,936,268	-	54,353,177	8,368,128	-	-	111,657,573
Assets of a disposal business classified as held for sale	-	-	-	62,928,575	-	-	62,928,575
Prepayments, deposits and other receivables	-	-	483,974,406	9,000,000,000	-	61,733,770	9,545,708,176
Due from a related company	-	-	-	-	-	35,156,003	35,156,003
Due from ultimate holding company	-	-	-	-	-	662,977,191	662,977,191
Loans receivable	-	-	-	312,144,256	44,036,252	-	356,180,508
Equity instruments at FVOCI	-	-	-	-	-	497,521,000	497,521,000
Financial assets at fair value through profit or loss	-	-	-	-	74,659,476	3,435,266,617	3,509,926,093
Derivative at fair value through profit or loss	-	-	-	676,800,000	-	-	676,800,000
Debt instruments at amortised cost	-	-	-	-	155,981,412	-	155,981,412
	48,936,268	512,871,690	538,327,583	10,060,240,959	274,677,140	4,692,654,581	16,127,708,221
Tax recoverable							11,805,463
Property, plant and equipment							30,252,966
Intangible assets							15,171,170
							16,184,937,820

31. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY (continued)

As at 31 December 2017 (continued)

	Repayable on demand HK$	Less than three months HK$	Over three months but within one year HK$	One to five years HK$	No contracted maturity HK$	Total HK$
Liabilities						
Clients' monies held on trust	381,027,252	-	-	-	-	381,027,252
Accounts payable	351,609,630	19,392,966	7,099,254	-	-	378,101,850
Liabilities directly associated with the assets classified as held for sale	-	-	12,322,454	-	-	12,322,454
Other payables and accruals	-	-	-	-	77,201,104	77,201,104
Bonds interest payable	-	41,547,541	-	-	-	41,547,541
Bonds payable	-	-	-	2,682,641,691	-	2,682,641,691
Provisions	-	-	-	59,739,689	-	59,739,689
	732,636,882	60,940,507	19,421,708	2,742,381,380	77,201,104	3,632,581,581
Tax payable						5,655,952
Deferred tax liabilities						130,208,677
						3,768,446,210

32. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 September 2018.

Report and consolidated Financial Statements

AMTD GROUP COMPANY LIMITED

Year ended 31 December 2017

EY 安永

Building a better working world

AMTD GROUP COMPANY LIMITED

CONTENTS

	Pages
INDEPENDENT AUDITOR'S REPORT	1 – 4
AUDITED FINANCIAL STATEMENTS	
Consolidated statement of profit or loss	5
Consolidated statement of comprehensive income	6
Consolidated statement of financial position	7 – 8
Consolidated statement of changes in equity	9 – 10
Consolidated statement of cash flows	11 – 12
Notes to the financial statements	13 – 76

EY 安永
Building a better working world

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent Auditor's Report
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Opinion
We have audited the consolidated financial statements of AMTD Group Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 5 to 76, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report (continued)
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Assets of a disposal business classified as held for sale	
The Group has intended to sell the retail agency and advisory services since the year ended 31 December 2016 (the "Retail Business") which were presented as a disposal group in the consolidated financial statements as at 31 December 2016 and 2017. The Retail Business recorded a profit of HK$35,684 for the year ended 31 December 2017. As at 31 December 2017, the assets and liabilities associated with the Retail Business, which have been classified as 'held for sale' amounted of HK$62,928,575 and HK$12,322,454, respectively. The classification of assets and liabilities associated with the Retail Business as 'held for sale' is crucial to our audit since it impacts the presentation of consolidated financial statements. In addition, management's judgement is required in, assessing the recoverability of the carrying amount of disposal business which depends on the estimated selling price and the status of in-progress sales negotiations with potential buyer as at 31 December 2017. Relevant disclosures have been included in notes 3 and 9 to the consolidated financial statements.	For the Retail Business to be disposed of, we have examined relevant documents to confirm management's intention of disposal. We have also evaluated management's assessment on the recoverability of the recognised values and adequacy of impairment provision. In this respect, we have reviewed the memorandum of understanding signed by the potential buyers to assess if the proposed consideration exceeds the carryings amount of 'held for sale'. Further, we considered whether the sales under negotiation met the 'highly probable' criterion of IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* by inquiring into each stage of the transaction and corroborating, subsequently management's representation with correspondence and letters of intent with independent third parties.

Independent Auditor's Report (continued)
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Responsibilities of the directors for the consolidated financial statements
The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

EY 安永

Independent Auditor's Report (continued)
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lam, Wai Ming, Ada.

Ernst & Young

Certified Public Accountants
Hong Kong
16 March 2018

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 HK$	2016 HK$
CONTINUING OPERATIONS			
REVENUE			
Fee and commission income		307,575,184	305,825,199
Net investment gain		792,489,152	129,671,458
	5	1,100,064,336	435,496,657
Other income	5	18,330,226	2,871,218
Operating expenses		(136,610,667)	(62,798,658)
Gain on disposal of available-for-sale investments	6	-	16,511,500
Staff costs	6	(129,208,940)	(59,806,711)
Finance costs	7	(128,630,508)	(46,554,416)
PROFIT BEFORE TAX	6	723,944,447	285,719,590
Income tax expense	8	(138,800,028)	(52,426,467)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		585,144,419	233,293,123
DISCONTINUED OPERATION			
Profit/(loss) for the year from a discontinued operation	9	35,684	(791,344)
PROFIT FOR THE YEAR		585,180,103	232,501,779
Attributable to:			
Ordinary shareholders of the parent		401,779,396	232,517,239
Shareholder of subordinated loans		1,908,219	-
Holders of perpetual securities		64,523,258	-
Non-controlling interests		116,969,230	(15,460)
		585,180,103	232,501,779

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 HK$	2016 HK$
PROFIT FOR THE YEAR		585,180,103	232,501,779
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value	17	21,000	570,998,970
Reclassification adjustments for gains included in the consolidated statement of profit or loss			
- gain on disposal		-	(16,511,500)
Exchange differences on translation of foreign operations		807,664	281,352
OTHER COMPREHENSIVE INCOME FOR THE YEAR		828,664	554,768,822
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		586,008,767	787,270,601
Attributable to:			
Ordinary shareholders of the parent		402,608,060	787,286,061
Shareholder of subordinated loans		1,908,219	-
Holders of perpetual securities		64,523,258	-
Non-controlling interests		116,969,230	(15,460)
		586,008,767	787,270,601

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Notes	2017 HK$	2016 HK$
ASSETS			
Cash and bank balances – general accounts	11	115,243,427	149,848,963
Bank balances – segregated accounts	11	397,628,263	388,091,169
Accounts receivable	12	112,322,533	117,650,689
Prepayments, deposits and other receivables	13	9,546,811,862	54,324,153
Loans receivable	14	356,539,342	52,573,022
Due from a related company	31(b)(i)	35,156,003	30,321,777
Due from ultimate holding company	31(b)(ii)	662,977,191	-
Financial assets at fair value through profit or loss	15	3,509,926,093	1,448,466,787
Derivative financial assets	16	676,800,000	-
Available-for-sale investments	17	497,521,000	1,192,300,000
Held-to-maturity investment	18	156,294,000	155,102,000
Tax recoverable		11,805,463	-
Property, plant and equipment	19	30,252,966	10,316,995
Intangible assets	20	15,171,170	15,171,170
Assets of a disposal business classified as held for sale	9	62,928,575	61,469,252
TOTAL ASSETS		16,187,377,888	3,675,635,977
LIABILITIES AND EQUITY			
LIABILITIES			
Clients' monies held on trust		381,027,252	339,118,657
Accounts payable	21	378,101,850	678,442,904
Other payables and accruals		77,201,104	35,697,119
Loans payable	22	-	143,528,767
Bonds payable	23	2,682,641,691	1,220,468,755
Due to ultimate holding company	31(b)(iii)	-	190,028,927
Tax payable		5,655,952	20,600,730
Bonds interest payable		41,547,541	15,165,517
Provisions		59,739,689	59,638,242
Deferred tax liabilities	24	130,208,677	17,239,669
Liabilities directly associated with the assets classified as held for sale	9	12,322,454	15,121,215
Total liabilities		3,768,446,210	2,735,050,502

continued/...

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Notes	2017 HK$	2016 HK$
EQUITY			
Share capital	25	78,008	78,008
Share premium		56,422,000	56,422,000
Subordinated loans payable to a shareholder	22	147,028,767	-
Retained profits		738,273,118	336,493,722
Other reserves		692,964,804	555,773,886
Total ordinary shareholders' equity		1,634,766,697	948,767,616
Holders of perpetual securities	26	10,547,734,346	-
Non-controlling interests		236,430,635	(8,182,141)
Total equity		12,418,931,678	940,585,475
TOTAL LIABILITIES AND EQUITY		16,187,377,888	3,675,635,977

....
CHOI Chi Kin, Calvin
Director

....
WONG Yui Keung, Marcellus
Director

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Attributable to ordinary shareholders of the parent										
	Share capital HK$ (Note 25)	Share premium HK$	Subordinated loans payable to a shareholder HK$ (Note 22)	Investment revaluation and hedging reserves HK$	Other reserve HK$	Exchange reserve HK$	Retained profits HK$	Total HK$	Perpetual securities HK$ (Note 26)	Non-controlling interests HK$	Total equity HK$
At 1 January 2017	78,008	56,422,000	-	554,487,470	-	1,286,416	336,493,722	948,767,616	-	(8,182,141)	940,585,475
Profit for the year	-	-	1,908,219	-	-	-	401,779,396	403,687,615	64,523,258	116,969,230	585,180,103
Other comprehensive income for the year:											
Fair value change of available-for-sale investments and cash flow hedge	-	-	-	21,000	-	-	-	21,000	-	-	21,000
Exchange differences related to foreign operations	-	-	-	-	-	807,664	-	807,664	-	-	807,664
Total comprehensive income for the year	-	-	1,908,219	21,000	-	807,664	401,779,396	404,516,279	64,523,258	116,969,230	586,008,767
Deemed partial disposal of interests in a subsidiary without losing control (Note 28)	-	-	-	-	136,362,254	-	-	136,362,254	-	127,643,546	264,005,800
Proceed from issue of perpetual securities (Note 26)	-	-	-	-	-	-	-	-	10,557,400,000	-	10,557,400,000
Perpetual securities issue expenses (Note 26)	-	-	-	-	-	-	-	-	(14,631,244)	-	(14,631,244)
Distribution to holders of perpetual securities	-	-	-	-	-	-	-	-	(59,557,668)	-	(59,557,668)
Reclassification of subordinated loans payable to a shareholder (Note 22)	-	-	145,120,548	-	-	-	-	145,120,548	-	-	145,120,548
At 31 December 2017	78,008	56,422,000	147,028,767	554,508,470*	136,362,254*	2,094,080*	738,273,118	1,634,766,697	10,547,734,346	236,430,635	12,418,931,678

continued/...

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Attributable to ordinary shareholders of the parent							
	Share capital HK$	Share premium HK$	Investment revaluation reserve HK$	Exchange reserve HK$	Retained profits HK$	Total HK$	Non-controlling interests HK$	Total equity HK$
At 1 January 2016	78,008	56,422,000	-	1,005,064	103,976,483	161,481,555	(8,166,681)	153,314,874
Profit for the year	-	-	-	-	232,517,239	232,517,239	(15,460)	232,501,779
Other comprehensive income for the year								
Fair value change in available-for-sale investments	-	-	570,998,970	-	-	570,998,970	-	570,998,970
Reclassification upon disposal of available-for-sale investments	-	-	(16,511,500)	-	-	(16,511,500)	-	(16,511,500)
Exchange differences related to foreign operation	-	-	-	281,352	-	281,352	-	281,352
Total comprehensive income for the year	-	-	554,487,470	281,352	232,517,239	787,286,061	(15,460)	787,270,601
As at 31 December 2016	78,008	56,422,000	554,487,470*	1,286,416*	336,493,722	948,767,616	(8,182,141)	940,585,475

* These reserve accounts comprise the consolidated other reserves of HK$692,964,804 (2016: HK$555,773,886) in the consolidated statement of financial position.

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 HK$	2016 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax			
From continuing operations		723,944,447	285,719,590
From a discontinued operation		35,684	(791,344)
Adjustments for:			
Bank interest income	5	(158,209)	(37,427)
Interest income from loans receivable	5	(2,175,575)	(2,425,697)
Interest income from amount due from ultimate holding company	5	(8,933,840)	-
Interest income from debt securities	5	(14,078,350)	(10,276,734)
Fair value gains of financial assets at fair value through profit or loss, net	5	(708,927,579)	(119,663,113)
Net realised (gain)/loss on disposal of investments	5	(49,175,083)	268,389
Gain on disposal of available-for-sale investments	6	-	(16,511,500)
Interests on subordinated loans from immediate holding company	7	1,591,781	4,006,301
Interests on bonds payable	7	98,313,968	41,363,961
Interests on margin loans payable	7	28,724,759	1,184,154
Loss on write off/disposal of items of property, plant and equipment		5,039,685	776,393
Depreciation	19	6,276,404	2,473,875
Provision		101,447	9,107,117
Foreign exchange differences, net	6	3,032,424	1,592,722
		83,611,963	196,786,687
Decrease in accounts receivable		2,729,739	38,241,986
Increase in prepayments, deposits and other receivables		(489,330,450)	(53,726,092)
(Decrease)/increase in accounts and other payables and accruals		(37,495,586)	249,939,311
Decrease in loans payable		-	(4,688,347)
Decrease/(increase) in segregated bank balances		32,371,501	(21,572,467)
Increase in loans receivable		(303,966,320)	(5,016,949)
Cash (used in)/generated from operations		(712,079,153)	399,964,129
Profits tax paid		(52,581,261)	(31,687,925)
Net cash flows (used in)/generated from operating activities		(764,660,414)	368,276,204

continued/...

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 HK$	2016 HK$
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	19	(31,252,060)	(11,109,736)
Proceeds from disposal of items of property, plant and equipment		-	1,080,000
Purchase of intangible assets		-	(500,000)
Acquisition of assets through acquisition of a subsidiary		-	(14,599,884)
Purchase of available-for-sale investments		-	(518,138,902)
Proceeds from available-for-sale investments		18,000,000	114,271,500
Purchase of held-to-maturity investments		-	(155,102,000)
Purchase of financial assets at fair value through profit or loss		(1,772,869,105)	(1,294,922,383)
Proceeds from financial assets at fair value through profit or loss		220,960,729	153,812,878
Increase in amount due from ultimate holding company		(844,072,278)	-
Increase in amount due from a related company		(4,834,226)	(30,321,777)
Interest received		16,412,134	2,463,124
Net cash flows used in investing activities		(2,397,654,806)	(1,753,067,180)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(11,500,000)
Net proceeds from issuance of perpetual securities		1,542,768,756	-
Net proceeds from issuance of bonds	23	1,443,012,348	1,215,322,746
Increase in amount due to ultimate holding company		-	190,028,927
Contribution from non-controlling interests		264,005,800	-
Interest paid		(62,464,991)	(21,331,939)
Distribution to perpetual securities holders		(59,557,668)	-
Net cash flows from financing activities		3,127,764,245	1,372,519,734
NET DECREASE IN CASH AND CASH EQUIVALENTS		(34,550,975)	(12,271,242)
Cash and cash equivalents at beginning of year		149,848,963	161,556,731
Effect of foreign exchange rate change, net		(54,561)	563,474
CASH AND CASH EQUIVALENTS AT END OF YEAR		115,243,427	149,848,963
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		115,243,427	149,848,963

1. CORPORATE AND GROUP INFORMATION

The Company is a private limited liability company incorporated in the British Virgin Islands. The address of the registered office of the Company is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, the British Virgin Islands. The address of the principal place of business is 23rd - 25th Floor, Nexxus Building, 41 Connaught Road Central, Central, Hong Kong.

As at 31 December 2017, the Company's immediate holding company was L.R. Capital Financial Holdings Limited, a private company incorporated in Cayman Islands. The directors consider that the Company's ultimate holding company was L.R. Capital Management Company (Cayman) Limited, a private company incorporated in Cayman Islands.

The Company is engaged in investment holding, provision of customer relationship management services, and maintenance and promotion of the brand name and trademark of AMTD. The principal activities of its subsidiaries are set out as below.

<u>Information about subsidiaries</u>
Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
AMTD Asia (Holdings) Limited	British Virgin Islands ("BVI")	US$2	100%	-	Investment holding
AMTD Asia Limited	Cayman Islands	HK$20	-	100%	Investment holding
AMTD Risk Consulting Limited	Hong Kong ("HK")	HK$1,200,000	-	100%	Promotion of retail insurance products
AMTD Strategic Capital Limited	HK	HK$1	-	100%	Provision of mortgage servicing and other loan financing
AMTD Direct Limited	HK	HK$1	-	100%	Provision of direct marketing services
AMTD China (Holdings) Limited	HK	HK$1	-	100%	Investment holding and provision of China business development services

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)
Particulars of the Company's subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
AMTD Shanghai Investment Advisory Company Limited	The People's Republic of China ("PRC")	Renminbi ("RMB") 500,000	-	100%	Provision of corporate services
AMTD Guangzhou Investment Advisory Company Limited	PRC	RMB500,000	-	100%	Provision of corporate services
AMTD Chengdu Investment Advisory Company Limited	PRC	RMB500,000	-	100%	Provision of corporate services
AMTD Beijing Investment Advisory Company Limited	PRC	RMB500,000	-	100%	Provision of corporate services
AMTD Chongqing Investment Advisory Company Limited	PRC	RMB500,000	-	100%	Provision of corporate services
AMTD Shenzhen Investment Advisory Company Limited	PRC	RMB500,000	-	100%	Provision of corporate services
AMTD Dragon Investment Company Limited	HK	HK$40,010	-	70%	Inactive
AMTD Puji Investment Company Limited	HK	HK$10,000,000	-	100%	Inactive
AMTD Strategic Capital Group ("AMTD SCG")	Cayman Islands	US$1,264	-	79.13%	Investment holding

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)
Particulars of the Company's subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
AMTD Risk Solutions Group Limited	HK	HK$200,000	-	79.13%	Provision of corporate insurance brokerage and risk solutions services
AMTD Wealth Management Solutions Group Limited	HK	HK$10,000,000	-	100%	Provision of investment advisory and other consultancy services
AMTD Strategic Investment	HK	HK$1	-	79.13%	Investment holding
AMTD Principal Investment Solutions Group Limited	BVI	US$1	-	79.13%	Investment holding
AMTD Global Markets Limited (formerly known as AMTD Asset Management Limited) ("AMTD AM")	HK	HK$1,561,610,980	-	100%	Provision of fund raising and financial advisory and asset management services
Asia Alternative Asset Partners Limited	Hong Kong	HK$5,000,000	-	100%	Provision of investment advisory services

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB"). As set out in note 2.2, these are the Company's first consolidated financial statements under IFRSs. In addition, these consolidation financial statements are compliance with the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investments and financial assets at fair value through profit or loss which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars ("HK$").

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group 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).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group 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 between members of the Group are eliminated in full on consolidation.

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. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN FINANCIAL REPORTING STANDARDS

For the year ended 31 December 2016, and prior periods, the Group's financial statements had been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by Hong Kong Institute of Certified Public Accountants. Since the year ended 31 December 2017, the Group has prepared its consolidated financial statements in accordance with IFRSs issued by the IASB.

In accordance with IFRS 1 *First-time adoption of International Financial Reporting Standards* ("IFRS 1"), 31 December 2017 represented the Group's first IFRSs reporting date. The Group considers HKFRSs to be its previous accounting standards when evaluating those applicable transitional exemptions that IFRS 1 permits and are selected by the Group. The Group applied all applicable standards, amendments and interpretations issued by the IASB that were effective as of 31 December 2017. The Group did not adopt any exemptions under the provision of IFRS 1 and the transition from HKFRSs to IFRSs in accordance with IFRS 1 did not result in any change in the consolidated statement of change in equity and the statement of comprehensive income of the Group previously published under HKFRSs as of 1 January 2016, it transition date to IFRSs, or as or and for the year ended 31 December 2016.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to IFRS 2	*Classification and Measurements of Share-based Payment Transactions*[1]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
IFRS 9	*Financial Instruments*[1]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[2]
Amendments to IAS 40	*Transfers of Investment Property*[1]
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC-Int 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014-2016 Cycle	*Amendments to IFRS 1 and IAS 28*[1]
Annual Improvements *2015-2017 Cycle*	Amendments to various IFRSs[2]

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application but is not yet in a position to state whether these new and revised IFRSs would have a significant impact on the Group's financial performance and financial position.

Further information about those IFRSs that are expected to be applicable to the Group is as follows.

IFRS 9 *Financial instruments*
IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt IFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During the year, the Group has performed a detailed assessment of the impact of the adoption of IFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement
The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment
IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its accounts receivable. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables and amounts due from a related company and ultimate holding company within the next twelve months. The directors of the Company anticipate that the application of the expected credit loss model of IFRS 9 might result in earlier provision of credit losses in relation to the Group's trade receivables and other receivables measured at amortised costs. However, management expect the effect would not be significant.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRS 15 *Revenue from contracts with customers*
IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In April 2016, the IASB issued amendments to IFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard.

The Group's principal activities consist of the provision of customer relationship management services, and maintenance and promotion of the brand name and logo of "AMTD". The Group has assessed the impact of this standard and expects that the standard will not have significant impact, when applied, on the consolidated financial statement of the Group.

IFRS 16 *Leases*
IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRS 16 *Leases* (continued)
Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2018, the Group will continue to assess the potential effect of IFRS 16 on its consolidated financial statements.

IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) the beginning of the reporting period in which the entity first applies the interpretation

or

(ii) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the Group's current practice is in line with the Interpretation, the Group does not expect any effect on its consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately
- the assumptions an entity makes about the examination of tax treatments by taxation authorities
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- how an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply interpretation from its effective date. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement
The Group measures its derivative financial instruments 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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 Company 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, and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual 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 the statement of 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 the statement of profit or loss in the period in which it arises, (only if there are revalued assets in the consolidated financial statements) unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

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

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
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:

Leasehold improvements	Over the lease term
Furniture, fixtures and equipment	20%
Motor vehicles	20%
Computer equipment	33 1/3%

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

An item of property, plant and equipment including any significant part initially 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 the statement of 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.

Non-current assets and disposal groups held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Non-current assets and disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

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 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 finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)
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.

Leases
Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally 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 fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. 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 the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investments revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investments revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Available-for-sale financial investments (continued)
The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
Available-for-sale financial investments
For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings
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 the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)
Subsequent measurement of loans and borrowings (continued)
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 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 the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting
Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as equity linked forward contracts to hedge its market risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of other comprehensive income.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)
Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

Amounts recognised in other comprehensive income are transferred to the statement of profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment is met.

Current versus non-current classification
Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Cash and cash equivalents
For the purpose of the consolidated statement 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 statement 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the statement of 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 for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

Deferred tax liabilities are 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax assets are recognised for all deductible temporary differences, 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 taxes assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition
Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably, on the following bases:

(a) Insurance agency commission is recognised on the effective commencement or renewal dates of the related policies;

(b) Income from asset management business, provision of information access facilities and office support, provision of mortgage services and mortgage loan financing, Mandatory Provident Fund ("MPF") advisory services, referral services and customer relationship services, provision of insurance and mortgage consultancy services are recognised when services are rendered;

(c) Underwriting service income is recognised as income in accordance with the terms of the underwriting agreement or deal mandate when the relevant significant acts have been completed; and

(d) Interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) Net fair value changes on financial assets at fair value through profit or loss and those held for trading, including realised gains/losses which are recognised on the transaction dates when the relevant contract notes are exchanged and unrealised fair value changes which are recognised in the period in which they arise.

Employee benefits
Retirement benefit cost
The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of 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.

Borrowing costs
Borrowing costs are recognised as expenses in statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Perpetual capital securities
Perpetual capital securities with no contracted obligation to repay its principal or to pay any distribution are classified as part of equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

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 the statement of 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).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of 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, and the disclosure of contingent liabilities. 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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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:

Revenue recognition

The Group recognises indemnity commission on the effective commencement or renewal dates of the related policies. Management would determine that they are not obliged to provide other services after the indemnity commission is received and recognised all commission as revenue. However, there are indemnity commissions subject to clawback when the related policies are terminated or the premiums are refunded within 18 to 24 months after the effective commencement dates. This revenue recognition requires significant management judgement in determining an estimate of clawback provision at the end of each accounting period.

Income tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Assets of a disposal business classified as held for sale

The Retail Business (as defined in note 9) was classified as held-for-sale as at 31 December 2017. In making this judgment, management considered the detailed conditions set out in Appendix B to IFRS 5 *Non-current Assets Held-for-sale and Discontinued Operations.*

During the years ended 31 December 2017, the directors seek for potential buyer for the disposal of the Retail Business. The Group remains committed to its plan to sell the disposal group and considering the fact that the Company has entered into the memorandum of understanding ("MOU") with a strategic buyer on 30 August 2016 and revised MOU signed on 29 December 2017, the directors are satisfied that classifying the Retail Business as held-for-sale as at 31 December 2017 is appropriate.

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.

Provisions
Certain insurance brokerage commissions are subject to rebates to the policyholders when all the premium installments have been paid. The Group follows the guidance of IAS 37 to determine the amount of provisions to be made. This determination requires management's judgement.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations under the rebate arrangement. In determining the appropriate discount rate, the Group adopts the borrowing rate to fund the Group's business operations.

Impairment on loans receivable
The Group tests annually the recoverability of the loans receivable at each year end in accordance with the accounting policy as stated in note 2.4. It involves management judgement on deciding if loss event has been occurred and evaluating the recoverability of loans receivable.

Fair value of unlisted equity investments and unlisted equity link notes
The unlisted equity investments have been valued based on the recent transactions with similar risk characteristics. This valuation requires the Group to estimate the expected business risk, and hence they are subject to uncertainty. The fair value of the unlisted equity shares and unlisted equity link notes were HK$439,057,588 (2016: HK$350,790,828) and HK$74,659,476 (2016: HK$91,108,588), respectively, as at 31 December 2017.

4. OPERATING SEGMENT INFORMATION

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

(a) The capital markets and advisory segment is assisting clients 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 is providing a wide range of asset management products and services, including in relation to 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 corporate insurance brokerage and risk solutions segment is providing insurance and risk management solutions to corporate clients for their insurance programmes, which include the sourcing of products such as property damage insurance, third party liability insurance, motor vehicle insurance and employee insurance, and providing risk consulting service.

4. OPERATING SEGMENT INFORMATION (continued)

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

(d) The investment solutions segment engages in proprietary investments and management of investment portfolio with a wide spectrum of industries and asset classes across Asia and the global.

(e) The retail agency and advisory segment is providing retail insurance brokerage services, mortgage loan services and overseas property agency services. The directors of the Company resolved to discontinue a majority of the services under this segment during the current year and hence they are classified as discontinued operation. Details of which are disclosed in note 9.

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 profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs as well as head office and certain corporate expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, loans receivable, tax recoverable, an amount due from related parties, assets held for sale, deposits and prepayment, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bonds payable, amounts due to the related parties, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results

Year ended 31 December 2017

	Capital market and advisory HK$	Asset management HK$	Corporate insurance brokerage and risk solutions HK$	Investment solutions HK$	Total HK$
Segment revenue					
Revenue from external customers	219,849,810	64,905,494	22,819,880	-	307,575,184
Inter-group revenue	31,221,600	-	-	-	31,221,600
Investment income	-	-	-	792,489,152	792,489,152
	251,071,410	64,905,494	22,819,880	792,489,152	1,131,285,936
Less: inter-group customers					(31,221,600)
					1,100,064,336
Segment results	216,161,012	43,868,086	13,501,889	762,349,119	1,035,880,106
Other income					11,266,490
Unallocated finance costs					(99,905,750)
Corporate and other unallocated expenses					(223,296,399)
Profit before tax from continuing operations					723,944,447

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

Year ended 31 December 2016

	Capital market and advisory HK$	Asset management HK$	Corporate insurance brokerage and risk solutions HK$	Investment solutions HK$	Total HK$
Segment revenue					
Revenue from external customers	202,023,559	60,616,719	43,184,921	-	305,825,199
Inter-group revenue	15,508,600	-	-	-	15,508,600
Investment income	-	-	-	129,671,458	129,671,458
	217,532,159	60,616,719	43,184,921	129,671,458	451,005,257
Less: inter-group customers					(15,508,600)
					435,496,657
Segment results	192,260,937	37,930,157	36,981,912	145,176,762	412,349,768
Other income					2,871,218
Unallocated finance costs					(45,744,440)
Corporate and other unallocated expenses					(83,756,956)
Profit before tax from continuing operations					285,719,590

4. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities

	2017 HK$	2016 HK$
Segment assets		
Capital market and advisory	876,061,799	66,013,531
Asset management	422,982,647	392,215,290
Corporate insurance brokerage and risk solutions	37,411,713	65,330,369
Investment solutions	4,846,277,614	2,795,868,787
Total segment assets	6,182,733,773	3,319,427,977
Assets relating to discontinued operation (Note 9)	62,928,575	61,469,252
Unallocated corporate assets	9,941,715,540	294,738,748
Total assets	16,187,377,888	3,675,635,977
Segment liabilities		
Asset management	388,155,393	341,641,527
Corporate insurance brokerage and risk solutions	19,351,602	37,666,292
Investment solutions	351,609,630	638,350,783
Total segment liabilities	759,116,625	1,017,658,602
Liabilities relating to discontinued operation (Note 9)	12,322,454	15,121,215
Unallocated corporate liabilities	2,997,007,131	1,702,270,685
Total liabilities	3,768,446,210	2,735,050,502

Geographical information
The Group's revenue is derived solely from its operations in Hong Kong.

As at 31 December 2017 and 2016, 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 a major customer
During the year ended 31 December 2017, no revenue derived from a single external customer accounted for 10% or more of the total revenue of the Group.

During the year ended 31 December 2016, revenue of HK$86,224,021 derived from a single external customer from corporate market and advisory segment accounted for 10% or more of the total revenue of the Group.

5. REVENUE AND OTHER INCOME

Revenue represents the value of services rendered, and an analysis of revenue and other income from continuing operations is as follows:

	2017 HK$	2016 HK$
Revenue		
Capital market and advisory		
Capital market and advisory service income	219,849,810	202,023,559
Asset management		
Asset management service income	63,989,154	59,708,176
Mandatory Provident Fund advisory services income	916,340	908,543
	64,905,494	60,616,719
Corporate insurance brokerage and risk solutions		
Advisory and commission income	22,819,880	43,184,921
Investment solutions		
Fair value gains on financial assets at fair value through profit or loss, net	708,927,579	119,663,113
Net realised gain/(loss) on disposal of investments	49,175,083	(268,389)
Dividend income	20,308,140	-
Interest income from debt securities	14,078,350	10,276,734
	792,489,152	129,671,458
	1,100,064,336	435,496,657
Other income		
Bank interest income	158,209	37,427
Interest income from loans receivable	2,175,575	2,425,697
Interest income from amount due from ultimate holding company	8,933,840	-
Others	7,062,602	408,094
	18,330,226	2,871,218

6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	2017 HK$	2016 HK$
Depreciation	6,276,404	2,473,875
Minimum lease payments under operating leases	23,489,406	12,753,996
Auditor's remuneration		
Current year	1,497,000	1,338,362
Under provision in prior years	86,210	49,700
	1,583,210	1,388,062
Employee benefit expense		
Wage and salaries	127,786,936	57,378,046
Pension scheme contributions (defined contribution schemes)	1,422,004	2,428,665
	129,208,940	59,806,711
Foreign exchange differences, net	3,032,424	1,592,722
Fair value gains, net:		
Equity investments at fair value through profit or loss		
- held for trading	(703,313,171)	(99,664,640)
- designated as such upon initial recognition	(5,614,408)	(19,998,473)
Gain on disposal of available-for-sale investments (transfer from equity disposal)	-	(16,511,500)
Loss on write-off/disposal of items of property, plant and equipment	5,039,685	160,406

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2017 HK$	2016 HK$
Interests on subordinated loans from immediate holding company	1,591,781	4,006,301
Interests on bonds payable	98,313,968	41,363,961
Interests on margin loans payable	28,724,759	1,184,154
	128,630,508	46,554,416

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong:

	Note	2017 HK$	2016 HK$
Hong Kong profits tax			
Current year		25,831,020	35,186,798
Deferred tax	24	112,969,008	17,239,669
		138,800,028	52,426,467

A reconciliation of tax expense and profit before tax at the Hong Kong statutory tax rate in which the Group's major operating subsidiaries are domiciled is as follows:

	2017 HK$	2016 HK$
Profit before tax from continuing operations	723,944,447	285,719,590
Tax at statutory tax rate of 16.5% (2016: 16.5%)	119,450,834	47,143,732
Tax effect of non-taxable income	(9,069,760)	(9,508,650)
Tax effect of non-deductible expenses	27,653,955	12,811,915
Tax effect of unrecognised temporary difference	(2,037,383)	(168,935)
Tax effect of tax loss not recognised	2,922,284	3,291,363
Utilisation of tax losses previously not recognised	(119,902)	(1,142,958)
Income tax expense	138,800,028	52,426,467

9. DISCONTINUED OPERATION

The disposal group classified as held-for-sale was related to the disposal of the Group's retail agency and advisory services (the "Retail Business"). The directors efforts are underway to dispose of the Retail Business in the near future as disposal plan remain unchanged. The directors consider that the disposal transaction remains highly probable and are of the view that it is appropriate to continue classifying the Retail Business as held-for-sale in the consolidated statement of financial position as at 31 December 2017.

As at 31 December 2017, the net assets value (excluding the profit generated during the year) of the Retail Business included in the consolidated financial statements amounted to HK$50,606,121 (2016: HK$46,348,037). The directors contemplated that the consideration for the disposal transaction should reasonably be in line with the fair value.

The key components are presented below:

	2017 HK$	2016 HK$
Assets of a disposal business classified as held for sale		
Loans receivable	2,823,422	6,144,745
Accounts and other receivables	10,458,963	9,392,627
Deposits and prepayments	24,582,445	27,886,382
Bank balances – segregated accounts	25,063,745	18,045,498
	62,928,575	61,469,252
Liabilities directly associated with the assets classified as held for sale		
Accounts and other payables	(12,322,454)	(15,121,215)
Net assets attributable to the Retail Business	50,606,121	46,348,037

The results of the Retail Business for the years are presented below:

	2017 HK$	2016 HK$
Other income	68,566	-
Staff costs	-	(87,163)
Loss on disposal of items of property, plant and equipment	-	(615,987)
Other expenses	(32,882)	(88,194)
Profit/(loss) before tax	35,684	(791,344)
Income tax expense	-	-
Profit/(loss) for the year	35,684	(791,344)

9. DISCONTINUED OPERATION (continued)

Delay in completion of disposal of Retail Business
On 30 August 2016, the Company entered into an Memorandum of Understanding ("MOU") with an independent third party to the Group, to negotiate in good faith with a view to entering into a definitive agreement for disposal of Retail Business, by any later date as may be agreed at the consideration to be agreed between the party therein with reference to the net assets value of the Retail Business and the accumulated profits of Retail Business to be assigned.

As at the date of approval of these consolidated financial statements, the negotiation with the Retail Business is still in progress. The directors are of the view that the disposal of the Retail Business is considered highly probable and an agreement will be reached between the parties, and as such no impairment in respect of the Retail Business is expected as at 31 December 2017 because the net proceeds from the disposal pursuant to the MOU is expected to exceed the net assets of Retail Business as at 31 December 2017. The ultimate outcome of the negotiation cannot be assessed at this stage. As the Group is required to measure the Retail Business at the lower of its carrying amount and fair value less costs of disposal accordingly, there may be an impact on the carrying amounts of the Retail Business depending on the ultimate conclusion of the negotiation.

10. DIVIDENDS

No dividend was paid or proposed by the Company for the years ended 31 December 2017 and 31 December 2016.

11. CASH AND BANK BALANCES

	2017 HK$	2016 HK$
Cash and cash equivalents:		
Cash on hand	50,031	50,031
General bank accounts	115,193,396	149,798,932
Total cash and bank balances	115,243,427	149,848,963
Segregated clients' bank accounts balances:		
Insurance brokerage business and others	16,981,725	40,064,784
Asset management business	380,646,538	348,026,385
Total segregated clients' bank accounts balances	397,628,263	388,091,169
Total cash and bank balances	512,871,690	537,940,132

Cash at banks earns interest at floating rates based on daily bank deposit rates for both years. The bank balances are deposited with creditworthy banks with no recent history of default.

11. CASH AND BANK BALANCES (continued)

The Group maintains segregated trust accounts with corporate banks to hold clients' monies arising from its operating course of asset management and corporate insurance brokerage and risk solutions services. The Group has classified the clients' monies as cash held on behalf of clients under the assets section of the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on grounds that it is liable for any loss or misappropriation of the clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

12. ACCOUNTS RECEIVABLE

	Notes	2017 HK$	2016 HK$
Receivable from corporate insurance brokerage and risk solutions	(i)	19,626,493	25,267,562
Clients receivable	(ii)	15,270,944	21,030,777
Receivable from brokers and clearing house	(ii)	7,869,727	9,318,158
Receivable from capital market and advisory services	(iii)	69,555,369	62,034,192
		112,322,533	117,650,689

Notes:

(i) The normal settlement terms of accounts receivable from corporate clients from the provision of corporate insurance brokerage and risk solutions are repayable on demand upon receipt of debit notes.

(ii) The normal settlement terms of clients receivable and receivable from brokers and clearing houses arising from asset management services are 2 days after trade date or at specific terms agreed with brokers and clearing houses.

(iii) The normal settlement terms of receivables from capital market and advisory services are at specific terms mutually agreed between the contracting parties.

As at 31 December 2016, the Group's receivable from capital market and advisory services is an amount due from a fellow subsidiary of HK$31,020,400 for services provided to this related company, which is 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. Accounts receivable are non-interest-bearing.

12. ACCOUNTS RECEIVABLE (continued)

An aging analysis of the accounts receivable that are not individually nor collectively considered to be impaired as follows:

	2017 HK$	2016 HK$
Neither past due nor impaired	48,976,388	77,409,110
Less than 1 month past due	48,372,616	24,612,803
1 to 3 months past due	6,504,402	5,440,046
Over 3 months past due	8,469,127	10,188,730
	112,322,533	117,650,689

Receivables that were neither past due nor impaired relate to a number of reputable corporate clients, brokers, and clients for whom there was no recent history of default.

Receivables that were past due but not impaired relate to corporate clients, brokers and clients that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 HK$	2016 HK$
Prepayments and deposits	53,765,109	44,698,148
Other receivables (Note)	9,493,046,753	9,626,005
	9,546,811,862	54,324,153

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.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Note: On 30 November 2017, the Company issued HK$9,000 million zero coupon perpetual notes to its intermediate holding company. The consideration is yet to be settled as at 31 December 2017 and therefore classified as other receivable. Details of the perpetual notes are disclosed in note 26.

On 27 October 2017, the Group entered into a structured financing arrangement with an independent third party amounting to HK$478,945,653, which was classified as other receivables. The balance is repayable within one year.

14. LOANS RECEIVABLE

	Notes	2017 HK$	2016 HK$
Secured loans receivable			
Fixed-rate	(i)	10,159,110	10,081,630
Variable-rate	(ii)	34,350,232	42,491,392
		44,509,342	52,573,022
Unsecured loans receivable			
Fixed-rate	(i)	312,030,000	-
Total loans receivable		356,539,342	52,573,022

Notes:

(i) The loans receivable borne interest rate at 4% to 18.5% (2016: 3.5%) per annum.

(ii) The loans receivable borne interest at prime rate less 1% per annum.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK$	2016 HK$
Listed debt securities, at quoted price	38,908,610	16,838,571
Listed equity shares, at quoted price	2,957,300,419	989,728,800
Unlisted equity link notes	74,659,476	91,108,588
Unlisted equity shares	439,057,588	350,790,828
	3,509,926,093	1,448,466,787

The above investments as at 31 December 2017 and 2016 were classified as held-for-trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are categorised into level 1 and 2.

As at 31 December 2017, the Group's listed equity investment with a carrying amount of HK$730,000,000 (2016: HK$989,728,800) were pledged against its margin loans payable (Note 21).

16. DERIVATIVE FINANCIAL ASSETS

	2017 HK$	2016 HK$
Equity linked contract	676,800,000	-

Equity linked contract is designated as a hedging instrument in respect of forecast future disposal of listed equity investments. The equity linked contract balances vary with the levels of expected value of listed equity investments.

The terms of the equity linked contract matches the forecast future disposal of listed equity investments. The cash flow hedge was assessed to be highly effective and net gains of HK$676,800,000 was included in the investment revaluation and hedging reserves.

17. AVAILABLE-FOR-SALE INVESTMENTS

	2017 HK$	2016 HK$
Listed equity investments, at fair value:		
Hong Kong	497,521,000	1,192,300,000

During the year, the net gain in respect of the Group's available-for sale investments recognised in other comprehensive income amounted to HK$21,000 (2016: HK$570,998,970).

As at 31 December 2017, the Group's listed equity investment with a carrying amount of HK$489,600,000 (2016: HK$1,152,000,000) was pledged against its margin loans payable (Note 21).

18. HELD-TO-MATURITY INVESTMENT

	Maturity	Interest rate	2017 HK$	2016 HK$
Listed debt securities in Hong Kong	March 2019	8%	156,294,000	155,102,000

The above investment comprising of a senior bond listed in Hong Kong as at 31 December 2017 and 31 December 2016 was classified as held-to-maturity as the Group had the positive intention and ability to hold them to maturity.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$	Furniture and equipment HK$	Computer equipment HK$	Motor vehicles HK$	Total HK$
Cost					
At 1 January 2016	19,203,294	3,581,240	12,177,771	1,995,279	36,957,584
Additions	7,263,398	1,444,572	2,013,766	388,000	11,109,736
Write-off	(18,909,945)	(3,581,240)	-	-	(22,491,185)
Disposal	-	-	-	(1,995,279)	(1,995,279)
Exchange realignment	(7,382)	-	-	-	(7,382)
At 31 December 2016 and at 1 January 2017	7,549,365	1,444,572	14,191,537	388,000	23,573,474
Additions	16,956,706	9,177,819	5,117,535	-	31,252,060
Write-off	(7,263,398)	-	(1,425,610)	-	(8,689,008)
At 31 December 2017	17,242,673	10,622,391	17,883,462	388,000	46,136,526
Accumulated depreciation					
At 1 January 2016	17,882,676	3,486,098	11,782,628	266,037	33,417,439
Charge for the year	1,815,213	116,324	431,483	110,855	2,473,875
Write-off	(18,801,875)	(3,528,904)	-	-	(22,330,779)
Disposal	-	-	-	(299,292)	(299,292)
Exchange realignment	(4,764)	-	-	-	(4,764)
At 31 December 2016 and at 1 January 2017	891,250	73,518	12,214,111	77,600	13,256,479
Charge for the year	3,494,233	1,301,925	1,402,646	77,600	6,276,404
Write-off	(3,026,416)	-	(622,907)	-	(3,649,323)
At 31 December 2017	1,359,067	1,375,443	12,993,850	155,200	15,883,560
Net book value					
At 31 December 2017	15,883,606	9,246,948	4,889,612	232,800	30,252,966
At 31 December 2016	6,658,115	1,371,054	1,977,426	310,400	10,316,995

20. INTANGIBLE ASSETS

	2017 HK$	2016 HK$
At the beginning of year	15,171,170	-
Acquisition of assets through acquisition of a subsidiary	-	14,671,170
Additions	-	500,000
At the end of year	15,171,170	15,171,170

As at 31 December 2017 and 2016, 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 amortised.

The recoverable amount of the intangible assets is determined by reference to the market evidence of recent transaction prices for similar licensed corporations.

21. ACCOUNTS PAYABLE

	Notes	2017 HK$	2016 HK$
Accounts payable to insurance companies	(i)	19,364,078	37,666,292
Payables to clearing house and brokers	(ii)	2,857,658	372,000
Clients' payables	(ii)	4,270,484	2,053,829
Margin loans payable		351,609,630	638,350,783
		378,101,850	678,442,904

Notes:

(i) As at 31 December 2017, accounts payable to insurance companies amounted to HK$19,364,078 (2016: HK$37,666,292) and were repayable upon receipt of debit notes from insurance companies.

(ii) As at 31 December 2017, payable to clearing house and brokers and clients' payable of HK$2,857,658 (2016: HK$372,000) and HK$4,270,484 (2016: HK$2,053,829), respectively, arising from proprietary investment and securities dealing business are repayable on 2 days after trade date or at pre-agreed-specific terms.

21. ACCOUNTS PAYABLE (continued)

An aging analysis of the accounts payable as at the end of the reporting period is as follows:

	2017 HK$	2016 HK$
Within 1 month/repayable on demand	363,062,704	645,259,646
1 to 2 months	7,246,015	-
2 to 3 months	693,877	28,816,722
Over 3 months	7,099,254	4,366,536
	378,101,850	678,442,904

As at 31 December 2017, included in accounts payable of HK$351,609,630 (2016: HK$638,350,783) are interest-bearing at a rate of 5.25% per annum (2016: 3.00% to 5.25% per annum) and secured by financial assets at fair value through profit or loss of HK$730,000,000 (2016: HK$989,728,800) and available-for-sale investments of HK$489,600,000 (2016: HK$1,152,000,000). The remaining balances of accounts payable are unsecured and non-interest-bearing.

22. LOANS PAYABLE

	2017 HK$	2016 HK$
Loan from immediate holding company (Note)	-	143,528,767

Note:

As at 31 December 2016, the loans from immediate holding company bear interest rate at 2.5% per annum and have no fixed term of repayment.

Pursuant to the second amendment agreement to the shareholder loan agreement entered into between the Company and the immediate holding company on 11 May 2017, the outstanding balances of HK$145,120,548 and all obligation in respect of the loans thereafter shall be subordinated to the senior perpetual capital securities, and thus the subordinated loans payable to a shareholder was classified as equity instrument upon the issuance of the senior perpetual capital securities by the Company on 15 June 2017. As at 31 December 2017, the subordinated loans payable to a shareholder of HK$147,028,767 was recognised as equity instrument.

During the year ended 31 December 2017, the profit attributable to a shareholder, based on the applicable interest rate, was HK$1,908,219, where any repayment 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.

23. BONDS PAYABLE

Name of bond	Par value US$	Par value Equivalent to HK$	Issue date	Term of the bond	Net proceeds HK$	Effective interest rate per annum
AMTD medium term note issued in March 2016	110,000,000	852,830,000	21 March 2016	3 year	837,593,098	5.73%
AMTD medium term note issued in October 2016	50,000,000	387,700,000	24 October 2016	3 year	377,729,648	6.30%
AMTD medium term note issued in September 2017	N/A	1,445,000,000	22 September 2017	3 year	1,443,012,348	6.44%
	160,000,000	2,685,530,000			2,658,335,094	

On 16 March 2016, the Company completed its US$500 million medium term note programme (the "Programme") and subsequently, on 10 May 2017, the Programme was expanded to US$1,000 million. The bonds are listed on the Main Board of the Stock Exchange of Hong Kong Limited under governance of Chapter 37 of the Hong Kong Main Board Listing Rules.

On 21 March 2016 and 24 October 2016, the Group drawn down from the Programme of US$110 million (equivalent to HK$852,830,000) and US$50 million (equivalent to HK$387,700,000), respectively. The bonds bear interest rate of 5.0% per annum with maturity on 21 March 2019, and interests are paid semi-annually. The transaction costs of HK$15,236,902 and HK$9,970,352, consisting mainly the arrangement fee and legal fee, are netted off against the balance of bond payable. After deducting the issuance costs, the Group received net proceeds of HK$1,215,322,746 in total.

On 22 September 2017, the Group drawn down from the Programme of HK$1,445,000,000. The bond bears interest rate of 6.3% per annum with maturity on 22 September 2020, and interests are paid semi-annually. The transaction costs of HK$1,987,652, consisting mainly the arrangement fee and legal fee, are netted off against the balance of bond payable. After deducting the issuance costs, the Group received net proceeds of HK$1,443,012,348 in total.

	2017 HK$	2016 HK$
Medium term note repayable within five years	2,685,530,000	1,240,530,000
Discount and issue costs	(12,571,724)	(20,340,749)
Exchange realignment	9,683,415	279,504
	2,682,641,691	1,220,468,755

23. BONDS PAYABLE (continued)

Interest expenses on the carrying amount of the above-mentioned bonds payable are accrued at the effective interest rate of 5.7%, 6.3% and 6.4% per annum (inclusive of transaction costs) respectively to adjust the carrying amount of the bonds payable to its amortised cost, being the present value of the expected future cash flows relating to periodic interest payments and principal repayment at par value at the maturity date.

The bonds are unsecured and contains no conversion feature.

24. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the years are as follows:

	Unrealised gain on investment HK$
At 1 January 2016	-
Deferred tax charged to profit or loss during the year (Note 8)	17,239,669
At 31 December 2016 and 1 January 2017	17,239,669
Deferred tax charged to profit or loss during the year (Note 8)	112,969,008
At 31 December 2017	130,208,677

The Group has estimated tax losses arising in Hong Kong of HK$101,057,390 (2016: HK$84,073,257), 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 remaining 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.

25. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares
Authorised:		
At 1 January 2016, 31 December 2016 and 31 December 2017	50,000	US$50,000
Issued and fully paid:		
At 1 January 2016, 31 December 2016 and 31 December 2017	11,340	US$10,001
Shown in consolidated statement of financial position		HK$78,008

26. PERPETUAL SECURITIES

On 10 May 2017, the Company issued the US$200 million (equivalent to HK$1,557,400,000) senior perpetual capital securities ("Perpetual Securities") under the Programme. On 15 June 2017, the Company drawn down the US$200 million (equivalent to HK$1,557,400,000) Perpetual Securities at an initial distribution rate of 7.625% per annum.

The direct transaction costs attributable to the Perpetual Securities amounted to HK$14,631,244.

Distributions of the Perpetual Securities may be paid semi-annually in arrears on 15 June and 15 December 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 are unsecured, have no fixed maturity date and are callable at the Company's option in whole on 15 June 2020 ("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 6.161% per annum, the Treasury Rate and a step-up margin of 5.00% per annum.

On 30 November 2017, the Company further issued HK$9,000 million zero coupon perpetual notes ("Perpetual Notes") to its intermediate holding company. Theses Perpetual Notes are unsecured and rank *pari passu* with any parity obligations of the Company. The Perpetual Notes have no fixed redemption date and the Company has the right to redeem or purchase the Perpetual Notes in whole. In the opinion of the directors, the Company is able to control the delivery of cash or other financial assets to the holders of Perpetual Notes other than an unforeseen liquidation of the Company and there is no intention of the Company to redeem the Perpetual Notes.

During the year ended 31 December 2017, the profit attributable to holders of Perpetual Securities, based on the applicable distribution rate, was HK$64,523,258, 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. No such event has occurred as of 31 December 2017.

27. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 16 December 2015, AMTD AM, a subsidiary of the Company entered into a sale and purchase agreement with an independent third party to acquire entire issued share capital of Asia Alternative Asset Partners Limited ("AAAPL") at a consideration of HK$18,668,589. The completion of the acquisition of AAAPL took place on 12 April 2016.

AAAPL is a company incorporated in Hong Kong with limited liability on 18 March 2003 and licensed by the Securities and Futures Commission ("SFC") to carry out Type 1 (dealing in securities), Type 4 (Advising on securities) and Type 9 (Asset management) regulated activities. The consideration was determined based on the fair value of such licenses as of 31 March 2016. In the opinion of the directors, the acquisition is in substance an asset acquisition instead of a business combination and AAAPL was inactive and did not constitute a business prior to the acquisition by AMTD AM and therefore is excluded from the scope of IFRS 3 *Business Combination* ("IFRS 3"). Therefore, the acquisition was not disclosed as a business combination in accordance with the requirement of IFRS 3.

The net assets acquired in the transaction were as follows:

	HK$
Accounts and other receivables	112,382
Cash and bank balances	4,068,705
Intangible assets	14,671,170
Other payables	(183,668)
Total identifiable net assets at fair value	18,668,589
Consideration satisfied by:	
Cash paid	18,668,589
Net outflow arising on acquisition:	
Consideration paid in cash	(18,668,589)
Cash and cash equivalents acquired	4,068,705
	(14,599,884)

28. DEEMED PARTIAL DISPOSAL OF INTERESTS IN A SUBSIDIARY WITHOUT LOSING CONTROL

During the year, AMTD Strategic Capital Group ("AMTD SCG"), the Company's subsidiary has allotted 2,637,253 shares, representing 20.87% equity interest in AMTD SCG to independent investors. It was accounted for as an equity transaction with the non-controlling interests and an increase in equity attributable to owners of the Company, and recorded in other reserve, which was summarised as follows:

	2017 HK$
Consideration received from non-controlling interests	264,005,800
Less: net assets of 20.87% equity interest in the AMTD SCG and its subsidiaries	(127,643,546)
Gain on deemed partial disposal recorded in equity	136,362,254

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Company issued HK$9,000 million zero coupon perpetual notes to its intermediate holding company. The balance has not yet settled as at the date of report, and is recognised as other receivables.

During the year, the repayment of margin loans payable of HK$248,183,452 was directly settled by sales proceeds upon the disposal of financial assets at fair value through profit or loss.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

	Perpetual securities HK$	Bonds payable HK$	Due to/(from) ultimate holding company HK$
At 1 January 2017	-	1,220,468,755	190,028,927
Changes from financing activities	-	-	(844,072,278)
Net proceeds from issue of perpetual securities	1,542,768,756	-	-
Net proceeds from issue of bonds	-	1,443,012,348	-
Other receivables	9,000,000,000	-	-
Distribution to holders of perpetual securities	(59,557,668)	-	-
Profit for the year attributable to the owners of perpetual securities	64,523,258	-	-
Bonds interest	-	9,756,677	-
Interest income from amount due from from ltimate holding company	-	-	(8,933,840)
Exchange difference	-	9,403,911	-
At 31 December 2017	10,547,734,346	2,682,641,691	(662,977,191)

30. OPERATING LEASE COMMITMENTS

As at the end of reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises and staff quarters which fall due as follows:

	2017 HK$	2016 HK$
Within one year	19,886,976	20,057,976
Over one year	9,421,294	29,308,270
	29,308,270	49,366,246

Leases are negotiated with fixed rentals over the terms of the leases.

31. 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	2017 HK$	2016 HK$
Interest expenses on loans from the immediate holding company:			
Recognised in consolidated statement of profit or loss	7	1,591,781	3,500,000
Recognised in consolidated statement of changes in equity	22	1,908,219	-
		3,500,000	3,500,000
Interest income on due from ultimate holding company	31(b)(ii)	8,933,840	-
Acquisition of equity-linked notes from a fellow subsidiary	(i)	-	70,313,980
Underwriting services rendered to a fellow subsidiary	(ii)	-	31,022,500
Arrangement fee from a related company	(iii)	23,431,800	-
Perpetual Notes issued to intermediate holding company	(iv)	9,000,000,000	-

Notes:

(i) On 5 February 2016 and 31 July 2016, the Group entered into a sales and purchase agreement to acquire equity-linked notes issued by a fellow subsidiary at a consideration of HK$54,803,780 and HK$15,510,200, respectively, with mutually agreed terms.

(ii) The Group provided underwriting service to a fellow subsidiary with mutually agreed terms.

(iii) The Group provided arrangement service to the related company with mutual agreed terms. The related company is a subsidiary of Group's minority shareholder.

(iv) During the year, the Company issued Perpetual Notes of HK$9,000,000,000 to its intermediate holding company (Note 26).

31. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

(i) The Group had an outstanding balance due from its related company, a company associated with the major shareholder of HK$35,156,003 (2016: 30,321,777) as at 31 December 2017. This balance is unsecured, interest-free and has no fixed terms of repayment.

(ii) During the year, the balance due from ultimate holding company is unsecured, interest bearing at a rate of 4.5% per annum (2016: Nil) and has no fixed terms of repayment.

(iii) The amount due to ultimate holding company as at 31 December 2016 is unsecured and interest-free, repayable on demand.

(iv) Details of the Group's loan from its immediate holding company as at 31 December 2016 are included in note 22 to the financial statements.

(v) Details of the Group's accounts receivable from its related company as at 31 December 2016 are disclosed in the note 12 to the financial statements.

(vi) Details of the Group's other receivables from its intermediate holding company at the end of the reporting period are included in the note 13 to the financial statements.

32. FINANCIAL INSTRUMENTS BY CATEGORIES

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2017

Financial assets

	Financial assets at fair value through profit or loss: Designated as such upon initial recognition HK$	Financial assets at fair value through profit or loss: Derivative financial instruments HK$	Loans and receivables HK$	Available-for-sale financial assets HK$	Held-to-maturity investments HK$	Total HK$
Accounts receivable	-	-	112,322,533	-	-	112,322,533
Financial assets included in prepayments, deposits and other receivables	-	-	9,501,765,464	-	-	9,501,765,464
Due from a related company	-	-	35,156,003	-	-	35,156,003
Due from ultimate holding company	-	-	662,977,191	-	-	662,977,191
Available-for-sale investments	-	-	-	497,521,000	-	497,521,000
Derivative financial assets	-	676,800,000	-	-	-	676,800,000
Held-to-maturity investment		-	-	-	156,294,000	156,294,000
Financial assets at fair value through profit or loss	3,509,926,093	-	-	-	-	3,509,926,093
Loans receivable	-	-	356,539,342	-	-	356,539,342
Bank balances – segregated accounts	-	-	397,628,263	-	-	397,628,263
Cash and bank balances – general accounts	-	-	115,243,427	-	-	115,243,427
	3,509,926,093	676,800,000	11,181,632,223	497,521,000	156,294,000	16,022,173,316

32. FINANCIAL INSTRUMENTS BY CATEGORIES (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

As at 31 December 2017 (continued)

Financial liabilities

	Financial liabilities at amortised cost HK$
Accounts payable	378,101,850
Clients' monies held on trust	381,027,252
Other payables and accruals	77,201,104
Bonds payable	2,682,641,691
Bonds interest payable	41,547,541
Provisions	59,739,689
	3,620,259,127

As at 31 December 2016

Financial assets

	Financial assets at fair value through profit or loss HK$	Loans and receivables HK$	Available-for-sale financial assets HK$	Held-to-maturity investments HK$	Total HK$
Accounts receivable	-	117,650,689	-	-	117,650,689
Financial assets included in prepayments, deposits and other receivables	-	9,626,005	-	-	9,626,005
Due from a related company	-	30,321,777	-	-	30,321,777
Available-for-sale investments	-	-	1,192,300,000	-	1,192,300,000
Held-to-maturity investment	-	-	-	155,102,000	155,102,000
Financial assets at fair value through profit or loss	1,448,466,787	-	-	-	1,448,466,787
Loans receivable	-	52,573,022	-	-	52,573,022
Bank balances – segregated accounts	-	388,091,169	-	-	388,091,169
Cash and bank balances – general accounts	-	149,848,963	-	-	149,848,963
	1,448,466,787	748,111,625	1,192,300,000	155,102,000	3,543,980,412

32. FINANCIAL INSTRUMENTS BY CATEGORIES (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

As at 31 December 2016 (continued)

Financial liabilities

	Financial liabilities at amortised HK$
Accounts payable	678,442,904
Clients' monies held on trust	339,118,657
Other payables and accruals	35,697,119
Loans payable	143,528,767
Bonds payable	1,220,468,755
Bonds interest payable	15,165,517
Due to ultimate holding company	190,028,927
Provision	59,638,242
	2,682,088,888

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash balances, accounts receivable, loans receivable, financial assets included in prepayments, deposits and other receivables, accounts payables, other payables and accruals, clients' monies held on trust, loans payable, bond payable and bond interest payable, provisions and balances with a related company and ultimate holding company, approximate to their carrying amounts largely due to the short term maturities of these instruments or no fixed terms of repayment.

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:

The fair values of listed financial assets are based on quoted market prices.

Derivative financial instruments, including equity linked forward contract is based on the quoted market prices.

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
As at 31 December 2017				
Available-for-sale investments	497,521,000	-	-	497,521,000
Financial assets at fair value through profit or loss	3,070,868,505	439,057,588	-	3,509,926,093
Derivative financial instruments	-	676,800,000	-	676,800,000
	3,568,389,505	1,115,857,588	-	4,684,247,093
As at 31 December 2016				
Available-for-sale investments	1,192,300,000	-	-	1,192,300,000
Financial assets at fair value through profit or loss	989,728,800	458,737,987	-	1,448,466,787
	2,182,028,800	458,737,987	-	2,640,766,787

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable, accounts payable, loans receivable, financial assets included in prepayments, deposits and other receivables, other payables and accruals, clients' monies held on trust, bonds interest payable, loans payable, bonds payable and provisions, which primarily arise directly from its operations.

The main risks arising from the Group's financial instruments are 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.

34. 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$, and therefore the Group is exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. As HK$ is currently pegged to United States dollars ("US$"), the management considers that there is no significant foreign currency risk arising from the Group's monetary assets denominated in US$.

The Group's key currency risk exposure primarily arises from trade receivables and bank balances denominated in Australian Dollar ("AUD"), Euro ("EUR"), RMB and Taiwan New Dollar ("TWD"). As at 31 December 2017 and 2016, the carrying amounts of the Group's major foreign currency denominated monetary assets are as follows:

	Assets	
	2017	2016
	HK$	HK$
AUD	1,852,098	139,060
EUR	102,898	-
RMB	552,095	631,683
TWD	5,553,085	2,007,178
	8,060,176	2,777,921

Foreign currency sensitivity
If AUD had appreciated/depreciated by 5% (2016: 5%) with all other variables held constant, the impact on the Group's profit before tax for the year would be HK$92,605 (2016: HK$6,953).

If EUR had appreciated/depreciated by 5% (2016: 5%) with all other variables held constant, the impact on the Group's profit before tax for the year would be HK$5,145 (2016: HK$Nil).

If RMB had appreciated/depreciated by 5% (2016: 5%) with all other variables held constant, the impact on the Group's profit before tax for the year would be HK$27,605 (2016: HK$31,584).

If TWD had appreciated/depreciated by 5% (2016: 5%) with all other variables held constant, the impact on the Group's profit before tax for the year would be HK$277,654 (2016: HK$100,359).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Transactions of the Group are denominated in the functional currency and therefore the Group is not exposed to foreign currency risk.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk
The Group's exposure to the risk of change in market interest rates relates primarily to the Group's bank balances and loans receivable disclosed in notes 11 and 14.

Interest rate sensitivity
If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before tax for the year ended 31 December 2017 would decrease/increase by HK$2,705,939 (2016: HK$2,902,158). This is mainly attributable to the Group's net exposure to interest rates on its loans receivable and bank balances.

Other price risk
The Group is exposed to price risk through its investments in debt securities. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's price risk is mainly concentrated on debt instruments. Management managed this exposure in accordance with the limits set by the Group.

The other price risk is limited because the price fluctuation of the debt securities is not significant.

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 are 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 directors periodically.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

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.

The credit risk on liquid funds is limited because the counterparties are mainly banks and insurance companies with sound credit.

The credit risk on debt instruments is not significant.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 and loans.

The following tables detail the Group's remaining contractual maturity for its non-derivative 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.

2017

	Weighted average interest rate %	On demand or less than 3 months HK$	3 months to 1 year HK$	1 to 5 years HK$	Total HK$
Accounts payables	N/A	378,101,850	-	-	378,101,850
Clients' monies held on trust	N/A	381,027,252	-	-	381,027,252
Other payables and accruals	N/A	77,201,104	-	-	77,201,104
Bonds payable	5.7%	-	-	2,695,352,000	2,695,352,000
Bonds interest payable	N/A	41,547,541	-	-	41,547,541
Provision	N/A	-	59,739,689	-	59,739,689
		877,877,747	59,739,689	2,695,352,000	3,632,969,436

2016

	Weighted average interest rate %	On demand or less than 3 months HK$	3 months to 1 year HK$	1 to 5 years HK$	Total HK$
Accounts payables	N/A	678,442,904	-	-	678,442,904
Clients' monies held on trust	N/A	339,118,657	-	-	339,118,657
Other payables and accruals	N/A	35,697,119	-	-	35,697,119
Loans payable	2.5%	875,000	2,625,000	147,903,767	151,403,767
Bonds payable	5%	-	-	1,240,816,000	1,240,816,000
Bonds interest payable	N/A	15,165,517	-	-	15,165,517
Due to ultimate holding company	N/A	190,028,927	-	-	190,028,927
Provision	N/A	-	59,638,242	-	59,638,242
		1,259,328,124	62,263,242	1,388,719,767	2,710,311,133

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 amounts due to ultimate holding company, bonds payable and equity attributable to equity holders of the Group, comprising issued share capital, share premium, retained profits and reserves, as disclosed in consolidated statement of changes in equity.

There were no changes on the Group's approach to capital risk management during the year.

35. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY

The maturity analysis is based on the remaining contractual maturity at the reporting date.

As at 31 December 2017

	Neither past due nor impaired HK$	Repayable on demand HK$	Less than three months HK$	Over three months but within one year HK$	One to five years HK$	No contracted maturity HK$	Total HK$
Assets							
Cash and bank balances – general accounts	-	115,243,427	-	-	-	-	115,243,427
Bank balances – segregated accounts	-	397,628,263	-	-	-	-	397,628,263
Accounts receivable	48,976,388	-	54,877,018	8,469,127	-	-	112,322,533
Prepayments, deposits and other receivables	-	-	484,797,887	9,000,000,000	-	62,013,975	9,546,811,862
Loans receivable	-	-	-	312,144,256	44,395,086	-	356,539,342
Due from a related company	-	-	-	-	-	35,156,003	35,156,003
Due from ultimate holding company	-	-	-	-	-	662,977,191	662,977,191
Financial assets at fair value through profit or loss	-	-	-	-	74,659,476	3,435,266,617	3,509,926,093
Derivative financial assets	-	-	-	676,800,000	-	-	676,800,000
Available-for-sale investments			-	-	-	497,521,000	497,521,000
Held-to-maturity investment	-	-	-	-	156,294,000	-	156,294,000
Assets of a disposal business classified as held for sale	-	-	-	62,928,575	-	-	62,928,575
	48,976,388	512,871,690	539,674,905	10,060,341,958	275,348,562	4,692,934,786	16,130,148,289
Tax recoverable							11,805,463
Property, plant and equipment							30,252,966
Intangible assets							15,171,170
							16,187,377,888

35. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY (continued)

As at 31 December 2017 (continued)

	Repayable on demand HK$	Less than three months HK$	Over three months but within one year HK$	One to five years HK$	No contracted maturity HK$	Total HK$
Liabilities						
Clients' monies held on trust	381,027,252	-	-	-	-	381,027,252
Accounts payable	351,609,630	26,492,220	-	-	-	378,101,850
Other payables and accruals	-	-	-	-	77,201,104	77,201,104
Bonds payable	-	-	-	2,682,641,691	-	2,682,641,691
Bonds interest payable	-	41,547,541	-	-	-	41,547,541
Provisions	-	-	-	59,739,689	-	59,739,689
Liabilities directly associated with the assets classified as held for sale	-	-	12,322,454	-	-	12,322,454
	732,636,882	68,039,761	12,322,454	2,742,381,380	77,201,104	3,632,581,581
Tax payable						5,655,952
Deferred tax liabilities						130,208,677
						3,768,446,210

35. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY (continued)

As at 31 December 2016

	Neither Past due nor impaired HK$	Repayable on demand HK$	Less than three months HK$	Over three months but within one year HK$	One to five years HK$	No contracted maturity HK$	Total HK$
Assets							
Cash and bank balances – general accounts	-	149,848,963	-	-	-	-	149,848,963
Bank balances – segregated accounts	-	388,091,169	-	-	-	-	388,091,169
Accounts receivable	77,409,111		30,052,849	10,188,729	-	-	117,650,689
Prepayments, deposits and other receivables	-	-	-	-	-	54,324,153	54,324,153
Loans receivable	-	-		165,168	52,407,854	-	52,573,022
Due from a related company	-	-	-	-	-	30,321,777	30,321,777
Financial assets at fair value through profit or loss	-	-	-	-	91,108,588	1,357,358,199	1,448,466,787
Available-for-sale investments	-	-	-	-	-	1,192,300,000	1,192,300,000
Held-to-maturity investment	-	-	-	-	155,102,000	-	155,102,000
Assets of a disposal business classified as held for sale	-	-	-	61,469,252	-	-	61,469,252
	77,409,111	537,940,132	30,052,849	71,823,149	298,618,442	2,634,304,129	3,650,147,812
Property, plant and equipment							10,316,995
Intangible assets							15,171,170
							3,675,635,977

35. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY (continued)

As at 31 December 2016 (continued)

	Repayable on demand HK$	Less than three months HK$	Over three months but within one year HK$	One to five years HK$	No contracted maturity HK$	Total HK$
Liabilities						
Clients' monies held on trust	339,118,657	-	-	-	-	339,118,657
Accounts payable	640,490,991	33,585,377	4,366,536	-	-	678,442,904
Other payables and accruals	-	-	-	-	35,697,119	35,697,119
Loans payable	-	-	-	143,528,767	-	143,528,767
Bonds payable	-	-	-	1,220,468,755	-	1,220,468,755
Due to the ultimate holding company	-	-	-	-	190,028,927	190,028,927
Bonds interest payable	-	15,165,517	-	-	-	15,165,517
Provisions	-	-	-	59,638,242	-	59,638,242
Liabilities directly associated with the assets classified as held for sale	-	-	15,121,215	-	-	15,121,215
	979,609,648	48,750,894	19,487,751	1,423,635,764	225,726,046	2,697,210,103
Tax payable						20,600,730
Deferred tax liabilities						17,239,669
						2,735,050,502

36. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 16 March 2018.

Report and consolidated Financial Statements

AMTD GROUP COMPANY LIMITED

Year ended 31 December 2016

EY 安永

Building a better working world

AMTD GROUP COMPANY LIMITED

CONTENTS

	Pages
INDEPENDENT AUDITOR'S REPORT	1 – 4
AUDITED FINANCIAL STATEMENTS	
Consolidated statement of profit or loss	5
Consolidated statement of comprehensive income	6
Consolidated statement of financial position	7 – 8
Consolidated statement of changes in equity	9 – 10
Consolidated statement of cash flows	11 – 12
Notes to financial statements	13 – 63

EY 安永
Building a better
working world

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent Auditor's Report
To the shareholders of AMTD Group Company Limited
(incorporated in the British Virgin Islands with limited liability)

Opinion
We have audited the consolidated financial statements of AMTD Group Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 5 to 63, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report
To the shareholders of AMTD Group Company Limited (continued)
(incorporated in the British Virgin Islands with limited liability)

Key audit matters (continued)

Key audit matter	**How our audit addressed the key audit matter**
Assets of a disposal business classified as held for sale	
The Group intended to sell the retail agency and advisory services in 2017 (the "Retail Business") which were presented as a disposal group in the consolidated financial statements as at 31 December 2016. The Retail Business reported losses of HK$791,344 for the year (2015: HK$8,856,695). The assets and liabilities associated with the Retail Business have been classified as 'held for sale' as at 31 December 2016. The classification of assets and liabilities associated with the Retail Business as 'held for sale' is crucial to our audit since it impacts the presentation of consolidated financial statements including restatements of prior year results and cash flows for comparison purpose. Meanwhile, assessing the recoverability of the carrying amount of disposal business depending on the selling price and the presentation as 'held for sale' requires management's judgement depending on buyer interest and the status of in-progress sales negotiations as at 31 December 2016. Relevant disclosures have been included in notes 3 and 9 to the consolidated financial statements.	For the Retail Business to be disposed of, we have obtained relevant documents to confirm management's intention of disposal. We have also evaluated management's assessment on the recoverability of the recognised values and adequacy of impairment provision. In this respect, we have reviewed the memorandum of understanding signed by the potential buyers to assess if the proposed consideration exceeds the value of asset 'held for sale' recognised by the management. Further, we considered whether the sales under negotiation met the 'highly probable' criterion of HKFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* to assess the appropriateness of presenting assets and liabilities associated with the Retail Business as assets 'held for sale' in the consolidated financial statements as at 31 December 2016. For this purpose we have inquired into each stage of the transaction, subsequently corroborated management's representation with correspondence and letters of intent with unrelated parties. Regarding the restatement of prior period consolidated financial statements, we have assessed whether the allocation of revenue and expenses are consistently applied by reviewing the reporting documents prepared by the management for respective business units.

Independent Auditor's Report
To the shareholders of AMTD Group Company Limited (continued)
(incorporated in the British Virgin Islands with limited liability)

Responsibilities of the directors for the consolidated financial statements
The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report
To the shareholders of AMTD Group Company Limited (continued)
(incorporated in the British Virgin Islands with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Certified Public Accountants
Hong Kong
27 March 2017

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 HK$	2015 HK$
CONTINUING OPERATIONS			
REVENUE			
Fee and commission income		305,825,199	209,247,486
Net investment gain		129,671,458	-
	5	435,496,657	209,247,486
Other income	5	2,871,218	1,487,926
Gain on disposal of available-for-sale investments		16,511,500	-
Staff costs		(59,806,711)	(33,422,078)
Depreciation	11	(2,473,875)	(2,078,070)
Other expenses		(60,324,783)	(44,030,876)
Finance costs	7	(46,554,416)	(28,767)
PROFIT BEFORE TAX	6	285,719,590	131,175,621
Income tax expense	8	(52,426,467)	(17,796,241)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		233,293,123	113,379,380
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	9	(791,344)	(8,856,695)
PROFIT FOR THE YEAR		232,501,779	104,522,685
Attributable to:			
Owners of the parent		232,517,239	104,690,012
Non-controlling interests		(15,460)	(167,327)
		232,501,779	104,522,685

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 HK$	2015 HK$
PROFIT FOR THE YEAR		232,501,779	104,522,685
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent period:			
Available-for-sale investments:			
Changes in fair value	13	570,998,970	-
Reclassification adjustments for gains included in the consolidated statement of profit or loss			
- gain on disposal		(16,511,500)	-
Exchange differences on translation of foreign operations		281,352	1,137,637
OTHER COMPREHENSIVE INCOME FOR THE YEAR		554,768,822	1,137,637
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		787,270,601	105,660,322
Attributable to:			
Owners of the parent		787,286,061	105,827,649
Non-controlling interests		(15,460)	(167,327)
		787,270,601	105,660,322

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 HK$	2015 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	11	10,316,995	3,540,145
Intangible assets	12	15,171,170	-
Loans receivable	15	52,407,854	48,635,028
Financial assets at fair value through profit or loss	18	91,108,588	-
Held-to-maturity investment	13	155,102,000	-
Total non-current assets		324,106,607	52,175,173
CURRENT ASSETS			
Accounts receivable	14	117,650,689	165,232,701
Loans receivable	15	165,168	5,065,790
Prepayments, deposits and other receivables	16	54,324,153	29,740,681
Due from a related company	28(b)(i)	30,321,777	-
Available-for-sale investments	17	1,192,300,000	-
Financial assets at fair value through profit or loss	18	1,357,358,199	5,119,452
Bank balances – segregated accounts	19	388,091,169	2,512,768,984
Cash and bank balances – general accounts	19	149,848,963	161,556,731
		3,290,060,118	2,879,484,339
Assets of a disposal business classified as held for sale	9	61,469,252	-
Total current assets		3,351,529,370	2,879,484,339
CURRENT LIABILITIES			
Accounts payable	20	678,442,904	47,342,079
Clients' monies held on trust		339,118,657	2,467,323,441
Other payables and accruals		35,697,119	40,335,323
Bond interest payable		15,165,517	-
Loans payable	21	-	144,210,813
Due to ultimate holding company	28(b)(ii)	190,028,927	-
Dividend payable	10	-	11,500,000
Tax payable		20,600,730	17,101,857
		1,279,053,854	2,727,813,513
Liabilities directly associated with the assets classified as held for sale	9	15,121,215	-
		1,294,175,069	2,727,813,513
NET CURRENT ASSETS		2,057,354,301	151,670,826
TOTAL ASSETS LESS CURRENT LIABILITIES		2,381,460,908	203,845,999

continued/...

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 HK$	2015 HK$
NON-CURRENT LIABILITIES			
Bond payable	22	1,220,468,755	-
Loans payable	21	143,528,767	-
Deferred tax liabilities	23	17,239,669	-
Provision		59,638,242	50,531,125
Total non-current liabilities		1,440,875,433	50,531,125
NET ASSETS		940,585,475	153,314,874
EQUITY			
Share capital	24	78,008	78,008
Share premium		56,422,000	56,422,000
Retained profits		336,493,722	103,976,483
Other reserves		555,773,886	1,005,064
		948,767,616	161,481,555
Non-controlling interests		(8,182,141)	(8,166,681)
		940,585,475	153,314,874

.... Director

.... Director

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

		Attributable to owners of the Company								
	Notes	Share capital HK$	Share premium HK$	Investment revaluation reserve HK$	Other reserve HK$	Exchange reserve HK$	(Accumulated losses)/ retained profits HK$	Total HK$	Non-controlling interests HK$	Total equity HK$
At 1 January 2015		78,008	102,922,000	-	66,553,741	(132,573)	(62,699,898)	106,721,278	(12,566,726)	94,154,552
Profit for the year		-	-	-	-	-	104,690,012	104,690,012	(167,327)	104,522,685
Other comprehensive income for the year										
Exchange differences related to foreign operation		-	-	-	-	1,137,637	-	1,137,637	-	1,137,637
Total comprehensive income for the year		-	-	-	-	1,137,637	104,690,012	105,827,649	(167,327)	105,660,322
Declaration of dividends	10	-	(46,500,000)	-	-	-	-	(46,500,000)	-	(46,500,000)
Acquisition of a non-controlling interests		-	-	-	(66,553,741)	-	61,986,369	(4,567,372)	4,567,372	-
As at 31 December 2015		78,008	56,422,000	-	-	1,005,064*	103,976,483	161,481,555	(8,166,681)	153,314,874

continued/...

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of the Company							
	Share capital HK$	Share premium HK$	Investment revaluation reserve HK$	Exchange reserve HK$	Retained profits HK$	Total HK$	Non-controlling interests HK$	Total equity HK$
At 1 January 2016	78,008	56,422,000	-	1,005,064	103,976,483	161,481,555	(8,166,681)	153,314,874
Profit for the year	-	-	-	-	232,517,239	232,517,239	(15,460)	232,501,779
Other comprehensive income for the year								
Fair value change in available-for-sale investments	-	-	570,998,970	-	-	570,998,970	-	570,998,970
Reclassification upon disposal of available-for-sale investments	-	-	(16,511,500)	-	-	(16,511,500)	-	(16,511,500)
Exchange differences related to foreign operation	-	-	-	281,352	-	281,352	-	281,352
Total comprehensive income for the year	-	-	554,487,470	281,352	232,517,239	787,286,061	(15,460)	787,270,601
As at 31 December 2016	78,008	56,422,000	554,487,470*	1,286,416*	336,493,722	948,767,616	(8,182,141)	940,585,475

* These reserve accounts comprise the consolidated other reserves of HK$555,773,886 (2015: HK$1,005,064) in the consolidated statement of financial position.

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 HK$	2015 HK$
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax			
From continuing operations		285,719,590	131,175,621
From a discontinued operation		(791,344)	(8,856,695)
Adjustments for:			
Bank interest income	5	(37,427)	(28,549)
Bond interest income	5	(10,276,734)	-
Fair value gain of financial assets through profit or loss	5	(119,663,113)	-
Loss on disposal of a held-for-trading investment	5	268,389	-
Gain on disposal of available-for-sale investments	6	(16,511,500)	-
Interests on loans from the immediate holding company	7	4,006,301	28,767
Interests on bond payable	7	41,363,961	-
Interests on payables to a broker	7	1,184,154	-
Loss on disposal of property, plant and equipment		776,393	-
Depreciation	11	2,473,875	2,078,070
Provision		9,107,117	7,215,280
		197,619,662	131,612,494
Decrease/(increase) in accounts receivable		45,138,559	(117,421,841)
(Increase)/decrease in prepayments, deposits and other receivables		(59,482,752)	10,979,391
Increase/(decrease) in accounts and other payables		250,392,120	(4,203,920)
Decrease in loans payable		(4,688,347)	(1,006,214)
Increase in segregated bank balances		(21,572,467)	(44,457,052)
Increase in loans receivable		(5,016,949)	(47,572,370)
Cash generated from/(used in) operations		402,389,826	(72,069,512)
Profits tax refunded		-	414,328
Profits tax paid		(31,687,925)	(721,517)
Net cash generated from/(used in) operating activities		370,701,901	(72,376,701)

continued/...

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 HK$	2015 HK$
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	11	(11,109,736)	(3,051,482)
Proceeds from disposal of items of property, plant and equipment		1,080,000	-
Purchase of intangible assets	12	(500,000)	-
Acquisition of assets through acquisition of a subsidiary	25	(14,599,884)	-
Purchase of available-for-sale investments		(518,138,902)	-
Proceeds from available-for-sale investments		114,271,500	-
Purchase of held-to-maturity investment	13	(155,102,000)	-
Purchase of financial assets at fair value through profit or loss		(1,294,922,383)	-
Proceeds from financial assets at fair value through profit or loss		153,812,878	-
Loan from ultimate holding company		-	140,000,000
Increase in amount due from a related company		(30,321,777)	-
Interest received		37,427	28,549
Net cash (used in)/from investing activities		(1,755,492,877)	136,977,067
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(11,500,000)	(35,000,000)
Net proceeds from bond issue	22	1,215,322,746	-
Increase in amount due to ultimate holding company		190,028,927	-
Interest paid		(21,331,939)	
Net cash from/(used in) financing activities		1,372,519,734	(35,000,000)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(12,271,242)	29,600,366
Cash and cash equivalents at beginning of year		161,556,731	130,828,698
Effect of foreign exchange rate change, net		563,474	1,127,667
CASH AND CASH EQUIVALENTS AT END OF YEAR		149,848,963	161,556,731
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		149,848,963	161,556,731

1. CORPORATE AND GROUP INFORMATION

The Company is a private limited liability company incorporated in the British Virgin Islands. The address of the registered office of the Company is P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, the British Virgin Islands. The address of the principal place of business is 23rd Floor, Nexxus Building, 41 Connaught Road, Central, Hong Kong.

As at 31 December 2016, the Company's immediate holding company was L.R. Capital Financial Holdings Limited, a private company incorporated in Cayman Islands. The directors consider that the Company's ultimate holding company was L.R. Capital Management Company (Cayman) Limited, a private company incorporated in Cayman Islands.

The Company is engaged in investment holding, provision of customer relationship management services, and maintenance and promotion of the brand name and logo of "AMTD". The principal activities of its subsidiaries are set out as below.

<u>Information about subsidiaries</u>
Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
AMTD Asia (Holdings) Limited	British Virgin Islands ("BVI")	US$2	100%	-	Investment holding
AMTD Asia Limited	Cayman Islands	HK$20	-	100%	Investment holding
AMTD Risk Consulting Limited	Hong Kong ("HK")	HK$200,000	-	100%	Dormant
AMTD Strategic Capital Limited	HK	HK$1	-	100%	Provision of mortgage servicing and other loan financing
AMTD Direct Limited	HK	HK$1	-	100%	Provision of direct marketing services
AMTD China (Holdings) Limited	HK	HK$1	-	100%	Investment holding and provision of China business development services

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)
Particulars of the Company's subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
AMTD Shanghai Investment Advisory Company Limited	The People's Republic of China ("PRC")	Renminbi ("RMB") 500,000	-	100%	Provision of corporate and wealth advisory services
AMTD Guangzhou Investment Advisory Company Limited	PRC	RMB500,000	-	100%	Provision of corporate and wealth advisory services
AMTD Chengdu Investment Advisory Company Limited	PRC	RMB500,000	-	100%	Provision of corporate and wealth advisory services
AMTD Beijing Investment Advisory Company Limited	PRC	RMB500,000	-	100%	Provision of corporate and wealth advisory Services
AMTD Chongqing Investment Advisory Company Limited	PRC	RMB500,000	-	100%	Provision of corporate and wealth advisory services
AMTD Shenzhen Investment Advisory Company Limited	PRC	RMB500,000	-	100%	Provision of corporate and wealth advisory services
AMTD Dragon Investment Company Limited	HK	HK$40,010	-	70%	Dormant
AMTD Puji Investment Company Limited	HK	HK$10,000,000	-	100%	Dormant
AMTD Strategic Capital Group ("AMTD SCG")	Cayman Islands	US$1,000	-	100%	Investment holding

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)
Particulars of the Company's subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
AMTD Investments Limited (formerly Known as Asset Manage Investments Limited)	BVI	US$1	-	100%	Investment holding
AMTD Risk Solutions Limited	BVI	US$1	-	100%	Investment holding
AMTD Risk Solutions Group Limited (formerly known as AMTD Risk Management Limited)	HK	HK$200,000	-	100%	Corporate insurance brokerage business and promotion of financial products
AMTD Wealth Management Solutions Limited	BVI	US$1	-	100%	Investment holding
AMTD Wealth Management Solutions Group Limited	HK	HK$10,000,000	-	100%	Dormant
AMTD Investment Solutions Limited	BVI	US$1	-	100%	Investment holding
AMTD Investment Solutions Group Limited	HK	HK$1	-	100%	Dormant
AMTD Financial Planning Limited	HK	HK$500,000	100%	-	Investment holding
AMTD Securities Limited	HK	HK$1	-	100%	Investment holding
AMTD Asset Management Limited ("AMTD AM")	HK	HK$1,411,610,980	-	100%	Provision of fund raising and financial advisory, asset management, insurance brokerage, corporate and personal financial and wealth management services

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)
Particulars of the Company's subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Asia Alternative Asset Partners Limited	Hong Kong	HK$5,000,000	-	100%	Provision of investment advisory and other consultancy services

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention, except for available-for-sale investments and financial assets at fair value through profit or loss which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$").

Basis of consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group 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).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

2.1 BASIS OF PREPARATION (continued)

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group 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 between members of the Group are eliminated in full on consolidation.

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. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and certain amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:
(i) the materiality requirements in HKAS 1;
(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its noncurrent assets.

(c) The *Annual Improvements to HKFRSs 2012-2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	*Classification and Measurements of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarification to IFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's financial performance and financial position.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met.

Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

The Group measures its derivative financial instruments 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 financial statements on a recurring basis, the Company 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual 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 the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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.

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 the statement of 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:

Leasehold improvements	Over the lease term
Furniture, fixtures and equipment	20%
Motor vehicles	20%
Computer equipment	33 1/3%

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

An item of property, plant and equipment including any significant part initially 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 the statement of 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.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Non-current assets and disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

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.

Leases
Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally 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 fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Financial assets at fair value through profit or loss (continued)
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. 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 the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss.

Available-for-sale financial investments
Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investments revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investments revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Available-for-sale financial investments (continued)
When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

Derecognition of financial liabilities

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments(continued)

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

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 the statement of 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 the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement 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 statement 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 the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

Deferred tax liabilities are 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, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
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 a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition
Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably, on the following bases:

(a) Insurance agency commission is recognised on the effective commencement or renewal dates of the related policies;

(b) Income from asset management business, provision of information access facilities and office support, provision of mortgage services and mortgage loan financing, Mandatory Provident Fund ("MPF") advisory services, referral services and customer relationship services, provision of insurance and mortgage consultancy services are recognised when services are rendered;

(c) Underwriting service income is recognised as income in accordance with the terms of the underwriting agreement or deal mandate when the relevant significant acts have been completed; and

(d) Interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) Net fair value changes on financial assets at fair value through profit or loss and those held for trading, including realised gains/losses which are recognised on the transaction dates when the relevant contract notes are exchanged and unrealised fair value changes which are recognised in the period in which they arise.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Retirement benefit cost

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of 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.

Borrowing costs

Borrowing costs are recognised as expenses in statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

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 the statement of 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).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)
The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of 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, and the disclosure of contingent liabilities. 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 financial statements:

Revenue recognition
The Group recognises indemnity commission on the effective commencement or renewal dates of the related policies. Management would determine that they are not obliged to provide other services after the indemnity commission is received and recognised all commission as revenue. However, there are indemnity commissions subject to clawback when the related policies are terminated or the premiums are refunded within 18 to 24 months after the effective commencement dates. This revenue recognition requires significant management judgement in determining an estimate of clawback provision at the end of each accounting period.

Income tax
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Assets of a disposal business classified as held for sale
The Retail Business (as defined in note 9) to be classified as held-for-sale as at 31 December 2016. In making this judgment, management considered the detailed conditions set out in Appendix B to HKFRS 5 *Non-current Assets Held-for-sale and Discontinued Operations*.

During the year ended 31 December 2016, the directors seek for potential buyer for the disposal of the Retail Business. The Group remains committed to its plan to sell the disposal group and considering the fact that the Company has entered into the memorandum of understanding with a strategic buyer on 31 December 2016, the directors are satisfied that classifying the Retail Business as held-for-sale as at 31 December 2016 is appropriate.

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.

Provisions

Certain insurance brokerage commissions are subject to rebates to the policyholders when all the premium installments have been paid. The Group follows the guidance of HKAS 37 to determine the amount of provisions to be made. This determination requires significant judgement.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations under the rebate arrangement. In determining the appropriate discount rate, the Group adopts the borrowing rate to fund the Group's business operations.

Impairment on loans receivable

The Group tests annually the recoverability of the loans receivable at each year end in accordance with the accounting policy as stated in Note 2.4. It involves management judgement on deciding if loss event has been occurred and evaluating the recoverability of loans receivable.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on the recent transactions with similar risk characteristics. This valuation requires the Group to estimate the expected business risk, and hence they are subject to uncertainty. The fair value of the unlisted equity investments was HK$441,899,416 as at 31 December 2016.

4. OPERATING SEGMENT INFORMATION

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

(a) The corporate insurance brokerage and risk solutions segment is providing insurance and risk management solutions to corporate clients for their insurance programmes, which include the sourcing of products such as property damage insurance, third party liability insurance, motor vehicle insurance and employee insurance.

(b) The asset management segment is providing a wide range of asset management products and services, including in relation to 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 capital market and advisory segment is providing equity and debt fund raising solutions for international and domestic clients. The key service and product categories include initial public offerings, private placements, bond issuances, securities brokerage and custodian services, and a variety of financial advisory services.

4. OPERATING SEGMENT INFORMATION (continued)

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

(d) The investment solutions segment engages in proprietary investments and management of investment portfolio with a wide spectrum of industries and asset classes across Asia and the global.

(e) The retail agency and advisory segment is providing retail insurance brokerage services, mortgage loan services and overseas property agency services. The directors of the Company resolved to discontinue a majority of the services under this segment during the current year and hence they are classified as discontinued operation. Details of which are disclosed in note 9.

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 profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs as well as head office and certain corporate expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, amounts due from related parties and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bond payable, amounts due to the related parties, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Segment revenue and results

Year ended 31 December 2015

	Corporate insurance brokerage and risk solutions HK$	Asset management HK$	Capital market and advisory HK$	Total HK$
Segment revenue				
Revenue from external customers	44,769,251	35,946,922	128,531,313	209,247,486
Segment results	35,653,599	13,156,236	123,907,125	172,716,960
Other income				1,487,926
Corporate and other unallocated expenses				(43,029,265)
Profit before tax from continuing operations				131,175,621

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

Year ended 31 December 2016

	Corporate insurance brokerage and risk solutions HK$	Asset management HK$	Capital market and advisory HK$	Investment solutions HK$	Total HK$
Segment revenue					
Revenue from external customers	43,184,921	60,616,719	202,023,559	-	305,825,199
Inter-group revenue	-	-	15,508,600	-	15,508,600
Investment income	-	-	-	129,671,458	129,671,458
	43,184,921	60,616,719	217,532,159	129,671,458	451,005,257
Less: inter-group customers					(15,508,600)
					435,496,657
Gain on disposal of available-for-sale investments				16,511,500	16,511,500
Segment results	36,981,912	37,930,157	192,260,937	145,176,762	412,349,768
Other income					2,871,218
Finance costs					(45,744,440)
Corporate and other unallocated expenses					(83,756,956)
Profit before tax from continuing operations					285,719,590

4. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities

	2016 HK$	2015 HK$
Segment assets		
Corporate insurance brokerage and risk solutions	65,330,369	68,351,427
Asset management	392,215,290	2,487,167,398
Capital market and advisory	66,013,531	105,088,500
Investment solutions	2,795,868,787	-
Total segment assets	3,319,427,977	2,660,607,325
Assets relating to discontinued operation (note 9)	61,469,252	36,248,163
Unallocated corporate assets	294,738,748	234,804,024
Total assets	3,675,635,977	2,931,659,512

	2016 HK$	2015 HK$
Segment liabilities		
Corporate insurance brokerage and risk solutions	37,666,292	48,845,743
Asset management	341,641,527	2,462,031,967
Investment solutions	638,350,783	-
Total segment liabilities	1,017,658,602	2,510,877,710
Liabilities relating to discontinued operation (note 9)	15,121,215	25,891,046
Unallocated corporate liabilities	1,702,270,685	241,575,882
Total liabilities	2,735,050,502	2,778,344,638

Geographical information

The Group's revenue is derived solely from its operations in Hong Kong.

As at 31 December 2016, non-current assets, for the purpose of geographical information, consisting of property, plant and equipment and intangible assets, were all located in Hong Kong. As at 31 December 2015, apart from the property, plant and equipment in carrying amount of HK$275,831 located in the People's Republic of China, all property, plant and equipment were located in Hong Kong.

Information about a major customer

During the year ended 31 December 2016, revenue of HK$86,224,021 (2015: Nil) is derived from a single external customer from corporate market and advisory segment accounted for 10% or more of the total revenue of the Group.

5. REVENUE AND OTHER INCOME

Revenue represents the value of services rendered, and an analysis of revenue and other income from continuing operations is as follows:

	2016 HK$	2015 HK$
Revenue		
Corporate insurance brokerage and risk solutions		
Advisory and commission income	43,184,921	44,769,251
Asset management		
Asset management service income	59,708,176	35,172,582
Mandatory Provident Fund advisory services income	908,543	774,340
	60,616,719	35,946,922
Capital market and advisory		
Corporate finance service income	202,023,559	128,531,313
Investment solutions		
Fair value gains on financial assets as fair value through profit or loss, net	119,663,113	-
Loss on disposal of a held-for-trading investment	(268,389)	-
Interest income from debt securities	10,276,734	-
	129,671,458	-
	435,496,657	209,247,486
Other income		
Bank interests income	37,427	28,549
Interest income from loans receivable	2,425,697	1,215,213
Others	408,094	244,164
	2,871,218	1,487,926

6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	2016 HK$	2015 HK$
Depreciation	2,473,875	2,078,070
Minimum lease payments under operating leases	12,753,996	16,726,898
Auditor's remuneration		
Current year	1,338,362	1,365,619
Under provision in prior years	49,700	543,530
	1,388,062	1,909,149
Employee benefit expense		
Wage and salaries	57,465,209	31,829,693
Pension scheme contributions (defined contribution schemes)	2,428,665	1,592,385
	59,893,874	33,422,078
Foreign exchange differences, net	1,592,722	1,917,957
Fair value (gains)/loss, net:		
Equity investments at fair value through profit or loss		
- held for trading	(99,664,640)	-
- designated as such upon initial recognition	(19,998,473)	-
Gain on disposal of available-for-sale investments (transfer from equity disposal)	(16,511,500)	-
Loss on disposal of items of property, plant and equipment	160,406	-

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2016 HK$	2015 HK$
Interests on loans from the immediate holding company	4,006,301	28,767
Interests on bond payable	41,363,961	-
Interests on margin loans payable	1,184,154	-
	46,554,416	28,767

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong:

	Note	2016 HK$	2015 HK$
Hong Kong profits tax			
Current year		35,186,798	17,758,766
Under provision in prior years		-	37,475
		35,186,798	17,796,241
Deferred tax	23	17,239,669	-
		52,426,467	17,796,241

A reconciliation of tax expense and profit before tax at the Hong Kong statutory tax rate in which the Group's major operating subsidiaries are domiciled is as follows:

	2016 HK$	2015 HK$
Profit before tax from continuing operations	285,719,590	131,175,621
Tax at statutory tax rate of 16.5% (2015: 16.5%)	47,143,732	21,643,977
Adjustments in respect of current tax of previous years	-	37,475
Tax effect of non-taxable income	(9,508,650)	(1,944,685)
Tax effect of non-deductible expenses	12,811,915	242,615
Tax effect of unrecognised temporary difference	(168,935)	-
Tax effect of tax loss not recognised	3,291,363	1,997,351
Utilisation of tax losses previously not recognised	(1,142,958)	(4,180,492)
	52,426,467	17,796,241

9. DISCONTINUED OPERATION

During the current year, the directors of the Company resolved to discontinue the retail agency and advisory services (the "Retail Business"), and efforts are underway to dispose of this business in the near future. As at 31 December 2016, the Retail Business was classified as a disposal group held for sale and as a discontinued operation. With Retail Business being classified as a discontinued operation, it is no longer included in the note for operating segment information.

The results of the Retail Business for the years are presented below:

	2016 HK$	2015 HK$
Revenue	-	74,621,396
Other income	-	12,405,293
Staff costs	(87,163)	(18,922,202)
Loss on disposal of items of property, plant and equipment	(615,987)	-
Other expenses	(88,194)	(76,961,182)
Loss before tax	(791,344)	(8,856,695)
Taxation	-	-
Loss for the year	(791,344)	(8,856,695)

The major classes of assets and liabilities of Retail Business classified as held for sale as at 31 December 2016 are as follows:

	2016 HK$
Assets of a disposal business classified as held for sale	
Loans receivable	6,144,745
Accounts and other receivables	9,392,627
Deposits and prepayments	27,886,382
Bank balances – segregated accounts	18,045,498
	61,469,252
Liabilities directly associated with the assets held for sale	
Accounts and other payables	(15,121,215)
Net assets attributable to the Retail Business	46,348,037

10. DIVIDENDS

	2016 HK$	2015 HK$
Cash dividends on ordinary shares declared or paid:		
Final dividend for 2015 - Nil (2014: HK$3,500 per share)	-	35,000,000
Interim dividend for 2016 - Nil (2015: HK$1,150 per share)	-	11,500,000
	-	46,500,000

No dividend was paid or proposed by the Company for the year ended 31 December 2016.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$	Furniture and equipment HK$	Computer equipment HK$	Motor vehicles HK$	Total HK$
Cost					
At 1 January 2015	19,435,852	3,581,240	11,800,437	-	34,817,529
Additions	678,869	-	377,334	1,995,279	3,051,482
Exchange realignment	(911,427)	-	-	-	(911,427)
At 31 December 2015 and at 1 January 2016	19,203,294	3,581,240	12,177,771	1,995,279	36,957,584
Additions	7,263,398	1,444,572	2,013,766	388,000	11,109,736
Write-off	(18,909,945)	(3,581,240)	-	-	(22,491,185)
Disposal	-	-	-	(1,995,279)	(1,995,279)
Exchange realignment	(7,382)	-	-	-	(7,382)
At 31 December 2016	7,549,365	1,444,572	14,191,537	388,000	23,573,474
Accumulated depreciation					
At 1 January 2015	17,454,202	3,390,471	11,416,093	-	32,260,766
Charge for the year	1,349,871	95,627	366,535	266,037	2,078,070
Exchange realignment	(921,397)	-	-	-	(921,397)
At 31 December 2015 and at 1 January 2016	17,882,676	3,486,098	11,782,628	266,037	33,417,439
Charge for the year	1,815,213	116,324	431,483	110,855	2,473,875
Write-off	(18,801,875)	(3,528,904)	-	-	(22,330,779)
Disposal	-	-	-	(299,292)	(299,292)
Exchange realignment	(4,764)	-	-	-	(4,764)
At 31 December 2016	891,250	73,518	12,214,111	77,600	13,256,479
Net book value					
At 31 December 2016	6,658,115	1,371,054	1,977,426	310,400	10,316,995
At 31 December 2015	1,320,618	95,142	395,143	1,729,242	3,540,145

12. INTANGIBLE ASSETS

	2016 HK$	2015 HK$
At the beginning of year	-	-
Acquisition of assets through acquisition of a subsidiary (note 25)	14,671,170	-
Additions	500,000	-
At the end of year	15,171,170	-

As at 31 December 2016, 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 amortised.

The recoverable amount of the intangible assets is determined by reference to the market evidence of recent transaction prices for similar licensed corporations.

13. HELD-TO-MATURITY INVESTMENT

	Maturity	Interest rate	2016 HK$	2015 HK$
Listed debt securities in Hong Kong	March 2019	8%	155,102,000	-

The above investment comprising of a senior bond listed in Hong Kong as at 31 December 2016 was classified as held to maturity as the Group had the positive intention and ability to hold them to maturity.

14. ACCOUNTS RECEIVABLE

	Notes	2016 HK$	2015 HK$
Receivable from corporate insurance brokerage and risk solutions	(i)	25,267,562	43,455,981
Clients receivable	(ii)	21,030,777	7,988,897
Receivable from brokers and clearing house	(ii)	9,318,158	8,699,323
Receivable from capital market and advisory services	(iii)	62,034,192	105,088,500
		117,650,689	165,232,701

14. ACCOUNTS RECEIVABLE (continued)

Notes:

(i) The normal settlement terms of accounts receivable from corporate clients from the provision of corporate insurance brokerage and risk solutions are repayable on demand upon receipt of debit notes.

(ii) The normal settlement terms of clients receivable and receivable from brokers and clearing houses arising from asset management services are 2 days after trade date or at specific terms agreed with brokers and clearing houses.

(iii) The normal settlement terms of receivables from corporate finance services are at specific terms mutually agreed between the contracting parties.

Included in the Group's accounts receivable is an amount due from a fellow subsidiary of HK$31,020,400 (2015: due from ultimate holding company of HK$15,527,000) for services provided to this related company, which is 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. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable that are not individually nor collectively considered to be impaired as follows:

	2016 HK$	2015 HK$
Neither past due nor impaired	77,409,110	133,105,247
Less than 1 month past due	24,612,803	640,516
1 to 3 months past due	5,440,046	3,387,788
Over 3 months past due	10,188,730	28,099,150
Current portion	117,650,689	165,232,701

Receivables that were neither past due nor impaired relate to a number of reputable corporate clients, brokers, and clients for whom there was no recent history of default.

Receivables that were past due but not impaired relate to corporate clients, brokers and clients that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

15. LOANS RECEIVABLE

	Notes	2016 HK$	2015 HK$
Secured loans receivable			
Fixed-rate	(i)	10,081,630	-
Variable-rate	(ii)	42,491,392	48,489,844
Non-interest bearing		-	5,210,974
		52,573,022	53,700,818

	2016 HK$	2015 HK$
Analysed for reporting purpose as:		
Current assets	165,168	5,065,790
Non-current assets	52,407,854	48,635,028
	52,573,022	53,700,818

Notes:

(i) The loan receivable borne interest rate at 3.5% per annum.

(ii) The loans receivable borne interest at prime rate less 1% per annum

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 HK$	2015 HK$
Prepayments and deposits (note)	44,698,148	15,916,159
Other receivables	9,626,005	13,824,522
	54,324,153	29,740,681

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.

Note: On 16 December 2015, a subsidiary of the Company entered into an agreement with an independent third party, to acquire a company incorporated in Hong Kong for a consideration of HK$14,500,000 plus the net asset value of the target company as at 31 December 2015 of which HK$10,000,000 was placed as a deposit as at 31 December 2015. The acquisition was completed in April 2016.

17. AVAILABLE-FOR-SALE INVESTMENTS

	2016 HK$	2015 HK$
Listed equity investments, at fair value:		
Hong Kong	1,192,300,000	-

During the year, the gross gain in respect of the Group's available-for sale investments recognised in other comprehensive income amounted to HK$570,998,970 (2015: Nil).

As at 31 December 2016, the Group's listed equity investment with a carrying amount of HK$1,152,000,000 (2015: Nil) was pledged against its margin loans payable (note 20).

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK$	2015 HK$
Listed debt securities, at quoted price	16,838,571	5,119,452
Listed equity, at quoted price	989,728,800	-
Unlisted equity link note	91,108,588	-
Unlisted equity shares	350,790,828	-
	1,448,466,787	5,119,452
Analysed for reporting purpose as:		
Current assets	1,357,358,199	5,119,452
Non-current assets	91,108,588	-
	1,448,466,787	5,119,452

The above investments as at 31 December 2015 and 31 December 2016 were classified as held-for-trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are categorised into level 1 and 2.

As at 31 December 2016, the Group's listed equity investment with a carrying amount of HK$989,728,800 (2015: Nil) were pledged against its margin loans payable (note 20).

19. CASH AND CASH EQUIVALENTS

	2016 HK$	2015 HK$
Cash and cash equivalents:		
Cash on hand	50,031	294,169
General bank accounts	149,798,932	161,262,562
Total cash and cash equivalents	149,848,963	161,556,731
Segregated client bank account balances:		
Mortgage servicing business	-	7,190,044
Insurance brokerage business and others	40,064,784	29,255,486
Asset management business	348,026,385	2,476,323,454
Total segregated client bank accounts balances	388,091,169	2,512,768,984
Total cash and bank balances	537,940,132	2,674,325,715

Cash at banks earns interest at floating rates based on daily bank deposit rates for both years. The bank balances are deposited with creditworthy bank with no recent history of default.

The Group maintains segregated trust accounts with corporate banks to hold clients' monies arising from its operating course of asset management and corporate insurance brokerage and risk solutions services. The Group has classified the clients' monies as cash held on behalf of clients under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on grounds that it is liable for any loss or misappropriation of the clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

20. ACCOUNTS PAYABLE

	Notes	2016 HK$	2015 HK$
Accounts payable to insurance companies	(i)	37,666,292	47,342,079
Payables to clearing house and brokers	(ii)	372,000	-
Clients' payables	(ii)	2,053,829	-
Margin loans payable	(ii)	638,350,783	-
		678,442,904	47,342,079

20. ACCOUNTS PAYABLE (continued)

Notes:

(i) As at 31 December 2016, accounts payable to insurance companies amounted to HK$37,666,292 (2015: 47,342,079) and were repayable upon receipt of debit notes from insurance companies.

(ii) As at 31 December 2016, payable to clearing house and brokers and clients' payable of HK$638,722,783 (2015: Nil) and HK$2,053,829 (2015: Nil), respectively, arising from proprietary investment and securities dealing business are repayable on 2 days after trade date or at pre-agreed-specific terms.

An aging analysis of the accounts payable as at the end of the reporting period is as follows:

	2016 HK$	2015 HK$
Within 1 month/repayable on demand	645,259,646	10,345,992
1 to 2 months		
2 to 3 months	28,816,722	13,121,210
Over 3 months	4,366,536	23,874,877
	678,442,904	47,342,079

As at 31 December 2016, included in accounts payable of HK$638,350,783 are interest-bearing at rate of 3.00% to 5.25% p.a. and secured by financial assets at fair value through profit or loss of HK$989,728,800 and available-for-sale investments of HK$1,152,000,000. The remaining balances of accounts payable are unsecured and non-interest-bearing.

21. LOANS PAYABLE

	2016 HK$	2015 HK$
Loan from immediate holding company (note)	143,528,767	140,028,767
Mortgage loans payable	-	4,182,046
	143,528,767	144,210,813

Note:

As at 31 December 2015, the loan from immediate holding company borne interest rate at 2.5% per annum and had no fixed terms of repayment. During the current year, the loan from immediate holding company became subordinated to the bonds issued and thus classified as non-current. The fair value of the loan approximates to its carrying amount.

22. BOND PAYABLE

Name of bond	Par value US$	Equivalent to HK$	Issue date	Term of the bond	Net proceeds HK$	Effective interest rate per annum
AMTD medium term note issued in March 2016	110,000,000	852,830,000	21 March 2016	3 year	837,593,098	5.73%
AMTD medium term note issued in October 2016	50,000,000	387,700,000	24 October 2016	3 year	377,729,648	6.30%
	160,000,000	1,240,530,000			1,215,322,746	

On 16 March 2016, the Company completed its US$500 million medium term note programme (the "Programme"). On 21 March 2016 and 24 October 2016, the Group drew down from the Programme of US$110,000,000 (equivalent to HK$852,830,000) and US$50,000,000 (equivalent to HK$387,700,000), respectively. The bonds are listed on the Hong Kong Stock Exchange under governance of Chapter 37 of the Hong Kong Listing Rules. The bonds bear interest rate of 5.0% per annum with maturity on 21 March 2019, and interests are paid semi-annually. The transaction costs of HK$15,236,902 and HK$9,970,352, consisting mainly of arrangement fee and legal fee, are netted off against the balance of bond payable. After deducting the issuance costs, the Group received net proceeds of HK$1,215,322,746 in total.

	2016 HK$	2015 HK$
Medium term note repayable within five years	1,240,530,000	-
Discount and issue costs	(20,340,749)	-
Exchange realignment	279,504	
	1,220,468,755	-
Analysed as:		
Non-current liabilities	1,220,468,755	-

Interest expenses on the carrying amount of the above-mentioned bond payable are accrued at the effective interest rate of 5.7% and 6.3% per annum (inclusive of transaction cost) respectively to adjust the carrying amount of the bond payable to its amortised cost, being the present value of the expected future cash flows relating to periodic interest payments and principal repayment at par value at the maturity date.

The bond is unsecured and contains no conversion feature.

23. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the years are as follows:

	Unrealised gain on investment HK$
At 1 January 2015, 31 December 2015 and 1 January 2016	-
Deferred tax charged to profit or loss during the year (note 8)	17,239,669
At 31 December 2016	17,239,669

The Group has estimated tax losses arising in Hong Kong of HK$84,073,257 (2015: HK$71,052,621), 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 remaining 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.

24. SHARE CAPITAL

	2016	2015
Authorised:		
50,000 ordinary shares of US$1 each	US$50,000	US$50,000
Issued and fully paid:		
11,340 (2015: 11,340) ordinary shares of US$1 each (note)	US$10,001	US$10,001

24. SHARE CAPITAL (continued)

	Number of ordinary shares	Nominal value of ordinary share
At 1 January 2015	10,001	US$10,001
Issue of shares (note)	1,339	-
At 31 December 2015, and at 31 December 2016	11,340	US$10,001
Shown in the consolidated statement of financial position		HK$78,008

Note: On 13 March 2015, the Company issued 1,339 ordinary shares in exchange for 11,812 shares in AMTD Asia held by the non-controlling shareholders at that time. Further details of the transaction are included in note 28(a) to the financial statements As a result, the Company has increased its indirect shareholding in AMTD Asia from 88.2% to 100%.

25. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 16 December 2015, AMTD AM, a subsidiary of the Company entered into a sale and purchase agreement with an independent third party to acquire entire issued share capital of Asia Alternative Asset Partners Limited ("AAAPL") at a consideration of HK$18,668,589. The completion of the acquisition of AAAPL took place on 12 April 2016.

AAAPL is a company incorporated in Hong Kong with limited liability on 18 March 2003 and licensed by the Securities and Futures Commission ("SFC") to carry out Type 1 (dealing in securities), Type 4 (Advising on securities) and Type 9 (Asset management) regulated activities. The consideration was determined based on the fair value of such licenses as of 31 March 2016. In the opinion of the directors, the acquisition is in substance an asset acquisition instead of a business combination and AAAPL was inactive and did not constitute a business prior to the acquisition by AMTD AM and therefore is excluded from the scope of HKFRS 3 *Business Combination* ("HKFRS 3"). Therefore, the acquisition was not disclosed as a business combination in accordance with the requirement of HKFRS 3.

The net assets acquired in the transaction were as follows:

	HK$
Accounts and other receivables	112,382
Cash and bank balances	4,068,705
Intangible assets	14,671,170
Other payables	(183,668)
Total identifiable net assets at fair value	18,668,589

25. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY (continued)

The net assets acquired in the transaction were as follows: (continued)

	HK$
Consideration satisfied by:	
Cash paid	18,668,589
Net cash outflow arising on acquisition:	
Consideration paid in cash	(18,668,589)
Cash and cash equivalents acquired	4,068,705
	(14,599,884)

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

During the year, the Group purchased available-for-sale investments and financial assets fair value through profit or loss by way of margin loans. As at 31 December 2016, margin loans payable of HK$638,350,783 were not yet settled and the balance was included in accounts payable.

27. OPERATING LEASE COMMITMENTS

As at the end of reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises and staff quarters which fall due as follows:

	2016 HK$	2015 HK$
Within one year	20,057,976	9,950,311
Over one year	29,308,270	1,576,131
	49,366,246	11,526,442

Leases are negotiated with fixed rentals over the terms of the leases.

28. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the years:

(i) On 13 March 2015, the Company acquired 11.8% equity interest in AMTD Asia from the non-controlling shareholders, both are the Company's shareholders, by issuing 1,339 ordinary shares, based on an internal valuation of the business performed by the directors of the Company. Further details of the transactions are included in note 24 to the financial statements.

(ii) During the year ended 31 December 2015, the Group provided consultancy service of HK$15,527,000 charged to the ultimate holding company with mutually agreed terms.

(iii) On 5 February 2016 and 31 July 2016, the Group entered into a sales and purchase agreement to acquire equity-linked notes issued by a fellow subsidiary at a consideration of HK$54,803,780 and HK$15,510,200, respectively, with mutually agreed terms.

(iv) During the year, the Group provided underwriting service of HK$31,022,500 to a fellow subsidiary with mutually agreed terms.

(v) The Group borrowed loan from the immediate holding company during the year ended 31 December 2015 with principal amount of HK$140,000,000. Details of the loan are included in note 21 to the financial statements. Interest expenses for the year amounted to HK$3,500,000 (2015: HK$28,767).

(b) Outstanding balances with related parties:

(i) The Group had an outstanding balance due from its related company, a company associated with the major shareholder of HK$30,321,777 (2015: Nil) as at 31 December 2016. This balance is unsecured, interest-free and has no fixed terms of repayment.

(ii) The amount due to ultimate holding company is unsecured and interest-free, repayable on demand.

(iii) Details of the Group's loan from its immediate holding company as at the end of the reporting period are included in note 21 to the financial statements.

(iv) Details of the Group's accounts receivable from its related companies at the end of the reporting period are disclosed in the note 14 to the financial statements.

29. FINANCIAL INSTRUMENTS BY CATEGORIES

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2016

Financial assets

	Financial assets at fair value through profit or loss HK$	Loans and receivables HK$	Available-for-sale financial assets HK$	Held-to-maturity investments HK$	Total HK$
Accounts receivable	-	117,650,689	-	-	117,650,689
Financial assets included in prepayments, deposits and other receivables	-	9,626,005	-	-	9,626,005
Due from a related company	-	30,321,777	-	-	30,321,777
Available-for-sale investments	-	-	1,192,300,000	-	1,192,300,000
Held-to-maturity investment	-	-	-	155,102,000	155,102,000
Financial assets at fair value through profit or loss	1,448,466,787	-	-	-	1,448,466,787
Loans receivable	-	52,573,022	-	-	52,573,022
Bank balances – segregated accounts	-	388,091,169	-	-	388,091,169
Cash and bank balances – general accounts	-	149,848,963	-	-	149,848,963
	1,448,466,787	748,111,625	1,192,300,000	155,102,000	3,543,980,412

29. FINANCIAL INSTRUMENTS BY CATEGORIES (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

As at 31 December 2016 (continued)

Financial liabilities

	Financial liabilities at amortised HK$
Accounts payable	678,442,904
Clients' monies held on trust	339,118,657
Other payables and accruals	35,697,119
Loans payable	143,528,767
Bond payable	1,220,468,755
Bond interest payable	15,165,517
Due to ultimate holding company	190,028,927
Provision	59,638,242
	2,682,088,888

As at 31 December 2015

Financial assets

	Financial assets at fair value through profit or loss HK$	Loans and receivables HK$	Total HK$
Accounts receivable	-	165,232,701	165,232,701
Financial assets included in prepayments, deposits and other receivables	-	13,824,522	13,824,522
Financial assets at fair value through profit or loss	5,119,452	-	5,119,452
Loans receivable	-	53,700,818	53,700,818
Bank balances – segregated accounts	-	2,512,768,984	2,512,768,984
Cash and bank balances – general accounts	-	161,556,731	161,556,731
	5,119,452	2,907,083,756	2,912,203,208

29. FINANCIAL INSTRUMENTS BY CATEGORIES (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

As at 31 December 2015 (continued)

Financial liabilities

	Financial liabilities at amortised HK$
Accounts payable	47,342,079
Clients' monies held on trust	2,467,323,441
Other payables and accruals	40,335,323
Loans payable	144,210,813
Dividend payable	11,500,000
Provision	50,531,125
	2,761,242,781

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, accounts receivable, accounts payable, loans receivable, financial assets included in other receivables and prepayments, other payables and accruals, bond interest payable, dividend payable, provision and amounts due with a related company and the ultimate holding company, approximate to their carrying amounts largely due to repayable on demands/no fixed terms of payment or the short term maturities of these instruments or the effect of discounting is not material.

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:

The fair value of the loans payable and bond payable has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the bonds was assessed to be insignificant.

The fair values of listed financial investments is based on quoted market prices.

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Financial instruments that trade in markets that are not considered to be active and are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or subject to transfer restrictions, valuation may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Fair Value Hierarchy
The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
As at 31 December 2016				
Available-for-sale investments	1,192,300,000	-	-	1,192,300,000
Financial assets at fair value through profit or loss	989,728,800	458,737,987	-	1,448,466,787
	2,182,028,800	458,737,987	-	2,640,766,787
As at 31 December 2015				
Financial assets at fair value through profit or loss	-	5,119,452	-	5,119,452

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2015: Nil).

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable, accounts payable, financial assets included in other receivables and prepayments, other payables and accruals, bond interest payable, loans payable, dividend payable, bond payable and provision, which primarily arise directly from its operations.

The main risks arising from the Group's financial instruments are 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.

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$, and therefore the Group is exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. As HK$ is currently pegged to United States dollars ("USD"), the management considers that there is no significant foreign currency risk arising from the Group's monetary assets denominated in USD.

The Group's key currency risk exposure primarily arises from trade receivables and bank balances denominated in Pound Sterling ("GBP"), RMB and Australian Dollar ("AUD"). As at 31 December 2016 and 2015, the carrying amounts of the Group's major foreign currency denominated monetary assets are as follows:

	Assets	
	2016	2015
	HK$	HK$
GBP	1,904	1,966,808
RMB	631,683	840,666
AUD	139,060	5,915,338
	772,647	8,722,812

Foreign currency sensitivity
If GBP had appreciated/depreciated by 5% (2015: 5%) with all other variables held constant, the impact on the Group's profit/(loss) before tax for the year would be HK$95 (2015: HK$98,340).

If RMB had appreciated/depreciated by 5% (2015: 5%) with all other variables held constant, the impact on the Group's profit/(loss) before tax for the year would be HK$31,584 (2015: HK$42,033).

If AUD had appreciated/depreciated by 5% (2015: 5%) with all other variables held constant, the impact on the Group's profit/(loss) before tax for the year would be HK$6,953 (2015: HK$ 295,767).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Transactions of the Group are denominated in the functional currency and therefore the Group is not exposed to foreign currency risk.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk
The Group's exposure to the risk of change in market interest rates relates primarily to the Group's loans receivable and bank balances disclosed in notes 15 and 19.

Interest rate sensitivity
If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before tax for the year ended 31 December 2016 would decrease/increase by HK$2,902,158 (2015: HK$12,919,079). This is mainly attributable to the Group's net exposure to interest rates on its loans receivable, bank balances and loans payables.

Other price risk
The Group is exposed to price risk through its investments in debt securities. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's price risk is mainly concentrated on debt instruments. Management managed this exposure in accordance with the limits set by the Group.

The other price risk is limited because the price fluctuation of the debt securities is not significant.

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 are 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 directors periodically.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

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.

The credit risk on liquid funds is limited because the counterparties are mainly banks and insurance companies with sound credit.

The credit risk on debt instruments is not significant.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 and loans.

The following tables detail the Group's remaining contractual maturity for its non-derivative 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.

2016

	Weighted average interest rate %	On demand or less than 3 months HK$	3 months to 1 year HK$	1 to 5 years HK$	Total HK$
Accounts payables	N/A	678,442,904	-	-	678,442,904
Clients' monies held on trust	N/A	339,118,657	-	-	339,118,657
Other payables and accruals	N/A	35,697,119	-	-	35,697,119
Loans payable	2.5%	875,000	2,625,000	147,903,767	151,403,767
Bond payable	5%	9,709,037	32,915,963	1,272,802,792	1,315,427,792
Bond interest payable	N/A	15,165,517	-	-	15,165,517
Due to ultimate holding company	N/A	190,028,927	-	-	190,028,927
Provision	N/A	-	59,638,242	-	59,638,242
		1,269,037,161	95,179,205	1,420,706,559	2,784,922,925

2015

	Weighted average interest rate %	On demand or less than 3 months HK$	3 months to 1 year HK$	1 to 5 years HK$	Total HK$
Accounts payables	N/A	47,342,079	-	-	47,342,079
Clients' monies held on trust	N/A	2,467,323,441	-	-	2,467,323,441
Other payables and accruals	N/A	40,335,323	-	-	40,335,323
Loans payable	2.5%	144,210,813	-	-	144,210,813
Dividend payable	N/A	11,500,000	-	-	11,500,000
Provision	N/A	-	50,531,125	-	50,531,125
		2,710,711,656	50,531,125	-	2,761,242,781

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 amounts due to ultimate holding company, bond payable and equity attributable to equity holders of the Group, comprising issued share capital, share premium, retained profits and reserves, as disclosed in consolidated statement of changes in equity.

There were no changes on the Group's approach to capital risk management during the year.

32. COMPARATIVE AMOUNTS

Certain comparatives on the consolidated statement of profit or loss, consolidated statement of comprehensive income and related notes have been re-presented so as to reflect the results for the continuing and discontinuing operations (note 9).

33. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2017.

ISSUER

AMTD Group Company Limited
P.O. Box 957
Offshore Incorporations Centre
Road Town, Tortola
British Virgin Islands

AUDITOR OF THE ISSUER

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

FISCAL AGENT AND ISSUING AND PAYING AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon SA/NV,
Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugene Ruppert
L-2453 Luxembourg

CMU LODGING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon, Hong Kong Branch
Level 24, Three Pacific Place
1 Queen's Road East
Hong Kong

LEGAL ADVISERS

To the Issuer as to English law

Clifford Chance
27th Floor, Jardine House
One Connaught Place
Central
Hong Kong

To the Issuer as to British Virgin Islands law

Walkers (Hong Kong)
15th Floor
Alexandra House
Chater Road
Hong Kong

To the Dealers as to English law

Linklaters
10th Floor
Alexandra House
Chater Road
Hong Kong

Appendix 2

Offering Circular dated 15 February 2022

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer (as defined in this Offering Circular) in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer and AMTD Global Markets Limited ("**AMTD Global Markets**") (the "**Arranger**"), any person who controls the Arranger, any director, officer, employee nor agent of the Issuer or the Arranger, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Offering Circular dated 15 February 2022

AMTD GROUP COMPANY LIMITED

(incorporated under the laws of the British Virgin Islands with limited liability)
(as Issuer)

U.S.$1,000,000,000
Medium Term Note Programme

Under the U.S.$1,000,000,000 Medium Term Note Programme described in this Offering Circular (the "**Programme**"), AMTD Group Company Limited (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "**Notes**") or perpetual securities (the "**Perpetual Securities**" and, together with the Notes, the "**Securities**"). The Perpetual Securities may rank as senior obligations (the "**Senior Perpetual Securities**") or subordinated obligations (the "**Subordinated Perpetual Securities**") of the Issuer. The aggregate nominal amount of Securities outstanding will not at any time exceed U.S.$1,000,000,000 (or the equivalent in other currencies), subject to increase as described herein. Securities may be issued in bearer or registered form. The Securities may be issued on a continuing basis to any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Securities being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Securities.

Application has been made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of the Programme under which Securities may be issued by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the "**Professional Investors**") only during the 12-month period after the date of this document on the Hong Kong Stock Exchange. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Securities are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Securities are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Securities or the Issuer or the Group (as defined below) or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Notice of the aggregate nominal amount of Securities, interest (if any) payable in respect of Notes, the distribution (if any) payable in respect of the Perpetual Securities, the issue price of Securities and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in the terms and conditions of the Notes or, as the case may be, the Perpetual Securities) of Securities will be set out in a pricing supplement (each a "**Pricing Supplement**") which, with respect to Securities to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange, on or before the date of issue of the Securities of such Tranche.

The Programme provides that Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer, and the relevant Dealer. The Issuer may also issue unlisted Securities and/or Securities not admitted to trading on any market. The relevant Pricing Supplement in respect of the issue of any Securities will specify whether or not such Securities will be listed on the Hong Kong Stock Exchange or any other stock exchange.

Each Series (as defined in "*Summary of the Programme*") of Securities in bearer form will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Securities**"), and will be sold in an "offshore transaction" within the meaning of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Interests in Temporary Global Securities generally will be exchangeable for interests in permanent global securities (each a "**Permanent Global Security**" and, together with the Temporary Global Securities, the "**Global Securities**"), or if so stated in the relevant Pricing Supplement, definitive Securities ("**definitive Securities**"), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of such Tranche, upon certification as to non-U.S. beneficial ownership. Interests in Permanent Global Securities will be exchangeable for Definitive Securities in whole but not in part as described under "Summary of Provisions Relating to the Securities while in Global Form".

The Securities of each Series to be issued in registered form ("**Registered Securities**", or only in the case of the Notes of each Series to be issued in registered form, also the "**Registered Notes**") will initially be represented by a permanent registered global certificate (each a "**Global Certificate**") without interest coupons, which may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), with a common depositary ("**Common Depositary**") on behalf of Euroclear and Clearstream, Luxembourg, (b) in the case of a Series intended to be cleared through the CMU Service with a sub-custodian for the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the "**CMU Service**") and (c) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear, Clearstream, Luxembourg and/or the CMU Service, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. The provisions governing the exchange of interests in Global Securities for other Global Securities and definitive Securities are described in "Summary of Provisions Relating to the Securities while in Global Form".

The Securities have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Securities may include Bearer Securities (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold, or, in the case of Bearer Securities, delivered within the United States. Securities are subject to certain restrictions on transfer, see "*Subscription and Sale*".

The Issuer may agree with any Dealer that Securities may be issued in a form not contemplated by the Terms and Conditions of the Securities herein, in which event a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Securities.

Investing in Securities issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Securities in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in Securities. Investors should not purchase Securities unless they understand and are able to bear risks associated with Securities. Investors should be aware that the Securities issued under the Programme may contain complex features, such as a perpetual term, variable interest rates, deferred payments of distributions (on a cumulative or non-cumulative basis) and subordination, and that there are various risks arising from such features, as well as other risks relating to the Securities, the Issuer, the Group, their businesses and their jurisdictions of incorporation and operation with which investors should familiarise themselves before making an investment in the Securities. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations in respect of the Securities are discussed under "*Risk Factors*" below.

Arranger
AMTD

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries (collectively, the "**Group**") and the Securities, which is material in the context of the issue and offering of the Securities, (ii) the statements contained in it relating to the Issuer and the Group are in every material respect true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other facts in relation to the Issuer, the Group or the Securities the omission of which would, in the context of the issue and offering of the Securities, make any statement in this Offering Circular misleading in any material respect and (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. In addition, the Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (in relation to Notes) or "*Terms and Conditions of the Perpetual Securities*" (in relation to Perpetual Securities) as amended and/or supplemented by the Pricing Supplement specific to such Tranche (together, the "**Terms and Conditions of the Securities**"). This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Securities, must be read and construed together with the relevant Pricing Supplement.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Securities in certain jurisdictions may be restricted by law. Persons who come into possession of this Offering Circular are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. None of the Issuer, the Arranger or the Dealers represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which would permit a public offering of any Securities or distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

There are restrictions on the offer and sale of the Securities and the circulation of documents relating thereto, in certain jurisdictions including, but not limited to, the United States of America, the European Economic Area, the United Kingdom, the PRC, Hong Kong, Japan, Singapore and the British Virgin Islands, and to persons connected therewith. The Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Securities in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold or, in the case of Bearer Securities, delivered within the United States. The Securities are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. For a description of certain restrictions on offers, sales and transfers of Securities and on the distribution of this Offering Circular, see "*Subscription and Sale*".

Product Governance under Directive 2014/65/EU (as amended)

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

The Pricing Supplement in respect of any Securities may include a legend entitled "EU MiFID II Product Governance" which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") " should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

Product Governance under UK MiFIR

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**"), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities , but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

The Pricing Supplement in respect of any Securities may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) — The Pricing Supplement in respect of any Securities may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Securities pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"). The Issuer will make a determination in relation to each issue about the classification of the Securities being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Pricing Supplement will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

Listing of the Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Group or the Securities. In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Securities.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme and the sale of Securities and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, any Dealer, or any Arranger.

Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Security shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Group since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Securities and should not be considered as a recommendation by the Issuer, the Arranger, the Dealers, or any director, officer, employee, agent or affiliate of any such person or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Securities. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Securities outstanding at any one time under the Programme will not exceed U.S.$1,000,000,000 (and for this purpose, any Securities denominated in another currency shall be translated into U.S.$ at the date of the agreement to issue such Securities calculated in accordance with the provisions of the Dealer Agreement).

The maximum aggregate principal amount of Securities which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "Subscription and Sale".

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF SECURITIES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT THE SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE TRADE DATE. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABLISATION ACTION MAY BEGIN ON DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE

DATE OF THE RELEVANT TRANCHE OF SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISTION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABLISATION MANAGER(S) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES,

The Arranger and the Dealers have not separately verified the information contained in this Offering Circular. To the fullest extent permitted by law, neither any of the Arranger nor any of the Dealers, or any director, officer, employee, agent or affiliate of any such person makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, neither the Arranger nor the Dealers, or any director, officer, employee, agent or affiliate of any such person accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by an Arranger, a Dealer, or any director, officer, employee, agent or affiliate of any such person or on its behalf in connection with the Issuer, the Group or the issue and offering of the Securities. Each Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Securities of a particular issue. Each potential purchaser of Securities should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Securities, which may describe additional risks and investment considerations associated with such Securities. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in an issue of Securities and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

Each potential purchaser of Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group. Each potential purchaser of Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Securities should be based upon such investigation as it deems necessary. Neither the Arranger nor the Dealers or agent or affiliate of any such person undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Securities of any information coming to the attention of any of the Arranger or the Dealers or any of them.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "**U.S.$**" and to "**U.S. dollars**" are to United States dollars; all references to "**HK$**" and "**Hong Kong dollars**" are to Hong Kong dollars; all references to "**euro**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended; all references to "**yen**" are to Japanese yen; all references to "**Renminbi**", "**CNY**" and "**RMB**" are to the currency of the PRC; all references to "**United States**" or "**U.S.**" are to the United States of America; references to "**China**" and the "**PRC**" in this Offering Circular mean the People's Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; references to "**PRC Government**" mean the government of the PRC; references to "**Hong Kong**" and "HKSAR" are to the Hong Kong Special Administrative Region of the People's Republic of China; references to "**Macau**" are to the Macao Special Administrative Region of the People's Republic of China; all references to "**Greater China**" are to China, Hong Kong, Macau and the Republic of China ("**Taiwan**"); and all references to "**United Kingdom**" are to the United Kingdom of Great Britain and Northern Ireland. No representation is made that the U.S. dollar or Hong Kong dollar amounts referred to in this Offering Circular could have been or could be converted into Hong Kong dollars or U.S. dollars, as the case may be, at any particular rate or at all.

FORWARD LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*Description of the Group*" and elsewhere in this Offering Circular constitute "forward-looking statements". The words including "believe", "expect', "plan", "anticipate", "schedule", "estimate" and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group's management for its future operations (including development plans and objectives relating to the Group's operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward- looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. The Issuer expressly disclaims any obligation or undertaking to release any updates or revisions to any forward- looking statements contained herein to reflect any change in the Issuer's or the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under "*Risk Factors*" and elsewhere, important factors that could cause actual results to differ materially from the Issuer's expectations. All subsequent written and forward-looking statements attributable to the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by such cautionary statements.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Group as at and for the years ended 31 December 2018, 2019 and 2020 (the "**Audited Financial Statements of the Group**") have been prepared and presented in accordance with International Financial Reporting Standards ("**IFRS**") and have been, in the case of the audited consolidated financial statements of the Group as at and for the years ended 31 December 2018 and 2019, audited by Ernst & Young, Certified Public Accountants ("**Ernst & Young**") and, in the case of the audited consolidated financial statements of the Group as at and for the year ended 31 December 2020, audited by Deloitte Touche Tohmatsu ("**Deloitte**").

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

INFORMATION INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement and all amendments and supplements from time to time to this Offering Circular, which shall be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the specified offices of the Paying Agents (as defined in the terms and conditions of the Securities) set out at the end of this Offering Circular and will only be available for inspection by a holder of the relevant Securities and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Securities and identity.

CONTENTS

Page

SUMMARY OF THE PROGRAMME 1
SUMMARY FINANCIAL INFORMATION 8
RISK FACTORS 10
USE OF PROCEEDS 38
CLEARANCE AND SETTLEMENT 39
TERMS AND CONDITIONS OF THE NOTES 41
TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES 70
FORM OF PRICING SUPPLEMENT IN RELATION TO THE NOTES 100
FORM OF PRICING SUPPLEMENT IN RELATION TO THE PERPETUAL SECURITIES 109
SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM 117
CAPITALISATION 123
DESCRIPTION OF THE ISSUER 124
DESCRIPTION OF THE GROUP 125
DIRECTORS 139
TAXATION 141
SUBSCRIPTION AND SALE 144
GENERAL INFORMATION 150

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and any decision to invest in the Securities should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Words and expressions defined in the "Terms and Conditions of the Notes" and "Terms and Conditions of the Perpetual Securities" below or elsewhere in this Offering Circular have the same meanings in this summary.

Issuer	AMTD Group Company Limited.
Legal Entity Identifier Code	300300562CL5FSKOCE61.
Programme Size	Up to U.S.$1,000,000,000 (or the equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors	Investing in Securities issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations in respect of the Securities are discussed under the section "*Risk Factors*" below.
Arranger	AMTD Global Markets Limited.
Dealers	Any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Securities.
Fiscal Agent and Issuing and Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch.
CMU Lodging and Paying Agent, Registrar and Transfer Agent	The Bank of New York Mellon, Hong Kong Branch.
Method of Issue	Securities may be issued on a syndicated or non-syndicated basis. Securities will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest (in the case of Notes) or the first payment of distribution (in the case of Perpetual Securities), as applicable), the Securities of each Series being intended to be interchangeable with all other Securities of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest (in the case of Notes) or the first payment of distribution (in the case of Perpetual Securities), as applicable), and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Pricing Supplement.
Issue Price	Securities may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Securities may be issued, the issue price of which will be payable in two or more instalments.

Form of Securities	The Securities may be issued in bearer form ("**Bearer Securities**", or only in the case of the Notes that may be issued in bearer form, also the "**Bearer Notes**") or in registered form ("**Registered Securities**", or only in the case of the Notes that may be issued in registered form, also the "**Registered Notes**") only. Each Tranche of Bearer Securities will be represented on issue by a Temporary Global Security if (i) definitive Securities are to be made available to Securityholders (as defined in the relevant terms and conditions of the Securities) following the expiry of 40 days after their issue date or (ii) such Securities have an initial maturity of more than one year and are being issued in compliance with TEFRA D (as defined in "— *Selling Restrictions*" below), otherwise such Tranche will be represented on issue by a Permanent Global Security. Registered Securities will be represented on issue by a Global Certificate.
Clearing Systems	Clearstream, Luxembourg, Euroclear and/or the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent (or, the CMU Lodging and Paying Agent, as the case may be) and the relevant Dealer.
Initial Delivery of Securities	On or before the issue date for each Tranche, the Global Security representing Bearer Securities or the Global Certificate representing Registered Securities may be deposited with the Common Depositary or deposited with a sub-custodian for the CMU. Global Securities or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system **provided that** the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent (or, the CMU Lodging and Paying Agent, as the case may be) and the relevant Dealer. Registered Securities that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in any currency agreed between the Issuer and the relevant Dealers.
Specified Denomination	Definitive Securities will be in such denominations as may be specified in the relevant Pricing Supplement save that unless otherwise permitted by then current laws and regulations, Securities (including Securities denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Listing and Admission to Trading	Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Securities may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this document on the Hong Kong Stock Exchange. Separate applications will be made for the listing of the Securities under the Programme on the Hong Kong Stock Exchange. The Programme provides that Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer, and

	the relevant Dealer. The Issuer may also issue unlisted Securities and/or Securities not admitted to trading on any market. The relevant Pricing Supplement in respect of the issue of any Securities will specify whether or not such Securities will be listed on the Hong Kong Stock Exchange or any other stock exchange.
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Securities and on the distribution of offering material in the United States, the European Economic Area (including the United Kingdom), the PRC, Hong Kong, Japan, Singapore and the British Virgin Islands, see "*Subscription and Sale*" below. Category 1 selling restrictions will apply for the purposes of Regulation S. The Securities will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) (the "**D Rules**") unless (i) the relevant Pricing Supplement states that Securities are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**C Rules**") or (ii) the Securities are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Securities will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**") or will be in "registered form" for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.
	Notes
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or (ii) by reference to EURIBOR or HIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. Interest periods will be specified in the relevant Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of dual currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.

Index-Linked Notes	Payments of principal in respect of Index-Linked Redemption Notes or of interest in respect of Index-Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer and the relevant Dealer(s).
Redemption	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Redemption by Instalments	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Optional Redemption	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Change of Control Redemption	Notes may be redeemed before their stated maturity at the option of the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement upon the occurrence of a Change of Control (as defined in "*Terms and Conditions of the Notes*").
Status of Notes	The Notes will constitute unsecured obligations of the Issuer as described in "*Terms and Conditions of the Notes — Status*".
Negative Pledge	See "*Terms and Conditions of the Notes — Negative Pledge*".
Cross Acceleration	See "*Terms and Conditions of the Notes — Events of Default*".
Early Redemption	Except as provided in "Optional Redemption" and "Change of Control Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "*Terms and Conditions of the Notes — Redemption, Purchase and Options*".
Withholding Tax	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the British Virgin Islands unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such

	withholding been required, all as described in "*Terms and Conditions of the Notes — Taxation*".
Governing Law	English.
	Perpetual Securities
Maturities	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the terms and conditions of the Perpetual Securities.
Distribution Basis	Perpetual Securities may confer a right to receive distribution at fixed or floating rates.
Fixed Rate Perpetual Securities	Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the relevant Pricing Supplement.
Floating Rate Perpetual Securities	Floating Rate Perpetual Securities will bear distribution determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the Relevant Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.; or (ii) by reference to EURIBOR or HIBOR, (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. Distribution periods will be specified in the relevant Pricing Supplement.
Distribution Periods and Distribution Rates	The length of the distribution periods for the Perpetual Securities and the applicable distribution rate or its method of calculation may differ from time to time or be constant for any Series. Perpetual Securities may have a maximum distribution rate, a minimum distribution rate, or both. The use of distribution accrual periods permits the Perpetual Securities to allow distribution at different rates in the same distribution period. All such information will be set out in the relevant Pricing Supplement.
Distribution Discretion	If Distribution Deferral is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution or to pay only part of a distribution by giving notice prior to a scheduled Distribution Payment Date. If Dividend Pusher is specified in the relevant Pricing Supplement, the Issuer may not elect to defer any distribution if, during the Reference Period ending on the day before that scheduled Distribution Payment Date, a Compulsory Distribution Payment Event has occurred, as described in "*Terms and Conditions of the Perpetual Securities — Distributions and other Calculations — Distribution Discretion*".

Non-Cumulative Deferral and Cumulative Deferral	If Non-Cumulative Deferral is specified in the relevant Pricing Supplement, any deferred distribution is non-cumulative and will not accrue interest and the Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. If Cumulative-Deferral is specified in the relevant Pricing Supplement, any deferred distribution shall constitute Arrears of Distribution.
Restrictions in the case of Non-Payment	If a Dividend Stopper is specified in the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full, the Issuer shall not and shall procure that none of its subsidiaries shall (i) declare or pay any dividends, distributions or make any other payment or (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any of its Relevant Obligations (Stopper).
Status of the Senior Perpetual Securities	All Senior Perpetual Securities will, upon issue, constitute unsecured obligations of the Issuer as described in "*Terms and Conditions of the Perpetual Securities — Status — Status of Senior Perpetual Securities*".
Status of the Subordinated Perpetual Securities	All Subordinated Perpetual Securities will, upon issue, constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in "*Terms and Conditions of the Perpetual Securities — Status — Status of Subordinated Perpetual Securities*".
Subordination of Subordinated Perpetual Securities	Subject to the insolvency laws of the British Virgin Islands and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them shall rank ahead of those persons whose claims are in respect of any Junior Obligations of the Issuer, but shall be subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer, other than the claims of holders of Parity Obligations of the Issuer.
No set-off in relation to Subordinated Perpetual Securities	Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them. Such holders are deemed to have waived all such rights. If any amounts owing to the holders are discharged by set-off, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer.
Optional Redemption	The Pricing Supplement issued in respect of each issue of Perpetual Securities will state whether such Perpetual Securities may be redeemed prior to their stated maturity at the option of the Issuer

	(either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Tax Redemption	The Issuer may redeem the Perpetual Securities in whole, but not in part, at their principal amount, together with any distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), in the event of certain changes affecting the taxes of the British Virgin Islands, as further described in "*Terms and Conditions of the Perpetual Securities — Redemption, Purchase and Options — Redemption for Taxation Reasons*".
Redemption for Accounting Reasons	If so specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to International Financial Reporting Standards, as amended from time to time (the "**IFRS**") or any other accounting standards that may replace IFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.
Limited right to institute proceedings in relation to Perpetual Securities	Notwithstanding any of the provisions in Condition 10 of the Perpetual Securities, the right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 5(IV) of the Perpetual Securities.
Proceedings for Winding-Up	If an Enforcement Event, as described in Condition 10 of the Perpetual Securities, occurs, the Issuer shall be deemed to be in default and Perpetual Securityholders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Perpetual Securities may institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.
Taxation	All payments of principal and distribution in respect of the Perpetual Securities and the Coupons will be made free and clear of withholding taxes of the British Virgin Islands unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Securityholder of such amounts as would have been received by it had no such withholding been required, all as described in "*Terms and Conditions of the Perpetual Securities — Taxation*".
Governing Law	English law, save for subordination provisions which are governed by British Virgin Islands law.

SUMMARY FINANCIAL INFORMATION

*The summary financial information set forth below as at and for the years ended 31 December 2018, 2019 and 2020 has been extracted from the Issuer's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020 (the "**Annual Financial Statements**").*

The audited consolidated financial statements as at and for the year ended 31 December 2020 have been audited by Deloitte and the audited consolidated financial statements as at and for the years ended 31 December 2018 and 2019 have been audited by Ernst &Young. The information set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant Annual Financial Statements, including the notes thereto, set out elsewhere in this Offering Circular. The Issuer's Annual Financial Statements for each of the financial periods stated are prepared and presented in accordance with the prevailing IFRS.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December		
	2018	**2019**	**2020**
		(HK$) *(audited)*	
REVENUE			
Fee and commission income	430,443,173	699,554,375	758,747,787
Net gains related to disposed investments	7,516,457	17,403,303	93,508,247
Dividend income	99,433,379	122,501,085	118,312,501
Interest income from debt securities	20,414,691	11,419,277	23,874,576
	557,807,700	850,878,040	994,443,111
Net fair value changes on financial assets at fair value through profit or loss ("FVTPL") and derivative financial assets	655,658,320	1,177,935,614	350,243,914
	1,213,466,020	2,028,813,654	1,344,687,025
Other income and gains	165,074,027	65,295,084	273,177,480
Fair value gain on derivative financial liability	—	—	7,765,148
Impairment losses under expected credit loss ("ECL") model on financial assets at amortised costs	—	—	(54,922,525)
Revaluation deficit of hotel property	—	—	(94,859,567)
Operating expenses	(133,683,045)	(184,489,370)	(255,688,979)
Staff costs	(99,978,310)	(114,785,786)	(189,441,220)
Finance costs	(181,532,090)	(235,410,441)	(218,392,463)
Share of losses of:			
Joint ventures	—	(2,062,955)	(23,122,975)
Associates	—	(8,443,362)	(35,171,520)
PROFIT BEFORE TAX	963,346,602	1,548,916,824	754,030,404
Income tax (expense)/credit	(152,917,077)	(287,459,266)	86,056,068
PROFIT FOR THE YEAR	**810,429,525**	**1,261,457,558**	**840,086,472**
Attributable to:			
Ordinary shareholders of the parent	625,089,306	1,269,939,604	430,858,543
Holder of loans payable to a shareholder	3,500,000	3,500,000	3,500,000
Holders of perpetual securities	119,535,218	117,565,611	112,882,604
Non-controlling interests	62,305,001	(129,547,657)	292,845,325
PROFIT FOR THE YEAR	**810,429,525**	**1,261,457,558**	**840,086,472**
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of joint venture	—	131,000,657	—
Exchange differences on translation of foreign operations	(313,670)	—	1,954,535
Item that will not be reclassified to profit or loss:			
Fair value changes on equity investment designated at fair value through other comprehensive income ("FVTOCI")	(5,340,000)	(2,314,000)	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR	(5,653,670)	128,686,657	1,954,535
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**804,775,855**	**1,390,144,215**	**842,041,007**
Attributable to:			

	For the year ended 31 December		
	2018	2019	2020
		(HK$) (audited)	
Ordinary shareholders of the parent	619,435,636	1,398,626,261	432,813,078
Holder of loans payable to a shareholder	3,500,000	3,500,000	3,500,000
Holders of perpetual securities	119,535,218	117,565,611	112,882,604
Non-controlling interests	62,305,001	(129,547,657)	292,845,325
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**804,775,855**	**1,390,144,215**	**842,041,007**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		
	2018	2019	2020
		(HK$) (audited)	
ASSETS			
Cash and bank balances	330,615,427	795,889,205	685,745,352
Other assets	617,500,959	264,520,066	204,510,921
Accounts receivable	179,928,096	406,814,060	181,472,700
Prepayments, other receivables and deposits	5,480,891,142	5,612,930,428	227,582,832
Derivative financial assets	—	2,723,975,670	2,777,695,751
Equity investment designated at FVTOCI	2,581,000	267,000	—
Debt instruments at amortised cost	452,109,412	108,317,020	79,579,526
Due from a related company	4,075,351	—	—
Due from the then ultimate holding company	3,682,627,819	7,348,863,550	—
Tax recoverable	2,272,196	1,102,022	1,102,022
Financial assets at FVTPL	4,573,290,576	3,509,793,879	2,772,199,303
Stock loans	2,293,179,600	1,576,700,200	1,209,758,900
Interest in joint ventures	—	403,395,088	348,517,519
Investments in associates	30,000,000	721,556,638	686,385,118
Intangible assets	15,171,170	15,171,170	66,846,235
Goodwill	—	—	57,966,993
Property, plant and equipment	30,931,797	1,271,244,123	1,147,917,440
TOTAL ASSETS	**17,695,174,545**	**24,760,540,119**	**10,447,280,612**
LIABILITIES AND EQUITY			
Accounts payable	594,461,184	508,428,064	210,684,786
Margin loans payable	424,998,139	389,618,830	42,432,010
Perpetual note payable to a related company	—	—	50,843,579
Financial liabilities at FVTPL	—	63,432,924	12,954,313
Contract liabilities, other payables and accruals	106,827,564	879,454,379	326,162,268
Interest-bearing bank borrowings and lease liabilities	439,010,336	913,021,031	960,999,059
Due to an associate	29,498,000	—	—
Bonds payable	2,737,297,017	2,894,161,330	2,103,698,734
Tax payable	29,544,859	118,875,632	160,565,936
Loans payable to a shareholder	—	—	157,528,767
Due to a minority shareholder of subsidiaries	—	640,782,835	553,760,635
Deferred tax liabilities	225,308,364	409,950,565	206,469,110
Total liabilities	**4,586,945,463**	**6,817,725,590**	**4,786,099,197**
EQUITY			
Share capital	78,008	91,680	91,680
Share premium	56,422,000	824,926,847	824,926,847
Treasury shares	—	—	(6,723,682,013)
Subordinated loans payable to a shareholder	150,528,767	154,028,767	—
Retained profits	1,921,749,826	3,191,689,430	3,598,099,249
Other reserves	124,703,254	2,217,434,546	3,200,593,748
Total ordinary shareholders' equity	2,253,481,855	6,388,171,270	900,029,511
Holders of perpetual securities	10,547,793,439	9,939,647,901	1,828,243,583
Non-controlling interests	306,953,788	1,614,995,358	2,932,908,321
Total equity	13,108,229,082	17,942,814,529	5,661,181,415
TOTAL LIABILITIES AND EQUITY	**17,695,175,545**	**24,760,540,119**	**10,447,280,612**

(1) The Issuer's Annual Financial Statements for each of the financial periods stated are prepared and presented in accordance with the prevailing IFRS.

RISK FACTORS

Any investment in the Securities issued under the Programme is subject to a number of risks. Prior to making any investment decision, potential investors should consider carefully all of the information in this Offering Circular, including but not limited to the risks and uncertainties described below. The following factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Any of the risks or uncertainties described below, as well as additional risks or uncertainties, including those which are not currently known to the Issuer or which the Issuer currently deems to be immaterial, may affect the Issuer's business, financial condition or results of operations of the Group or its ability to fulfil its obligations under the Securities.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Securities issued under the Programme, but the inability of the Issuer to pay interest or distribution, as the case may be, principal or other amounts on or in connection with any Securities may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP'S BUSINESSES

The Group is reliant on a number of its existing network and relationships, affiliates as well as the strategic alliances it has entered into for a significant proportion of its revenue and profit

Part of the Group's revenue, particularly in its corporate insurance brokerage and risk solutions business line, is derived from services provided to its direct and indirect shareholders and their affiliated businesses. Any negative developments with the Group's shareholders may have a financial or reputational impact on the Group.

A significant proportion of the Group's business opportunities, particularly in its capital markets & advisory, including its securities underwriting and placement business, and asset management businesses, from which it may derive revenue and generate profit, originates or is expected to originate from strategic alliance partners with whom the Group has entered into a strategic alliance or cooperation agreement with and their clients (see "*Description of the Group — Business Strategies — Leverage strong support from key shareholders*" and "*Description of the Group — Business Strategies — Pursue and leverage off strategic alliances, tie-ups and associations for growth*"). Whilst transactions with these counterparties are on arm's length commercial terms, they may be subject to pricing pressure due to a need to continue to develop wider relationships, which could negatively impact revenue and profitability.

Whilst the Group also conducts business with other third parties across its markets and plans to continue to diversify its client base across its business lines, in some areas it is reliant on the relationships that it has with these related and affiliated parties and their clients. These relationships are dependent on its existing network and relationships and there is no assurance that support from its existing network and relationships will continue in its current form or that these entities will continue to maintain their strategic investments in the Group. In the event that all or some of these related or affiliated parties choose to conduct their business with one of the Group's competitors instead, cease to require the Group's services, or cease to become a source of business origination, this could have a material adverse effect on the Group's business, revenue, fee income, results of operations and financial condition.

Some of the Group's businesses are at an early stage of development and will require investment and resources in order to achieve the Group's business strategies

Certain of the Group's businesses or products across its four main business segments are in a developing stage. Consequently, the Group has only a limited operating history on which to base an evaluation of its business, financial condition and prospects. In addition, certain of the Group's businesses are evolving and the Group therefore believes that historical period-to-period comparisons of its financial statements may not be meaningful and should not be relied upon as an indication of future performance. The Group's future prospects must be considered in the light of the risks and uncertainties frequently encountered by companies in their early stages of development.

The Group will continue to need to invest capital and resources in these 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 profitable revenue. In addition to capital investment, the Group will need to invest in additional skilled and experienced members of management and other staff across its developing businesses. There can however be no assurance that the planned and anticipated growth of the four main business segments 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, which may have a material adverse effect on the Group's business, growth prospects, fee income, results of operations and financial condition.

In order to develop and expand its business, the Group is committed to providing new products and services in order to strengthen its market position in Hong Kong. The Group plans to continue to expand its product and service offerings as permitted by relevant regulatory authorities, conduct transactions with new customers not in the Group's traditional customer base, acquire businesses and potentially enter into new markets. These activities expose the Group to new and increasingly challenging risks, including, but not limited to:

- the Group may not be able to obtain the necessary and requisite licences and consents from the regulatory authorities within the expected timeframe in offering the new products and services to customers;
- it may have insufficient experience or expertise in offering new products and services and dealing with new counterparties and clients;
- it may be subject to greater regulatory scrutiny, increased credit risks, market risks and operational risks;
- it may suffer from reputational concerns arising from dealing with less sophisticated counterparties and clients;
- it may be unable to expand its client base quickly in some of its businesses at an early stage of development due to a lack of track record;
- it may be unable to provide clients with adequate levels of service for its new products and services;
- it may be unable to hire additional qualified personnel to support the offering of a broader range of products and services;
- its new products and services may not be accepted by the Group's clients or meet its profitability expectations;
- it may be unable to obtain sufficient financing from internal and external sources to support its business expansion; and
- it may not be successful in enhancing its risk management capabilities and IT systems to identify and mitigate all the risks associated with these new products and services, new clients and new market.

If the Group is unable to achieve the intended operating results with respect to its offering of new products and services, its business, financial condition and results of operations could be materially and adversely affected.

Unless the Group has sufficient positive cash flow from operations or other financial resources it may not be able to meet ongoing repayment obligations under existing and new debt, including Securities issued under the Programme

The Group will be reliant on generating sufficient cash flows from operations to service its debt obligations (including any Securities issued under the Programme), unless it has access to other sources of funding, including shareholder support (see "*Risk Factors — Risks Relating to the Group's Business — Limitations on access to liquidity and capital resources could adversely affect the ability to implement the Group's expansion plans and the execution of its business strategy*"). There can be no assurance that the cash flows generated by the Group's operations will increase and therefore be sufficient to enable it to repay its debt obligations in a timely manner or at all. High gearing will require the Group to dedicate a significant proportion of its cash flows towards servicing and repayment of its existing debt, which will reduce the availability of cash flows to fund working capital, capital expenditures, acquisitions and other general corporate requirements.

The proceeds from any issue of Securities under the Programme will fund working capital, refinancing or capital expenditures (as detailed in the relevant Pricing Supplement), but may need to be utilised in a way that enhances the cash flows of the business. As noted above, aside from corporate insurance brokerage and risk solutions and asset management services, the Group's capital markets & advisory, institutional asset management and strategic investment businesses are developing, and the Group's growth strategy is subject to a wide range of economic, market and operational risks. As a result, the return on the Group's investment of the proceeds of its debt issues may not achieve the anticipated levels of return or may be subject to delay.

In the absence of internal financial resources or further support from its shareholders, in order to repay its debt (including Securities issued under the Programme) the Group will need to refinance the principal amount of any Securities issued under the Programme or raise further equity and there can be no assurance that the Group will be able to refinance, or obtain credit for refinancing to repay the principal amount of any Securities issued under the Programme. The Group's ability to obtain refinancing on commercially acceptable terms will depend on its relationship banks', lenders' and other potential investors' views on the financial health and prospects of the Group, and an assessment of leverage, asset support and cash flows may impact these views.

Failure to repay its debt obligations in a timely manner and failure to refinance to repay the principal amount of any Securities will cause the Group to default under its obligations, which will in turn have an adverse effect on the Group's business, results of operations and financial condition

Limitations on access to liquidity and capital resources could adversely affect the ability to implement the Group's expansion plans and the execution of its business strategy

In the past, the Group has principally relied on the cash flow generated by its operations and certain banking facilities in order to fund its business.

The ability of the Group to access funding sources on acceptable commercial terms over the longer-term is dependent on a variety of factors, including a number of factors outside of its control, such as general market conditions and confidence in the global banking system. Over the past two years, global credit markets have tightened significantly with the failure and/or the nationalisation of a number of large financial institutions in Europe, the United States and other countries. Cautious lending policies implemented by financial institutions may result in increased financing costs through increased interest rates and more limited availability of financing. Access to funding will also depend, in part, on the Group's ability to demonstrate to banks, other lenders and investors, that it is a stable and growing business with a robust current financial position and healthy financial outlook and that it is able to develop across its business lines in accordance with its espoused strategy. There can be no assurance that the Group will be able to obtain credit on favourable terms or at all or that any additional funding will be provided by way of shareholder loans. Failure to secure funding for operations or refinancing could adversely impact the Group's business, results of operation and financial condition.

Continued deterioration of global economic conditions could negatively impact the Group's business

The Group's business is sensitive to national, global and local economic conditions in the markets in which it operates, including GDP growth, inflation, interest rates, availability of and access to capital markets, consumer spending rates, and the effects of governmental initiatives to manage economic conditions. Any such changes could adversely affect the industries in which the Group operates in general which could materially and adversely affect the Group's financial results. Any significant turmoil in the major Chinese stock markets, decline in the global prices of commodities, including oil, depreciation in the value of Renminbi, economic and political instability in various countries in the Middle East and Northern Africa.

In particular, the ongoing COVID-19 pandemic on a global scale has and may continue to affect investment sentiment and result in sporadic volatility in global capital markets. In addition, the ongoing COVID-19 pandemic has resulted in restrictions on travel and public transport and prolonged closures of workplaces which has had a material adverse effect on the economies that have imposed such restrictions, and has in turn had a wider adverse impact on the global economy. While a number of biopharmaceutical manufacturers have developed COVID-19 vaccines, there remains uncertainty regarding the efficacy, safety, and durability of such vaccines, as well as how quickly and widely the vaccines might be made available. The COVID-19 pandemic continues to affect many countries globally and there remains significant uncertainty as to when the pandemic will end and whether governments will extend or implement further travel restrictions or other restrictive measures to contain the COVID-19 pandemic.

The U.S. and the PRC have also recently continued to be involved in disputes over trade barriers that have threatened to escalate into a trade war between the countries. Both countries have implemented tariffs on certain imported products from the other, casting uncertainty over tariffs and barrier to entry for products on both sides. It is uncertain when or whether the two governments will resolve their differences in the ongoing negotiations. Sustained tension between the U.S. and the PRC over trade policies could significantly undermine the stability of the global economy. Any severe or prolonged slowdown or instability may materially and adversely affect our business, operational results and financial position.

Economic conditions in the PRC are sensitive to global economic conditions, and it is impossible to predict how the Chinese economy will develop in the future. In particular, any slowdown in the PRC's economic development might lead to tighter credit markets, increased market volatility, sudden drops in business and consumer confidence and dramatic changes in business and consumer behaviours. The PRC economy also faces challenges in the short to medium term. Continued turbulence in the international markets, as well as any slowdown of economic growth in the PRC, may adversely affect the Group's liquidity and financial condition.

Disruptions and instability in credit and other financial markets and deterioration of national and global economic conditions, could, among other things:

- make it more difficult or costly for the Group to obtain financing for its operations or investments or to refinance debt;

- impair the financial condition of some of the Group's clients, thereby increasing client bad debts and demand for the Group's corporate insurance brokerage and risk solutions services; and

- increased market volatility which adversely affects the value of the Group's investments.

The Group operates in the highly competitive financial services industry

The financial services industry in Asia and Hong Kong in particular, houses a large number of participants and is highly competitive.

The Group, through its subsidiaries which are licensed corporations in Hong Kong, is currently engaged in Type 1, Type 2, Type 4, Type 6 and Type 9 regulated activities. The industry has a low entry barrier as new participants are able to enter as long as they have engaged professionals with the appropriate skills and have obtained the requisite licences and permits to engage in the various types of activities regulated under the SFO.

The Group competes on the basis of a number of factors, including price, products and services, innovation, transaction execution capability, reputation, experience and knowledge of staff and employee compensation. Apart from the multinational financial institutions including commercial banks and investment banks with global networks and a local presence in Hong Kong and other Hong Kong based securities houses and asset management firms, the Group faces further competition from other financial services firms with similar target clients and offering a similar range of products and services including traditional and online brokerage services, asset management and capital markets & advisory businesses. These include competitors which have a long operating track record, a more extensive client base and significant financial and other resources. Historically, competition in the asset management and traditional brokerage business has been fierce. Over the past decade, online securities brokerage and financial information portals have become prevalent, intensifying competition for online business revenues. In recent years, as the asset management and brokerage market in Hong Kong had become more saturated, banks and brokerage firms rolled out low management fees, prolonged commission-free concessions or extra-low fixed commissions as incentives to attract customers, thus further intensifying the competition in this industry. The Group expects that competition in asset management and securities and insurance brokerage, part of the Group's core business operations, will continue to be intense. As a relatively new entrant to some of its markets, the Group's ability to compete with more established and larger competitors in some of its business lines has been dependent, along with its shareholder and related party support and client base, on offering attractive commissions and other incentives. Whilst it is important to make these investments at an early stage of the development of a business, the Group will need to capitalise on its client base, increasing its size and reputation in order to move to a business model premised on lower commissions and other incentives in order to ensure profitability and, in turn, investment for future growth.

There can be no assurance that the Group can compete effectively against its current and future competitors, or that competitive forces in the market will not alter the industry landscape such that the Group's business objectives would become impractical and/or impossible. Under those circumstances, the Group's business and financial performance would be adversely affected.

The Group's business, financial condition, results of operations, prospects and ability to access liquidity could be materially adversely affected by downturns in the capital markets of the PRC and Hong Kong, which in turn may be affected by volatility and downturns in the global capital markets

The Group's businesses, including its capital markets & advisory, asset management, corporate insurance brokerage and risk solutions and strategic investment businesses, are highly dependent on economic and market conditions in the Greater China region. In addition, global market conditions may adversely affect market conditions in the Greater China region.

Volatility in the capital markets in the United States, Europe, Japan, the PRC and other jurisdictions in recent years has had a corresponding effect on Asian financial markets and may continue to do so in the future.

Unfavourable financial or economic conditions, such as those caused in recent years by the global financial and economic crisis, including the European debt crisis, the potential withdrawal of countries from the Eurozone and volatility in the PRC stock market, have adversely affected investor confidence. Weakening investor confidence has resulted and could continue to result in significant declines in the number and size of transactions in which the Group provides capital markets & advisory services. It may also impact the level of assets placed and transactions executed with the Group's asset management business. Any decline in the number of capital markets transactions in the PRC and Hong Kong due to unfavourable financial or economic conditions would adversely affect the Group's capital markets & advisory business.

Market volatility and adverse financial or economic conditions may also adversely affect the Group's asset management business. These conditions tend to reduce the value of the Group's clients' portfolios, discourage investor confidence and reduce investing activities, making it more difficult for the Group to maintain existing clients and attract new clients. These conditions may result in price fluctuation and a decline of the trading volumes, which in turn may adversely affect the Group's securities and brokerage services revenue.

Under adverse financial or economic conditions, the value of the Group's asset management portfolio may be adversely affected and therefore reduce the management fees or performance fees the Group earns from its asset management business, and the Group may face an influx of client redemptions in its asset management portfolio, which, in turn, could also adversely affect the Group's asset management business. To the extent that clients do not withdraw their funds, they may switch their funds to other investment products that generate less management fee revenue for the Group.

The Group's strategic investment business is further subject to risks associated with market volatility, especially in the PRC and Hong Kong capital markets, which may adversely affect the value of the financial assets held by the Group's strategic investment business. There can be no assurance that the Group's business, financial position and operating results, as well as its future prospects, will not be materially and adversely affected in the event of any downturn in the global or regional capital markets.

A reduction in the Group's income or a loss resulting from its financial advisory services, asset management portfolio or underwriting, securities and brokerage, investments, trading or corporate financing transactions under its capital markets & advisory, asset management, corporate insurance brokerage and risk solutions and strategic investment services could have a material adverse effect on its business, results of operations and financial condition. As a result of these risks, the Group's income and operating results may be exposed to significant fluctuations.

The Group's investments and strategic investment business is subject to market volatility and management's investment decisions

The Group launched its strategic investment business in 2016 and has invested in listed and unlisted assets. See the section headed "*Description of the Group — Business Activities — Strategic Investment*" for further details. The Group's strategic investment business primarily focuses on medium to long term investments in listed and non-listed securities across Asia and globally. The Group's investments may include related and affiliated parties if the investment matches the Group's overall investment strategy. As the Group commits substantial amounts of capital to its investments and it records such investments at fair value at the end of each reporting period and records fair value changes through its income statement or statement in financial position, the Group is exposed to market risks arising from changes in the value of its investments. Any decline in the value of the Group's investments due to market volatility will adversely affect its revenue, and in turn, its results of operations and financial condition. Fluctuations in stock markets could affect the Group's listed investments. Poor market conditions could affect the value of the Group's listed investments while favourable market conditions may not be sustainable. Such volatility may result from changes in business conditions specifically affecting such investments or more generally from changes in global economic, political or industry conditions.

The performance of the Group's strategic investment business also relies on the Group's management's investment decisions and judgments based on its assessment of market conditions and the portfolio companies' performance and prospects. The Group cannot assure that its management's investment decisions will always yield positive results or that it will achieve the investment returns that it anticipates. The Group may suffer material losses as a result of poor investment decisions or poor business performance of its portfolio companies, which could materially and adversely affect the Group's business, financial condition and results of operations.

The Group's strategic investment business may fail to realise profits from its investments or lose some or all of the invested capital

Some of the investments made through the Group's strategic investment business are in securities and structured products that are not publicly traded. The Group's ability to dispose of such unlisted securities is dependent on market conditions. In a depressed market, the Group may be forced to sell such investments at undesirable prices or to defer the sale, potentially for a substantial period of time, exposing the Group's investment returns to market risks during the intended disposition period. Additionally, the failure of the Group's portfolio companies to perform as expected could also impair its ability to exit investments for a favourable return or at all. In such event, the Group may lose a material part or all of such investments. The Group expects to continue to make investments in unlisted securities of portfolio companies as attractive opportunities arise and will continue to be subject to such liquidity issues.

In addition, the Group has limited control over the operations of the portfolio companies that the Group invests in. The Group is subject to the risk that such companies may make business, financial or management decisions or otherwise act in a manner that does not serve its interests. If any of the foregoing occurs, the value of the Group's investments could decrease, which could adversely affect its results of operations and financial condition.

The Group may not be successful in maintaining and increasing its client base and business volume in its corporate insurance brokerage and risk solutions business.

Maintaining close and stable business relationships with the Group's major clients is crucial to its business and prospects. The corporate insurance brokerage and risk solutions business is highly competitive and the Group has to maintain its client base and attract new clients to achieve future success. Insurance brokerage clients are sensitive to the costs of purchasing insurance products and the quality of services and the breadth and relevance of information they receive in order to select the right insurance products.

The Group cannot assure that it will be able to maintain the current volume of business with its existing clients at the desired levels, or at all, or to attract new clients and expand its business volume. The Group's ability to maintain and grow its corporate insurance brokerage and risk solutions business is dependent on various factors, including, but not limited to:

- its ability to source and propose insurance policies that meet the requirements and standards set by its existing and potential clients;

- its ability to offer a competitive insurance brokerage rate and to provide value-added service; and
- its ability to maintain and develop amicable client relationships.

Any failure of the above could result in a loss of clients or lead to a reduced business volume or revenue with such clients, as well as limit the Group's chances in engaging new clients. This would have a material adverse impact on the Group's business, financial condition, results of operation and future prospects.

In addition, other market factors may also affect the Group's performance, including but not limited to:

- changes in premium levels in the general insurance market; and
- competitive pressures from other insurance brokers and insurers, in particular, entry of new participants and consolidation of existing participants.

Such changes could result in reduced margins or loss of market share for the Group, which could adversely affect its business, financial condition, results of operation and future prospects.

The Group's business operations are exposed to liquidity risk. Limitations on access to liquidity and capital resources could adversely affect its ability to implement expansion plans and the execution of the Group's business strategy

The Group requires a significant amount of funds for expansion and to make additional investments. As a result, sufficient liquidity is crucial to the Group's business operations. Any decline in the Group's liquidity level may impair its ability to expand operations, which may result in loss of potential business and clients. The Group also has accounts payable to brokers arising from the use of margin loans in investments through its strategic investment business. Such accounts payable are repayable on demand. The Group cannot assure that such payables will not be called for immediate repayment should the value of the relevant investments deteriorate.

The Group's ability to access funding sources on acceptable commercial terms over the longer-term is dependent on a variety of factors, including a number of factors outside of its control, such as general market conditions and confidence in the global banking system. Over the past two years, global credit markets have tightened significantly. Cautious lending policies implemented by financial institutions may result in increased financing costs through increased interest rates and more limited availability of financing. Access to funding will also depend, in part, on the Group's ability to demonstrate to banks, other lenders and investors, that the Group are a stable and growing business with a robust current financial position and healthy financial outlook and that the Group is able to develop across its business segments in accordance with its espoused strategy. The Group cannot assure that it will not need additional funding in the future, or be able to obtain credit on favourable terms or at all or that any additional funding will be provided by shareholders. Failure to secure funding for operations or refinancing could adversely impact the Group's business, results of operation and financial condition.

The Issuer's shares are unlisted and it is not subject to the continuous disclosure requirements that a listed company would be, and there is limited historical financial information available

The Issuer is currently not listed and is not subject to requirements to produce and maintain public information relating to its business or to publicly publish financial information or other information that would be required if it did have an equity listing in Hong Kong or elsewhere. Whilst requirements will be imposed on the Issuer relating to disclosure of financial information, interests of shareholders and directors in shares and debentures and other information material to investors for issues of listed Securities under the Programme, these requirements are not as stringent as those which would apply to a primary or secondary equity listing. The Issuer is also not subject to, and will not become subject to by virtue of issuing listed Securities under the Programme, the requirements that apply to companies with a primary or secondary equity listing in Hong Kong or elsewhere, including corporate governance standards, restrictions on directors' dealings in securities, controls on connected party transactions, requirements for notification and, in some cases, approval of major acquisitions and disposals, conditions on further debt and equity issuance and certain other ongoing disclosure requirements. In addition, there is limited historical financial information available in relation to certain of the Group's businesses and the Issuer, and investors should exercise caution in reviewing the historical financial information presented to them and implying or extrapolating trends based thereon. The Issuer is also not rated by any rating agency and therefore no independent assessment of its credit worthiness is available.

The Group's businesses are highly regulated in Hong Kong and is subject to regulatory and litigation risks which could have a material adverse effect on the Group's business, results of operations and financial condition

Financial Services Regulation

As a participant in the financial services industry, the Group is subject to extensive laws, regulations, rules, policies, guidance and codes of conduct of relevant regulatory authorities and faces the risk of significant intervention by regulatory authorities in Hong Kong. Across the financial services industry, regulatory bodies have recently looked to strengthen regulation and take a rigorous approach to compliance, investigation and imposition of penalties. Key regulations in Hong Kong governing the financial services industry include the SFO and the Money Lenders Ordinance (Cap. 163) of Hong Kong (the "**MLO**"). Financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations currently affecting the Group may change and, although the Group monitors developments, it cannot predict future initiatives or changes. A failure to comply with these rules and regulations may subject the Group to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines, censure, reprimand or even suspension of licences. If the Group fails to comply with any regulatory requirements in the future, the Group and its employees may become the subject of inquiries or investigations by the relevant regulatory authorities.

As with financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations currently affecting the Group in Hong Kong, corresponding financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations in the PRC may change and, although the Group will endeavour to monitor developments, it cannot predict future initiatives or changes. A failure to comply with these rules and regulations may subject the Group to enquiries and/or investigations by the relevant regulatory bodies in the PRC, which may result in fines, censure, reprimand or even suspension of licences.

Where penalties are substantial or protracted litigation is involved, the Group's reputation and financial position may be jeopardised. In such cases, there may be a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, there is risk that new laws or regulations or changes in enforcement or interpretations of existing laws or regulations applicable to the Group's businesses or those of its clients could be imposed on a limited subset of financial institutions (either based on size, activities, geography or other criteria), which may adversely affect the Group's ability to compete effectively with other institutions that are not affected in the same way.

Digital Financial Services Regulation

Airstar Bank, a virtual bank jointly-established by the Group and Xiaomi, is a comprehensive digital banking platform providing services to retail and corporate clients in Hong Kong and holds one of the only eight virtual banking licenses issued by the Hong Kong Monetary Authority ("**HKMA**") under the revised Guideline on Authorization of Virtual Banks (Guideline) on 30 May 2018, which sets out the principles on which the HKMA will take into account in deciding whether to authorise virtual banks. Virtual banks in Hong Kong are subject to the same set of supervisory requirements applicable to conventional banks, though certain requirements have been adapted to suit the business models of virtual banks.

As the relevant rules and regulations are new and evolving, the Group may have to respond to any material changes in legislation or regulation which could potentially affect its business by adapting its business model or products in the relevant market. There can be no assurance that the Group will be able to effectively respond to any such changes and this may affect the Group's operations and the conduct and success of its business in the relevant market. If the relevant market is a significant or important market to the Group, this may undermine the Group's expansion strategy and may have a material adverse effect upon the Group's business, results of operations and financial condition. Even if the Group could cope with such changes in legislation or regulations, this would invariably increase the compliance costs of the Group.

Insurance Intermediary Regulation

Insurers and insurance intermediaries are currently regulated in Hong Kong by the Hong Kong Insurance Authority with effect from 23 September 2019. As a licensed insurance intermediary, the Group is required to act in accordance with the Insurance Ordinance. Whilst the Group maintains in strict compliance with all of the requirements imposed on its insurance broking business, in the event that it failed to do so this could impact its regulatory position and ability to operate this part of its business. Breach of these requirements could also lead to the imposition of financial penalties on the Group. Further, if new laws or regulations were enacted in this area, the Group could be required to incur additional costs and apply additional resources to initiate and thereafter maintain compliance.

Regulatory Requirements on Due Diligence

Changes in regulations relating to the due diligence process for initial public offerings of shares could create more onerous obligations on the part of sponsors, bookrunners and other parties in the equity offering process, with an increased risk of non-compliance. The performance and prospects of the Group's capital markets & advisory business may be adversely affected if tighter due diligence requirements result in the non-compliance of such regulatory requirements by the Group. See "— *The Group faces risks associated with the underwriting or placement of securities offerings.*"

Regulatory Approval and Licensing

Withdrawal or amendment of any regulatory approval or of any exemption from registration in respect of any part of the Group's activities in any jurisdiction might compel termination of a particular business or change the way in which it is conducted. Similarly, the withdrawal of either a licence or an approval of one or more individuals would hinder their ability to perform their current role. This is particularly relevant to the Group's asset management business, which is actively pursuing an expansion strategy in Hong Kong and the PRC where registration and licensing requirements are subject to legislation and any amendments thereto from time to time. The carrying on of regulated activities by unauthorised persons could have a number of consequences including the possibility of agreements made in the course of carrying on such activities being unenforceable.

If the Group fails to comply with such rules and regulations, it may become subject to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines or restrictions on the Group's business activities. If results of any investigations or enquiries are proved to involve serious misconduct, the Group may become subject to penalties including censure, reprimand and fines. In extreme cases, the Group may be prevented from conducting business in a normal manner and some or all of the Group's operation licences may become suspended or revoked. Where penalties are substantial or protracted litigation is involved, the Group's reputation and financial position may be damaged. In such cases, there may be a material and adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group faces risks associated with the underwriting or placement of securities offerings

The Group is exposed to transaction-specific execution risks for each securities offering it may underwrite or place. The Group generally receives payment of underwriting or placement commissions only after it successfully completes a transaction. If a project is not completed as scheduled or at all for any reason, including weak investor interest and a failure to receive the relevant listing approval, the Group may not receive payment for its capital markets & advisory services in a timely manner, or at all, which may materially and adversely affect its business, financial condition, results of operations and prospects. Due to the exposure of this business line to what can be volatile markets, revenue from this part of the business is likely to be unpredictable and unstable. Markets may be subject to long periods of downturn and transaction sizes may be lower on an individual or overall value basis due to local or global economic conditions, the prevailing interest rate environment and overall investor sentiment, and during such periods, the Group is unlikely to be able to draw significant revenue from this business segment, revenues being dependent on successful transaction execution.

The Group has investment risk on securities it underwrites or places on a firm commitment basis and may suffer additional losses as a member of an underwriting syndicate or placing syndicate if an offering is not fully subscribed. The performance of the underwriting activities may severely deteriorate during periods of sluggish and volatile market conditions when the securities underwritten by the Group are undersubscribed and the Group and other underwriters/sub-underwriters are required to take up unsubscribed securities. If the Group fails to sell the securities it underwrites, it would suffer reputational damage, as well as incur expenditure to purchase and hold the underwritten securities, thereby materially and adversely affecting its business, financial condition, results of operations and prospects.

In addition, companies that wish to list their securities in Hong Kong require an investment bank to act as sponsor to assist with their listing application. Should the Group act as a sponsor in the future, it would be required to fulfil certain due diligence and disclosure requirements in connection with each project it sponsors and would be subject to civil and criminal liability in relation to its role as sponsor or underwriter and the disclosure provided to investors if any relevant or applicable regulations are breached.

Furthermore, the SFC published the "Additional Fit and Proper Guidelines for Corporations and Authorized Financial Institutions applying or continuing to act as Sponsors and Compliance Advisers" (Appendix I to the "Fit and Proper Guidelines") in October 2013 to enhance the regulatory regime of sponsors in Hong Kong, which will result in more stringent regulatory requirements and increased liability for initial public offering sponsors. There can be no assurance that there will not be even more stringent regulatory requirements in the future. A failure to satisfy these requirements could subject the Group to fines and other administrative or regulatory penalties, including suspension of its licences, or even criminal liability, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Fluctuations in stock markets could affect the Group's financial assets as well as its clients' appetite for its products and services

Fluctuations in stock markets could affect the Group's investments and financial assets and the level of client interest in certain of its products and services. There has been significant volatility in PRC stock markets, with the PRC government taking unprecedented steps to support the markets. This volatility has impacted global markets, and in particular the Hong Kong stock market. Any further significant falls or increased volatility may further impact global capital markets potentially making it more difficult for the Group to access financing or impacting the Group's clients' interest in products and services, as well as the health of their businesses generally. The market volatility may also negatively affect PRC consumer confidence and have an adverse impact on the wider PRC and Hong Kong economies.

Poor market conditions could affect the value of its financial assets while favourable market conditions may not be sustainable. Lack of liquidity or price volatility could reduce the value of the financial assets that the Group invests in or manages which, in turn, may have a material adverse effect on its business, growth prospects, net inflows of asset under management, fee income, results of operations and/or financial condition.

The Group's revenue is adversely affected by reductions in its assets under management caused by market declines

The Group's revenue from its asset management business includes asset management fees and performance fees, which are based on the amount and value of its assets under management. Consequently, investment performance affects the amount of the assets under the Group's management and is one of the most important factors in retaining clients and competing for new asset management business. Poor investment performance could adversely affect the Group's revenue and business growth because:

- existing clients might withdraw funds from the Group's asset management business in favour of better performing products provided by its competitors, which would result in a reduction of management fees for the Group;
- clients may require the Group to reduce its fees for asset management services, particularly in an intensely competitive industry; and
- the Group's incentive fees (if any), which are based on a percentage of investment returns, would decline.

There can be no assurance that the Group would be able to keep or increase the assets under the Group's management. To the extent the Group may fail to keep or increase the assets under its management due to increasing competition from insurance companies, trust companies, banks and other competitors, its business, financial condition, results of operations and prospects would be adversely affected.

The expansion of and changes to the Group's product and service range exposes it to various risks, and the Group may not succeed in the implementation of a new product group or customer acquisition channel, of a new pricing or credit assessment method or analytical tools and data

The Group may seek to introduce new product or service groups, pricing and credit assessment analysis methods and uses of data in order to retain existing customers whose needs have evolved, and to attract new customers for whom the existing product offering or methods of acquisition are unattractive or ineffective and/or for whom more competitive pricing and more sophisticated underwriting processes are required. Expansion of and changes to the product and service range exposes the Group to a number of risks and challenges, including the following:

- competitors of the Group may have substantially greater experience and resources in relation to the business activities the Group wishes to commence, and the Group may not be able to attract customers to its services from competitors with existing relationships with those customers;
- the new products and services may not be accepted by the Group's customers or meet its expectations for profitability, and may require greater marketing and compliance costs than the Group's traditional services;
- the new products and services may give rise to potential disputes or claims from customers;
- the Group may need to hire additional qualified personnel but such personnel may not be readily available; and
- the Group may not be successful in enhancing its risk management capabilities and information technology systems to support a broader range of products and services.

However, there can be no assurance that the Group will be able to achieve the administrative, systems-related and logistical improvements necessary to achieve its goals and other aspects of its growth effectively. In addition, competition for highly skilled business, technical and other personnel is high due to the increasing competition in the financial services industry.

Accordingly, the Group's personnel expenses may increase or it may have difficulty in recruiting and retaining properly qualified personnel. Furthermore, to the extent its business model and practices are unfamiliar to regulators, the Group may encounter unexpected restrictions on its planned activities. If the Group is unable to achieve the intended results from the expansion of its range of products and services as a result of the unsuccessful execution of the conception, planning and/or implementation of its strategies and methods, the Group's business, results of operations and financial condition may be materially and adversely affected.

Further, the success of the Group's operations depends on, among other things, the proper timing on launching new businesses, products and services to clients. As a result of the Group's business operating in a highly competitive environment, any delay or failure to introduce new businesses in time or in response to market demand, or any failure of the Group's new products and services to gain timely market acceptance could adversely affect the overall businesses and financial performance of the Group.

There can be no assurance that the Group's investment, merger and acquisition, joint venture, divestment and disposal activities will prove to be successful

The Group has undertaken investments, joint venture activities and disposal of certain business lines in the past and may continue to do so in the future in line with day-to-day business needs and investment strategy. In addition, the Group will actively assess opportunities in mergers and acquisition in various business segments, for example in acquiring small to medium sized insurance brokerage firms in Hong Kong to strengthen the Group's corporate insurance brokerage and risk solutions business, where there are appropriate acquisition or divestment opportunities in the market. Although due diligence and detailed analysis are conducted before these activities are undertaken, there can be no assurance that these can fully expose all problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analysis on the target company conducted by the Group and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition. Relevant facts and circumstances used in the analysis could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analysis based thereon obsolete. In the case of divestments and disposals, though the Group may seek to take advantage of commercial or strategic opportunities to divest or dispose of its various businesses in commercially attractive terms, there are no assurances that the Group will be able to sell or dispose of its interests readily or at all and at the price as valued by the Group. Some of these investments, mergers and acquisitions, joint venture divestment and disposal activities are subject to regulatory approvals and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. The Group may not necessarily be able to successfully integrate target businesses into the Group and may not be able to derive any synergies from its investment, acquisition or entry into the joint venture, or successfully divest or dispose of any existing businesses at the targeted valuation of the Group (or at all), leading to increases in costs, time and resources expended.

Changes in the legal or financial stability of, or cultural or business strategic differences with, any counterparties with whom the Group enters into joint ventures or alliances may adversely affect the Group's reputation and results of operations

The Group enters into strategic alliances with foreign and domestic counterparties and is actively exploring joint venture opportunities. The success of these operations is often dependent upon the financial and legal stability of its counterparties. If one of the counterparties with whom the Group operates a joint venture or continues a business alliance suffers a decline in its financial condition for any reason, or is subject to instability owing to a change to the laws governing its operations after investment has been made in the joint venture or the business alliance, the Group may be unable to successfully operate the joint venture or alliance, or may be required to invest additional capital or cease operations altogether. Likewise, significant differences in corporate culture and business strategy between the Group and such partners may come to light and may result in significant changes to the assumptions that the Group made in deciding to enter into the joint venture or alliance. If any joint ventures or alliances counterparties are unable to perform as expected, or if any unexpected events relating to the alliances occur, then the Group may be unable to continue those businesses successfully. The Group's inability to successfully operate joint ventures or alliances may adversely affect its reputation and the results of operations.

A reduction in brokerage commission rates or trading activities by the Group's clients may materially and adversely affect the Group's business, financial condition, results of operations and prospects

Revenue from the securities brokerage is primarily derived from the commissions the Group charges its clients for their trading activities. Accordingly, revenue from the Group's securities and brokerage services depends significantly on trading volume. Trading volume is influenced by market conditions in Hong Kong, the PRC and principal overseas financial markets, which may be adversely affected by events including the European debt crisis, the potential withdrawal of countries from the Eurozone and the recent significant volatility in the PRC stock market. In addition, the Group's securities and brokerage services could also be adversely affected by a reduction in brokerage commission rates as a result of increased competition in the Hong Kong securities and brokerage markets. There can be no assurance that the Group's revenue derived from the securities and brokerage business can be sustained.

The Group's operations are dependent upon the services of its executive directors and key management personnel

The Group's business lines are not backed by or dependent on significant levels of assets, and instead as a service business, the Group's primary assets are its employees and management. The Group relies upon the ability, expertise, judgment, discretion, integrity and good faith of its executive directors and senior management team. The Group's success is dependent upon its personnel and key consultants and its ability to recruit and retain high quality employees. The Group must continue to recruit, retain and motivate management and other employees sufficiently to maintain its current business. This recruitment and retention may have significant cost implications if market remuneration packages increase. In addition, if a member of the key management personnel joins a competitor or forms a competing company, the loss of the services of any such person or several of such persons or failure to recruit suitable or comparable replacements could have an adverse effect on the Group's business, financial condition or results of operations.

The Group's management and professionals are critical to its ability to attract and retain customers

Hiring and retaining highly skilled professionals is critical to the Group's ability to attract and retain customers. The market for financial services professionals, including underwriting sponsors, research analysts, traders, marketing and customer support staff and information technology and other operations personnel in the Asia-Pacific region, is highly competitive and has grown more so recently as customers focus increasingly on investment performance and as employers such as investment banks and hedge funds increase their recruitment activity. As a result, movement of such individuals among different firms is frequent.

The Group endeavours to provide its employees with competitive compensation and benefits which, as a new business without an established brand name and with a smaller size, may need to be at the higher end of the market. However, it may not be successful in hiring or retaining key personnel. Failure to obtain or retain the services of key personnel may materially and adversely affect the performance of the Group's products, its ability to develop new products and the attractiveness of its services to potential and current customers.

The media may report allegations of improper business conduct against the Group or key members of the Group's management team, which, even if unproven or resulting in no regulatory inquiries or investigations or other legal actions, may negatively affect the Group's business and reputation

As a financial conglomerate, the media may from time to time report allegations, which may not have any merit, of improper business conduct against the Group or key members of the Group's management team, even if these allegations are unproven or do not result in any regulatory inquiries or investigations or other legal actions against the Group, any perceived unfair, unethical, fraudulent, or inappropriate business conduct by the Group or perceived wrong doing by any key member of the Group's management team could harm the Group's reputation and adversely affect the Group's business. Any regulatory inquiries or investigations or other legal actions that could result from these allegations, with or without merits, may substantially damage the Group's reputation, which may impede the Group's ability to attract and retain clients and grow the Group's business.

The Group regularly encounters potential conflicts of interest, and the Group's failure to identify and address such conflicts of interest could adversely affect the Group's business

The Group faces the possibility of actual, potential, or perceived conflicts of interest in the ordinary course of the Group's business operations. Conflicts of interest may exist between (i) the Group's different businesses; (ii) the Group and its clients; (iii) the Group's clients; (iv) the Group and its employees; or (v) the Group's clients and the Group's employees. As the Group expands the scope of its business and its client base, it is critical for the Group to be able to address potential conflicts of interest in a timely manner, including situations where two or more interests within the Group's businesses naturally exist but are in competition or conflict. The Group has 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 the Group's reputation and the Group's clients' confidence in the Group could be damaged if the Group fails, or appears 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 the Group's reputation, which could materially and adversely affect the Group's business in a number of ways, including a reluctance of some potential clients and counterparties to do business with the Group. Any of the foregoing could materially and adversely affect the Group's reputation, business, financial condition and results of operations.

Damage to reputation or brand, including as a result of negative publicity with respect to other companies affiliated with the Group, may materially and adversely affect the Group's business, financial condition, results of operations and prospects

The Group's operations across its principal business lines are dependent on customers' confidence in the Group's business and therefore its brand and reputation. This makes the Group vulnerable to negative publicity and market perceptions that may be difficult or impossible for it to control. The Group's reputation and brand are accordingly vital to the success of its business.

Brand or reputation can be negatively impacted by a large number of events both within and beyond the Group's control, including failure in information technology or data breach, an adverse claim being made against a member of the Group, whether successful or not, and including frivolous and vexatious claims, perceived deteriorations in financial strength, regulatory sanctions or incidents of fraud. If its reputation or brand is damaged, the Group could lose existing customers and find it difficult to cultivate new business. Each of these may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group and its strategic investment business are subject to macroeconomic, strategic, financial, operational and political risks

The Group and its strategic investment business are subject to macroeconomic, strategic, financial, operational and political risks. Where assets held by the Group under its strategic investment business devalue significantly and the Group's management considers that the devaluation is not temporary, significant impairment losses may be recognised and may have a material adverse impact on the Group's results of operations. General market or macroeconomic volatility may result in a decrease of the unrealised gains of investment assets and/or reduction in dividend income, which in turn may have a material adverse effect on the Group's financial condition and results of operations. In the event of a severe downturn in the economy, the asset quality of the Group's portfolio may further deteriorate materially.

In particular, the Group's investment portfolio is subject to investment, liquidity, market and concentration risks. Currently, the Group's portfolio chiefly includes direct investments, with new investments being focused on the technology and innovation sectors. As such, market conditions and other factors beyond the control of the Group can adversely affect the Group's investment portfolio and the Group's results of operation and financial condition. The Group's investment portfolio may also be concentrated in certain sectors, geographic regions, individual investments or types of securities which may or may not be listed. Any significant decline in the value of the Group's investment portfolio may therefore adversely impact its business, results of operations and financial condition.

The Group's investment portfolio profile may change from time to time depending on various factors, including market conditions, investment opportunities, and the investments and divestments undertaken by the Group. In particular, a part of the Group's investment portfolio consists of interests in unlisted companies, which may subject the Group to liquidity risk as the Group may not be able to sell or dispose of its interests readily and at the price as valued by the Group. Failure to dispose of these interests at the price of valuation, or at all, by the Group may in turn adversely impact the value of the Group's portfolio and result of operations. Additionally, a part of the Group's investment portfolio is pledged against its margin loan payables. Any significant decline in the value of the Group's investments that have been pledged against margin loan payables may trigger a margin call, which may subject the Group to liquidity risk as the Group may not be able to sell or dispose of its investments readily and at the price as valued by the Group or at all.

The due diligence processes that the Group undertakes in connection with its investments may not reveal all facts that may be relevant in connection with an investment

Before making investments, the Group's strategic investment business will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Group may be required to evaluate important and complex industry, business, financial, tax, accounting, environmental and legal issues. For example, the Group's strategic investment business is focused on investments in the technology and innovative space sectors — identifying, analysing and managing these investments will require a certain degree of experience and knowledge of the relevant industries. In certain cases, outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. The due diligence investigation carried out may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

The Group may not have day-to-day control over the companies in which it invests

The Group may not control the day-to-day management of its investments, which exposes it to additional risks relating to their operational and financial performance. As the Group may not be in a position to control the routine operations of its investment companies, this may prevent it from identifying key weaknesses in their operational and financial performance, which could have an adverse effect on the value of the Group's investment portfolio.

The Group's revenues are subject to factors beyond its control

The Group's investment returns, and thus its revenue and profitability, may be adversely affected from time to time by conditions affecting its specific investments and, more generally, by market fluctuations as well as global general economic, market and political conditions. The value of specific investments and other assets may fluctuate substantially. Future movements in market interest rates, unfavourable conditions in the global securities markets or other factors may cause the Group's investment income to decrease significantly, and could have a material adverse effect on its business, financial condition and results of operations.

The Group is exposed to the credit risk of their trade and financial counterparties

The Group operates and is expanding its business in both Hong Kong and cross-border markets. This will increasingly expose the Group to the credit risk of their trade and financial counterparties normally associated with cross-border business transactions and activities, including those relating to delayed payments from customers or difficulties in the collection of receivables. There is no assurance that, even with the Group's experienced finance and accounting team, a customer will settle outstanding invoices on time. Failure to collect receivables could adversely affect the Group's cash flow and financial position.

Misuse of, or failure to control properly, customers' personal or financial information could prove harmful to the Group

The Group is subject to the Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong which regulates "data users" such as finance companies that use databases of personal information for their businesses and protects the privacy of individuals in relation to personal data. The Group acquires a large amount of personal and financial information relating to its customers. In addition, certain third party vendors provide services to the Group using personal and financial information of the Group's customers that the Group provides to them. In particular, as the Group relies on third party encryption and authentication technology to transmit confidential information over public networks, the security of such confidential information may become jeopardised. Improper use or disclosure of, or a failure to protect or properly control, such information could result in violations of the Personal Data (Privacy) Ordinance and other applicable laws, harming the Group's reputation and business. The Group takes precautionary measures, including internal compliance procedures, to regulate the disclosure of customers' personal information, but these measures may not be effective in all cases, particularly in respect of third-party vendors.

Employee misconduct such as fraud could adversely affect the Group's business and reputation

Employee misconduct, which can include violations of laws or regulations concerning the offering and sale of the Group's financial products and fraudulent or otherwise improper activity, could result in regulatory violations and sanctions which could harm the Group's reputation and business, particularly since many of the Group's employees are involved in direct dealing with customers. Common weaknesses that facilitate fraud include the failure to implement effectively a centralised management and supervision, inadequate segregation of duties, insufficient access controls and certain actions taken by employees which are not consistent with the Group's internal control policies. While the Group's compliance programmes are intended to reduce the risk of employee misconduct and outside parties' misconduct and fraud, the Group may not always be able to timely detect or prevent such misconduct, and this risk cannot be completely eliminated. Instances of employee misconduct in the future could have consequences that materially and adversely affect the Group's business, reputation and prospects.

The Group's businesses and prospects may be materially and adversely affected if it fails to maintain its risk management and internal control systems or these systems are proved to be ineffective or inadequate

The Group has established risk management control systems and procedures. Certain areas within its risk management and internal control systems may require constant monitoring, maintenance and continual improvements by its senior management and staff. The Group's businesses and prospects may be materially and adversely affected if its efforts to maintain these systems are proved to be ineffective or inadequate.

Deficiencies in the Group's risk management and internal control systems and procedures may adversely affect its ability to record, process, summarise and report financial and other data in an accurate and timely manner, as well as adversely impact its ability to identify any reporting errors and non-compliance with rules and regulations.

The Group's internal control system may contain inherent limitations caused by misjudgement. As a result, there can be no assurance that its risk management and internal control systems are adequate or effective notwithstanding its efforts, and any failure to address any internal control matters and other deficiencies could result in investigations and disciplinary actions or even prosecution being initiated against the Group or its employees, disruption to its risk management system. In such cases, there may be a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

System and technological failures or ineffectiveness, failure of business continuity planning, corruption of databases and service disruption may occur and could result in additional administrative and remediation costs, loss of business and profits and/or cause reputational damage to the Group

The performance of the Group's businesses depends heavily on its ability to process transactions efficiently and accurately. The Group's ability to develop business intelligence systems, monitor and manage collections, maintain financial and operating controls, monitor and manage its risk exposures across the Group, keep accurate records, provide high-quality customer service and develop and sell profitable products and services in the future depends on the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems (including its information technology system) and the successful development and implementation of new systems.

However, in common with information technology systems generally, losses can result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This may result in a loss of data, a failure to provide quality service to customers and could in limited instances cause incorrect trades to be executed. The Group's information technology, databases and other systems may be subject to damage or interruption from earthquakes, volcanic eruptions, floods, fires, power loss, telecommunication failures and similar events as well as to damage from the introduction to its systems of incorrect programming language by its employees and contractors. These systems may also be subject to computer viruses, physical or electronic break-ins, sabotage, vandalism and similar misconduct. The same is true of third party service providers and software providers on which the Group depend.

The Group routinely transmits and receives personal, confidential and proprietary information through the Internet, by email and other electronic means and may not be able to ensure that its clients, vendors, service providers, counterparties and other third parties have appropriate controls in place to protect the confidentiality of the information. An interception or mishandling of personal, confidential or proprietary information being sent to or received from these third parties could result in legal liability, regulatory action and reputational harm, and the Group's efforts to ensure that these third parties have appropriate controls in place may not be successful.

If any of the above risks materialise, the interruption or failure of the Group's information technology and other systems could impair the Group's ability to provide its services effectively causing direct financial loss and may compromise the Group's strategic initiatives.

In addition, it could damage the Group's reputation if customers believe its systems are unreliable which, in turn, could have an adverse effect on the Group's ability to collect loan repayments from customers and to attract new and retain existing customers. Technology failure or underperformance could also result in a higher number of customer and employee disputes and may increase the Group's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any customer database would be expensive and time-consuming to endeavour to retrieve or recreate, would have a material adverse effect on the Group's business, operations and financial situation and may damage its reputation and brand.

Any business disruptions resulting from acts of God, acts of war, epidemics and other factors outside of the Group's control could affect the Group's business and might result in substantial costs

The Group's business is subject to general, social and political conditions. The Group's business would be adversely affected by any unexpected events, including but not limited to riots, fire, power, strikes, civil or social disruption (including events such as Hong Kong's "Occupy Central" protests), outages, natural disasters, terrorist activities, equipment or system failures, industrial action and environmental issues, which increase the cost of doing business or otherwise adversely affect the Group's operations or those of its customers or suppliers.

Natural disasters, epidemics, pandemics, health emergencies (or concerns over the possibility of one) acts of God and other disasters that are beyond the Group's control may materially and adversely affect the economy and infrastructure. The Group's business, financial condition and operating results may be materially and adversely affected as a result.

Epidemics threaten people's lives and may materially and adversely affect their livelihoods as well as their living and consumption patterns. The occurrence of an epidemic is beyond the Group's control, and there is no assurance that another outbreak of severe acute respiratory syndrome or H1N1 swine influenza will not happen. There is no assurance that an outbreak of this or any other disease will not become an epidemic or pandemic. Any epidemic or pandemic occurring in Hong Kong or the PRC may materially and adversely affect the business, financial condition and operating results of the Group.

Acts of war and terrorism may cause damage or disruption to the Group or its employees, facilities, markets, suppliers or customers, any of which may materially and adversely impact the Group's revenue, cost of sales, financial condition and operating results. Potential war or terrorist attacks may also cause uncertainty and cause the Group's business to suffer in ways that cannot be accurately predicted.

The Group may not be able to identify money laundering activities or other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and adversely affect its business

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in Hong Kong, the PRC and any other jurisdictions in which it operates. These laws and regulations require the Group, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious transactions to the applicable regulatory authorities in different jurisdictions. While the Group has adopted policies and procedures aimed at detecting and preventing the use of its networks for money- laundering activities and by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where its networks may be used by other parties to engage in money laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. To the extent the Group may fail to comply fully with applicable laws and regulations, the relevant government agencies to which the Group reports have the power and authority to impose fines and other penalties on the Group, which may adversely affect its business.

The Group may be subject to claims of mis-selling

The Group offers a number of financial products directly to corporate and institutional investors and to private investors through intermediaries or distributors. If these investors suffer losses on such financial products, they or their advisers may seek compensation from the Group on the basis of allegations that the financial products were mis-sold or that the prospectuses, offering circulars or other marketing materials contained erroneous information or failed to disclose material information the omission of which rendered the content therein misleading or that misleading marketing materials were provided to or supplied by intermediaries. Despite the policies enacted by the Group guiding employees on the appropriate selling procedures, it is possible that the Group has rogue or fraudulent employees who do not comply with such policies. Any potential legal action undertaken by investors for mis-selling may be successful and this could in turn adversely affect the business, financial condition, results of operations and/or prospects of the Group. Any claim for mis-selling may also result in regulatory investigation and censure and may damage the reputation of the Group.

The risk of an unfavourable outcome to litigation against the Group could adversely affect the Group's business, financial condition, results of operations and prospects

The Group is exposed to litigation risk relating to the operations of its businesses on an ongoing basis. While the outcome of any pending or future litigation cannot be foreseen given the inherent unpredictability of litigation, it is possible that an adverse outcome in any one or more matters may have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

Interest rate fluctuations may adversely affect the Group's businesses

The Group's business performance is affected by fluctuations in interest rates which could adversely affect financial markets conditions. For example, a decrease in interest rates, although decreases the Group's costs of capital, may also limit the Group's interest income from its margin financing and structured finance business, thus adversely affecting the Group's business and financial results. Interest rates volatility may also affect stock market performance and general market sentiment, hence causing indirect adverse impact on the Group's business performance.

PRC economic, political and social conditions, as well as government policies, could affect the Group's results of operation, financial condition and prospects

The Group's business, financial operation, results of operations, and prospects will, to an increasing degree, be subject to the economic, political and legal developments of the PRC.

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to its political structure, level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

The PRC economy has been in transition from a planned economy to a market-oriented economy. For the past three decades, the PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy.

However, the PRC Government retains the power to implement macroeconomic policies affecting the PRC economy, and has previously implemented measures to slow the pace of growth of the PRC economy, including raising interest rates and issuing administrative guidelines to control lending to certain industries. Additionally, the risk remains that the global economy, including the PRC economy, may suffer a recession and the PRC Government may have to readjust its macroeconomic control measures accordingly, causing the growth or demand for the Group's products to slow down and adversely impacting the Group's, business, financial condition and results of operations.

RISKS RELATING TO THE SECURITIES ISSUED UNDER THE PROGRAMME

Risks relating to Securities

The Securities may not be a suitable investment for all investors

Each potential investor in any Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained or incorporated by reference in this Offering Circular, any applicable supplement to the Offering Circular or any Pricing Supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Securities and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Securities, including where principal, interest or distribution is payable in one or more currencies, or where the currency for principal, interest or distribution payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, distribution rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

The Terms and Conditions of the Securities contain limited covenant protection for investors

The Terms and Conditions of the Securities contain a negative pledge that restricts the incurrence of secured debt in the form of Relevant Indebtedness (as defined in the "*Terms and Conditions of the Securities*"), but does not prevent bilateral or syndicated borrowing in the form of a loan with the benefit of security. Otherwise, the Terms and Conditions of the Securities do not contain any other financial covenants. Therefore, there are no constraints imposed on the Group including as regards gearing, interest cover, secured debt (other than pursuant to the Negative Pledge), asset disposals, dividend payments/distributions, related party transactions, or sale and leaseback transactions. As a result, there can be no assurance that actions taken by the Issuer that are considered credit negative by the holders of the Securities will give such holders the right to accelerate the Securities.

The Terms and Conditions of the Securities may be modified and certain decisions regarding the Securities may be made without the knowledge or consent of individuals

The Conditions of the Securities contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. In addition, an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) in writing signed by or on behalf of the holders of not less than 90 per cent. of the aggregate nominal amount of Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority or, as the case may be, who did not sign the relevant written resolution.

The Conditions of the Securities also provide that the Issuer shall only permit, without the consent of Securityholders or Couponholders, any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Fiscal Agency Agreement dated 10 May 2017 if such modification and/or waiver or authorisation of breach or proposed beach could not reasonably be expected to be prejudicial to the interests of the Securityholders. None of the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Paying Agents or the Calculation Agents (as defined in the Terms and Conditions of the Securities) have any responsibility or liability whatsoever with respect to any determination as to prejudice applying to the interests of the Securityholders pursuant to Condition 11.

The Issuer's obligations under the Securities are effectively subordinated to all existing and future obligations of the Issuer's subsidiaries and associated companies. Future borrowings of the Issuer may also rank pari passu with the Securities.

The Issuer is a holding company that operates through subsidiaries and investments. As a result, the Issuer's obligations under the Securities will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries and associated companies. All claims of creditors of these subsidiaries and associated companies, including trade creditors, lenders and all other creditors, will have priority as to the assets of such entities over claims of the Issuer and its creditors, including holders of the Securities. As it is principally a holding company with limited operations of its own, the Issuer will depend, to a significant extent, upon the receipt of dividends from its subsidiaries and associated companies to meet its overhead expenses and to make payments with respect to its obligations, including its obligations under the Securities, and in order to provide funds to its subsidiaries and associated companies. The ability of subsidiaries and associated companies of the Issuer to pay dividends to their shareholders (including the Issuer) is subject to the performance and cash flow requirements of such subsidiaries and associated companies and to applicable law and restrictions contained in any debt instruments of such subsidiaries and associated companies. No assurance can be given that the Issuer will have sufficient cash flow from dividends to satisfy its obligations, including the obligations under the Securities or otherwise to enable the Issuer to make payments under the Securities, or that its subsidiaries and associated companies will pay dividends at all.

A change in English law which governs the Securities may adversely affect Securityholders

The Conditions of the Securities are governed by English law in effect as at the date of issue of the relevant Securities. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Securities.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Security or a Global Certificate must rely on the procedures of the relevant Clearing System(s)

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, or lodged with CMU (each of Euroclear, Clearstream, Luxembourg, and CMU, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive definitive Securities or Certificates. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Securities and the Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to the relevant Clearing System for distribution to their account holders or in the case of the CMU, to the persons for whose account(s) interests in such Global Security or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules (as defined in the Fiscal Agency Agreement) as notified by the CMU to the Issuer in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other notification by the CMU. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and the Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies.

Securityholders should be aware that Definitive Securities which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade

In relation to any issue of Securities which have a denomination consisting of a minimum Specified Denomination (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Securities may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Securityholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Security in respect of such holding (should definitive Securities be printed) and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more Specified Denominations. If definitive Securities are issued, holders should be aware that definitive Securities which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks relating to Perpetual Securities

Perpetual Securities will have no right to require redemption

The Issuer may issue Perpetual Securities under the Programme. The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of Perpetual Securities should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects not to pay all or a part of a distribution under the terms and conditions of the Perpetual Securities

If Deferral Election is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is subject to certain restrictions in relation to the declaration or payment of distributions on its Junior Obligations and its Parity Obligations and the redemption and repurchase of its Junior Obligations and its Parity Obligations in the event that it does not pay a distribution in whole or in part. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities.

If a Cumulative Deferral is specified in the relevant Pricing Supplement, any distribution deferred shall constitute Arrears of Distribution and the Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred. Distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time.

If a Non-Cumulative Deferral is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part. However, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time.

Any non-payment or deferral of a distribution in whole or in part shall not constitute a default for any purpose if as a result of valid election by the Issuer to defer or not pay distribution. Any election by the Issuer not to pay a distribution in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market price of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Group's financial condition.

If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option on the date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events

The Perpetual Securities are perpetual securities and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to the date fixed for redemption. In addition, if specified on the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. See "*Terms and Conditions of the Perpetual Securities — Redemption and Purchase*".

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for default under the Perpetual Securities

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the Terms and Conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non- payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment when due. The only remedy against the Issuer available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such winding-up and/or claiming in the liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a winding-up of the Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the winding-up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the holders of all Junior Obligations and *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a winding-up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a winding-up of the Issuer and/or may increase the likelihood of a non- payment of distribution under the Subordinated Perpetual Securities.

Risks relating to the structure of a particular issue of Securities

A wide range of Securities may be issued under the Programme. A number of these Securities may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Securities subject to optional redemption by the Issuer may have a lower market value than Securities that cannot be redeemed.

Unless in the case of any particular Tranche of Securities the relevant Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Securities due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Securities in accordance with the Conditions.

An optional redemption feature is likely to limit the market value of Securities. During any period when the Issuer may elect to redeem Securities, the market value of those Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Securities when its cost of borrowing is lower than the interest or distribution rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest and/or distribution rate as high as the interest or distribution rate on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Dual Currency Securities have features which are different from single currency issues

The Issuer may issue Securities with principal, interest or distribution payable in one or more currencies which may be different from the currency in which the Securities are denominated. Potential investors should be aware that:

(i) the market price of such Securities may be volatile;

(ii) they may receive no interest;

(iii) payment of principal, interest or distribution may occur at a different time or in a different currency than expected; and

(iv) the amount of principal payable at redemption may be less than the nominal amount of such Securities or even zero.

Failure by an investor to pay a subsequent instalment of partly paid Securities may result in an investor losing all of its investment

The Issuer may issue Securities where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

The market price of variable rate Securities with a multiplier or other leverage factor may be volatile

Securities with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

Inverse Floating Rate Securities are typically more volatile than conventional floating rate debt

Inverse Floating Rate Securities have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the Euro Inter-bank Offered Rate ("**EURIBOR**"). The market values of such Securities typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Securities are more volatile because an increase in the reference rate not only decreases the interest rate of the Securities, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Securities.

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be or used as "benchmarks", have been the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective while others have yet to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of the London Inter-bank Offered Rate ("**LIBOR**") has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Securities linked to such benchmark. Such factors may have the following effects on certain benchmarks:

(i) discourage market participants from continuing to administer or contribute to the benchmark;

(ii) trigger changes in the rules or methodologies used in the benchmark; or

(iii) lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Securities linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Securities carrying an interest or distribution rate which may be converted from fixed to floating interest or distribution rates and vice-versa, may have lower market values than other Securities

Fixed/Floating Rate Securities may bear interest or distribution at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest or distribution rate will affect the secondary market and the market value of such Securities since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Securities may be less favourable than then prevailing spreads on comparable Floating Rate Securities tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Securities. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Securities.

The market prices of Securities issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

The market values of Securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest or distribution bearing securities. Generally, the longer the remaining term of the Securities, the greater the price volatility as compared to conventional interest or distribution bearing securities with comparable maturities.

Investors may lose part or all of their investment in any Index-Linked Notes issued

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index-Linked Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

RISKS RELATING TO THE MARKET GENERALLY

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Securities issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity

Securities issued under the Programme will be new securities which may not be widely distributed and may be small for each individual tranche size for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Securities which is already issued). If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. If the Securities are trading at a discount, investors may not be able to receive a favourable price for their Securities, and in some circumstances investors may not be able to sell their Securities at all or at their fair market value. Although an application will be made for the Securities issued under the Programme to be admitted to listing on the Hong Kong Stock Exchange (however, notwithstanding that unlisted Securities and Securities to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme), there is no assurance that such application will be accepted, that any particular Tranche of Securities will be so admitted or that an active trading market will develop. Moreover, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Securities issued under the Programme. In addition, one or more initial investors in the Securities may purchase a significant portion of the aggregate principal amount of the Securities pursuant to the offering. The existence of any such significant Securityholder(s) may reduce the liquidity of the Securities in the secondary trading market. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Securities.

The liquidity and price of the Securities following an offering may be volatile

The price and trading volume of the Securities may be highly volatile. Factors such as variations in the Group's revenues, earnings and cash flows and proposals for new investments, strategic alliances and/or acquisitions, interest rates, fluctuations in price for comparable companies and government regulations and changes thereof applicable to the Group's industry and general economic conditions nationally or internationally could cause the price of the Securities to change. Any such developments may result in large and sudden changes in the trading volume and price of the Securities. The Group cannot assure that these developments will not occur in the future.

Exchange rate risks and exchange controls may result in investors receiving less interest, distribution or principal than expected

The Issuer will pay principal, interest or distribution on the Securities in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Securities, (2) the Investor's Currency equivalent value of the principal payable on the Securities and (3) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest, distribution or principal than expected, or no interest, distribution or principal.

Changes in market interest rates may adversely affect the value of Fixed Rate Securities

Investment in Fixed Rate Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Securities.

The credit ratings assigned to the Securities may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

RISKS RELATING TO RENMINBI-DENOMINATED SECURITIES

Securities denominated in Renminbi ("**Renminbi Securities**") may be issued under the Programme. Renminbi Securities contain particular risks for potential investors.

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Renminbi Securities

Renminbi is not freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over trade transactions routine foreign exchange transactions under current accounts.

Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in August 2011 to cover the whole nation and to make Renminbi trade and other current account item settlement available in all countries worldwide. However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific regulations or fillings with the relevant authorities and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

On 13 October 2011, Measures on Administration of Renminbi Settlement in relation to Foreign Direct Investment issued by the People's Bank of China ("**PBOC**"), together with its implementing rules issued on 14 June 2012 (collectively, the "**PBOC RMB FDI Measures**") set out operating procedures for PRC banks to handle Renminbi settlement relating to Renminbi foreign direct investments ("**RMB FDI**") covering capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. Prior to the PBOC RMB FDI Measures, cross-border Renminbi settlement for RMB FDI required approvals from the PBOC on a case-by-case basis. The new rules replaced the PBOC approval requirement with a less onerous post-event registration and filing requirement. Under the new rules, foreign invested enterprises (whether established or acquired by foreign investors) need to (i) register their corporate information after the completion of a RMB FDI transaction, and (ii) make post-event registration or filing with the PBOC of any changes in registration information or in the event of increase or decrease of registered capital, equity transfer or replacement, merger or acquisition.

On 3 December 2013, the Ministry of Commerce of the PRC ("**MOFCOM**") by the relevant PRC authorities promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (the "**2013 MOFCOM Circular**"), which became effective on 1 January 2014, to further facilitate RMB FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the 2013 MOFCOM Circular, written approval from the appropriate office of MOFCOM and/or its local counterparts specifying RMB FDI and the amount of capital contribution is required for each RMB FDI. The 2013 MOFCOM Circular has removed the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. In addition, the 2013 MOFCOM Circular also clearly prohibits RMB FDI funds from being used for any investments in securities and financial derivatives (except for investments in PRC listed companies by strategic investors) or for entrustment loans in the PRC.

As the PBOC RMB FDI Measures and the 2013 MOFCOM Circular are relatively new, they will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that the PRC Government will continue to gradually liberalise control over cross-border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of

Renminbi into or outside the PRC. Holders of beneficial interests in the Securities denominated in Renminbi may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

In the event that the Group is not able to repatriate funds outside the PRC in Renminbi, the Issuer will need to source Renminbi offshore to finance their respective obligations under Renminbi Securities, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Securities and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Securities

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong and Singapore may offer limited Renminbi denominated banking services to Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business (the "Settlement Agreement") between the PBOC and Bank of China (Hong Kong) Limited (the "Renminbi Clearing Bank") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong. In addition, the PBOC has now established Renminbi clearing and settlement systems with financial institutions in other major global financial centres (each also a "Renminbi Clearing Bank"), including London, Frankfurt and Singapore to further internationalise the Renminbi.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The Renminbi Clearing Bank Banks only have access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of Renminbi Securities. To the extent the Issuer is required to source Renminbi in the offshore market to service Renminbi Securities, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in Renminbi Securities is subject to exchange rate risks

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC, by international political and economic conditions and by many other factors. All payments of interest, distribution or principal will be made with respect to Renminbi Securities in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of investment in U.S. dollar or other applicable foreign currency terms will decline.

If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Securities entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Securities below their stated coupon rates and could result in a loss when the return on the Renminbi Securities is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Securities.

An investment in Renminbi Securities is subject to interest rate risks

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The Renminbi Securities may carry a fixed interest rate. Consequently, the trading price of such Renminbi Securities will vary with fluctuations in interest rates. If a holder of Renminbi Securities tries to sell any Renminbi Securities before their maturity, they may receive an offer that is less than the amount invested.

Payments in respect of Renminbi Securities will only be made to investors in the manner specified in such Renminbi Securities

All payments to investors in respect of Renminbi Securities will be made solely (i) when Renminbi Securities are represented by Global Securities or Global Certificates, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) when Renminbi Securities are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank Securities, by cheque or draft or by transfer to a bank account in the PRC).

Gains on the transfer of the Renminbi Securities may become subject to income taxes under PRC tax laws

Under the PRC Enterprise Income Tax Law and its implementation rules which took effect on 1 January 2008 and the new PRC Individual Income Tax Law and its implementation regulations which came into force on 1 September 2011, any gain realised on the transfer of Renminbi Securities by non-resident enterprise holders and non-resident individuals may be subject to enterprise income tax if such gain is regarded as income derived from sources within the PRC. However, there remains uncertainty as to whether the gain realised from the transfer of the Renminbi Securities would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law and its implementation rules. According to the arrangement between the PRC and Hong Kong for the avoidance of double taxation, residents of Hong Kong, including enterprise holders and individual holders, will not be subject to PRC tax on any capital gains derived from a sale or exchange of the Renminbi Securities.

Therefore, if non-resident enterprise holders are required to pay PRC income tax on gains on the transfer of the Renminbi Securities (such enterprise income tax is currently levied at the rate of 10 per cent. of the gross proceeds, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-resident enterprise holders of Renminbi Securities reside that reduces or exempts the relevant tax), the value of their investment in the Renminbi Securities may be materially and adversely affected.

Similarly, if non-resident individual holders are required to pay any PRC income tax on gains on the transfer of the Securities (such individual income tax is currently levied at the rate of 20 per cent. of the gross proceeds, unless there is an applicable tax treaty between the PRC and the jurisdiction in which relevant non-resident individual holder of the Securities resides that reduces or exempts the relevant tax), the value of his investment in the Securities may be affected.

USE OF PROCEEDS

The net proceeds from the issue of each tranche of Securities under the Programme will be used for capital expenditure, refinancing and general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be specified in the relevant Pricing Supplement.

CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg, the CMU (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believe to be reliable, but neither the Issuer nor any Arranger nor any Agent nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Fiscal Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Securities held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book- entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal, interest and/or distribution with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant Clearing System's rules and procedures.

CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("**CMU Members**") of capital markets instruments ("**CMU Securities**") which are specified in the CMU Reference Manual as capable of being held within the CMU.

The CMU is only available to CMU Securities issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike Euroclear or Clearstream, Luxembourg), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest, distribution or principal) under, or notices pursuant to the notice provisions of, the CMU Securities. Instead, the HKMA advises the lodging CMU Member (or a designated Paying Agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Securities are credited, whereupon the lodging CMU Member (or the designated Paying Agent) will make the necessary payments of interest, distribution or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Securities held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU.

Book-Entry Ownership

Bearer Securities

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Securities to be represented by a Global Security. The Issuer may also apply to have Bearer Securities to be represented by a Global Security accepted for clearance through the CMU. In respect of Bearer Securities, a Temporary Global Security and/or a Permanent Global Security in bearer form without coupons may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU or any other relevant clearing system (an "**Alternative Clearing System**") as agreed between the Issuer and the relevant Dealer. Transfers of interests in a Temporary Global Security or a Permanent Global Security will be made in accordance with the normal Euromarket debt securities operating procedures of the CMU, Euroclear and Clearstream, Luxembourg or, if appropriate, the Alternative Clearing System. Each Global Security will have an International Securities Identification Number ("**ISIN**") and a Common Code or a CMU Instrument Number, as the case may be. Investors in Securities of such Series may hold their interests in a Global Security through Euroclear or Clearstream, Luxembourg or the CMU, as the case may be.

Registered Securities

The Issuer may make applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Registered Securities to be represented by a Global Certificate. The Issuer may also apply to have Securities represented by a Global Certificate accepted for clearance through the CMU. Each Global Certificate deposited with a Common Depositary will, where applicable have an ISIN and/or a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number. Investors in Securities of such Series may hold their interests in a Global Certificate only through Euroclear or Clearstream, Luxembourg or the CMU, as the case may be.

Individual Definitive Securities

Registration of title to Registered Securities in a name other than a depositary or its nominee for Euroclear and Clearstream, Luxembourg or the CMU will be permitted only in the circumstances set forth in "Summary of Provisions Relating to the Securities while in Global Form — Exchange". In such circumstances, the Issuer will cause sufficient individual definitive Securities to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Securityholder(s). A person having an interest in a Global Certificate must 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 such individual definitive Securities.

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Securities or Certificates, as the case may be. References in the Conditions to "***Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an amended and restated fiscal agency agreement dated 10 May 2017, as supplemented by the first supplemental fiscal agency agreement dated 25 February 2019 (as amended or supplemented as at the Issue Date, together, and the "**Fiscal Agency Agreement**") between AMTD Group Company Limited 尚乘集團有限公司 (the "**Issuer**"), The Bank of New York Mellon, London Branch as fiscal agent, issuing and paying agent and calculation agent, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent, The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent, registrar and transfer agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**") and the other agents named in it and with the benefit of a deed of covenant dated 9 March 2016 and a deed of covenant dated 10 May 2017 (together, and as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") executed by the Issuer in relation to the Notes. The fiscal agent, the CMU lodging and paying agent, the issuing and paying agent, each registrar, the transfer agents, the paying agents, and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**CMU Lodging and Paying Agent**", the "**Issuing and Paying Agent**", the "**Registrar**", the "**Transfer Agents**", the "**Paying Agents**" (which expression shall include the Fiscal Agent and the CMU Lodging and Paying Agent) and the "**Calculation Agent(s)**". For the purposes of these terms and conditions, all references to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly. The Noteholders (as defined below), the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Fiscal Agency Agreement applicable to them.

As used in these terms and conditions (the "**Conditions**"), "**Tranche**" means Notes which are identical in all respects.

Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. **Form, Denomination and Title**

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index-Linked Interest Note, an Index-Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar outside of the United Kingdom and Hong Kong in accordance with the provisions of the Fiscal Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. **No Exchange of Notes and Transfers of Registered Notes**

(a) **No Exchange of Notes**: Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) **Transfer of Registered Notes**: One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) **Exercise of Options or Partial Redemption in Respect of Registered Notes**: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Fiscal Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d),"**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Transfer Free of Charge**: Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) **Closed Periods**: No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

3. **Status**

The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

4. **Negative Pledge and other Covenants**

(a) **Negative Pledge**: So long as any Note or Coupon remains outstanding (as defined in the Fiscal Agency Agreement) the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders.

(b) **Financial Statements**: So long as any Note or Coupon remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer shall:

(i) provide to the Fiscal Agent for inspection by any Noteholder a copy of its Semi-Annual Unaudited Financial Statements and Annual Audited Financial Statements; and

(ii) provide Noteholders with a copy of its Semi-Annual Unaudited Financial Statements and Annual Audited Financial Statements by arranging for the publication of such documents on the Issuer's website (with such password protection as the Issuer shall reasonably deem necessary),

in each case as soon as they are available, but in any event within 120 calendar days after the end of the Relevant Period.

(c) **Shareholder Loan Agreements**: So long as any Note or Coupon remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer:

(i) shall ensure that the payment obligations of the Issuer in respect of the loans under each Shareholder Loan Agreement are subordinated to the claims of the Noteholders; and

(ii) will not repay, in whole or in part, the principal amount of the loans under any of the Shareholder Loan Agreements.

(d) **Definitions**: In these Conditions:

(i) "**Annual Audited Financial Statements**" means annual consolidated financial statements of the Issuer, which include a consolidated statement of profit or loss and other comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity and a consolidated statement of cash flows, audited by an internationally recognised firm of independent accountants, together with the auditors' report and notes to the financial statements;

(ii) "**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended on the part of the Issuer thereof to be, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

(iii) "**Relevant Period**" means, in relation to the Annual Audited Financial Statements, each period of 12 months ending on the last day of the financial year (being 31 December of that financial year) and in relation to the Semi-Annual Unaudited Financial Statements, each period of six months ending on the last day of the first half of the financial year (being 30 June of that financial year);

(iv) "**Semi-Annual Unaudited Financial Statements**" means semi-annual unaudited and unreviewed consolidated financial statements of the Issuer, which include a consolidated statement of profit or loss and other comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity and a consolidated statement of cash flows, in each case, prepared on a basis consistent with the Annual Audited Financial Statements;

(v) "**Shareholder Loan Agreements**" means the shareholder loan agreements dated 16 December 2015 and 30 December 2015 respectively between L.R. Capital Financial Holdings Limited and the Issuer; and

(vi) "**Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

5. Interest and other Calculations

(a) **Interest on Fixed Rate Notes**: Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) **Interest on Floating Rate Notes and Index-Linked Interest Notes:**

(i) *Interest Payment Dates*: Each Floating Rate Note and Index-Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined by the Calculation

Agent in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon

(y) the Designated Maturity is a period specified hereon and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination for Floating Rate Notes*

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than EURIBOR or

HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Issuer shall request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to the Calculation Agent (and at the request of the Issuer) by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, **provided that**, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding

Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) *Linear Interpolation*

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(c) **Rate of Interest for Index-Linked Interest Notes**: The Rate of Interest in respect of Index- Linked Interest Notes for each Interest Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(d) **Zero Coupon Notes**: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(e) **Dual Currency Notes**: In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined by the Calculation Agent in the manner specified hereon.

(f) **Partly Paid Notes**: In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(g) **Accrual of Interest**: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(h) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual

Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures(with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(i) **Calculations**: The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(j) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**: The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation 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 and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, the Issuer shall notify such exchange or other relevant authority 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. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(k) **Definitions**: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**") and/or

(iii) 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 settlement of Renminbi payments in Hong Kong; and/or

(iv) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365

(iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

(vii) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of

February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30;

(viii) if "**Actual/Actual-ICMA**" is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**Interest Accrual Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date;

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

"**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in each case selected by the Issuer or as specified hereon;

"**Reference Rate**" means the rate specified as such hereon;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service);

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(l) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over- the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(m) **Business Day Convention**: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business

Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(n) **Benchmark Replacement (Independent Adviser)**

If a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, if any and any Benchmark Amendments.

In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Agents or the Noteholders for any determination made by it pursuant to this Condition 5(n)) and none of the Agents will be liable for any loss, liability, cost, charge or expense which may arise as a result thereof.

(i) If the Independent Adviser determines in its discretion that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in this Condition 5(n)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for the relevant Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 5(n) in the event of a further Benchmark Event affecting the Successor Rate; or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in this Condition 5(n)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for the relevant Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 5(n) in the event of a further Benchmark Event affecting the Alternative Rate.

(ii) If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).

(iii) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5(n) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s), subject to giving notice thereof in accordance with this Condition 5(n), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Fiscal Agency Agreement and these Conditions as the Fiscal Agent may be required in order to give effect to this Condition 5(n)) and none of the Agents shall be liable to any party for any consequences thereof, provided that the Agents shall not be obliged so to effect any such amendments if, in the opinion of the Agents, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in the Fiscal Agency Agreement and/or these Conditions and/or any document to which it is a party (including, for the avoidance of doubt, any supplemental agency agreement) in any way).

(iv) If (A) the Issuer is unable to appoint an Independent Adviser or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(n) prior to the relevant Interest Determination Date, the Reference Rate applicable to the relevant Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. For the avoidance of doubt, any adjustment pursuant to this Condition 5(n) shall apply to the relevant Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 5(n) (*Benchmark Replacement (Independent Adviser)*).

(v) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(n) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

(A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5(n); and

(B) certifying that (1) the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread and (2) the intent of the drafting of such changes is solely to implement the relevant Benchmark Amendments.

The Fiscal Agent and the Agents shall be entitled to rely on such certificate (without further enquiry and without liability to any person) as sufficient evidence thereof.

(vii) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, Fiscal Agent, the Calculation Agent, the other Paying Agents and the Noteholders.

As used in this Condition 5(n):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or

(C) (if no such determination has been made) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 5(n) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency;

"**Benchmark Amendments**" has the meaning given to it in Condition 5(n)(iii);

"**Benchmark Event**" means:

(A) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or

(B) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or

(C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or

(E) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, (i) such Reference Rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market or (ii) the methodology to calculate such Reference Rate has materially changed; or

(F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (B), (C), (D), or (E) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

6. **Redemption, Purchase and Options**

(a) **Redemption by Instalments and Final Redemption:**

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) **Early Redemption:**

(i) *Zero Coupon Notes:*

(a) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(b) Subject to the provisions of sub-paragraph (c) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(c) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub- paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index-Linked Interest Note) or, at any time, (if this Note is neither a Floating Rate Note nor an Index-Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands (in the case of payment by the Issuer) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, **provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) **Redemption at the Option of the Issuer**: If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date specified hereon. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) **Redemption at the Option of Noteholders**: If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Fiscal Agency Agreement) without the prior consent of the Issuer.

(f) **Redemption for Change of Control**: If Change of Control Put is specified hereon, following the occurrence of a Change of Control (as defined below), the holder of each Note will have the right, at such holder's option, to require the Issuer to redeem all, or some only, of that holder's Notes on the Change of Control Redemption Date (as defined below) at 101 per cent. of their nominal amount or such other Early Redemption Amount (Change of Control) as is specified hereon, together in each case with interest accrued to the Change of Control Redemption Date. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "**Change of Control Redemption Notice**") together with the Certificate evidencing the Notes to be redeemed by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 14. The "**Change of Control Redemption Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

A Change of Control Redemption Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes the subject of Change of Control Redemption Notices delivered as aforesaid on the Change of Control Redemption Date. The Issuer shall give notice to Noteholders and the Fiscal Agent in accordance with Condition 14 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition and shall give brief details of the Change of Control. For the avoidance of doubt, none of the Agents shall be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred or to monitor the occurrence of any Change of Control.

For the purposes of this Condition 6(f):

"**Control**" means the direct or indirect ownership of, or the power to control directly or indirectly, at least 40 per cent. of the Voting Rights of the issued share capital of the Issuer;

a "**Change of Control**" occurs when: (i) the Controlling Shareholder ceases to have Control of the Issuer; or (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any Person or Persons other than the Controlling Shareholder, unless the consolidation, merger, sale or transfer will not result in the Controlling Shareholder ceasing to have Control over the Issuer or the successor entity; or (iii) the Controlling Shareholder is not or ceases to be, directly or indirectly, the single largest shareholder of the Issuer; or (iv) the nominees of the Controlling Shareholder cease to comprise the majority of the members of the Issuer's board of directors; or (v) the Controlling Shareholder ceases to own or have the power to control, in each case, directly or indirectly, at least 51 per cent. of the Voting Rights of the issued share capital of L.R. Capital Financial Holdings Limited;

"**Controlling Shareholder**" means L.R. Capital Management Company (Cayman) Limited;

a "**Person**" as used in this Condition 6(f), includes any individual, company corporation, firm, partnership, joint venture, undertaking, associations, organisation, trust, state or agency of state (in each case whether or not being a separate legal entity) but does not include the Issuer's wholly owned direct or indirect Subsidiaries; and

"**Voting Rights**" means the right generally to vote at a general meeting of shareholders of the relevant entity (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

(g) **Partly Paid Notes**: Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(h) **Purchases**: Each of the Issuer and its Subsidiaries may at any time purchase Notes (**provided that** all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(i) **Cancellation**: All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. Payments and Talons

(a) **Bearer Notes**: Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and **provided that** the Receipt is presented for payment together with its relevant Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Fiscal Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(b) **Registered Notes:**

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business (i) on the fifteenth day before the due date for payment thereof or (ii) in the case of Renminbi, on the fifth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made (x) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first- named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and (y) in the case of Renminbi, by transfer to the registered account of the Noteholder. In this Condition 7(b), "**registered account**" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Registered Notes are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Fiscal Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

So long as the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

(c) **Payments in the United States**: Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments Subject to Fiscal Laws**: Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents**: The Fiscal Agent, the CMU Lodging and Paying Agent, the Issuing and Paying Agent, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, **provided that** the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where the Conditions so require, and (v) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index-Linked Notes), those Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index-Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) **Talons**: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) **Non-Business Days**: If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or

(ii) (in the case of a payment in euro) which is a TARGET Business Day; or

(iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) **Other connection**: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the British Virgin Islands other than the mere holding, or receipt of payment on, of the Note, Receipt or Coupon or

(b) **Presentation more than 30 days after the Relevant Date**: presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, **provided that** payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

9. **Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. **Events of Default**

If any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

(i) **Non-payment**: the Issuer fails to pay any amount of principal or premium or interest due in respect of any of the Notes **provided that**, in the case of principal or premium, the default continues for a period of 5 days and, in the case of interest, the default continues for a period of 10 days; or

(ii) **Breach of Other Obligations**: the Issuer fails to perform or observe any of its other obligations under these Conditions which default is incapable of remedy or is not remedied within 30 days following the service by a Noteholder on the Issuer of notice of such default; or

(iii) **Cross-Acceleration**: (A) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised **provided that** the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds U.S.$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or

(iv) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of the Issuer's Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person); or

(v) **Winding-up**: any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any of the Issuer's Principal Subsidiaries, save, in the case of a Principal Subsidiary of the Issuer, for (i) any voluntary solvent winding up, liquidation or dissolution or, any reorganisation or restructuring whereby the business, undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer and/or another Principal Subsidiary of the Issuer; or (ii) the purposes of reorganisation or restructuring on terms previously approved by an Extraordinary Resolution; or

(vi) **Insolvency**: the Issuer or any of the Issuer's Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(vii) **Suspension of Business**: (i) the Issuer and its Subsidiaries (taken as a whole) suspend or cease to carry on, or threaten to suspend or cease to carry on, all or a material part of its business or operations, or (ii) any Principal Subsidiary of the Issuer suspends for a continuing period of 3 months due to regulatory reasons, except, in the case of paragraph (i), for the purposes of, or pursuant to and followed by, a consolidation, amalgamation, merger or reorganisation the terms of which shall have previously been approved by an Extraordinary Resolution of the Noteholders; or

(viii) **Enforcement Proceedings**: (i) proceedings are initiated against the Issuer or any of the Issuer's Principal Subsidiaries or the Issuer or any of the Issuer's Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed in relation to all or a material part of the undertaking or assets of the Issuer or the Issuer's Principal Subsidiaries or an encumbrancer takes possession of all or any substantial part of the undertaking or assets of the Issuer or the Issuer's Principal Subsidiaries, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or any substantial part of the undertaking or assets of the Issuer or the Issuer's Principal Subsidiaries and (ii) in any case (other than the appointment of an administrator) is not discharged within 30 days; or

(ix) **Illegality**: the Notes or the Fiscal Agency Agreement is or becomes or is claimed by the Issuer to be unenforceable or invalid; or

(x) **Authorisation and Consent**: any regulation, decree, consent, approval, licence or other authority necessary to enable the Issuer to perform its obligations under the Notes or the Fiscal Agency Agreement expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified; or

(xi) **Analogous Events**: any event occurs which, under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (iv) to (x) above.

For the purposes of this Condition:

"**Principal Subsidiary**" means any Subsidiary of the Issuer:

(a) whose profits before taxation and exceptional items ("**pre-tax profit**") (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer, as shown by its latest audited income statement, are at least 10 per cent. of the consolidated pre-tax profit as shown by the latest published audited consolidated income statement of the Issuer and its consolidated Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of associated entities and after adjustments for minority interests; or

(b) whose gross assets (excluding intercompany balances, client's bank account balances and other funds held on behalf of clients) (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer, as shown by its latest audited balance sheet, are at least 10 per cent. of the consolidated gross assets (excluding intercompany balances, client's bank account balances and other funds held on behalf of clients) of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries, including the investment of the Issuer and its consolidated Subsidiaries in each subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and of associate companies and after adjustment for minority interests;

provided that, in relation to paragraphs (a) and (b) above:

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, pre-tax profit or gross assets (excluding intercompany balances, client's bank account balances and other funds held on behalf of clients) of the Issuer and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by the Issuer for the purposes of preparing a certificate thereon to the Noteholders; and

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its gross assets (excluding intercompany balances, client's bank account balances and other funds held on behalf of clients) (consolidated, if appropriate) shall be determined on the basis of *pro forma* accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer for the purposes of preparing a certificate thereon to the Noteholders; and

(iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer, or

(c) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, **provided that** the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate), of the Issuer prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a) or (b) above.

A certificate prepared by the directors of the Issuer certifying that, in their opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties. The certificate would, if requested by the holder(s) of, individually or in the aggregate, not less than 10 per cent. of the aggregate nominal amount of the Notes outstanding, be accompanied by a report by an internationally recognised firm of accountants addressed to the directors of the Issuer as to proper extraction of the figures used by the Issuer in determining the Principal Subsidiaries of the Issuer and mathematical accuracy of the calculation.

11. **Meeting of Noteholders and Modifications**

(a) **Meetings of Noteholders**: The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) **Modification of Fiscal Agency Agreement**: The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders. For the avoidance of doubt, none of the Fiscal Agent, the CMU Lodging and Paying Agent, Issuing and Paying Agent, the Registrar, the Transfer Agents, the Paying Agents or the Calculation Agent(s) shall have any responsibility or liability whatsoever with respect to any determination as to prejudice applying to the interests of the Noteholders pursuant to this Condition 11.

(c) **Substitution**: The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons, any company (the "**Substitute**"), **provided that** no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Fiscal Agency Agreement as Schedule 8, and may take place only if(i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute, and in the case of the Deed Poll of the Issuer have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Fiscal Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Noteholders shall have been delivered to them from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (iii) and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 10 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

12. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of 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 the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

14. **Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, so long as the Notes are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the rules of the Stock Exchange so require, published in a leading newspaper having general circulation in Hong Kong (which is expected to be in the Asian Wall Street Journal). Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Hong Kong and, so long as the Notes are listed on the Stock Exchange and the rules of the Stock Exchange so require, published in a daily newspaper with general circulation in Hong Kong (which is expected to be the Asian Wall Street Journal). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate.

15. **Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

16. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17. **Governing Law and Jurisdiction**

(a) **Governing Law**: The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction**: The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Service of Process**: The Issuer irrevocably appoints Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. 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 and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Perpetual Securities in definitive form (if any) issued in exchange for the Global Security(ies) or Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Perpetual Securities or Certificates, as the case may be. References in the Conditions to "**Perpetual Securities**" are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme.*

The Perpetual Securities are issued pursuant to an amended and restated fiscal agency agreement dated 10 May 2017, as supplemented by the first supplemental fiscal agency agreement dated 25 February 2019 (as amended or supplemented as at the Issue Date, the "**Fiscal Agency Agreement**") between AMTD Group Company Limited 尚乘集團有限公司 (the "**Issuer**"), The Bank of New York Mellon, London Branch as fiscal agent, issuing and paying agent and calculation agent, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent, The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent, registrar and transfer agent for Perpetual Securities to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**") and the other agents named in it and with the benefit of an amended and restated Deed of Covenant (as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") dated 10 May 2017 executed by the Issuer in relation to the Perpetual Securities. The fiscal agent, the CMU lodging and paying agent, the issuing and paying agent, each registrar, the transfer agents, the paying agents, and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**CMU Lodging and Paying Agent**", the "**Issuing and Paying Agent**", the "**Registrar**", the "**Transfer Agents**", the "**Paying Agents**" (which expression shall include the Fiscal Agent and the CMU Lodging and Paying Agent) and the "**Calculation Agent(s)**". For the purposes of these terms and conditions, all references to the Fiscal Agent shall, with respect to a Series of Perpetual Securities to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly. The Perpetual Securityholders (as defined below), the holders of the distribution coupons (the "**Coupons**") relating to Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of all of the provisions of the Fiscal Agency Agreement applicable to them.

As used in these terms and conditions (the "**Conditions**"), "**Tranche**" means Perpetual Securities which are identical in all respects.

Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. **Form, Denomination and Title**

The Perpetual Securities are issued in bearer form ("**Bearer Perpetual Securities**") or in registered form ("**Registered Perpetual Securities**") in each case in the Specified Denomination(s) shown hereon.

This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown hereon).

Bearer Perpetual Securities are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached.

Registered Perpetual Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

Title to the Bearer Perpetual Securities and Coupons and Talons shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar outside of the United Kingdom and Hong Kong in accordance with the provisions of the Fiscal Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Perpetual Securityholder**" means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be), "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Perpetual Securities.

2. **No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities**

(a) **No Exchange of Perpetual Securities**: Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Specified Denomination may not be exchanged for Bearer Perpetual Securities of another Specified Denomination. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

(b) **Transfer of Registered Perpetual Securities**: One or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Perpetual Securityholders. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request.

(c) **Exercise of Options or Partial Redemption in Respect of Registered Perpetual Securities**: In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within three business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Fiscal Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Transfer Free of Charge**: Transfers of Perpetual Securities and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) **Closed Periods**: No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days before any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 6, (i) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date.

3. **Status**

(a) **Senior Perpetual Securities**: This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior hereon).

(i) **Status of Senior Perpetual Securities**

The Senior Perpetual Securities and Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Perpetual Securities and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

(b) **Subordinated Perpetual Securities**: This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated hereon).

(i) **Status of Subordinated Perpetual Securities**

The Subordinated Perpetual Securities and Coupons relating to them constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

(ii) **Ranking of claims on winding-up**

Subject to the insolvency laws of the British Virgin Islands and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them shall rank ahead of those persons whose claims are in respect of any Junior Obligations of the Issuer, but shall be subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer, other than the claims of holders of Parity Obligations of the Issuer.

In this Condition, "**winding-up**" means a final and effective order or resolution for the bankruptcy, winding-up or liquidation or similar proceedings.

(iii) **No set-off**

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of the winding-up of the Issuer, the liquidator) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator) and accordingly any such discharge shall be deemed not to have taken place.

4. **Negative Pledge and other Covenants**

(a) **Negative Pledge**: In the case of Senior Perpetual Securities only, so long as any Perpetual Security or Coupon remains outstanding (as defined in the Fiscal Agency Agreement) the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Perpetual Securities and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Perpetual Securityholders.

(b) **Financial Statements**: So long as any Perpetual Security or Coupon remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer shall:

(i) provide to the Fiscal Agent for inspection by any Perpetual Securityholder a copy of its Semi-Annual Unaudited Financial Statements and Annual Audited Financial Statements; and

(ii) provide Perpetual Securityholder with a copy of its Semi-Annual Unaudited Financial Statements and Annual Audited Financial Statements by arranging for the publication of such documents on the Issuer's website (with such password protection as the Issuer shall reasonably deem necessary),

in each case as soon as they are available, but in any event within 120 calendar days after the end of the Relevant Period.

(c) **Shareholder Loan Agreements**: So long as any Perpetual Security or Coupon remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer:

(i) shall ensure that the payment obligations of the Issuer in respect of the loans under each Shareholder Loan Agreement are subordinated to the claims of the Perpetual Securityholders; and

(ii) will not repay, in whole or in part, the principal amount of the loans under any of the Shareholder Loan Agreements.

(d) **Definitions**: In these Conditions:

(i) "**Annual Audited Financial Statements**" means annual consolidated financial statements of the Issuer, which include a consolidated statement of profit or loss and other comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity and a consolidated statement of cash flows, audited by an internationally recognised firm of independent accountants, together with the auditors' report and notes to the financial statements;

(ii) "**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended on the part of the issuer thereof to be, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

(iii) "**Relevant Period**" means, in relation to the Annual Audited Financial Statements, each period of 12 months ending on the last day of the financial year (being 31 December of that financial year) and in relation to the Semi-Annual Unaudited Financial Statements, each period of six months ending on the last day of the first half of the financial year (being 30 June of that financial year);

(iv) "**Semi-Annual Unaudited Financial Statements**" means semi-annual unaudited and unreviewed consolidated financial statements of the Issuer, which include a consolidated statement of profit or loss and other comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity and a consolidated statement of cash flows, in each case, prepared on a basis consistent with the Annual Audited Financial Statements;

(v) "**Shareholder Loan Agreements**" means the shareholder loan agreements dated 16 December 2015 and 30 December 2015 respectively between L.R. Capital Financial Holdings Limited and the Issuer; and

(vi) "**Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

5. **Distribution and other Calculations**

(I) **Distribution on Fixed Rate Perpetual Securities**

(a) **Distribution Rate and Accrual**

Each Fixed Rate Perpetual Security confers a right to receive distribution on its outstanding nominal amount from and including the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Distribution Rate, such distribution being payable in arrear on each Distribution Payment Date. The amount of distribution payable shall be determined in accordance with Condition 5(III)(a).

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement

Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

(b) **Distribution Rate**

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

(i) (if no Reset Date is specified hereon),

(1) if no Step-Up Margin is specified hereon, the rate shown on the face of such Perpetual Security; or

(2) if a Step-Up Margin is specified hereon, (A) for the period from (and including) the Distribution Commencement Date to (but excluding) the Step- Up Date specified hereon, the rate shown on the face of such Perpetual Security and (B) for the period from (and including) the Step-Up Date specified hereon t, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified hereon); and

(ii) (if a Reset Date is specified hereon),

(1) for the period from (and including) the Distribution Commencement Date to (but excluding) the First Reset Date specified hereon, the rate shown on the face of such Perpetual Security; and

(2) for the period from (and including) the First Reset Date and each Reset Date (as shown hereon) falling thereafter to (but excluding) the immediately following Reset Date, the Reset Distribution Rate (as specified hereon).

(c) **Calculation of Reset Distribution Rate**

The Calculation Agent will, on the second business day prior to each Reset Date, calculate the applicable Reset Distribution Rate payable in respect of each Perpetual Security. The Calculation Agent will cause the applicable Reset Distribution Rate to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents and the Registrar as soon as possible after its determination but in no event later than the fourth business day thereafter. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Calculation Agent will (in the absence of manifest error) be binding on the Fiscal Agent, the Issuer, each of the Paying Agents, the Registrar and the Perpetual Securityholders and (except as provided in the Fiscal Agency Agreement) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(d) **Publication of Relevant Reset Distribution Rate**

The Issuer shall cause notice of the then applicable Reset Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after determination thereof.

(e) **Determination or Calculation by Fiscal Agent**

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, but shall not be obliged to, appoint an agent on its behalf to do so). If it does so, the Fiscal Agent or such agent shall apply the provisions of this Condition 5(I), 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.

(f) **Calculations**

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon. The amount of distribution payable per Calculation Amount in respect of any Perpetual Security shall be calculated by multiplying the product of the Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security.

(II) Distribution on Floating Rate Perpetual Securities

(a) **Distribution Payment Dates**

Each Floating Rate Perpetual Security confers a right to receive distribution on its outstanding nominal amount from and including the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Distribution Rate, such Distribution being payable in arrear on each Distribution Payment Date. The amount of distribution payable shall be determined by the Calculation Agent in accordance with Condition 5(III)(a). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Dates or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which falls the number of months or other period shown hereon as the Distribution Period after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date.

(b) **Distribution Rate for Floating Rate Perpetual Securities**

The Distribution Rate in respect of Floating Rate Perpetual Securities for each Distribution Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Perpetual Securities

Where ISDA Determination is specified hereon as the manner in which the Distribution Rate is to be determined, the Distribution Rate for each Distribution Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for a Distribution Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon

(y) the Designated Maturity is a period specified hereon and

(z) the relevant Reset Date is the first day of that Distribution Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Perpetual Securities

(x) Where Screen Rate Determination is specified hereon as the manner in which the Distribution Rate is to be determined, the Distribution Rate for each Distribution Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) on the Distribution Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Perpetual Securities is specified hereon as being other than EURIBOR or HIBOR, the Distribution Rate in respect of such Perpetual Securities will be determined as provided hereon.

(y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Issuer shall request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Distribution Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Distribution Rate for such Distribution Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Distribution Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to the Calculation Agent (and at the request of the Issuer) by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Distribution Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), on the relevant Distribution Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, **provided that**, if the Distribution Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Distribution Rate shall be determined as at the last preceding Distribution Determination Date (though substituting, where a different Margin or Maximum or Minimum Distribution Rate is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum or Minimum Distribution Rate relating to the relevant Distribution Accrual Period, in place of the Margin or Maximum or Minimum Distribution Rate relating to that last preceding Distribution Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Distribution Accrual Period, the Distribution Rate for such Distribution Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Distribution Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Distribution Accrual Period **provided however that** if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(c) **Zero Coupon Perpetual Securities**: Where a Perpetual Security, the Interest Basis of which is specified to be Zero Coupon is repayable and is not paid when due, the amount due and payable shall be the Early Redemption Amount of such Perpetual Security.

(d) **Dual Currency Perpetual Securities**: In the case of Dual Currency Perpetual Securities, if the rate or amount of distribution falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of distribution payable shall be determined by the Calculation Agent in the manner specified hereon.

(e) **Partly Paid Perpetual Securities**: In the case of Partly Paid Perpetual Securities, distribution will accrue as aforesaid on the paid-up nominal amount of such Perpetual Securities and otherwise as specified hereon.

(f) **Accrual of Distribution**: Distribution shall cease to accrue on each Perpetual Security on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event distribution shall continue to accrue (both before and after judgment) at the Distribution Rate in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(III) Calculations

(a) **Margin, Maximum/Minimum Distribution Rate and Redemption Amounts and Rounding:**

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Distribution Accrual Periods), an adjustment shall be made to all

Distribution Rate, in the case of (x), or the Distribution Rate for the specified Distribution Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph

(ii) If any Maximum or Minimum Distribution Rate, or Redemption Amount is specified hereon, then any Distribution Rate or Redemption Amount shall be subject to such maximum or minimum, as the case may be

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(b) **Determination of Distribution Rate and Calculation of Distribution Amounts**: The amount of distribution payable per Calculation Amount in respect of any Perpetual Security for any Distribution Accrual Period shall be equal to the product of the Distribution Rate, the Calculation Amount specified hereon, and the Day Count Fraction for such Distribution Accrual Period, unless a Distribution Amount (or a formula for its calculation) is applicable to such Distribution Accrual Period, in which case the amount of distribution payable per Calculation Amount in respect of such Perpetual Security for such Distribution Accrual Period shall equal such Distribution Amount (or be calculated in accordance with such formula). Where any Distribution Period comprises two or more Distribution Accrual Periods, the amount of distribution payable per Calculation Amount in respect of such Distribution Period shall be the sum of the Distribution Amounts payable in respect of each of those Distribution Accrual Periods. In respect of any other period for which distribution is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which distribution is required to be calculated.

(c) **Determination and Publication of Distribution Rate, Distribution Amounts, Early Redemption Amounts and Optional Redemption Amounts**: The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Distribution Amounts for the relevant Distribution Accrual Period, calculate the Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Distribution Rate and the Distribution Amounts for each Distribution Accrual Period and the relevant Distribution Payment Date and, if required to be calculated, the Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Perpetual Securityholders, any other Calculation Agent appointed in respect of the Perpetual Securities that is to make a further calculation upon receipt of such information and, if the Perpetual Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, the Issuer shall notify such exchange or other relevant authority as soon as possible 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. Where any Distribution Payment Date or Distribution Period Date is subject to adjustment pursuant to Condition 5(II)(b), the Distribution Amounts and the Distribution Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period. If an Enforcement Event occurs in relation to the Perpetual Securities, the accrued distribution and the Distribution Rate payable in respect of the Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Distribution Rate or the Distribution Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(IV) Distribution Discretion

(a) **Distribution Deferral**

If Distribution Deferral is set out hereon, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (a "**Deferral Election Notice**") to the Fiscal Agent, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 30 nor less than 15 business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

If Dividend Pusher is set out hereon, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred (each a "**Compulsory Distribution Payment Event**"):

(i) a discretionary dividend, distribution or other discretionary payment has been declared or paid on or in respect of any of its Relevant Obligations (Pusher) (except (I) in relation to Parity Securities on a *pro rata* basis or (II) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or

any of its Relevant Obligations (Pusher) have been redeemed, reduced, cancelled, bought back or acquired for any consideration on a discretionary basis (except (I) in relation to Parity Securities on a *pro-rata* basis, (II) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants or (III) as a result of the exchange or conversion of Parity Securities for Junior Securities).

If a Dividend Pusher is set out herein, each Deferral Election Notice shall be accompanied, in the case of the notice to the Fiscal Agent and the Issuing and Paying Agent, by a certificate signed by a director or a duly authorised officer of the Issuer confirming that no Compulsory Distribution Payment Event has occurred. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred and the Fiscal Agent and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Deferral Election Notice or any certificate as aforementioned. Each Deferral Election Notice shall be conclusive and binding on the Perpetual Securityholders in the absence of manifest error.

(b) **No Obligation to Pay**

If Distribution Deferral is set out hereon and subject to Condition 5(IV)(c) and Condition 5(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

(c) **Non-Cumulative Deferral and Cumulative Deferral**

(i) If Non-Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 5(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 5(IV).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

(ii) If Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 5(IV) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 5(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 5(IV) except that this Condition 5(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

(iii) If Additional Distribution is set out hereon, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 5 and shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 5. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(d) **Restrictions in the case of Non-Payment**

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 5(IV), the Issuer shall not and shall procure that none of its subsidiaries shall:

(i) declare or pay any discretionary dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other discretionary payment is made on, any of its Relevant Obligations (Stopper) (except (I) in relation to Parity Securities on a *pro-rata* basis, or (II) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration on a discretionary basis, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration on a discretionary basis is made in respect of, any of its Relevant Obligations (Stopper) (except (I) in relation to Parity Securities on a *pro- rata* basis, or (II) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, or (III) as a result of the exchange or conversion of Parity Securities for Junior Securities).

(e) **Satisfaction of Optional Distribution or Arrears of Distribution**

The Issuer:

(i) may, at its sole discretion, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Fiscal Agent, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 30 nor less than 15 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and

(ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:

(A) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 6 (as applicable);

(B) the next Distribution Payment Date on the occurrence of a breach of Condition 5(IV)(d) or (if Dividend Pusher is specified hereon) the occurrence of a Compulsory Distribution Payment Event;

(C) the date such amount becomes due under Condition 10 or on a winding-up of the Issuer; and

(D) following any substitution pursuant to Condition 11(c).

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro-rata* basis.

(f) **No Default**

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 5(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 10) on the part of the Issuer under the Perpetual Securities.

(g) **Definitions**: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**") and/or

(iii) 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 settlement of Renminbi payments in Hong Kong; and/or

(iv) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres

"**Day Count Fraction**" means, in respect of the calculation of an amount of distribution on any Perpetual Security for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Distribution Period or an Distribution Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365

(iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Distribution Payment Date falling in a leap year, 366

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

(vii) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30; and

(viii) if "**Actual/Actual-ICMA**" is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Distribution Payment Date(s);

"**Distribution Accrual Period**" means the period beginning on and including the Distribution Commencement Date and ending on but excluding the first Distribution

Period Date and each successive period beginning on and including an Distribution Period Date and ending on but excluding the next succeeding Distribution Period Date

"**Distribution Amount**" means:

(i) in respect of a Distribution Accrual Period, the amount of distribution payable per Calculation Amount for that Distribution Accrual Period and which, in the case of Fixed Rate Perpetual Securities, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Distribution Payment Date ending the Distribution Period of which such Distribution Accrual Period forms part; and

(ii) in respect of any other period, the amount of Distribution payable per Calculation Amount for that period;

"**Distribution Commencement Date**" means the Issue Date or such other date as may be specified hereon;

"**Distribution Determination Date**" means, with respect to a Distribution Rate and Distribution Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Distribution Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Distribution Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Distribution Accrual Period if the Specified Currency is euro;

"**Distribution Period**" means the period beginning on and including the Distribution Commencement Date and ending on but excluding the first Distribution Payment Date and each successive period beginning on and including a Distribution Payment Date and ending on but excluding the next succeeding Distribution Payment Date unless otherwise specified hereon;

"**Distribution Period Date**" means each Distribution Payment Date unless otherwise specified hereon;

"**Distribution Rate**" means the rate of distribution payable from time to time in respect of this Perpetual Security and that is either specified or calculated in accordance with the provisions hereon;

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

"**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in each case selected by the Issuer or as specified hereon;

"**Reference Rate**" means the rate specified as such hereon;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service);

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Perpetual Securities are denominated; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(h) **Calculation Agent**: The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Perpetual Security is outstanding. Where more than one Calculation Agent is appointed in respect of the Perpetual Securities, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Distribution Rate for an Distribution Accrual Period or to calculate any Distribution Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over- the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(i) **Business Day Convention**: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(j) **Benchmark Replacement (Independent Adviser)**

If a Benchmark Event occurs in relation to the Reference Rate when the Distribution Rate (or any component part thereof) for any Distribution Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, if any and any Benchmark Amendments.

In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Agents or the Noteholders for any determination made by it pursuant to this Condition 5(j)) and none of the Agents will be liable for any loss, liability, cost, charge or expense which may arise as a result thereof.

(i) If the Independent Adviser determines in its discretion that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in this Condition 5(j)) subsequently be used in place of the Reference Rate to determine the Distribution Rate (or the relevant component part(s) thereof) for the relevant Distribution Period and all following Distribution Periods, subject to the subsequent operation of this Condition 5(j) in the event of a further Benchmark Event affecting the Successor Rate; or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in this

Condition 5(j)) subsequently be used in place of the Reference Rate to determine the Distribution Rate (or the relevant component part(s) thereof) for the relevant Distribution Period and all following Distribution Periods, subject to the subsequent operation of this Condition 5(j) in the event of a further Benchmark Event affecting the Alternative Rate.

(ii) If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).

(iii) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5(j) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the person specified in the relevant Final Terms as the party responsible for calculating the Distribution Rate and the Interest Amount(s), subject to giving notice thereof in accordance with this Condition 5(j), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Fiscal Agency Agreement and these Conditions as the Fiscal Agent may be required in order to give effect to this Condition 5(j) and none of the Agents shall be liable to any party for any consequences thereof, provided that the Agents shall not be obliged so to effect any such amendments if, in the opinion of the Agents, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/ or the protective provisions afforded to it in the Fiscal Agency Agreement and/ or these Conditions and/ or any document to which it is a party (including, for the avoidance of doubt, any supplemental agency agreement) in any way).

(iv) If (A) the Issuer is unable to appoint an Independent Adviser or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(j) prior to the relevant Distribution Determination Date, the Reference Rate applicable to the relevant Distribution Period shall be the Reference Rate applicable as at the last preceding Distribution Determination Date. If there has not been a first Distribution Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Distribution Period. For the avoidance of doubt, any adjustment pursuant to this Condition 5(j) shall apply to the relevant Distribution Period only. Any subsequent Distribution Period may be subject to the subsequent operation of this Condition 5(j) (*Benchmark Replacement (Independent Adviser)*).

(v) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(j) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

(A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5(j); and

(B) certifying that (1) the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread and (2) the intent of the drafting of such changes is solely to implement the relevant Benchmark Amendments.

The Fiscal Agent and the Agents shall be entitled to rely on such certificate (without further enquiry and without liability to any person) as sufficient evidence thereof.

(vii) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, Fiscal Agent, the Calculation Agent, the other Paying Agents and the Noteholders.

As used in this Condition 5(j):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or

(C) (if no such determination has been made) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 5(j) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency;

"**Benchmark Amendments**" has the meaning given to it in Condition 5(j)(iii);

"**Benchmark Event**" means:

(A) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or

(B) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or

(C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or

(E) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, (i) such Reference Rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market or (ii) the methodology to calculate such Reference Rate has materially changed; or

(F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (B), (C), (D), or (E) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

6. **Redemption, Purchase and Options**

(a) **No Fixed Redemption Date**

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 11) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 6.

(b) **Redemption for Taxation Reasons**: The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date (if this Perpetual Security is a Floating Rate Perpetual Security) or, at any time, (if this Perpetual Security is not a Floating Rate Perpetual Security), on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands (in the case of payment by the Issuer) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Perpetual Securities, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a "**Withholding Tax Event**"), **provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(c) **Redemption at the Option of the Issuer**: If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Perpetual Securityholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Perpetual Securities on any Optional Redemption Date specified hereon. Any such redemption of Perpetual Securities shall be at their Optional Redemption Amount together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption. Any such redemption or exercise must relate to Perpetual Securities of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities, or in the case of Registered Perpetual Securities shall specify the nominal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(d) **Redemption for Accounting Reasons**: If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to International Financial Reporting Standards, as amended from time to time (the "**IFRS**") or any other accounting standards that may replace IFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "**equity**" of the Issuer pursuant to the Relevant Accounting Standard (an "**Accounting Event**").

Prior to the publication of any notice of redemption pursuant to this Condition 6(d), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent and the Issuing and Paying Agent a certificate, signed by a duly authorised officer of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances.

Upon the expiry of any such notice as is referred to in this Condition 6(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 6(d) **provided that** such date for redemption shall be no earlier than the last day before the date on which the Perpetual Securities must not or must no longer be recorded as "**equity**" of the Issuer pursuant to the Relevant Accounting Standard.

(e) **Partly Paid Perpetual Securities**: Partly Paid Perpetual Securities will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(f) **Purchases**: Each of the Issuer and its Subsidiaries may at any time purchase Perpetual Securities (**provided that** all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(g) **Cancellation**: All Perpetual Securities purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Perpetual Securities shall be discharged.

7. **Payments and Talons**

(a) **Bearer Perpetual Securities**: Payments of principal and distribution in respect of Bearer Perpetual Securities shall, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities (in the case of all other payments of principal and, in the case of distribution, as specified in Condition 7(f)(vi)) or Coupons (in the case of Distribution, save as specified in Condition 7(f)(vi)), as the case may be, in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Perpetual Securityholder with a bank in Hong Kong. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

Payments of principal and distribution in respect of Bearer Perpetual Securities held in the CMU will be made to the person(s) for whose account(s) distributions in the relevant Bearer Perpetual Security are credited as being held with the CMU in accordance with *the CMU Rules (as defined in the Fiscal Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.*

(b) **Registered Perpetual Securities:**

(i) Payments of principal in respect of Registered Perpetual Securities shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Distribution on Registered Perpetual Securities shall be paid to the person shown on the Register at the close of business (i) on the fifteenth day before the due date for payment thereof or (ii) in the case of Renminbi, on the fifth day before the due date for payment thereof (the "**Record Date**"). Payments of distribution on each Registered Perpetual Security shall be made (x) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and (y) in the case of Renminbi, by transfer to the registered account of the Perpetual Securityholder. In this Condition 7(b), "**registered account**" means the Renminbi account maintained by or on behalf of the Perpetual Securityholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

Payments of principal and distribution in respect of Registered Perpetual Securities held in the CMU will be made to the person(s) for whose account(s) distributions in the relevant Registered Perpetual Securities are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Fiscal Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

So long as the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

(c) **Payments in the United States**: Notwithstanding the foregoing, if any Bearer Perpetual Securities are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Perpetual Securities in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments Subject to Fiscal Laws**: Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(e) **Appointment of Agents**: The Fiscal Agent, the CMU Lodging and Paying Agent, the Issuing and Paying Agent, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Perpetual Securityholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, **provided that** the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Perpetual Securities, (iii) a Transfer Agent in relation to Registered Perpetual Securities, (iv) a CMU Lodging and Paying Agent in relation to Perpetual Securities accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where the Conditions so require, and (v) such other agents as may be required by any other stock exchange on which the Perpetual Securities may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Perpetual Securities denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Perpetual Securityholders.

(f) **Unmatured Coupons and unexchanged Talons:**

(i) Upon the due date for redemption of Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities (other than Dual Currency Perpetual Securities), those Perpetual Securities should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, Dual Currency Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Perpetual Security that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Perpetual Securities is presented for redemption without all unmatured Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate representing it, as the case may be. Distribution accrued on a Perpetual Security that only bears distribution after its Maturity Date shall be payable on redemption of such Perpetual Security against presentation of the relevant Perpetual Security or Certificate representing it, as the case may be.

(g) **Talons**: On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) **Non-Business Days**: If any date for payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any distribution or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or

(ii) (in the case of a payment in euro) which is a TARGET Business Day; or

(iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8. **Taxation**

All payments of principal and distribution by or on behalf of the Issuer in respect of the Perpetual Securities and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Perpetual Security or Coupon:

(a) **Other connection**: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Perpetual Security or Coupon by reason of his having some connection with the British Virgin Islands other than the mere holding, or receipt of payment on, of the Perpetual Security or Coupon or

(b) **Presentation more than 30 days after the Relevant Date**: presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day.

As used in these Conditions, "**Relevant Date**" in respect of any Perpetual Security or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Perpetual Securityholders that, upon further presentation of the Perpetual Security (or relevant Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, **provided that** payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Perpetual Securities, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**distribution**" shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**distribution**" shall be deemed to include any additional amounts that may be payable under this Condition.

9. Prescription

Claims against the Issuer for payment in respect of the Perpetual Securities and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of distribution) from the appropriate Relevant Date in respect of them.

10. Non-payment

(a) Non-payment when Due

Notwithstanding any of the provisions below in this Condition 10, the right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 5(IV).

(b) Proceedings for Winding-Up

If (i) a resolution is passed for the winding-up of the Issuer or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due and, in each case, such failure continues for a period of more than five business days (together, the "**Enforcement Events**"), the Issuer shall be deemed to be in default under the Perpetual Securities and Perpetual Securityholders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Perpetual Securities may institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

(c) Enforcement

Without prejudice to Condition 10(b) but subject to the provisions of Condition 10(d), Perpetual Securityholders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Perpetual Securities may without further notice to the Issuer institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any Arrears of Distribution and any Additional Distribution Amount), including any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) Extent of Perpetual Securityholders' remedy

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Perpetual Securityholders, whether for the recovery of amounts owing in respect of the Perpetual Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Perpetual Securities.

11. **Meeting of Perpetual Securityholders and Modifications**

(a) **Meetings of Perpetual Securityholders**: The Fiscal Agency Agreement contains provisions for convening meetings of Perpetual Securityholders to consider any matter affecting their distributions, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Perpetual Securityholders holding not less than 10 per cent. in nominal amount of the Perpetual Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing not less than 50 per cent. in nominal amount of the Perpetual Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Perpetual Securityholders whatever the nominal amount of the Perpetual Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Perpetual Securities, (iii) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates or amount of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (iv) if a Minimum and/or a Maximum Rate of Distribution or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Perpetual Securities, or (vii) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Perpetual Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Perpetual Securityholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Perpetual Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Perpetual Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Perpetual Securityholders.

These Conditions may be amended, modified or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

(b) **Modification of Fiscal Agency Agreement**: The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Perpetual Securityholders. For the avoidance of doubt, none of the Fiscal Agent, the CMU Lodging and Paying Agent, the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Paying Agents or the Calculation Agent(s) shall have any responsibility or liability whatsoever with respect to any determination as to prejudice applying to the interests of the Perpetual Securityholders pursuant to this Condition 11.

(c) **Substitution:** If Special Event Substitution is specified in the relevant Pricing Supplement as being applicable and a Special Event has occurred and is continuing, then the Issuer may, subject to Condition 5 (without any requirement for the consent or approval of the Perpetual Securityholders) and having given not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at any time either (i) substitute all, but not some only, of the Perpetual Securities for, or (ii) vary the terms of the Perpetual Securities with the effect that they remain or become (as the case may be), Qualifying Securities. Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities in accordance with this Condition 11(c), as the case may be. In connection therewith, any outstanding Arrears of Distribution (including any Additional Distribution Amount) will be satisfied in full in accordance with the provisions of Condition 5(IV)(e). In connection with any substitution or variation in accordance with this Condition 11(c), the Issuer shall comply with the rules of any stock exchange on which the Perpetual Securities are for the time being listed or admitted to trading. Any such substitution or variation in accordance with the foregoing provisions shall not be permitted if any such substitution or variation would give rise to a Special Event with respect to the Perpetual Securities or the Qualifying Securities.

"**Qualifying Securities**" means securities that: (a) have terms not materially less favourable to an investor from the terms of the Perpetual Securities (as reasonably determined by the Issuer, **provided that***:*

(i) they are issued by the Issuer or any wholly-owned direct or indirect finance subsidiary of the Issuer with a guarantee of the Issuer; and

(ii) they (or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* with the Perpetual Securities on a Winding-Up of the Issuer or guarantor thereof, shall preserve the Perpetual Securityholders' rights to any Arrears of Distribution, any Additional Distribution Amount and any other payment that has accrued with respect to the relevant securities, and shall contain terms which provide for the same Rate of Distribution, Distribution Payment Dates and redemption events, from time to time applying to the Perpetual Securities; and other terms of such securities are substantially identical (as reasonably determined by the Issuer) to the Perpetual Securities, save for the modifications or amendments to such terms that are specifically required to be made in order to avoid or resolve a Special Event; and

(d) are listed on a securities exchange of international standing regularly used for the listing and quotation of debt securities offered and traded in the international markets; and

"**Special Event**" means a Withholding Tax Event an Accounting Event, or any combination of the foregoing.

12. **Replacement of Perpetual Securities, Certificates Coupons and Talons**

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of 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 the purpose and notice of whose designation is given to Perpetual Securityholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Securities, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

13. **Further Issues**

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities having the same terms and conditions as the Perpetual Securities (so that, for the avoidance of doubt, references in these Conditions to

"Issue Date" shall be to the first issue date of the Perpetual Securities) and so that the same shall be consolidated and form a single series with such Perpetual Securities, and references in these Conditions to "Perpetual Securities" shall be construed accordingly.

14. **Notices**

Notices to the holders of Registered Perpetual Securities shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, so long as the Perpetual Securities are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the rules of the Stock Exchange so require, published in a leading newspaper having general circulation in Hong Kong (which is expected to be in the Asian Wall Street Journal). Notices to the holders of Bearer Perpetual Securities shall be valid if published in a daily newspaper of general circulation in Hong Kong and, so long as the Perpetual Securities are listed on the Stock Exchange and the rules of the Stock Exchange so require, published in a daily newspaper with general circulation in Hong Kong (which is expected to be the Asian Wall Street Journal). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Perpetual Securities in accordance with this Condition.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held on behalf of (i) Euroclear or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Perpetual Securities of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Security or (ii) the CMU, notices to the holders of Perpetual Securities of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Security or Global Certificate.

15. **Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Perpetual Security or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer) by any Perpetual Securityholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Perpetual Security or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Perpetual Security or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Perpetual Securityholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Perpetual Securityholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Perpetual Security or Coupon or any other judgment or order.

16. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act 1999.

17. **Governing Law and Jurisdiction**

(a) **Governing Law**: The Perpetual Securities, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that the subordination provisions set out in Condition 3(b) applicable to the Issuer shall be governed by and construed in accordance with the laws of the British Virgin Islands.

(b) **Jurisdiction**: The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Perpetual Securities, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Perpetual Securities, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Service of Process**: The Issuer irrevocably appoints Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. 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 and shall immediately notify Perpetual Securityholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

FORM OF PRICING SUPPLEMENT IN RELATION TO THE NOTES

The Pricing Supplement in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**EU Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the "**FSMA**") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[EU MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the [Notes] is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**EU MiFID II**")][EU MiFID II]; or (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any [person subsequently offering, selling or recommending the [Notes] (a "**distributor**")] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the [Notes] is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**")]/[distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[Singapore Securities and Futures Act Product Classification - Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures Act (Capital Market Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).][1]

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Professional Investors**") only.

Notice to Hong Kong investors: The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer or the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document, together with the Offering Circular, includes particulars given in compliance with the Rules Governing the Listing of Notes on The Stock Exchange of Hong Kong Limited for the purposes of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Pricing Supplement dated [•]

AMTD Group Company Limited
尚乘集團有限公司

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] due [•]

under the U.S.$1,000,000,000 Medium Term Note Programme

The document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated [•] 2022 [and the Supplemental Offering Circular dated [•]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement[,/and the Offering Circular [and the Supplemental Offering Circular].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [•] 2022. This Pricing Supplement contains the final

1 For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

terms of the Notes and must be read in conjunction with such Offering Circular dated [•] 2022 [and the supplemental Offering Circular dated [*date*]], save in respect of the Conditions which are extracted from the Offering Circular dated [•] 2022 and are attached hereto.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

1.	Issuer:		AMTD Group Company Limited 尚乘集團有限公司
2.	[(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date/the Issue Date/exchange of the Temporary Global Security for interests in the Permanent Global Security, as referred to in paragraph [26] below [which is expected to occur on or about [insert date]]].] (*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*).
3.	Specified Currency or Currencies:		[•]
4.	Aggregate Nominal Amount:		[•]
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
5.	[(i)]	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	[(ii)	Net Proceeds:	[•] (*Required only for listed issues*)]
6.	(i)	Specified Denominations:[1 2 3]	[•]
	(ii)	Calculation Amount:	[•] *The applicable Calculation Amount will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes or (ii) if there are several Specified Denominations or the circumstances referred to in Footnote 2 below apply, the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations).*
7.	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]

[2] Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

[3] If the specified denomination is expressed to be €50,000 (or €100,000, to the extent that Directive 2010/73/EU has been implemented in the relevant Member State) or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: €50,000 (or €100,000, to the extent that Directive 2010/73/EU has been implemented in the relevant Member State) and integral multiples of €1,000 in excess thereof up to and including [€99,000]/[€199,000]. No notes in definitive form will be issued with a denomination above [€99,000]/[€199,000].

8.	Maturity Date:	*[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*[4]
9.	Interest Basis:	[[•] per cent. Fixed Rate] [[*Specify reference rate*] +/− [•] per cent. Floating Rate] [Zero Coupon] [Index-Linked Interest] [Other (*Specify*)] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Index-Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (*Specify*)]
11.	Change of Interest or Redemption/Payment Basis:	[*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12.	Put/Call Options:	[Put Option] [Call Option] [Change of Control Put] [(further particulars specified below)]
13.	(i) Status of the Notes:	Senior
	(ii) Date of [*Board*] approval for issuance of Notes obtained:	[•]
14.	Listing:	[Hong Kong/Other (*specify*)/None] (*For Notes to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Notes*)
15.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	**Fixed Rate Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Rate[(s)] of Interest:	[•] per cent. per annum [payable [annually/ semi-annually/quarterly/monthly/other (*specify*)] in arrear]
	(ii)	Interest Payment Date(s):	[•] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount[5]
	(iv)	Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
	(v)	Day Count Fraction:	[30/360/Actual/Actual/Actual/Actual-ICMA or Actual/ 365 (Fixed) [6] /Actual/365 (Sterling)/Actual/360/ 30E/ 360/30E/360 (ISDA)/other]

---

4 Notes to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HK$500,000 (or its equivalent in other currencies).

5 Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

6 For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01 for the case of Renminbi denominated Fixed Rate Notes and HK$0.01 for the case of Hong Kong dollar denominated Fixed Rate Notes, with CNY0.005 and HK$0.005 being rounded upwards".

	(vi)	[Determination Dates:	[•] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual-ICMA*)]
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]
17.	**Floating Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Interest Period(s):	[•][[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]]
	(ii)	Specified Interest Payment Dates:	[[•] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]]
	(iii)	Interest Period Date:	[Not Applicable]/[•] [in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
	(iv)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)] [Not Applicable]
	(v)	Business Centre(s):	[•]
	(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
	(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[•]
	(viii)	Screen Rate Determination:	
	•	Reference Rate:	[•]
	•	Interest Determination Date(s):	[•]
	•	Relevant Screen Page:	[•]
	(ix)	ISDA Determination:	
	•	Floating Rate Option:	[•]
	•	Designated Maturity:	[•]
	•	Reset Date:	[•]
	•	ISDA Definitions:	[2000/2006]
	(x)	[Linear Interpolation:	Not Applicable/Applicable — the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
	(xi)	Margin(s):	[+/−][•] per cent. per annum
	(xii)	Minimum Rate of Interest:	[•] per cent. per annum
	(xiii)	Maximum Rate of Interest:	[•] per cent. per annum
	(xiv)	[Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365] [*specify other*]]
	(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating	[•]

		Rate Notes, if different from those set out in the Conditions:	
18.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Amortisation Yield:	[•] per cent. per annum
	(ii)	Day Count Fraction:	[•]
	(iii)	Any other formula/basis of determining amount payable:	[•]
19.	**Index-Linked Interest Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Index/Formula/other variable:	*[give or annex details]*
	(ii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[•]
	(iii)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	[•]
	(iv)	Interest Period(s):	[•]
	(v)	Specified Interest Payment Dates:	[•]
	(vi)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
	(vii)	Business Centre(s):	[•]
	(viii)	Minimum Rate/Amount of Interest:	[•] per cent. per annum
	(ix)	Maximum Rate/Amount of Interest:	[•] per cent. per annum
	(x)	Day Count Fraction:	[•]
20.	**Dual Currency Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate of Exchange/method of calculating Rate of Exchange:	[*give details*]
	(ii)	Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent):	[•]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[•]
PROVISIONS RELATING TO REDEMPTION			
21.	**Call Option**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[[•] per Calculation Amount] [*specify other*]

	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[•] per Calculation Amount
		(b) Maximum Redemption Amount	[•] per Calculation Amount
	(iv)	Notice period:	[•][7]
22.	**Put Option**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii)	Notice period:	[•][7]
23.	**Change of Control Put Option**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Early Redemption Amount (Change of Control) per Calculation Amount payable on redemption for a Change of Control and/or the method of calculating the same (if required):	[•]
24.	**Final Redemption Amount of each Note**		[•] per Calculation Amount
25.	**Early Redemption Amount** Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption (other than on redemption for Change of Control) and/or the method of calculating the same (if required or if different from that set out in the Conditions):		[•]/[Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26.	**Form of Notes**	**Bearer Notes:** [Temporary Global Security exchangeable for a Permanent Global Security which is exchangeable for Definitive Securities on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Security] [Temporary Global Security exchangeable for Definitive Securities on [•] days' notice][8] [Permanent Global Security exchangeable for Definitive Securities in the limited circumstances specified in the Permanent Global Security] **[Registered Notes:** Global Certificate exchangeable for Individual Security Certificates in the limited circumstances described in the Global Certificate]
27.	Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*.

[7] Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi-denominated Fixed Rate Notes.

[8] If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent.

		Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 17(v) and 19(viii) relate]
28.	Talons for future Coupons or Receipts to be attached to Definitive Securities (and dates on which such Talons mature):	[No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]
29.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:	Not Applicable/*give details*]
30.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable/*give details*]
31.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
32.	Consolidation provisions:	The provisions [in Condition [13] (*Further Issues*)] [annexed to this Pricing Supplement] apply]
33.	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

34.	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilising Manager(s) (if any):	[Not Applicable/*give names*]
	(iii) If non-syndicated, name and address of Dealer:	[Not Applicable/give name and address]
35.	U.S. Selling Restrictions:	Reg. S Category [1/2]; *(In the case of Bearer Notes)* — [TEFRA C/TEFRA D/TEFRA Not Applicable] *(In the case of Registered Notes)* — TEFRA Not Applicable
36.	Additional selling restrictions:	[Not Applicable/*give details*]
37.	Private bank rebate/commission	[Not Applicable]/[[To be included if a PB rebate is paid: In addition, we have agreed with the Joint Lead Managers that we will pay a commission to certain private banks in connection with the distribution of the Perpetual Securities to their clients. This commission will be based on the principal amount of the Perpetual Securities so distributed, and may be deducted from the purchase price for the Perpetual Securities payable by such private banks upon settlement.]

OPERATIONAL INFORMATION

38.	ISIN Code:	[•]
39.	Common Code:	[•]
40.	CMU Instrument Number:	[•]
41.	Legal Entity Identifier (LEI)	300300562CL5FSKOCE61
42.	Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
43.	Delivery:	Delivery [against/free of] payment
44.	Additional Paying Agent(s) (if any):	[•]

GENERAL

45.	The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [•], producing a sum	[Not Applicable/U.S.$[•]]

	of (for Notes not denominated in U.S. dollars):	
46.	Use of proceeds	[•]
47.	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)*
48.	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)*

[STABILISATION

In connection with this issue, [insert name of Stabilising Manager] (the "**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be discontinued at any time, and must be brought to an end after a limited period.]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Hong Kong Stock Exchange of the Notes described herein pursuant to the U.S.$1,000,000,000 Medium Term Note Programme.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. Signed on behalf of AMTD Group Company Limited 尚乘集團有限公司:

By: ....
Duly authorised

FORM OF PRICING SUPPLEMENT IN RELATION TO THE PERPETUAL SECURITIES

The Pricing Supplement in respect of each Tranche of Perpetual Securities will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Perpetual Securities and their issue.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**EU Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the "**FSMA**") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[EU MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the [Perpetual Securities] has led to the conclusion that: (i) the target market for the [Perpetual Securities] is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**EU MiFID II**")][EU MiFID II]; or (ii) all channels for distribution of the [Perpetual Securities] to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any [person subsequently offering, selling or recommending the [Perpetual Securities] (a "**distributor**")] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the [Perpetual Securities] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Perpetual Securities has led to the conclusion that: (i) the target market for the [Perpetual Securities] is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the [Perpetual Securities] to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Perpetual Securities (a "**distributor**")]/[distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the [Perpetual Securities] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[Singapore Securities and Futures Act Product Classification — Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures Act (Capital Market Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Perpetual Securities are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04- N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).][9]

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Professional Investors**") only.

Notice to Hong Kong investors: The Issuer confirms that the Perpetual Securities are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Perpetual Securities are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Perpetual Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Perpetual Securities or the Issuer or the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document, together with the Offering Circular, includes particulars given in compliance with the Rules Governing the Listing of Perpetual Securities on The Stock Exchange of Hong Kong Limited for the purposes of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Pricing Supplement dated [•]

AMTD Group Company Limited
尚乘集團有限公司

Issue of [Aggregate Nominal Amount of Tranche] [Title of Perpetual Securities]

under the U.S.$1,000,000,000 Medium Term Note Programme

The document constitutes the Pricing Supplement relating to the issue of Perpetual Securities described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Perpetual Securities (the "**Conditions**") set forth in the Offering Circular dated [•] 2022 [and the Supplemental Offering Circular dated [•]]. This Pricing Supplement contains the final terms of the Perpetual Securities and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Perpetual Securities is only available on the basis of the combination of this Pricing Supplement[,/and the Offering Circular [and the Supplemental Offering Circular].

9 For any Perpetual Securities to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Perpetual Securities (the "**Conditions**") set forth in the Offering Circular dated [•] 2022. This Pricing Supplement contains the final terms of the Perpetual Securities and must be read in conjunction with such Offering Circular dated [•] 2022 [and the supplemental Offering Circular dated [*date*]], save in respect of the Conditions which are extracted from the Offering Circular dated [•] 2022 and are attached hereto.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

1.	Issuer:		AMTD Group Company Limited 尚乘集團有限公司
2.	[(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the Perpetual Securities become fungible:	[Not Applicable/The Perpetual Securities shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date/the Issue Date/exchange of the Temporary Global Security for interests in the Permanent Global Security, as referred to in paragraph [24] below [which is expected to occur on or about [insert date]]].] (*If fungible with an existing Series, details of that Series, including the date on which the Perpetual Securities become fungible*).
3.	Specified Currency or Currencies:		[•]
4.	Aggregate Nominal Amount:		[•]
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
5.	[(i)]	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	[(ii)	Net Proceeds:	[•] (*Required only for listed issues*)]
6.	(i)	Specified Denominations:	[•]
	(ii)	Calculation Amount:	[•] *The applicable Calculation Amount will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Perpetual Securities or (ii) if there are several Specified Denominations or the circumstances referred to in Footnote 2 below apply, the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations).*
7.	(i)	Issue Date:	[•]
	(ii)	Distribution Commencement Date:	[*Specify*/Issue Date/Not Applicable]
8.	Maturity Date:		[*Specify date or (for Floating Rate Perpetual Securities) Interest Payment Date falling in or nearest to the relevant month and year*]
9.	Distribution Basis:		[[•] per cent. Fixed Rate] [[*Specify reference rate*] +/− [•] per cent. Floating Rate] (further particulars specified below)
10.	Redemption/Payment Basis:		[Redemption at par] [Dual Currency]

			[Partly Paid]
11.	Put/Call Options:		[Redemption for Taxation Reasons] [Redemption at the Option of the Issuer][Redemption for Accounting Reasons] (Any other redemption events to be specified) [(further particulars specified below)]
12.	(i)	Status of the Perpetual Securities:	[Senior Perpetual Securities/Subordinated Perpetual
	(ii)	Parity Obligations [•]	[•]
	(iii)	Junior Obligations [•]	[•]
	(iv)	Date of [*Board*] approval for issuance of Perpetual Securities obtained:	[•]
13.	Listing:		[Hong Kong/Other (*specify*)/None] (*For Perpetual Securities to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Perpetual Securities*)
14.	Method of distribution:		[Syndicated/Non-syndicated]

PROVISIONS RELATING TO DISTRIBUTION PAYABLE

15.	**Fixed Rate Perpetual Security Provisions**		[Applicable/Not Applicable]
			(If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i)	Distribution Rate[(s)]:	[•] per cent. per annum [payable [annually/ semi-annually/quarterly/monthly/other (*specify*)] in arrear]
	(ii)	Distribution Payment Date(s):	[•] in each year [adjusted in accordance with [specify *Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day*"]/not adjusted]
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	Broken Amount(s):	[•] per Calculation Amount, payable on the Distribution Payment Date falling [in/on] [•]
	(v)	Day Count Fraction:	[30/360/Actual/Actual/Actual/Actual-ICMA or Actual/ 365 (Fixed)[7]/Actual/365 (Sterling)/Actual/360/30E/360/ 30E/360 (ISDA)/other]
	(vi)	First Reset Date:	[•]
	(vii)	Reset Date:	[•]
	(viii)	Reset Distribution Rate:	[•]
	(ix)	Initial Spread:	[•]
	(x)	Reset Period:	[•]
	(xi)	Step-Up Margin:	[•]
	(xii)	Step-up Date:	[•]
	(xiii)	Relevant Rate:	[•]
	(xiv)	[Determination Dates:	[•] in each year *(insert regular distribution payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual- ICMA)*]
	(xv)	Other terms relating to the method of calculating distribution for Fixed Rate Perpetual Securities:	[Not Applicable/*give details*]
16.	**Floating Rate Perpetual Security Provisions**		[Applicable/Not Applicable]
			(If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i)	Distribution Period(s):	[•] [[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day

			Convention in (iv) below is specified to be Not Applicable]]]
	(ii)	Specified Distribution Payment Dates:	[[•] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]]
	(iii)	Distribution Period Date:	[Not Applicable]/[•] [in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
	(iv)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)] [Not Applicable]
	(v)	Business Centre(s):	[•]
	(vi)	Manner in which the Distribution Rate(s) is/are to be determined:	[Screen Rate Determination/ISDA Determination/other *(give details)*]
	(vii)	Party responsible for calculating the Distribution Rate(s) and/or Distribution Amount(s) (if not the Calculation Agent):	[•]
	(viii)	Screen Rate Determination:	
	•	Reference Rate:	[•]
	•	Distribution Determination Date(s):	[•]
	•	Relevant Screen Page:	[•]
	(ix)	ISDA Determination:	
•	•	Floating Rate Option:	[•]
•	•	Designated Maturity:	[•]
•	•	Reset Date:	[•]
•	•	ISDA Definitions:	[2000/2006]
	(x)	[Linear Interpolation:	Not Applicable/Applicable — the Distribution Rate for the [long/short] [first/last] Distribution Period shall be calculated using Linear Interpolation (*specify for each short or long distribution period*)]
	(xi)	Margin(s):	[+/−] [•] per cent. per annum
	(xii)	Minimum Distribution Rate:	[•] per cent. per annum
	(xiii)	Maximum Distribution Rate:	[•] per cent. per annum
	(xiv)	[Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365] [*specify other*]]
	(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating distribution on Floating Rate Perpetual Securities, if different from those set out in the Conditions:	[•]
17.	**Zero Coupon Perpetual Security Provisions**		[Applicable/Not Applicable]
18.	**Other provisions relating to Interest**		
	(i)	Distribution Deferral:	[•]
	(ii)	Optional Distribution:	[•]
	(iii)	Dividend Stopper:	[•]
	(iv)	Dividend Pusher and Reference Period:	[•]
	(v)	Relevant Obligations (Pusher):	[•]

	(vi)	Relevant Obligations (Stopper):	[•]
	(vii)	Non-cumulative Deferral:	[•]
	(viii)	Cumulative Deferral:	[•]
	(ix)	Additional Distribution:	[•]
19.	**Dual Currency Perpetual Security Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Rate of Exchange/method of calculating Rate of Exchange:	*[give details]*
	(ii)	Party, if any, responsible for calculating the principal and/or distribution due (if not the Calculation Agent):	[•]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[•]

PROVISIONS RELATING TO REDEMPTION

20.	Redemption for Taxation Reasons Issuer's Redemption Option Period (Condition [6(b)])	[Yes/No] [Specify maximum and minimum number of days for notice period]
21.	Redemption at the Option of the Issuer Issuer's Redemption Option Period (Condition [6(c)])	[Yes/No] [Specify maximum and minimum number of days for notice period]
22.	Redemption for Accounting Reasons Issuer's Redemption Option Period (Condition [6(d)])	[Yes/No] [Specify maximum and minimum number of days for notice period]
23.	**Redemption Amount of each Perpetual Security**	[•] per Calculation Amount
24.	**Optional Redemption Amount**	[•]/[Not Applicable]
25.	**Early Redemption Amount** Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[•]/[Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE PERPETUAL SECURITIES

26.	**Form of Perpetual Securities**	**Bearer Perpetual Securities:** [Temporary Global Security exchangeable for a Permanent Global Security which is exchangeable for Definitive Perpetual Securities on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Security] [Temporary Global Security exchangeable for Definitive Perpetual Securities on [•] days' notice][8] [Permanent Global Security exchangeable for Definitive Perpetual Securities in the limited circumstances specified in the Permanent Global Security] **[Registered Perpetual Securities:** Global Certificate exchangeable for Individual Security Certificates in the limited circumstances described in the Global Certificate]

27.	Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*. *Note that this paragraph relates to the date and place of payment, and not distribution period end dates, to which sub paragraph [16(v)] relates*]
28.	Talons for future Coupons or Receipts to be attached to Definitive Perpetual Securities (and dates on which such Talons mature):	[No/Yes. As the Perpetual Securities have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]
29.	Details relating to Partly Paid Perpetual Securities: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Perpetual Securities and distribution due on late payment]:	[Not Applicable/*give details*]
30.	Details relating to Instalment Perpetual Securities: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
31.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
32.	Consolidation provisions:	The provisions [in Condition [13] (*Further Issues*)] [annexed to this Pricing Supplement] apply]
33.	Other terms or special conditions:	[Not Applicable/*give details*]
34.	Special Event Substitution	[Not Applicable/Applicable]

DISTRIBUTION

35.	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilising Manager(s) (if any):	[Not Applicable/*give names*]
	(iii) If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
36.	U.S. Selling Restrictions:	Reg. S Category [1/2]; *(In the case of Bearer Perpetual Securities)* — [TEFRA C/TEFRA D/TEFRA Not Applicable] *(In the case of Registered Perpetual Securities)* — TEFRA Not Applicable
37.	Additional selling restrictions:	[Not Applicable/*give details*]
38.	Private bank rebate/commission	[Not Applicable]/[[To be included if a PB rebate is paid: In addition, we have agreed with the Joint Lead Managers that we will pay a commission to certain private banks in connection with the distribution of the Perpetual Securities to their clients. This commission will be based on the principal amount of the Perpetual Securities so distributed, and may be deducted from the purchase price for the Perpetual Securities payable by such private banks upon settlement.]

OPERATIONAL INFORMATION

39.	ISIN Code:	[•]
40.	Common Code:	[•]
41.	CMU Instrument Number:	[•]
42.	Legal Entity Identifier (LEI)	300300562CL5FSKOCE61
43.	Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
44.	Delivery:	Delivery [against/free of] payment
45.	Additional Paying Agent(s) (if any):	[•]

GENERAL

46.	The aggregate principal amount of Perpetual Securities issued has been translated into U.S. dollars at the rate of [•], producing a sum of (for Perpetual Securities not denominated in U.S. dollars):	[Not Applicable/U.S.$[•]]
47.	Use of proceeds	[•]
48.	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] *(If the Perpetual Securities clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Perpetual Securities may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)*
49.	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] *(If the Perpetual Securities clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Perpetual Securities may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)*

[STABILISATION

In connection with this issue, [*insert name of Stabilising Manager*] (the "**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) may over-allot Perpetual Securities or effect transactions with a view to supporting the market price of the Perpetual Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Perpetual Securities is made and, if begun, may be discontinued at any time, and must be brought to an end after a limited period.]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Hong Kong Stock Exchange of the Perpetual Securities described herein pursuant to the U.S.$1,000,000,000 Medium Term Note Programme.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. Signed on behalf of AMTD Group Company Limited 尚乘集團有限公司:

By: ....

Duly authorised

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM

Initial Issue of Securities

Global Securities and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary or a sub-custodian for the CMU Service.

Upon the initial deposit of a Global Security with the Common Depositary or with a sub-custodian for the CMU Service or registration of Registered Securities in the name of (i) any nominee for Euroclear and/or Clearstream, Luxembourg or (ii) the CMU Service and delivery of the relative Global Certificate to the Common Depositary or the sub-custodian for the CMU Service (as the case may be), Euroclear or Clearstream, Luxembourg or the CMU Service (as the case may be) will credit each subscriber with a nominal amount of Securities equal to the nominal amount thereof for which it has subscribed and paid.

Securities that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Securities that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or any other relevant clearing systems.

Relationship of Accountholders with Clearing Systems

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other relevant clearing systems as the holder of a Security represented by a Global Security or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such other relevant clearing systems (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Security or the holder of the underlying Registered Securities, as the case may be, and in relation to all other rights arising under such Global Securities or Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such other relevant clearing systems (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Securities for so long as the Securities are represented by such Global Security or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Security or the holder of the underlying Registered Securities, as the case may be, in respect of each amount so paid.

If a Global Security or a Global Certificate is lodged with the CMU Service, the person(s) for whose account(s) interests in such Global Security or Global Certificate are credited as being held in the CMU Service in accordance with the CMU Rules (as defined in the Fiscal Agency Agreement) as notified by the CMU Service to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service save in the case of manifest error) shall be the only person(s) entitled (in the case of Registered Securities, directed or deemed by the CMU Service as entitled) to receive payments in respect of Securities represented by such Global Security or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Security or Global Certificate are credited as being held in the CMU Service in respect of each amount so paid. Each of the persons shown in the records of the CMU Service, as the beneficial holder of a particular nominal amount of Securities represented by such Global Security or Global Certificate must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Global Security or Global Certificate.

Exchange

Temporary Global Securities

Subject as provided in the Conditions applicable to Partly-paid Securities, on or after the first day following the expiry of 40 days after the Issue Date (the "**Exchange Date**"), a Temporary Global Security may be exchanged (free of charge to the holder) in whole or (in the case such Temporary Global Security is issued in compliance with TEFRA D) from time to time in part by its presentation and, on exchange in full, surrender to or to the order of the Fiscal Agent or the CMU Lodging and Paying Agent for interests in a Permanent Global Security or, if so specified, for Definitive Securities in an aggregate nominal amount equal to the nominal amount of the Temporary Global Security submitted for exchange; **provided that**, in the case of any part of a Temporary Global Security issued in compliance with TEFRA D submitted for exchange for a Permanent Global Security or Definitive Securities, there shall have been certification as to non-U.S. beneficial ownership in the form set out in the Fiscal Agency Agreement with respect to such nominal amount submitted for such exchange dated no earlier than the Exchange Date.

The CMU Service may require that any such exchange for a Permanent Global Security is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU Service) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) have so certified.

Permanent Global Securities

Each Permanent Global Security will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "— *Partial Exchange of Permanent Global Securities*" below, in part for Definitive Securities (i) if the Permanent Global Security is held on behalf of Euroclear or Clearstream, Luxembourg or the CMU Service or an Alternative Clearing System and any such clearing system 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 in fact does so or (ii) if, in relation to the Notes, principal in respect of any Notes is not paid when due, or in relation to the Perpetual Securities, upon a Winding- Up (as defined in the terms and conditions of the Perpetual Securities) of the Issuer, by the holder giving notice to the Fiscal Agent or the CMU Lodging and Paying Agent of its election for such exchange.

In the event that a Global Security is exchanged for Definitive Securities, such Definitive Securities shall be issued in Specified Denomination(s) only. A Securityholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Security in respect of such holding and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more Specified Denominations.

Global Certificates

The following will apply in respect of transfers of Securities held in Euroclear or Clearstream, Luxembourg or the CMU Service or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Securities within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of Securities represented by any Global Certificate pursuant to Condition 2(b) (*Transfer of Registered Securities)* may only be made in part if (i) the relevant clearing system 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, (ii) if, in relation to the Notes, principal in respect of any Notes is not paid when due, or in relation to the Perpetual Securities, upon a Winding-Up of the Issuer or (iii) with the consent of the Issuer **provided that**, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Partial Exchange of Permanent Global Securities

For so long as a Permanent Global Security is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Security will be exchangeable in part on (i) if principal in respect of any Securities is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Securities.

Delivery of Securities

On or after any due date for exchange the holder of a Global Security may surrender such Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent (or, in the case of Securities lodged with the CMU Service, the CMU Lodging and Paying Agent). In exchange for any Global Security, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Security exchangeable for a Permanent Global Security, deliver, or procure the delivery of, a

Permanent Global Security in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Security that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Security to reflect such exchange or (ii) in the case of a Global Security exchangeable for Definitive Securities, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Securities. In this Offering Circular, "**Definitive Securities**" means, in relation to any Global Security, the definitive Bearer Securities for which such Global Security may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Security and a Talon). Definitive Securities will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Fiscal Agency Agreement. On exchange in full of each Permanent Global Security, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Securities.

Exchange Date

"**Exchange Date**" means (i) in relation to an exchange of a Temporary Global Security, the day falling after the expiry of 40 days after its issue date; (ii) in relation to an exchange of a Permanent Global Security, a day falling not more than 60 days or in the case of failure to pay principal in respect of any Securities when due, a day falling 30 days, after the date of receipt of the first relevant notice by the Fiscal Agent, provided if such date is not a day on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located, the immediately following day.

Amendment to Conditions

The Temporary Global Securities, Permanent Global Securities and Global Certificates contain provisions that apply to the Securities that they represent, some of which modify the effect of the terms and conditions of the Securities set out in this Offering Circular. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Security unless exchange for an interest in a Permanent Global Security or for Definitive Securities or Registered Securities is improperly withheld or refused. Payments on any Temporary Global Security issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Fiscal Agency Agreement. All payments in respect of Securities represented by a Global Security (except with respect to Global Security held through the CMU Service) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of that Global Security to or to the order of the Fiscal Agent as shall have been notified to the Securityholders for such purpose. A record of each payment so made will be endorsed on each Global Security, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Securities.

All payments in respect of Securities represented by a Global Security or Global Certificate held in Euroclear or Clearstream, Luxembourg, will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January. For the purpose of any payments made in respect of a Global Security, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (Non-Business Days).

In respect of a Global Security or Global Certificate held through the CMU Service, any payments of principal, interest or distribution (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Security are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) and, save in the case of final payment, no presentation of the relevant bearer Global Security or Global Certificate shall be required for such purpose.

So long as the Securities are represented by a Permanent Global Security or a Global Certificate and the Permanent Global Security or the Global Certificate is held on behalf of a clearing system, the Issuer has promised, *inter alia*, to pay in respect of such Securities from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Securities represented by the Permanent Global Security or the Global Certificate.

Meetings

The holder of a Permanent Global Security or of the Securities represented by a Global Certificate shall (unless such Permanent Global Security or Global Certificate represents only one Security) be treated as being two persons for the purposes of any quorum requirements of a meeting of Securityholders and, at any such meeting, the holder of a Permanent Global Security or a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Securities. (All holders of Registered Securities are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Securities comprising such Securityholder's holding, whether or not represented by a Global Certificate.)

Cancellation

Cancellation of any Security represented by a Permanent Global Security or Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Security or Global Certificate.

Purchase

Securities represented by a Permanent Global Security may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuer's Option

Any option of the Issuer provided for in the Conditions of any Securities while such Securities are represented by a Permanent Global Security shall be exercised by the Issuer giving notice to the Securityholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain, in the case of Bearer Securities, the certificate numbers of Securities drawn or, in the case of Registered Securities, the holder of the Securities in respect of a partial exercise of an option and accordingly no drawing of Securities shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Securities of any Series, the rights of accountholders with a clearing system in respect of the Securities will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, the CMU Service or any other relevant clearing systems (as the case may be).

Events of Default

Each Global Security provides that the holder may cause such Global Security, or a portion of it, to become due and repayable in the circumstances described in Condition 10 (*Events of Default*) by stating in the notice to the Fiscal Agent or the CMU Lodging and Paying Agent (as applicable) the nominal amount of such Global Security that is becoming due and payable. If principal in respect of any Note is not paid when due, the holder of a Global Security or Registered Securities represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 10 May 2017 to come into effect in relation to the whole or a part of such Global Security or one or more Registered Securities in favour of the persons entitled to such part of such Global Security or such Registered Securities, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Security or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion of Notes or Registered Securities, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Security may be exercised by the holder of the Permanent Global Security giving notice to the Issuing and Paying Agent or (in respect of Notes represented by a Global Certificate) the Registrar or Transfer Agent or (in respect of Notes lodged with the CMU Service) the CMU Lodging and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the Permanent Global Security or Global Certificate to the Issuing and Paying Agent, the Registrar, the Transfer Agent or the CMU Lodging and Payment Agent (or, in each case, to a Paying Agent acting on their behalf), as the case may be, for notation.

Notices

So long as any Securities are represented by a Global Security or Global Certificate and such Global Security or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream, Luxembourg or any other relevant clearing systems (except as provided in (ii) below), notices to the holders of Securities of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Security or Global Certificate or (ii) the CMU Service, notices to the holders of Securities of the relevant Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU Service on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Security or Global Certificate.

Partly Paid Securities

The provisions relating to Partly Paid Securities are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Securities or Global Certificates. While any instalments of the subscription moneys due from the holder of Partly Paid Securities are overdue, no interest in a Global Security representing such Securities may be exchanged for an interest in a Permanent Global Securities or for Definitive Securities (as the case may be). If any Securityholder fails to pay any instalment due on any Partly Paid Securities within the time specified, the Issuer may forfeit such Securities and shall have no further obligation to their holder in respect of them.

Electronic Consent and Written Resolution

While any Global Security is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

(a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Securities outstanding (an "*Electronic Consent*" as defined in the Fiscal Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held, and shall be binding on all Securityholders and holders of Coupons, Talons and Receipts whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Fiscal Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Security or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg, or the CMU or any other relevant alternative clearing system (the "*relevant clearing system*") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Securityholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Securities is clearly identified together with the amount of such holding. The Issuer shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

CAPITALISATION

As at 31 December 2020, the issued share capital (including treasury shares) of the Issuer was 13,083 ordinary shares with a par value of U.S.$1.00 per share.

The following table sets out the total capitalisation and indebtedness of the Issuer as at 31 December 2020 which has been extracted from the audited consolidated statement of financial position of the Issuer as at the same date. The table should be read in conjunction with the audited consolidated financial statement of the Issuer as at and for the year ended 31 December 2020.

	As at 31 December 2020
	(HK$)
Shareholders' funds:	
Share capital	91,680
Share premium	824,926,847
Treasury shares	(6,723,682,013)
Retained profits	3,598,099,249
Reserves	3,200,593,748
Proposed final dividend	—
Shareholders' funds	900,029,511
Long-term borrowings[(1)] (net of current portion)	1,918,249,934
Holders of perpetual securities	1,828,243,583
Total capitalisation[(2)]	**4,646,523,028**

Notes

(1) Long-term borrowings include the Shareholder Loans (as defined below). Pursuant to the Subordination Agreements (as defined below), the Shareholder Loans are subordinated to the Securities issued under the Programme.

(2) Total capitalisation represents shareholders' funds, long-term borrowings and holders of perpetual securities.

There has been no material change in the capitalisation of the Issuer since 31 December 2020 other than (i) an increase in Reserves, (ii) an increase in Long-term borrowings and (iii) a decrease in Treasury shares.

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer was incorporated as a limited liability company under the International Business Companies Act (Cap. 291 of the laws of the British Virgin Islands) on 2 January 2003 under its former name "ALLDAY ENTERPRISES LIMITED". The Issuer changed its name to "AMTD Group Company Limited" 尚乘集團有限公司 on 7 October 2004 and re-registered under the BVI Business Companies Act, 2004 on 1 January 2007 (BVI company registration number: 526887). Its registered office is at the offices of Vistra (BVI) Limited, Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The address of the principal place of business is 23/F−25/F, Nexxus Building, 41 Connaught Road Central, Hong Kong.

BUSINESS ACTIVITIES

The Issuer is a holding company of the Group. As at 31 December 2020, apart from subordinated loans payable to a shareholder of HK$157.5 million (the "**Shareholder Loans**"), certain bank borrowings, margin loans payables, loans due to a minority shareholder of subsidiaries and Securities issued under the Programme, the Issuer has no outstanding borrowings or contingent liabilities as at the date of the Offering Circular. Pursuant to subordination agreements dated 8 March 2016 as amended by the second amendment agreement to the shareholder loan agreement dated 11 May 2017 (together, the "**Subordination Agreements**"), the Shareholder Loans are subordinated to the Securities issued under the Programme.

MANAGEMENT

See "*Directors*" for a description for the Issuer's directors.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a leading financial services focused conglomerate in Asia, with businesses in investment banking, asset management, digital finance, education, and real estate. For investment banking and asset management related businesses, it offers integrated licensed and non-bank financial services to corporate clients, institutional investors, insurance companies, public funds, private equity investors and private wealth management ("**Family Office**") clients primarily in Asia and other overseas markets.

The Group is based in Asia with its headquarters located in Hong Kong. As at the date of this Offering Circular, the Group carried out its business activities primarily through its subsidiaries. The AMTD SpiderNet ecosystem is an ever-extending network in which the Group, together with its clients, shareholders, business partners, and investee companies, actively explore business collaboration opportunities. The Group's business primarily comprises the following business segments via its "IDEA" strategy, namely:

- *I for AMTD International—a leading Hong Kong-headquartered comprehensive financial institution, and the first dual-listed company on both the NYSE and SGX-ST;*
- *D for AMTD Digital—a leading one-stop digital solutions platform and fusion reactor for entrepreneurs with business exposure and operations in Singapore and Hong Kong;*
- *E for AMTD Education—a platform focused on investment and development of world-class educational institutions in Asia and beyond; and*
- *A for AMTD Assets—a global property investment platform with current footprints in Hong Kong and Singapore.*

HISTORY AND MILESTONES OF THE GROUP

Set out below is the history and key milestones of the Group:

2003	The Group was principally founded by CK Hutchison and Commonwealth Bank of Australia. CK Hutchison is a leading multinational conglomerate founded by Mr. Li Ka-Shing, with operations in over 50 countries in sectors including retail, infrastructure, energy, telecommunications and finance and investments.
2005	The Group launched its first client service centre.
2009	The Group launched its first AMTD Mandatory Provident Funds (the "**MPF**") (see "*— Regulatory Requirements and Compliance — Mandatory Provident Fund Schemes Authority* (the "**MPFA**")").
2014	The Group introduced Morgan Stanley Private Equity Asia ("**MSPE**") as a strategic shareholder of the Group and MSPE assisted in developing the Group's financial planning and asset management businesses catering to high net worth individual ("**HNWI**") clients in the PRC. MSPE remains a shareholder of the Issuer as at the date of this Offering Circular, with board seat representation.
2015	The Group entered into its first institutional asset management mandate.
2016	The Group signed long-term strategic cooperation agreements with KEB Hana Global Finance The Group completed its first U.S. dollar bond issuance and became the first non-listed financial institution to issue listed bonds in Hong Kong. The Group introduced its Strategic Investment (formerly known as its Investment Solutions business) segment, and furthered its active involvement in international capital markets transactions in lead underwriter roles.

The Group made a strategic investment in the Hong Kong-listed Bank of Qingdao Co. Ltd. ("**Bank of Qingdao**") and became one of its largest shareholders.

On 6 November 2016, the Group became a Strategic Partner Associate of the World Economic Forum.

2017 The Chairman of the Board of Directors, Dr. Choi, Chi Kin Calvin was selected a Young Global Leader by the World Economic Forum.

The Group established strategic partnership with the Guangzhou government, promoting cooperation in international capital markets, insurance brokerage, talent incubation, as well as financial cooperation and innovation in the Greater Bay Area.

2018 The Group signed a strategic cooperation agreement with the Tianjin Municipal government, Caixin Global and The Hong Kong Polytechnic University in Davos and with Tewoo Group Co., Ltd., a Fortune 500 company.

The Group announced at the Hong Kong Fintech Week the rollout and establishment of a Regional Banks+ Strategic Cooperation Alliance with Bank of Qingdao, Guangzhou Rural Commercial Bank Co. Ltd., Jiangxi Bank Co, Ltd. and Zhongyuan Bank Co. Ltd.

The Group signed a strategic cooperation agreement with KEB Hana Bank.

The Group was the Sole Strategic Partner of Hong Kong Fintech Week which represented the world's largest cross-border Fintech event, and co-hosted Singapore Fintech Festival which was the largest global Fintech event of the year, together with the Monetary Authority of Singapore, the Association of Banks in Singapore, Government of Singapore Investment Corp., Deloitte, Prudential and Google.

2019 Primary listing of AMTD International Inc. ("**AMTD International**"), a subsidiary of the Issuer, on the New York Stock Exchange.

Establishment of AMTD Digital Inc to become a holding company of the Group's digital financial services, SpiderNet ecosystem solutions, digital media, content, and marketing, and digital investments businesses.

Establishment of AMTD Assets, diversified its expansion into property investment, hospitality and related areas.

AMTD Group and Xiaomi jointly established Airstar Bank, a digital banking aiming to provide streamlined, automated, and cost-effective online banking services to clients. Airstar Bank holds one of the only eight digital banking licenses in Hong Kong issued by the Hong Kong Monetary Authority.

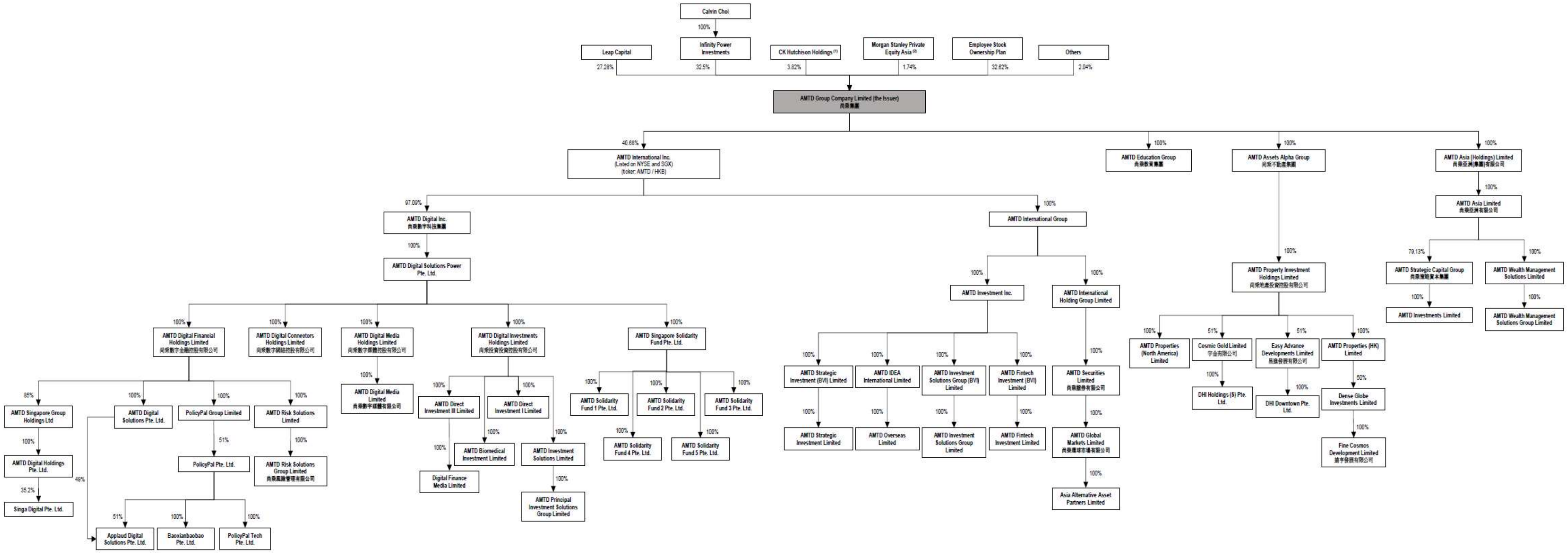
2020 Secondary listing of AMTD International on the SGX, became the world's first company dual listed on NYSE and SGX.

Following its pilot trial since 31 March 2020, Airstar Bank was the second digital bank launched in Hong Kong, and it officially launched to the public in June 2020.

AMTD Education Group was incorporated in 2020 and invested in the international (meaning, outside the United Kingdom) development of Charterhouse School, one of the top nine United Kingdom public schools.

CORPORATE STRUCTURE

The following is a diagrammatic illustration of the shareholding and the corporate structure of the Group:



1. Held through E-Option Limited
2 Held through NHPEA IV Diamond Holding (Cayman) Limited

BUSINESS ACTIVITIES

The Group generates its revenue primarily through four principal business segments: (1) capital markets & advisory, asset management and strategic investments; (2) digital financial services, SpiderNet ecosystem solutions, digital media, content and marketing, and digital investments; (3) education; and (4) real estate investment. To support these business segments, the Group has established finance, internal audit, legal, compliance and dealing and operations teams.

The Group's Key Subsidiaries

Investment Banking and Asset Management

AMTD International Inc., a company dual-listed on the New York Stock Exchange and the Singapore Stock Exchange, is the Group's holding company for the investment banking and asset management businesses. The Group currently provides investment banking services and asset management services primarily through AMTD Global Markets Limited, which is an HKSFC-licensed company and an indirectly wholly-owned subsidiary of AMTD International Inc.

AMTD Global Markets Limited. AMTD Global Markets Limited currently holds Type 1 license, Type 2 license, Type 4 license, Type 6 license, and Type 9 license granted by the HKSFC to provide services under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. AMTD Global Markets Limited is also a principal intermediary licensed with the Mandatory Provident Fund Schemes Authority in Hong Kong and an insurance broker company licensed with the Insurance Authority of Hong Kong

Strategic Investment

AMTD Investment Inc. is the Group's holding company for the strategic investment business. The Group currently holds its strategic investments through (i) AMTD Investment Solutions Group Limited, (ii) AMTD Strategic Investment Limited, (iii) AMTD Overseas Limited, and (iv) AMTD Fintech Investment Limited.

AMTD Investment Solutions Group Limited and AMTD Strategic Investment Limited. In July 2016, AMTD Investment Solutions Group Limited was incorporated under the laws of Hong Kong to hold certain investments. In June 2017, another subsidiary in the Group, AMTD Strategic Investment Limited, was incorporated under the laws of Hong Kong to hold certain investments.

AMTD Overseas Limited and AMTD Fintech Investment Limited. In December 2016, AMTD Overseas Limited, formerly known as AMTD Europe Holdings Limited, was incorporated under the laws of Hong Kong to hold certain investments. In August 2018, AMTD Fintech Investment Limited was incorporated under the laws of Hong Kong to hold certain investments.

Digital financial services, SpiderNet ecosystem solutions, digital media, content and marketing, and digital investments

AMTD Digital Inc. was incorporated in 2019 to hold the Group digital financial services, SpiderNet ecosystem solutions, digital media, content and marketing, and digital investments businesses. Its major operating subsidiaries include AMTD Risk Solutions Group Limited, AMTD Digital Media Limited, Baoxianbaobao Pte. Ltd.

AMTD Risk Solutions Group Limited is a licensed insurance broker company regulated by the Hong Kong Insurance Authority.

Baoxianbaobao Pte. Ltd. is a registered insurance broker with respect to direct insurance and an exempt financial advisor in relation to arranging and advising on investment products that are life insurance policies in Singapore, other than reinsurance. It is the first company to graduate from the MAS's FinTech regulatory sandbox.

AMTD Digital Media Limited is incorporated in Hong Kong. Its major activities are to provide digital media, content and marketing services, as well as invest in movie productions via digital formats.

Real estate investments

AMTD Assets Alpha Group was incorporated in 2018 and became the Group's holding entity for its real estate investments.

DHI Holding (S) Pte. Ltd. is the holding company of Oakwood Premier AMTD Singapore.

Fine Cosmos Development Limited is the holding company of iClub AMTD Sheung Wan Hotel.

Education

AMTD Education Group was incorporated in 2020 and it has invested in the international (meaning, outside the UK) development of Charterhouse School, one of the top nine UK public schools.

Capital markets & advisory

The Group provides equity and debt fund raising solutions for international and domestic clients through AMTD Global Markets, a corporation licensed to carry out regulated activities under the SFO. The Group's capital markets & advisory business consists of key product categories including IPOs, private placements, bond issuances and a variety of financial advisory services. Revenue is generated primarily from underwriting commissions, financial advisory fees and brokerage fees. Equity and debt fund raising solutions are offered to both corporate and institutional clients. This business segment, formerly known as the Group's capital markets & advisory business, has been rebranded to encompass the increased and refined services offering of the Group.

Customers of the capital markets & advisory segment

Since the commencement of operations, the segment's customers have comprised of both state-owned enterprises of the PRC and private companies. The Group's capital markets & advisory customers have been derived primarily from the Group's wider ecosystem and network within Hong Kong and the PRC. The Group's strategic shareholders and their affiliates and partners, along with the Group's portfolio investment shareholders and joint ventures partners, among others, form the core of the capital markets & advisory business' origination and growth.

Products and services

Equity Financing

The Group has participated in not less than 70 primary equity offerings as an underwriter and/or financial advisor, raising an aggregate of more than U.S.$29 billion for its clients.

Debt Financing

The Group provides debt financing services by assisting corporate issuers with bonds issuances in the international debt capital markets. In particular, the Group focuses on corporate and financial institutions based in the PRC and Hong Kong. The Group has participated in not less than 135 debt offerings with an aggregate deal value of approximately U.S.$50 billion.

Financial Advisory

The Group provides a variety of financial advisory services, with a particular focus on pre-IPO financing and corporate restructuring for large PRC enterprises. Advisory fees are charged based on the type and size of the transactions as well as the specific terms of each assignment.

Competitive landscape and comparative advantages

The capital markets & advisory market is highly competitive, and the Group competes with global investment banks and the overseas arms of PRC and other Asian securities houses in the provision of its services. In order to develop its capital markets & advisory business, the Group utilises its extensive product and network resources in the PRC and overseas markets. Management believes that the Group is well positioned to offer creative, flexible and competitive solutions to clients.

Asset Management

The Group provides asset management services to its clients through its subsidiary, AMTD Global Markets, a corporation licensed to engage in regulated activities under the SFO. The Group provides a wide range of traditional and non-traditional asset management products and services, including in relation to securities, fixed income, hedge funds, structured products, foreign exchange, private equities, alternative investments, discretionary account services, strategic investment services and external asset management services.

With in-depth industry knowledge, relationships and extensive investment and asset management expertise, the Group's asset management business provides tailor-made solutions to its clients, ranging from strategic investment services to asset management capabilities. The Group seeks to help its clients invest and manage multi-asset investments and offers tailored products and services to its clients. The asset management team consists of experienced relationship managers who are able to provide high quality and bespoke strategic investment services to the Group's clients.

The main revenue streams of the business include management fees, performance fees, trading and handling fees and placement fees.

History

The Group commenced asset management operations in the third quarter of 2012. Initially, AMTD Global Markets' business was limited to catering to high net-worth clients in a primarily advisory capacity, owing to licensing and regulatory restrictions and a lack of infrastructure. However, the installation of sophisticated IT systems and engagement of professional portfolio managers has enabled the scope of the asset management segment's operations to expand into Family Office clients and others.

The Group's business strategy has evolved since inauguration and, in 2015, the segment established a sub-group targeting institutional investors, designed to operate in parallel with the Family Office client sub-group. The introduction of the institutional clients sub-group is intended to leverage opportunities presented by the Group's strategic shareholders and partners (see "— *History and Milestones of the Group*").

Customers

The Group's asset management business is sub-divided in order to focus on two main distinct customer groups: (1) Family Office clients; and (2) institutional clients.

Family Office Clients

Established in 2012, the Family Office sub-group (formerly known as the HNWI client sub-group) primarily targets Family Office clients from Hong Kong, the PRC and Taiwan. It offers a diverse range of products to its client base, including products covering securities, fixed income, foreign exchange, hedge funds, properties, structured products as well as over-the-counter and alternative investments. Additionally, the Group provides personalised advisory services to its Family Office clients in relation to portfolios and individual assets. As at the date of this Offering Circular, the business does not offer leverage to asset management clients, however, management is contemplating the introduction of leverage to Family Office clients on a case-by-case basis in the future.

The Family Office sub-group's business is primarily originated through clients procured via relationship managers.

Institutional Clients

In 2015, AMTD Global Markets established its institutional clients sub-group ("**IC sub-group**"), which focuses on managing funds for large institutional investors based in the PRC. As at the date of this Offering Circular, the IC sub-group manages a number of fixed income products. It offers a platform to manage segregated portfolios for institutional clients covering both liquid and illiquid investments, which includes fixed income, listed equities, structured products and private equities.

AMTD Global Markets' short-term strategy involves a greater focus on its institutional asset management business. With the support of Group's shareholders and partners, AMTD Global Markets has succeeded in diversifying the Group's existing asset management business to incorporate institutional clients. The IC sub-group's business primarily originates through cross-selling opportunities arising from the Group's capital markets & advisory business and as a result of opportunities arising from its relationship with its shareholders and their affiliates.

Products and services

Strategic Investment

Leveraging off the Group's capital markets & advisory platform, the Group's strategic investment team provides professional fund consultancy services to third party institutional clients. This includes providing strategic offshore asset allocation proposals and investment advice to PRC securities companies, fund management companies and trust companies going abroad, as well as offering customised research reports and investment portfolio proposals to overseas investors investing in the PRC capital markets.

Asset Management

The Group's asset management offerings involve a dedicated investment advisory practice which looks to offer expert advice and bespoke services to identify and develop strategies to best meet the needs and preferences of its clients in pursuing their individual financial and investment objectives. The Group collaborates with its clients and third party institutions to invest in or offer its clients a wide range of projects and business opportunities, including in funds, private equity investment, pre-IPO investment, hedging strategies, leveraged buyouts, merger and acquisitions and project finance.

The Group's asset management services primarily include discretionary account services, targeted asset management schemes and specialised asset management accounts. Discretionary account services looks to managing assets with diverse risk and return profiles for multiple clients. The Group's discretionary account service team provides comprehensive, customised investment strategies to clients based on an understanding of the investment needs, risk appetite, risk tolerance, investment goals and expected return of each of these clients. Targeted asset management schemes are designed for single clients through a designated account pursuant to agreed methods, conditions, requirements and restrictions, whereas specialised asset management accounts look to manage assets for a client for a specific purpose.

Where appropriate, the Group will look to deploy its synergies and introduce clients to the broader network and resources within the Group's ecosystem. According to specific needs and risk tolerance levels, clients will have exclusive access to products with flexible terms and yields to meet their financial and investment needs and optimise their asset allocation. The Group also provide a comprehensive trading platform for clients to trade various types of products available on the market, such as equity, fixed income, bonds and mutual fund instruments.

Strategic Investment

The Group's Strategic Investment business engages in the investment of funds from proprietary capital, leveraging the Group's network and the corresponding extensive experience, expertise and relationships to achieve synergies with clients by participating in their value creation. The Group's Strategic Investment business primarily focuses on medium to long term investments in listed and non-listed securities across Asia and globally. The Group's Strategic Investment business generates income primarily from investment income.

History and performance of the Strategic Investment segment

Backed by the Group's strong network of relationships, the Group initiated its Strategic Investment business in 2016. The Group focus on investing in innovative new economy companies, financial technology companies, and traditional financial institutions. Although the Group makes investment decisions on a case-by-case basis, it 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.

Direct investments

The Group's direct investments business focuses on equity investments. The Group actively explores investment opportunities in fintech, high technology and "new economy" sectors. The Group invests with its proprietary capital, targeting the "new economy" companies with outstanding and reputed leadership. In terms of strategy, the Group looks to participate in placements of emerging companies with a sound financial track record and high growth potential, as well as with a focus on value investment. As a strategic investor, the Group looks to invest in companies that are at their early growth stage.

The Group manages and monitors these twelve investments with in-depth analyses and a thorough understanding of the underlying projects and business. The Group believes its direct investments business can continue to grow and generate enhanced returns through strategic investments that effectively leverage the Group's ecosystem, experience, expertise and relationship.

On 20 January 2022, AMTD International Inc. announced the acquisition of L'Officiel Inc SAS, a global fashion media holding group which possesses the global L'Officiel network and luxury media brands, as well as a broad reader coverage of 80 countries and nearly 100 million people around the world.

Digital financial services, SpiderNet ecosystem solutions, digital media, content and marketing, and digital investments

AMTD Digital is the Group's one-stop digital solutions platform and operates four main business lines:

- Digital Financial Services. Primarily through controlled entities, investees, and business partners, provide one-stop, cross-market and intelligent digital financial services for retail and corporate clients in Asia. It possesses some of the most scarce digital financial licenses in Asia and provide a variety of digital financial services through the following:

    - AMTD Risk Solutions— one of the largest Hong Kong-based corporate insurance solution providers in terms of revenue of corporate insurance business in Hong Kong. AMTD RSG, a subsidiary of the Group, was a member of the Hong Kong Confederation of Insurance Brokers since October 2004 and was granted an insurance brokerage license issued by the Hong Kong Insurance Authority in September 2019, pursuant to the newly established statutory regime for regulation of insurance intermediaries which took over regulation of insurance agents and brokers from the self-regulatory bodies including Hong Kong Confederation of Insurance Brokers

    - PolicyPal—a one-stop digital insurance technology platform for consumers and SME clients in Singapore in August 2020. AMTD Digital acquired a controlling interest in PolicyPal Pte. Ltd. BaoXianBaoBao Pte. Ltd., the wholly-owned subsidiary of PolicyPal Pte. Ltd., is a registered insurance broker with respect to direct insurance and an exempt financial advisor in relation to advising on and arranging of investment products that are life policies in Singapore, other than for reinsurance. BaoXianBaoBao Pte. Ltd. is the first company to graduate from the MAS's FinTech regulatory sandbox

- SpiderNet Ecosystem Solutions. A super connector and digital accelerator for Asia-based entrepreneurs and corporates by connecting them to resources and technologies, and providing them with access to our unique AMTD SpiderNet ecosystem. Centered on our ecosystem-powered strategy, we empower entrepreneurs and corporates with capital, technologies, mentorship, connectivity, and other resources essential to accelerating and enhancing their business digital transformation and corporate development journeys. In addition, Airstar Bank, a virtual bank jointly-established by the Group and Xiaomi, is a comprehensive digital banking platform providing services to retail and corporate clients in Hong Kong. Airstar Bank holds one of the only eight virtual banking licenses issued by the HKMA and commenced operations in June 2020. The Group holds 10% of equity interest in Airstar Bank as a controller under the Banking Ordinance of Hong Kong

- Digital Media, Content, and Marketing. Commenced its digital media, content, and marketing business in May 2020. It creates and promotes digital solutions content by investing and developing multimedia channels to provide users and audiences access to content medium through a comprehensive library of traditional and digital movies, podcasts, webinars and live videos offered by content providers and online media platforms since May 2020. Through its offering of digital media and content, it is able to spearhead industry trends and create effective marketing for our clients and ecosystem partners through innovative content creation, digital marketing platforms and cutting-edge technology. The Group has been the founding grand sponsor of Singapore FinTech Festival, the largest FinTech event in the world with over 60,000 attendees each year for four consecutive years since 2017, and the sole strategic partner of Hong Kong FinTech Week, Hong Kong's annual FinTech event, for three years in a row since 2018. Recently, AMTD Digital have invested in movie productions via digital formats. "Shock Wave 2" (拆弹专家 2), a movie invested by us and co-produced by Universe Entertainment and Alibaba Picture in 2020, has grossed over RMB1.3 billion of box office as of February 10, 2021. We also invested in "The White Storm 3" (扫毒 3) and "Redemption" (咎赎)

- Digital Investments. We invest directly in various innovative technology companies to leverage, enhance and enrich the AMTD SpiderNet ecosystem by including them into our ecosystem. Currently, our investment portfolio includes minority interest holdings in the following:

  - Appier—a leading artificial intelligence technology company, which provides AI-based solutions for precision marketing.

  - DayDayCook—a leading content-driven lifestyle brand for young food lovers in Asia with over 60 million cumulative users across its online platforms.

  - WeDoctor—one of China's largest technology-enabled healthcare solutions platforms providing seamless online and offline healthcare services with a mix of general practitioners and specialists.

  - AMTD ASEAN Solidarity Fund and Solidarity Grant—We also established the AMTD ASEAN Solidarity Fund in partnership with AFIN in April 2020 with an initial capital of S$50 million to invest in innovative companies. AFIN is a non-profit entity formed by the MAS, International Finance Corporation, a member of the World Bank Group, and the ASEAN Bankers Association, with the objectives of supporting financial innovation and inclusion around the world

  - MAS-SFA-AMTD FinTech Solidarity Grant—MAS-SFA-AMTD FinTech Solidarity Grant was jointly established in May 2020 by the MAS, SFA, and AMTD Charity Foundation with an amount of S$6 million to support FinTech companies in generating new businesses and pursuing growth strategies

On 25 January 2022, AMTD International Inc. announced the acquisition of the majority stake of AMTD Digital Inc.

Education

AMTD Education was established in 2020 and it has invested in the international (outside UK) development of Charterhouse School, one of the top nine UK public schools.

Real Estate Investments:

AMTD Assets – The Group has further diversified its business into property development and hospitality since 2019. AMTD Assets owns Singapore's landmark building OUE downtown, Oakwood Premier Serviced Apartments, and renamed it Oakwood Premier AMTD Singapore; and the iClub Hotel in Sheung Wan, Hong Kong, and renamed it iClub AMTD Sheung Wan Hotel.

REGULATORY REQUIREMENTS AND COMPLIANCE

SFC

Due to the licensing regime of the SFC, in order to engage in the businesses of the Group, such as capital markets & advisory, securities and futures brokerage, and asset management, the relevant subsidiaries of the Group and its responsible personnel are required to obtain and hold the relevant licences from the SFC and to be in compliance with applicable regulatory requirements from time to time.

Apart from the SFO, the Group's licensed subsidiaries and their licensed personnel are required to comply with Hong Kong subsidiary legislation and regulations, codes and guidelines developed by the SFC, as well as rules and regulations introduced and administered by the Hong Kong Stock Exchange and the Hong Kong Futures Exchange Limited (the "**Futures Exchange**"). Any broker-dealer that intends to operate a brokerage business for products available on Hong Kong Exchanges and Clearing Limited or which uses the trading facilities of the Hong Kong Stock Exchange and/or Futures Exchange, must be admitted and registered as an Exchange Participant (as defined in the SFO) of that exchange.

Money Lenders Regulations

The MLO is a comprehensive regulatory statute governing consumer loan providers other than authorised institutions within the meaning of the Banking Ordinance (Cap. 155) of Hong Kong such as banks and deposit-taking companies. The MLO stipulates that only persons granted with a money lenders licence issued by a licensing court may carry on the business of a money lender. The MLO further states that such persons must carry on such money lending business in accordance with the conditions and only at the premises specified in the licence. The MLO regulates various aspects of the business, including (but not limited to) the basic terms of loan agreements and applications for, and revocations of, licences, and imposes restrictions on advertising and excessive interest rates. Whilst the Group does not participate in money lending activities as at the date of this Offering Circular, it has obtained the relevant licence pursuant to the MLO and may seek to engage in such activities in the future.

Insurance Brokerage Regulatory Regime

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

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

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

1. negotiating or arranging a contract of insurance;

2. inviting or inducing a person to enter into a contract of insurance (or attempting to do so);

3. inviting or inducing a person to make a material decision in relation to a contract of insurance (or attempting to do so); and

4. giving regulated advice.

The new regime also includes statutory conduct requirements for insurance intermediaries under sections 90 and 91 of the HKIO. The fundamental principles include honesty and integrity, exercising care, skill and diligence, disclosure of information and conflicts of interest. Such principles are consistent with the principle of the fair treatment of customers enunciated by the International Association of Insurance Supervisors.

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

Mandatory Provident Fund Schemes Authority (the "MPFA")

AMTD Global Markets is a principal intermediary registered with MPFA, and is approved by MPFA to set up a Master Trust Scheme called "AMTD MPF Scheme" in 25 May 2009. The MPFA regulates the operations of MPF schemes in accordance with the provisions under the Mandatory Provident Fund Schemes Ordinance (Cap. 458) of Hong Kong, as well as relevant codes and guidelines. The MPFA also issues circulars, standards and best practice notes to give guidance to the industry.

Digital Financial Services Regulatory Regime

Airstar Bank, a virtual bank jointly-established by the Group and Xiaomi, is a comprehensive digital banking platform providing services to retail and corporate clients in Hong Kong and holds one of the only eight virtual banking licenses issued by the Hong Kong Monetary Authority ("**HKMA**") under the revised Guideline on Authorization of Virtual Banks (Guideline) on 30 May 2018, which sets out the principles on which the HKMA will take into account in deciding whether to authorise virtual banks. Virtual banks in Hong Kong are subject to the same set of supervisory requirements applicable to conventional banks, though certain requirements have been adapted to suit the business models of virtual banks.

RISK MANAGEMENT

The Group's primary risk exposures are to the regulatory requirements and landscape of the SFC, market risk, administrative, operational and system risk, reputational risk and legal and compliance risk.

Overview

The Group has established a multi-layered corporate governance and risk management system with a clear split of responsibilities. The Group has implemented a separation of front, middle and back-end functions, and provides oversight at a Group level, through its Board of Directors, management and Investment Committee, and through its legal and compliance, internal audit and finance functions. Policies have also been implemented in respect of each particular business line in order to minimise the Group's exposure to business specific risks.

Cross-segment risk management policies and procedures

The Group has developed certain overarching risk management policies and procedures which are utilised across its business lines, including:

Cross-segment risk methodologies and tools: performance management, attribution analysis, risk calculation, risk analysis, portfolio management, quota management, regular staff training, compliance with relevant licensing requirements and monitoring of capital level and financial resources.

Sound risk management procedures: implementation of internal firewalls for the Group's IT systems, connected transaction checks, know your customer compliance, anti-money laundering compliance, conflict of interest checks and risk transfer.

Organisational structure: clearly delineated responsibility for risk oversight through the Group's Board of Directors, management and Investment Committee, and through its legal and compliance, internal audit and finance functions.

Business specific risk management policies and procedures

In order to limit the risks which are unique to its business lines, the Group has also developed business specific risk measures, which include:

Asset management: restrictions on investment portfolios including asset allocation ratio, stop loss limit, market concentration and issuer concentration limits, which are regularly reviewed and updated by the Chief Investment Officer's office, and an investment portfolio risk level which must adhere to each client's risk appetite.

Capital markets & advisory: implementation of operation monitoring and the use of information barriers to control any possible misuse of material, control room policies, restrictions on the use of non-public information, the utilisation of restricted person lists which are overseen by the legal and compliance team and diligent review and scrutiny of legal documentation.

Corporate insurance: employment of staff with extensive regulatory experiences and the provision of updates regarding market conditions and rules and regulations to staff members.

Strategic investment: control functions are in place which are performed jointly by the Group's strategic investment business team and Investment Committee. Approval from the Investment Committee is required prior to any material investments being made. The Group, among other things, performs assessments on the potential risks, expected returns, liquidity and strategic value of an investment, along with due diligence on potential targets. Post-investment risk management and exit strategies also form an integral part of the Group's control functions.

Market risk

Market risk refers to the risk of losses from on-balance sheet positions from movements in market rates and prices, including interest rates, foreign exchange rates and equity prices. Increases in market interest rates may increase the Group's funding costs and thus reduce its profit margins. However, as the interest rates for the Group's borrowings are fixed on inception, any change in market interest rates would not have material impact on the Group's profit margins. Besides, certain transactions of the Group are denominated in foreign currencies, mainly U.S.$, which are different from the functional currency of the Group, i.e., HK$. The Group is also exposed to equity price risk through its listed investments. The entity through which the Group carries out its capital markets & advisory and asset management activities, AMTD Global Markets, has published an internal control procedures manual which contains statements of policy and procedural instructions on various market risk compliance issues. The Group also operates an Investment Committee at Group level, comprising AMTD's Chairman, Responsible Officers, Financial Controller and Compliance Officer in order to monitor AMTD's risk exposure, and a Global Advisory Committee to provide strategic corporate and organisational advice to the Board of Directors.

In the event that the Group provides leverage to clients (see "— *Business Activities — Asset Management - Customers*"), the Group's exposure to creditor default may increase. However, given that any such leveraged products are intended to be offered on a case-by-case basis, management expects the Group's market risk to remain low in the short term.

Liquidity risk

The goal of liquidity management is to mitigate risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or make the required profit. Another goal is to enable the Group, even under adverse market conditions, to actively manage and match funds inflow against all maturing repayment obligations to achieve maximum harmony on cash flow management. The Group manages its liquidity position to ensure a prudent and adequate liquidity ratio. This is achieved by a transparent and collective monitoring approach across the Group on a daily basis to ensure the availability of sufficient liquid funds to meet all obligations.

Administrative, operational and system risk

Administrative, operational and system risk refers to the risks of loss resulting from fraud, administrative errors, loss of data and human errors. As the Group carries out its business activities using various internal and external information systems, any error or failure, including administrative or accidental human errors as well as fraudulence by employees, unauthorised access to systems, computer viruses, or a stoppage or breakdown of internal operating systems, could have an adverse impact on the Group's activities. The Group manages these risks by maintaining a system of internal controls designed to prevent and detect fraud, error, unauthorised access and loss of data. Specifically, independent review and monitoring control measures are embedded into different processes to prevent their misuse, and statistical analyses are performed on regular basis to identify any potential risks or irregularities. Risk management policies and procedures are regularly reviewed and updated to respond to changes in market conditions and the Group's business strategies. The Group also has disaster recovery plans, regular data backup exercises and maintains its servers at different locations to minimise the impact of any system breakdown.

Reputational risk

The Group manages reputational risks through sound corporate governance practices. The Group's employees and sales personnel are provided with comprehensive training. Operating procedures and compliance manuals are regularly updated by compliance officer and the responsibilities and duties of staff are properly segregated. The internal control functions report directly to the Chief Financial Officer, who has extensive experience in regulatory compliance and internal controls, and the board of directors.

Legal and compliance risk

As a group of financial institutions regulated by various regulatory bodies, the Group is subject to different rules and regulations. The Group's compliance officer and legal counsel manage these risks by actively monitoring the Group's licensed or regulated activities. The Group advises its staff in respect of their legal and regulatory obligations, for example, via its employee's code of conduct manual which provides general guidance as to the standards employees must adhere to in respect of regulated activities. The Group also develops and delivers legal and compliance training to its staff from time to time to update and enhance their awareness and knowledge of legal and regulatory requirements.

EMPLOYEES

The Group had approximately 90 employees as at the date of this Offering Circular. The Group has maintained good working relationships with its employees and does not foresee any difficulties in the recruitment and retention of experienced staff. The Group usually recruits its employees through referrals and undertakes to ensure its remuneration package remains competitive and on par with its competitors. The Group also offers education benefits to its eligible employees.

PROPERTY

The principal place of business of the Issuer is located at 23/F−25/F Nexxus Building, 41 Connaught Road Central, Hong Kong. This premise is leased by the Group and occupies a total area of approximately 15,980 square feet.

INFORMATION TECHNOLOGY

The Group's IT department is responsible for delivering secure, reliable and high quality systems to support the business operations of the Group and the provision of the necessary information technology infrastructure based on the business needs and development of the Group.

The Group's IT systems consist of three key components: front office, middle office and back office systems that generally cover transaction management, customer service and risk management, investment and accounting. Over its operating history, the Group has focused on allocating financial and human resources towards upgrading its IT systems with the goal of achieving higher operational efficiency, enhancing user access and customer service, providing flexibility for future business needs, responding to developing market trends and increasing its competitiveness in the local and regional markets.

INSURANCE

The Group maintains standard insurance in relation to its risk exposure arising from the nature of its business, such as office premise and property damage insurance, employee compensation insurance, personal injury insurance life and personal accident insurance, critical illness insurance and medical, dental and travel insurance. The Group's insurance coverage is provided by reputable companies with commercially reasonable limits and deductibles on coverage and complies with the statutory requirements in Hong Kong.

The Group believes that its insurance coverage is sufficient for its present purposes and is consistent with coverage for its competitors in Hong Kong. The Group periodically reviews its insurance coverage to ensure that it has adequate coverage for its business.

LEGAL PROCEEDINGS

As at the date of this Offering Circular, there are no current litigation or arbitration proceedings and no litigation is pending or threatened against the Group which could have a material and adverse effect on the Group's business, financial condition or results of operations.

DIRECTORS

As at the date of this Offering Circular, the members of the Board of Directors of the Issuer are as follows:

Board of Directors

Name	Position	Age
Dr. CHOI, Chi Kin Calvin	Chairman of the Board of Directors	43
Mr. WONG, Yui Keung Marcellus	Director	68
Mr. GAO, Yu	Director	48
Dr. HAMDULLAHPUR, Feridun	Director	67

Dr. Calvin Choi is the Chairman and CEO of AMTD Group, and the Founder and Chairman of AMTD Charity Foundation. He was named "Asia's Most Influential" by Tatler in 2021; "Top 10 FinTech Leader" in 2021, "Singapore FinTech Leader" in 2020 and "Asia FinTech Leader" in 2019 by the Singapore Fintech Association; "Asia's Most Influential" by the Tatler in 2021; "Young Global Leader" by the World Economic Forum in 2017; and awarded by the Institutional Investor magazine as one of the global "Fintech Finance 35" in 2016.

Dr. Choi currently serves as a Board Director of Bank of Qingdao (SEHK: 3866; SZSE: 002948), the largest city commercial bank in Shandong Province, China, and one of the only two SEHK and SZSE dually listed city commercial banks. He is appointed as the Vice Chairman of China Young Entrepreneurs Association. He also serves as the Board Director of ASEAN Financial Innovation Network, which was founded by the World Bank, Monetary Authority of Singapore, and ASEAN Bankers Association. Calvin is appointed as a member of Hong Kong Cyberport Advisory Panel under the Hong Kong SAR Government and also a member of Hong Kong Government's Prisoners' Education Trust Fund Investment Advisory Committee. He also serves as the Chief President of Hong Kong Youth Association, and Honorary President of Hong Kong Federation of Journalists. He is also appointed as the Vice Chairman of Greater Bay Area Homeland Youth Community Foundation. Besides, Calvin is appointed as the Chairman of Hong Kong Youth Association, and the Honorary President of the Hong Kong Federation of Journalists. Dr. Choi also serves the Founder and Chairman of Regional Banks+ Strategic Cooperation Alliance, Greater Bay Young Entrepreneurs Association, and Hong Kong Youth FinTech Association.

From January 2009 to October 2010, Dr. Choi was a Director of the corporate finance division of PricewaterhouseCoopers Hong Kong and the representative of PricewaterhouseCoopers Corporate Finance Limited from September 2009 to October 2010. From August 2005 to December 2008, Dr. Choi was an Executive Director of the investment bank division of Citigroup and its China Chief Specialist, leading its China Strategic Alliance unit. From December 2000 to August 2005, Dr. Choi worked at the audit division of PricewaterhouseCoopers Hong Kong Office and Beijing Office, where his last position was Senior Manager.

Dr. Choi was a licensed person of the Financial Industry Regulatory Authority of the United States, and he qualified as a Certified Bank Auditor and a Certified Public Accountant in the United States in June 2002 and July 2005, respectively. Dr. Choi graduated from the University of Waterloo, Canada in June 2001 with a Bachelor of Arts degree with honour in Chartered Accountancy Studies. Dr. Choi was the recipient of a honorary doctorate at the University of Waterloo, Canada in June 2021.

Mr. WONG, Yui Keung Marcellus is the Director and Non-Executive Vice Chairman of the Issuer. Mr. Wong currently holds a number of positions including, since February 2019, Director of AMTD International Inc. (NYSE: AMTD; SGX HKB) and, since December 2020, member of the Board of Supervisors of Jiangxi Bank Co., Ltd. (1916 HK). Mr. Wong has over 35 years of experience in accounting and tax consultancy. Mr. Wong joined PricewaterhouseCoopers in February 1990 and prior to his retirement in June 2012 served as a partner and compliance leader in the China and Hong Kong firms as well as the risk and quality leader for the Tax practice in the Asia Pacific region. Mr. Wong was the recipient of the Outstanding PolyU Alumni Award 2019. Between 1999 and 2010, Mr. Wong was consistently named by Euromoney as one of the World's Leading Tax Advisers in Hong Kong and the PRC. He also 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 and a member of the Joint Liaison Committee on Taxation, which advises

Government of Hong Kong on tax issues, from November 2011 to October 2021. He was also appointed as the president of CPA Australia-Hong Kong China Division for the year 2004/2005 and was invited to serve as its honorary adviser of Greater China region in July 2014. He has been Chairman of the Advisory Board of the Taxation Institute of Hong Kong since September 1995 and served as its president from 1996 to 1999. From June 2015 to June 2021, Mr. Wong also served as an independent non-executive director of Xinte Energy Co., Ltd. (stock code: 1799), a company listed on the Main Board of the Hong Kong Stock Exchange.

In October 1977 Mr. Wong graduated from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) with a higher diploma in Accounting and also obtained a Bachelor's degree in Laws (external programme) from the University of London, 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. He also received the qualification of Certified Tax Adviser in Hong Kong from the Taxation Institute of Hong Kong in September 2010.

Mr. GAO, Yu is a Director of the Issuer. Mr. Gao joined Morgan Stanley Asia Limited in 2005 and primarily focused on private equity investment transactions in China. He is currently a managing director of Morgan Stanley Asia Limited's private equity division and Co-Head of China Investment Operations for Morgan Stanley Private Equity Asia. Mr. Gao has been as a non-executive director of Sparkle Roll Group Limited (stock code: 970) since September 2010. From July 2007 to May 2013, he was a non-executive director of China Dongxiang (Group) Co., Ltd. (stock code: 3818) and has been an independent non-executive director since May 2013. From August 2006 to August 2014, he was a non-executive director of Belle International Holdings Limited (stock code: 1880) and has been an independent non-executive director since August 2014. The companies listed above are all listed on the Main Board of the Hong Kong Stock Exchange. Mr. Gao was also a director of Tongkun Group Co., Ltd. (a company listed on Shanghai Stock Exchange, stock code: 601233) from April 2011 to March 2015.

Mr. Gao graduated from Tsinghua University in the PRC with dual Bachelor's degrees in Engineering and Economics and later graduated from Stanford University in the United States with a Master's degree in Engineering-Economic Systems and Operations Research.

Dr. HAMDULLAHPUR, Feridun is a Director of the Issuer. Dr. Hamdullahpur served as the sixth president and vice-chancellor of the University of Waterloo from 2010 to 2021. Prior to that, he served as a vice-president academic and provost at the University of Waterloo. Dr. Hamdullahpur has served as a member of the King Abdulaziz University International Advisory Board since 2017 and 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 2014. Dr. Hamdullahpur was awarded the Queen Elizabeth II Diamond Jubilee Medal in January 2013 in acknowledgement of his leadership in education and innovation. Dr. Hamdullahpur graduated from the Technical University of Istanbul with a Bachelor's degree in mechanical engineering in 1976 and a Master's degree in mechanical engineering in 1979. Dr. Hamdullahpur received his Ph.D. degree in chemical engineer from the Technical University of Nova Scotia in 1985.

TAXATION

The following is a general description of certain tax considerations relating to the Securities and is based on law and relevant interpretation thereof in effect as at the date of this Offering Circular all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Securities, whether in those countries or elsewhere. Prospective purchasers of Securities should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Securities and receiving payments of interest, principal and/or other amounts under the Securities and the consequences of such actions under the tax laws of those countries. It is emphasised that none of the Issuer nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Securities.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Securities or in respect of any capital gains arising from the sale of the Securities.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Securities may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Securities is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Securities is derived from Hong Kong and is received by or accrues to a person, other than a corporation (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 11) of Hong Kong (the "**Inland Revenue Ordinance**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong;

(iv) interest on the Securities is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Securities will be subject to Hong Kong profits tax.

Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance) from the sale, disposal or other redemption of Securities will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Securities will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Securities are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Securities **provided that** either:

(i) such Bearer Securities are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Securities constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong) (the "**Stamp Duty Ordinance**").

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Securities at a rate of 3 per cent. of the market value of the Bearer Securities at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Securities.

No stamp duty is payable on the issue of Registered Securities. Stamp duty may be payable on any transfer of Registered Securities if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Securities **provided that** either:

(i) such Registered Securities are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Registered Securities constitute loan capital (as defined in the Stamp Duty Ordinance).

If stamp duty is payable in respect of the transfer of Registered Securities it will be payable at the rate of 0.26 per cent. (of which 0.13 per cent. is payable by the seller and 0.13 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Securities if the relevant transfer is required to be registered in Hong Kong.

British Virgin Islands

The following summary contains a description of the principal tax laws of the British Virgin Islands, as in effect on the date hereof, and is subject to any change in the tax laws of the British Virgin Islands that may come into effect after such date (which may have retroactive effect).

Income Tax

As of the date of this offering memorandum, the Issuer is exempt from all provisions of the Income Tax Act of the British Virgin Islands, including with respect to all interests payable by the Issuer to persons who are not persons resident in the British Virgin Islands. No income, capital gain, estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any debt obligations or other securities of the Issuer.

Withholding Tax

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to payments the Issuer may make under the transaction documents relating to the Securities.

United States — FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986 ("**FATCA**"), a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the British Virgin Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Securities. The Issuer's obligations under the Securities are discharged once it has paid the Common Depositary (or a sub-custodian for the CMU Service in the case of Securities to be cleared through the CMU Service) and, therefore, the Issuer has no responsibility for any amount thereafter transmitted through the hands of the Clearing Systems and custodians or intermediaries to the beneficial owner of a Note.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 25 February 2019 (the "**Dealer Agreement**") between, *inter alia*, the Issuer and the Arranger, the Securities will be offered on a continuous basis by the Issuer to the Permanent Dealers (as defined in the Dealer Agreement). However, the Issuer has reserved the right to sell Securities directly on its own behalf to Dealers that are not Permanent Dealers. The Securities may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Securities may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Securities to be issued in syndicated Tranches that are underwritten by two or more Dealers. The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Securities subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of their expenses incurred in connection with the establishment, and any future update, of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Securities. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Securities in certain circumstances prior to payment for such Securities being made to the Issuer.

In connection with each Tranche of Securities issued under the Programme, the Dealers or certain of their affiliates may purchase Securities and be allocated Securities for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase Securities for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Securities and/or other securities of the Issuer or its subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Securities to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Securities).

The Issuer may agree to pay, through the Dealers, a selling agent's commission to certain private banks based on the principal amount of the Securities purchased by the clients of such private banks.

The Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services and/or Transactions**"). The Dealers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer for which they have received, or will receive, fees and expenses.

In connection with an offering of a Tranche of Securities issued under the Programme, the Dealers and/or their respective affiliates, or affiliates of the Issuer, may place orders, receive allocations and purchase Securities for their own account (without a view to distributing such Securities) and such orders and/or allocations of the Securities may be material. Such entities may hold or sell such Securities or purchase further Securities for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Securities or other securities otherwise than in connection with the offering. Accordingly, references herein to the Securities being "offered" should be read as including any offering of the Securities to the Dealers and/or their respective affiliates, or affiliates of the Issuer for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Securities. If this is the case, liquidity of trading in the Securities may be constrained (see "*Risk Factor — The liquidity and price of the Securities following an offering may be volatile*"). The Issuer and the Dealers are under no obligation to disclose the extent of the distribution of the Securities amongst individual investors.

In the ordinary course of their various business activities, the Dealers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Securities and could adversely affect the trading prices of the Securities. The Dealers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Securities or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Securities or other financial instruments.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer (as defined in this Offering Circular) in such jurisdiction.

Selling Restrictions

United States of America

The Securities have not been and will not be registered under the Securities Act and, in the case of Bearer Securities, are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered or sold or, in the case of Bearer Securities, delivered, within the United States. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell or, in the case of Bearer Securities, deliver, any Securities within the United States, except as permitted by the Dealer Agreement.

The Securities are being offered and sold outside the United States in reliance on Regulation S.

The Bearer Securities are subject to U.S. Treasury law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury regulations promulgated thereunder.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Securities, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering of such tranche of Securities) may violate the registration requirements of the Securities Act.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Securities outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Securities, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Prohibition of Sales to EEA Retail Investors

If the Pricing Supplement in respect of any Securities includes a legend entitled "Prohibition of Sales to EEA Retail Investors", each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or

(ii) a customer within the meaning Directive (EU) 2016/97 ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Public Offer Selling Restriction Under the EU Prospectus Regulation

If the Pricing Supplement in respect of any Securities does not include a legend entitled "Prohibition of Sales to EEA Retail Investors", in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Securities to the public in that Member State:

(a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(b) *Fewer than 150 offerees:* at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) *Other exempt offers:* at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation.

provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Securities to the public**" in relation to any Securities in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities and the expression "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of sales to UK Retail Investors*:* If the Pricing Supplement in respect of any Securities incudes the legend "Prohibition of Sales to UK Retail Investors", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

If the Pricing Supplement in respect of any Securities does not include the legend "Prohibition of Sales to UK Retail Investors", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Prospectus as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Securities to the public in the United Kingdom:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the EUWA;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the EUWA) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA, provided that no such offer of Securities referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the EUWA.

For the purposes of this provision, the expression **an "offer of Securities to the public"** in relation to any Securities means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other UK regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

PRC

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

Hong Kong

In relation to each Tranche of Securities to be issued by the Issuer under the Programme, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities, except for Securities which are a "**structured product**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (i) to "**professional investors**" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the SFO and any rules made under the SFO.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will has, directly or indirectly, offered or sold and will not, directly and indirectly, offer or sell only Securities in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell such Securities or cause such Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

*Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations*

2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

British Virgin Islands

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make, directly or indirectly, an invitation to the public in the British Virgin Islands or any natural person resident or citizen in the British Virgin Islands to purchase or subscribe for the Securities. This Offering Circular does not constitute, and will not be, an offering of the Securities to any person in the British Virgin Islands.

General

None of the Issuer or the Dealers represent that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. These selling restrictions may be modified by the agreement of the Issuer and the relevant Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Securities to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required. Each Dealer has, to the best of its knowledge, complied with all relevant laws, regulations and directives in each jurisdiction in which it has purchased, offered, sold or delivered Securities or has had in its possession or distributed the Offering Circular, any other offering material or any Pricing Supplement, in all cases at its own expense.

GENERAL INFORMATION

1 Listing

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Securities may be issued by way of debt issues to Professional Investors only for the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. For those Securities that will be listed, application for the permission to deal in, and for the listing of, the Securities issued will be separately made. The issue price of Securities listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Securities, commence on the date of listing of the relevant Securities.

2 Authorisation

The Programme and the issue of the Securities were authorised by a resolution of the board of directors of the Issuer passed on 19 February 2019. The Issuer has obtained from time to time all necessary consents, approvals and authorisations in connection with the establishment of the Programme. The Legal Entity Identifier of the Issuer is 300300562CL5FSKOCE61.

3 Legal and Arbitration Proceedings

None of the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the financial position or profitability of the Issuer or the Group.

4 No Material Adverse Change

Since 31 December 2020, there has been no material adverse change in the financial position or prospects nor any significant change in the financial or trading position of the Issuer and the Group.

5 Auditor

Deloitte Touche Tohmatsu (Certified Public Accountants), the Issuer's independent auditor has audited, and rendered unqualified audit reports on, the consolidated financial statements of the Issuer as at and for the year ended 31 December 2020.

Ernst & Young (Certified Public Accountants), the Issuer's independent auditor has audited, and rendered unqualified audit reports on, the consolidated financial statements of the Issuer as at and for the years ended 31 December 2018 and 2019.

6 Documents on Display

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands for so long as the Securities are capable of being issued under the Programme:

(i) the memorandum and articles of association of the Issuer;

(ii) the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2020;

(iii) copies of the latest annual report and audited annual consolidated financial statements of the Issuer;

(iv) each Pricing Supplement (save that a Pricing Supplement relating to an unlisted Series of Securities will only be available for inspection by a holder of any such Securities and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Securities and identity);

(v) a copy of this Offering Circular together with any Supplement to this Offering Circular; and

(vi) copies of the Fiscal Agency Agreement and the Deed of Covenant.

7 Clearing of the Securities

The Securities may be accepted for clearance through Euroclear and Clearstream, Luxembourg. The Issuer may also apply to have Securities accepted for clearance through the CMU. The appropriate ISIN and common code or CMU Instrument Number in relation to the Securities of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Securities for clearance together with any further appropriate information.

8 TEFRA Legends

Each Security, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

AMTD GROUP COMPANY LIMITED CONTENTS

	Pages
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020	
Consolidated statement of profit or loss	F-008
Consolidated statement of comprehensive income	F-009
Consolidated statement of financial position	F-010
Consolidated statement of changes in equity	F-012
Consolidated statement of cash flows	F-014
Notes to the financial statements	F-017
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019	
Consolidated statement of profit or loss	F-127
Consolidated statement of comprehensive income	F-128
Consolidated statement of financial position	F-129
Consolidated statement of changes in equity	F-131
Consolidated statement of cash flows	F-135
Notes to the financial statements	F-138

AMTD GROUP COMPANY LIMITED

Report and Consolidated Financial Statements
For the year ended 31 December 2020

AMTD GROUP COMPANY LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS

CONTENTS	PAGE(S)
INDEPENDENT AUDITOR'S REPORT	1 – 5
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8 & 9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10 & 11
CONSOLIDATED STATEMENT OF CASH FLOWS	12 - 14
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	15 - 112

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
AMTD GROUP COMPANY LIMITED
(Incorporated in the British Virgin Islands with limited liability)

Opinion

We have audited the consolidated financial statements of AMTD Group Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 112, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters - continued

Key audit matters	**How our audit addressed the key audit matters**
Valuation of financial instruments classified as level 3 under fair value hierarchy	
We identified valuation of financial instruments classified as level 3 fair value hierarchy ("Level 3 financial instruments") as a key audit matter due to the significance of the judgement and estimates made by management and the subjectivity in determination of fair value given the lack of availability of market-based data. As disclosed in notes 15, 16 and 26 to the consolidated financial statements, the Group's Level 3 financial instruments included unlisted equity shares and investment in film production classified as financial assets at fair value through profit or loss, derivative financial assets and derivative financial liability with carrying amount of HK$547,067,944, HK$20,210,287, HK$2,777,695,751 and HK$12,954,313, respectively, as at 31 December 2020. The selection of valuation techniques and the significant unobservable inputs used in the valuation techniques are disclosed in note 40 to the consolidated financial statements.	Our procedures in relation to valuation of Level 3 financial instruments included: • Examining the relevant investment contracts for the key terms and the relevant contractual rights and obligations of the financial instruments; • Understanding the Group's valuation techniques for Level 3 financial instruments and the key controls over selection of valuation techniques and determination of the valuation of such instruments; and • Evaluating the reasonableness of the valuation of the Level 3 financial instruments, together with our internal valuation specialists, on a sample basis, by: (i) obtaining the appraisal reports and assessing the competence and independence of the third party professional valuers appointed by the management; and their relevant experience in conducting valuation of similar financial instruments; (ii) evaluating the appropriateness of the valuation techniques based on our industry knowledge; and (iii) evaluating the appropriateness of the significant unobservable inputs by independently checking to the external data; by evaluating the rationale of management's judgement on the significant unobservable inputs; or by performing sensitivity analysis with reference to available market information, where appropriate.

Other matters

The consolidated financial statements of the Group for the year ended 31 December 2019, before the adjustment stated in note 2a, were audited by another auditor who expressed an unmodified opinion on those statements on 30 April 2020.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements- continued

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
AMTD GROUP COMPANY LIMITED - continued
(Incorporated in the British Virgin Islands with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements- continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chau Chi Ka.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 April 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	2020 HK$	2019 HK$
Revenue			
Fee and commission income		758,747,787	699,554,375
Net gains related to disposed investments		93,508,247	17,403,303
Dividend income		118,312,501	122,501,085
Interest income from debt securities		23,874,576	11,419,277
	7	994,443,111	850,878,040
Net fair value changes on financial assets at fair value through profit or loss ("FVTPL") and derivative financial assets	7	350,243,914	1,177,935,614
		1,344,687,025	2,028,813,654
Other income	7	273,177,480	65,295,084
Fair value gain on derivative financial liability	26	7,765,148	-
Impairment losses under expected credit loss ("ECL") model on financial assets at amortised costs		(54,922,525)	-
Revaluation deficit of hotel property		(94,859,567)	-
Operating expenses		(255,688,979)	(184,489,370)
Staff costs		(189,441,220)	(114,785,786)
Finance costs	9	(218,392,463)	(235,410,441)
Share of losses of:			
Joint ventures		(23,122,975)	(2,062,955)
Associates		(35,171,520)	(8,443,362)
Profit before tax	8	754,030,404	1,548,916,824
Income tax credit (expense)	10	86,056,068	(287,459,266)
Profit for the year		840,086,472	1,261,457,558
Attributable to:			
Ordinary shareholders of the parent		430,858,543	1,269,939,604
Holder of loans payable to a shareholder	32	3,500,000	3,500,000
Holders of perpetual securities	33	112,882,604	117,565,611
Non-controlling interests		292,845,325	(129,547,657)
		840,086,472	1,261,457,558

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	2020 HK$	2019 HK$
Profit for the year		840,086,472	1,261,457,558
Other comprehensive income (expense) for the year:			
Items that that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of joint venture		-	131,000,657
Exchange differences on translation of foreign operations		1,954,535	-
Item that will not be reclassified to profit or loss:			
Fair value changes on equity investment designated at fair value through other comprehensive income ("FVTOCI")		-	(2,314,000)
Other comprehensive income for the year		1,954,535	128,686,657
Total comprehensive income for the year		842,041,007	1,390,144,215
Attributable to:			
Ordinary shareholders of the parent		432,813,078	1,398,626,261
Holder of loans payable to a shareholder	32	3,500,000	3,500,000
Holders of perpetual securities	33	112,882,604	117,565,611
Non-controlling interests		292,845,325	(129,547,657)
		842,041,007	1,390,144,215

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	NOTES	2020 HK$	2019 HK$ (restated)
ASSETS			
Cash and bank balances	12	685,745,352	795,889,205
Other assets	36	204,510,921	264,520,066
Accounts receivable	13	181,472,700	406,814,060
Prepayments, other receivables and deposits	14	227,582,832	5,612,930,428
Derivative financial assets	16	2,777,695,751	2,723,975,670
Equity investment designated at FVTOCI	17	-	267,000
Debt investments at amortised cost	18	79,579,526	108,317,020
Due from the then ultimate holding company	38(b)(i)	-	7,348,863,550
Tax recoverable		1,102,022	1,102,022
Financial assets at FVTPL	15	2,772,199,303	3,509,793,879
Stock loans	15	1,209,758,900	1,576,700,200
Interests in joint ventures	20	348,517,519	403,395,088
Investments in associates	20	686,385,118	721,556,638
Intangible assets	21(a)	66,846,235	15,171,170
Goodwill	21(b)	57,966,993	-
Property, plant and equipment	22	1,147,917,440	1,271,244,123
TOTAL ASSETS		10,447,280,612	24,760,540,119
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts payable	23	210,684,786	508,428,064
Margin loans payable	24	42,432,010	389,618,830
Perpetual note payable to a related company	25	50,843,579	-
Financial liabilities at FVTPL	26	12,954,313	63,432,924
Contract liabilities, other payables and accruals	27	326,162,268	879,454,379
Interest-bearing bank borrowings and lease liabilities	28	960,999,059	913,021,031
Bonds payable	29	2,103,698,734	2,894,161,330
Tax payable		160,565,936	118,875,632
Loans payable to a shareholder	32	157,528,767	-
Due to a minority shareholder of subsidiaries	19	553,760,635	640,782,835
Deferred tax liabilities	30	206,469,110	409,950,565
Total liabilities		4,786,099,197	6,817,725,590

	NOTES	2020 HK$	2019 HK$
EQUITY			
Share capital	31	91,680	91,680
Share premium		824,926,847	824,926,847
Treasury shares	31	(6,723,682,013)	-
Loans payable to a shareholder	32	-	154,028,767
Retained profits		3,598,099,249	3,191,689,430
Other reserves		3,200,593,748	2,217,434,546
Total ordinary shareholders' equity		900,029,511	6,388,171,270
Holders of perpetual securities	33	1,828,243,583	9,939,647,901
Non-controlling interests		2,932,908,321	1,614,995,358
Total equity		5,661,181,415	17,942,814,529
TOTAL LIABILITIES AND EQUITY		10,447,280,612	24,760,540,119

The consolidated financial statements on pages 6 to 112 were approved and authorised for issue by the Board of Directors on 30 April 2021 and are signed on its behalf by:

CHOI Chi Kin, Calvin DIRECTOR	WONG Yui Keung, Marcellus DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to ordinary shareholders of the parent													
					Other reserves									
	Share capital HK$ (Note 31)	Share premium HK$	Treasury shares HK$ (Note 31)	Loans payable to a shareholder HK$ (Note 32)	Fair value reserve HK$	Exchange reserve HK$	Property revaluation reserve HK$	Other reserve HK$	Subtotal HK$	Retained profits HK$	Total HK$	Perpetual securities HK$ (Note 33)	Non-controlling interests HK$	Total equity
At 1 January 2020	91,680	824,926,847	-	154,028,767	(13,973,000)	-	131,000,657	2,100,406,889	2,217,434,546	3,191,689,430	6,388,171,270	9,939,647,901	1,614,995,358	17,942,814,529
Profit for the year	-	-	-	3,500,000	-	-	-	-	-	430,858,543	434,358,543	112,882,604	292,845,325	840,086,472
Other comprehensive income for the year:														
Exchange differences on translation of foreign operations	-	-	-	-	-	1,954,535	-	-	1,954,535	-	1,954,535	-	-	1,954,535
Total comprehensive income for the year	-	-	-	3,500,000	-	1,954,535	-	-	1,954,535	430,858,543	436,313,078	112,882,604	292,845,325	842,041,007
Transfer of loss on disposal of equity investment at FVTOCI to retained profits	-	-	-	-	13,973,000	-	-	-	13,973,000	(13,973,000)	-	-	-	-
Issuance of Perpetual Securities I and Perpetual Securities II (as defined in Note 33)	-	-	-	-	-	-	-	-	-	-	-	1,812,009,494	-	1,812,009,494
Exchange of Perpetual Securities I and Perpetual Securities II	-	-	-	-	-	-	-	-	-	-	-	(382,082,113)	-	(382,082,113)
Transfer of loans payable to a shareholder to liabilities	-	-	-	(157,528,767)	-	-	-	-	-	-	(157,528,767)	-	-	(157,528,767)
Partial disposal/deemed partial disposal of interests in subsidiaries without losing control (Note 34) and acquisition of subsidiaries (Note 35)	-	-	-	-	-	-	-	967,231,667	967,231,667	-	967,231,667	-	1,025,067,638	1,992,299,305
Distribution to holders of Perpetual Securities (as defined in Note 33)	-	-	-	-	-	-	-	-	-	-	-	(96,600,574)	-	(96,600,574)
Redemption of Perpetual Securities	-	-	-	-	-	-	-	-	-	(10,475,724)	(10,475,724)	(557,613,729)	-	(568,089,453)
Redemption of Perpetual Notes (as defined in Note 33)	-	-	-	-	-	-	-	-	-	-	-	(9,000,000,000)	-	(9,000,000,000)
Repurchase of shares from a shareholder (Note 31)	-	-	(6,723,682,013)	-	-	-	-	-	-	-	(6,723,682,013)	-	-	(6,723,682,013)
At 31 December 2020	91,680	824,926,847	(6,723,682,013)	-	-	1,954,535	131,000,657	3,067,638,556	3,200,593,748	3,598,099,249	900,029,511	1,828,243,583	2,932,908,321	5,661,181,415

	Attributable to ordinary shareholders of the parent											
				Other reserves								
	Share capital HK$ (Note 31)	Share premium HK$	Loans payable to a shareholder HK$ (Note 32)	Fair value reserve HK$	Property revaluation reserve HK$	Other reserve HK$	Subtotal HK$	Retained profits HK$	Total HK$	Perpetual securities HK$ (Note 33)	Non-controlling interests HK$	Total equity HK$
At 1 January 2019	78,008	56,422,000	150,528,767	(11,659,000)	-	136,362,254	124,703,254	1,921,749,826	2,253,481,855	10,547,793,439	306,953,788	13,108,229,082
Issue of shares (note 31)	13,672	768,504,847	-	-	-	-	-	-	768,518,519	-	-	768,518,519
Profit for the year	-	-	3,500,000	-	-	-	-	1,269,939,604	1,273,439,604	117,565,611	(129,547,657)	1,261,457,558
Other comprehensive income for the year:												
Change in fair value of equity investment designated at FVTOCI	-	-	-	(2,314,000)	-	-	(2,314,000)	-	(2,314,000)	-	-	(2,314,000)
Gains on property revaluation	-	-	-	-	131,000,657	-	131,000,657	-	131,000,657	-	-	131,000,657
Total comprehensive income for the year	-	-	3,500,000	(2,314,000)	131,000,657	-	128,686,657	1,269,939,604	1,402,126,261	117,565,611	(129,547,657)	1,390,144,215
Deemed partial disposal of interests in subsidiaries without losing control (Note 34)	-	-	-	-	-	1,964,044,635	1,964,044,635	-	1,964,044,635	-	1,437,589,227	3,401,633,862
Distribution to holders of Perpetual Securities	-	-	-	-	-	-	-	-	-	(119,499,763)	-	(119,499,763)
Redemption of Perpetual Securities	-	-	-	-	-	-	-	-	-	(606,211,386)	-	(606,211,386)
At 31 December 2019	91,680	824,926,847	154,028,767	(13,973,000)	131,000,657	2,100,406,889	2,217,434,546	3,191,689,430	6,388,171,270	9,939,647,901	1,614,995,358	17,942,814,529

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	2020 HK$	2019 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		754,030,404	1,548,916,824
Adjustments for:			
Share of losses of associates		35,171,520	8,443,362
Share of losses of joint ventures		23,122,975	2,062,955
Interest on interest-bearing bank borrowings	9	30,856,523	18,197,060
Interest on bonds payable	9	141,844,043	164,625,787
Interest on margin loans payable	9	13,285,768	38,096,902
Interest on lease liabilities	9	2,251,411	1,542,703
Interest on stock borrowings	9	20,525,332	12,947,989
Interest on perpetual note payable to a related company	9	843,579	-
Interest on due to a minority shareholder of subsidiaries	9	8,785,807	-
Dividend income from equity investments at FVTPL	7	(118,312,501)	(122,501,085)
Bank interest income	7	(78,530)	(1,183,294)
Interest income from amount due from the then ultimate holding company	7	(257,422,541)	(60,697,891)
Interest income from debt securities	7	(23,874,576)	(11,419,277)
Unrealised fair value gains, net	7	(350,243,914)	(1,177,935,614)
Unrealised gain on derivative financial liability		(7,765,148)	-
Net realised gain on disposal of investments	7	(93,508,247)	(17,403,303)
Gain on disposal of items of property, plant and equipment	8	-	(73,600)
Depreciation of other property, plant and equipment	8	11,391,296	6,819,948
Depreciation of right-of-use assets	8	18,579,415	18,598,445
Amortisation of intangible assets	8	1,202,835	-
Impairment losses under ECL model on			
- accounts receivable	8	17,109,001	-
- other receivables	8	37,813,524	-
Revaluation deficit of hotel property		94,859,567	-
Foreign exchange differences, net		-	18,333,200
Operating cash flows before changes in working capital		360,467,543	447,371,111
Decrease in other assets		60,009,145	15,965,101
Decrease (increase) in accounts receivable		208,251,166	(226,885,964)
(Increase) decrease in prepayments, other receivables and deposits		(28,955,208)	296,716,638
Decrease in accounts payable		(271,227,688)	(86,033,120)
(Decrease) increase in contract liabilities, other payables and accruals		(38,930,742)	516,451,541
Cash generated from operations		289,614,216	963,585,307
Profits tax paid		(83,713,398)	(90,000)
Dividend received		118,312,501	110,274,967
Net cash from operating activities		324,213,319	1,073,770,274

	NOTES	2020 HK$	2019 HK$
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	22	(1,473,078)	(800,134)
Purchase of intangible assets		(5,943,900)	-
Purchase of financial assets at FVTPL		(267,916,065)	-
Proceeds from disposal of financial assets at FVTPL		1,392,767,485	23,642,637
Proceeds from disposal of financial asset at FVTOCI		267,000	-
Proceeds from disposal of derivative financial assets		618,682,641	-
Deposits paid for investments		(14,334,905)	-
Purchase of debt investments at amortised cost		(4,164,886)	-
Proceeds from disposal of items of property, plant and equipment		-	190,000
Proceeds from disposal of debt investments at amortised cost		56,776,956	243,048,893
Net cash inflow from the acquisition of subsidiaries	35	20,729,563	-
Repayment from the then ultimate holding company		2,876,391,502	-
Repayment from joint ventures		31,754,594	-
Capital injections to an associate		-	(120,000,000)
Acquisition of subsidiaries		-	(60,000,000)
Investments in joint ventures		-	(274,457,386)
Advance to the then ultimate holding company		(5,926,048,976)	(3,246,902,969)
Interest received		78,530	12,602,571
Net cash used in investing activities		(1,222,433,539)	(3,422,676,388)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of margin loans		(348,300,119)	
Repayment of advance from an associate		-	(29,498,000)
Proceeds from bank borrowings		271,253,000	276,532,000
Repayment of bank borrowings		(191,155,721)	(200,000,000)
Proceeds from issuance of shares		-	368,518,519
Net proceeds from issuance of perpetual note		50,000,000	174,530,264
Repayment of bonds		(780,000,000)	-
Repayment to a minority shareholder of subsidiaries		(100,000,000)	-
Advance from a minority shareholder of subsidiaries		10,657,304	-
Net proceeds from issuance of warrants		-	27,380,550
Proceeds from subscription of shares of subsidiaries, net of transaction costs		-	3,241,506,980
Proceeds from disposal of subsidiaries without losing control		1,344,602,855	-
Interest paid		(215,102,149)	(288,413,446)
Payment of principal element of lease liabilities		(20,811,840)	(18,171,954)
Proceeds from perpetual securities		1,429,927,381	-
Redemption of perpetual securities		(568,089,453)	(606,211,386)
Distribution to perpetual securities holders		(96,600,574)	(119,499,763)
Net cash from financing activities		786,380,684	2,826,673,764

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(111,839,536)	477,767,650
Cash and cash equivalents at beginning of year	795,889,205	330,615,427
Effect of foreign exchange rate change, net	1,695,683	(12,493,872)
CASH AND CASH EQUIVALENTS AT END OF YEAR	685,745,352	795,889,205
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	685,745,352	795,889,205

1. CORPORATE AND GROUP INFORMATION

The Company is a private limited liability company incorporated in the British Virgin Islands. The address of the registered office of the Company is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, the British Virgin Islands ("BVI"). The address of the principal place of business is 23rd - 25th Floor, Nexxus Building, 41 Connaught Road Central, Hong Kong.

On 31 December 2020, the Company and the former immediate holding company entered into a share repurchase agreement, through which the Company repurchased certain shares previously allotted to the former immediate company. From then onwards, the Company becomes the ultimate holding company of all the entities within the Company.

The Company is engaged in investment holding, maintenance and promotion of the brand name and trademark of AMTD. The principal activities of its subsidiaries are set out as below.

Particulars of the Company's principal subsidiaries as at 31 December 2020 and 2019 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
AMTD Asia (Holdings) Limited	BVI	United States Dollar ("US$") 2	100% (2019:100%)	-	Investment holding
AMTD Asia Limited	Cayman Islands	HK$20	-	100% (2019:100%)	Investment holding
AMTD Wealth Management Solutions Group Limited ("AMTD WM")	Hong Kong	HK$10,000,000	-	100% (2019:100%)	Provision of investment advisory and other consultancy services
AMTD Digital Inc. ("AMTD Digital")	Cayman Islands	US$581	39.30% (2019: 86.38%)	23.61% (2019: -)	Investment holding
AMTD Digital Media Limited	Hong Kong	HK$1	-	62.91% (2019: 86.38%)	Provision of ecosystem solutions services
AMTD Risk Solutions Group Limited ("AMTD RSG")	Hong Kong	HK$200,000	-	62.91% (2019: 86.38%)	Provision of insurance brokerage and ecosystem solutions services
Fine Cosmos Development Limited	Hong Kong	HK$2	-	50%* (2019: 50%)	Property investment
AMTD International Inc.	Cayman Islands	US$24,561	72.78% (2019: 81.43%)	-	Investment holding

1. CORPORATE AND GROUP INFORMATION - continued

Information about subsidiaries - continued

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
AMTD Strategic Investment Limited ("AMTD SI")	Hong Kong	HK$1	-	72.78% (2019: 81.43%)	Investment holding
AMTD Global Markets Limited ("AMTD GM")	Hong Kong	HK$1,561,610,980	-	72.78% (2019: 81.43%)	Provision of capital markets and financial advisory and asset management services
Asia Alternative Asset Partners Limited ("AAAPL")	Hong Kong	HK$5,000,000	-	72.78% (2019: 81.43%)	Provision of investment advisory services

* The Group has control over Fine Cosmos Development Limited due to the contractual arrangement in the shareholders' agreement of which the Group has rights to direct decision making of the relevant activities of Fine Cosmos Development Limited.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

At the end of the reporting period, the Company had other subsidiaries which are not material to the Group. Majority of these subsidiaries operate in Hong Kong and are investment holding or inactive companies.

2. BASIS OF PREPARATION

These 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 decisions made by primary users. In addition, these consolidated financial statements are in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for hotel property, financial assets at FVTPL, stock loan, derivative financial instruments, equity investments designated at FVTOCI and financial liabilities at FVTPL which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars ("HK$").

2a. CHANGE OF BASIS OF PREPARATION

In prior year, the Company entered into certain stock borrowing and lending agreements with various independent third parties to the Group to borrow certain listed equity shares. Financial assets at FVTPL of HK$1,500,360,924 and corresponding financial liabilities at FVTPL were recognised and presented in the consolidated statement of financial position of the Group on a gross basis.

In current year, the directors of the Company have reassessed the accounting and presentation of such arrangement in accordance with IFRS 9 in the consolidated statement of financial position of the Group. Details of the relevant significant accounting policies of such arrangements have been further set out in notes 4 and 28 to the consolidated financial statements.

There was no impact to the results during the year ended 31 December 2019 and the net assets of the Group as at 31 December 2019. Also, there was no impact to the consolidated statement of financial position of the Group as at 1 January 2019 as the Group did not have such arrangements as at 1 January 2019.

3. APPLICATION OF NEW AND 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 statement.

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.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs - continued

New and amendment 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 16	Covid-19-Related Rent Concessions beyond 30 June 2021[6]
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]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 June 2020
[5] Effective for annual periods beginning on or after 1 January 2021
[6] Effective for annual periods beginning on or after 1 April 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.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs - continued

New and amendment to IFRSs in issue but not yet effective - continued

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 at 31 December 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.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs - continued

New and amendment to IFRSs in issue but not yet effective - 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 31 December 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 Notes 29 and 26, respectively. 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group: (i) has the power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) 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 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. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights relative to the size and dispersion of holdings of the other vote holders and potential voting rights.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group 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 between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of consolidation - continued

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-Based Payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sales and Discontinued Operation" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Business combinations - continued

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. In assessing the ability to exercise significant influence, the Group considers, in addition to voting rights, factors including, but not limited to, representation on the governing body of the investee; participation in policy making processes; and the interchange of management personnel.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in associate and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies to those of the Group. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively. Changes in net assets of associate / joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Investments in associates and joint ventures - continued

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or the joint venture that are not related to the Group.

Fair value measurement

The Group measures its derivative financial instruments, certain debt and equity investments, film investments and hotel property included in property, plant and equipment at fair value or revalued amount 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.

For financial instruments and hotel property which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fair value measurement - continued

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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 categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

Impairment of property, plant and equipment and intangible assets (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of property, plant and equipment and intangible assets (other than goodwill) - continued

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Related parties

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

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

Or

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Related parties - continued

(b) the party is an entity where any of the following conditions applies:

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

Property, plant and equipment and depreciation

Property, plant and equipment, apart from hotel property, 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 the consolidated statement of 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.

When the Group makes payments for ownership interests of properties of which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" included in "property, plant and equipment" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment and depreciation - continued

Changes in the values of hotel property are dealt with as movements in the property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the consolidated statement of profit or loss. Any subsequent revaluation surplus is credited to the consolidated statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the property revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the property revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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:

Owned assets

Leasehold improvements	Over the lease term
Furniture, fixtures and equipment	20%
Computer equipment	33 1/3%
Motor vehicles	20%
Hotel property	Over the shorter of 40 years and the remaining lease terms

Right-of-use assets

Office premises	Over the lease term

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 the consolidated statement of 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Group as a lessee

Allocation of consideration to components to a lease

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Leases - continued

Group as a lessee - continued

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification including a change in the lease term and a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI and FVTPL.

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 trade receivables 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 FVTPL, transaction costs. Trade receivables 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 or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

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, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - investments and other financial assets - continued

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVTOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVTOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statement of profit or loss and will be transferred to retained profits. Dividends are recognised as revenue in the consolidated statement 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, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at FVTOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes debt investments which the Group has classified at FVTPL, derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVTOCI. Dividends on equity investments classified as financial assets at FVTPL are recognised as revenue in the consolidated statement 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - investments and other financial assets - continued

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.

Stock borrowing and lending

Under the stock borrowing and lending agreements, if the lenders of the shares retain substantially all the risks and reward of the ownership of the shares lent to the Group, the shares do not qualify for derecognition by the lenders. The Group does not recognise the borrowed shares as the Group's assets in the consolidated statement of financial position.

Impairment of financial assets

The Group performs impairment assessment under ECL model on financial assets (including cash and bank balances, other assets, accounts receivable, other receivables and deposits, debt investments at amortised costs and amounts due from joint ventures and the then ultimate holding company) which are subject to impairment assessment under IFRS 9. The assessment of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - investments and other financial assets - continued

Impairment of financial assets - continued

The Group always recognises lifetime ECL for accounts receivable arising from contracts with customers.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether the credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - investments and other financial assets - continued

Impairment of financial assets - continued

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of accounts receivable, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - investments and other financial assets - continued

Impairment of financial assets- continued

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain accounts receivable are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets and the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or at amortised cost using the effective interest method.

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 FVTPL are recognised immediately in profit or loss.

The Group's financial liabilities include accounts payable, margin loan payable, bank borrowings, other payables and accruals, amount due to a minority shareholder of subsidiaries, financial liabilities at FVTPL, bonds payable, loans payable to shareholders and perpetual note payable to a related company.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial liabilities - continued

Financial liabilities at amortised cost

Financial liabilities including accounts payable, margin loan payable, bank borrowings, other payables and accruals, amount due to a minority shareholder of subsidiaries, bonds payable, loans payable to shareholders and perpetual note payable to a related company are subsequently measured at cost, using the effective interest method.

Financial liabilities at FVTPL

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Convertible bonds

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative. On initial recognition, both the debt component and derivative component of the convertible bond are measured at fair value. In subsequent periods, the debt component of the convertible bond is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss. Transaction costs that relate to the issue of convertible bonds are allocated between the debt component and derivative component in proportion to their relative fair values. Transaction costs relating to derivative component are charged to profit or loss immediately. Transaction costs related to debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bonds using the effective interest method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 the consolidated statement of profit or loss.

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 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 statement 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 statement 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 the consolidated statement of 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 for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

Deferred tax liabilities are 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, joint ventures and associates 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income tax - continued

Deferred tax assets are recognised for all deductible temporary differences, the carry forward 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 carry forward 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, joint ventures and associates, 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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition

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.

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.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The primary components of fee and commission income are (a) investment banking fee and income; (b) asset management fee; (c) insurance brokerage fee; and (d) SpiderNet ecosystem solutions service income.

(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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition - continued

(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 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 recognized over the schedule period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Company. Performance-based incentive fee is recognized when the performance target is met and the revenue is not probable of a significant reversal.

For asset management services, when a single contract contains 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.

(c) Insurance brokerage fee

The Group provides insurance brokerage to clients, by sourcing applicable insurance policies from well-known insurance companies.

Commissions on insurance brokerage is paid to the Group by insurance companies, primarily based on a percentage of the premium paid by the insurance applicants. Insurance brokerage is recognised when insurance policies are issued to insurance applicants.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition - continued

(d) SpiderNet ecosystem solutions service income

The Group provides its corporate clients exclusive access to the AMTD SpiderNet ecosystem for a membership fee, under the SpiderNet ecosystem solutions service segment, which provides its members networking opportunities with prestigious corporate members, prominent business executives and partners. Contract terms generally ranged from 2 months to 3 years. Revenue from such service is recognised over time as the customers simultaneously receive and consumes the service provided by the Group. The Group generally requires customers to provide partial upfront payments of total service fees. Upfront payment is due immediately at the point the customer entered into the service contracts. The remaining payments will be settled according to the repayment schedules stated in the service contracts. The Group allows no credit period to its customers after the due date of the repayment schedules. When the Group receives an upfront payment, this will give rise to contract liabilities at the time of the initial sales transaction and revenue is recognised rateably over the membership service period.

Revenue from other sources

Fair value changes on financial assets at FVTPL is recognised in the period in which they arise. Gain/loss recognised during the period for the financial assets at FVTPL disposed during the current period is defined as gain related to disposed investment, whereas gain/loss recognised during the period for those financial assets at FVTPL, stock loan and derivative financial assets in the consolidated statement of financial position held at the end of the reporting period is recognised as net value changes on financial assets at FVTPL, stock loan and derivative financial assets.

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 a payment is received or a 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, SpiderNet ecosystem solutions and insurance brokerage service, the Company requires upfront payment of management fee and recorded such upfront fee as contract liabilities. 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Government grant

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

Government grants relates to income 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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Retirement benefit cost

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of 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 independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised as expenses in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currencies

These consolidated 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 the consolidated statement of 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. 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 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.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that 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. During the first few years post purchases of these investments there was certain 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 31 December 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 circumstances to demonstrate the Group's intention to hold certain investments for long term capital appreciation, and therefore re-classified these investments as non-current assets. As the unrealised gain arising from the receipts of non-current assets held for long-term investment purposes should be treated as capital in nature and not chargeable to profits tax under the relevant tax laws, accordingly deferred tax liabilities of HK$242,913,577 relating to the unrealised gain on these investments was reversed and recognised as deferred tax credit during the year ended 31 December 2020. In cases where changes 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.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - 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, investments in film production, derivative financial assets and derivative financial liabilities

As at 31 December 2020, the Group's unlisted equity instruments amounting to HK$547,067,944 (2019: HK$527,471,892), investments in film production of HK$20,210,287 (2019: nil), derivative financial assets of HK$2,777,695,751 (2019: HK$2,723,975,670) and derivative financial liability of HK$12,954,313 (2019: HK$20,813,810) are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques as detailed in note 40. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Information of the measurement of these financial instruments is disclosed in note 40 to the consolidated financial statements.

6. OPERATING SEGMENT INFORMATION

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

(a) The investment banking segment is assisting clients 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 is providing a wide range of asset management products and services, including in relation to 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) Insurance brokerage segment is providing insurance solutions to clients for their insurance programmes, which include the sourcing of products such as property damage insurance, third party liability insurance, motor vehicle insurance and employee insurance.

(d) The strategic investments segment engages in proprietary investments and management of investment portfolio with a wide spectrum of industries and asset classes across Asia and the globe.

(e) The SpiderNet ecosystem solutions segment provides its institutional and corporate clients with exclusive, paid access to the AMTD SpiderNet ecosystem to enhance their investor communication, investor relations and corporate communication to potentially maximise their valuation.

(f) Real estate and hotel operations segment engages in hotel and property investments across Asia and hotel operations and management.

(g) Education segment engages in the investment and development of educational institutions.

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 profit or loss, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income, finance costs and certain corporate income and expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment (other than hotel property), tax recoverable, amounts due from the then ultimate holding company, certain other receivables and other deposits, cash and bank balances and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude financial liabilities at FVTPL, bonds payable, deferred tax liabilities, tax payable, certain bank borrowings and lease liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

6. OPERATING SEGMENT INFORMATION - continued

Segment revenue and results

Year ended 31 December 2020

	Investment banking HK$	Asset management HK$	Insurance brokerage HK$	Strategic investments HK$	SpiderNet ecosystem solutions HK$	Real estate and hotel operations HK$	Education HK$	Total HK$
Segment revenue (Note 7)								
Fee and commission income from external customers	376,324,880	231,474,811	9,306,291	-	141,641,805	-	-	758,747,787
Investment income, net	-	-	-	585,939,238	-	-	-	585,939,238
Inter group revenue	-	180,929	538,409	-	3,200,000	-	-	3,919,338
	376,324,880	231,655,740	9,844,700	585,939,238	144,841,805	-	-	1,348,606,363
Less: inter-group customers								(3,919,338)
								1,344,687,025
Segment results	302,119,574	225,338,122	(2,853,904)	362,331,253	112,727,973	(146,368,016)	(11,730,047)	841,564,955
Other income								273,177,480
Unallocated finance costs								(218,392,463)
Corporate and other unallocated expenses								(142,319,568)
Profit before tax								754,030,404
Other segment information								
Amounts included in measure of segment results:								
Allocated depreciation	-	-	-	-	-	5,140,433	-	5,140,433
Allocated amortisation	-	-	1,202,835	-	-	-	-	1,202,835
Revaluation deficit in hotel property	-	-	-	-	-	94,859,567	-	94,859,567
Allocated impairment losses under ECL model	54,922,525	-	-	-	-	-	-	54,922,525
Unallocated depreciation								24,830,278
Unallocated capital expenditure*								1,473,078

*Capital expenditure consists of additions to property, plant and equipment.

Year ended 31 December 2019

	Investment banking HK$	Asset management HK$	Insurance brokerage HK$	Strategic investments HK$	SpiderNet ecosystem solutions HK$	Total HK$
Segment revenue (Note 7)						
Fee and commission income from external customers	429,535,840	123,663,424	9,927,832	-	136,427,279	699,554,375
Investment income, net	-	-	-	1,329,259,279	-	1,329,259,279
Inter group revenue	26,420,072	637,431	716,856	-	-	27,774,359
	455,955,912	124,300,855	10,644,688	1,329,259,279	136,427,279	2,056,588,013
Less: inter-group customers						(27,774,359)
						2,028,813,654
Segment results	413,354,182	103,924,528	3,051,525	1,323,883,974	128,427,279	1,972,641,488
Other income						65,295,084
Unallocated finance costs						(197,313,539)
Corporate and other unallocated expenses						(291,706,209)
Profit before tax						1,548,916,824

Note: the segment results of real estate and hotel operations segment as well as education segment were zero.

Other segment information	
Unallocated depreciation	16,109,656
Unallocated in capital expenditure*	800,134

* Capital expenditure consists of additions to property, plant and equipment.

6. OPERATING SEGMENT INFORMATION - continued

Segment assets and liabilities

	2020 HK$	2019 HK$ (restated)
Segment assets		
Investment banking	21,923,669	66,686,937
Asset management	277,921,563	641,003,301
Insurance brokerage	137,520,917	78,678,407
Strategic investments	6,853,568,385	7,919,053,769
Real estate and hotel operations	1,449,835,124	1,628,075,661
SpiderNet ecosystem solutions	67,486,800	65,674,404
Education	568,269,953	580,000,000
Total segment assets	9,376,526,411	10,979,172,479
Unallocated corporate assets	1,070,754,201	13,781,367,640
Total assets	10,447,280,612	24,760,540,119
Segment liabilities		
Investment banking	-	15,000,000
Asset management	249,204,307	605,005,636
Insurance brokerage	36,057,440	46,548,558
Strategic investments	42,432,010	389,618,831
Real estate and hotel operations	912,547,645	998,272,722
SpiderNet ecosystem solutions	57,663,057	42,674,404
Total segment liabilities	1,297,904,459	2,097,120,151
Unallocated corporate liabilities	3,488,194,738	4,720,605,439
Total liabilities	4,786,099,197	6,817,725,590

Geographical information

The following table sets forth the Group's fee and commission income from external customers by geographical areas based on the location of the customers:

	2020 HK$	2019 HK$
Hong Kong	331,160,024	166,648,762
Mainland China	410,766,621	485,303,037
Others	16,821,142	47,602,576
	758,747,787	699,554,375

6. OPERATING SEGMENT INFORMATION - continued

The following table sets forth the Group's goodwill, interests in joint ventures, investments in associates, intangible assets and property, plant and equipment by geographical areas based on the location of the assets:

	2020 HK$	2019 HK$
Hong Kong	1,855,417,628	2,007,971,931
Singapore	452,215,677	403,395,088
	2,307,633,305	2,411,367,019

Information about a major customer

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

7. REVENUE AND OTHER INCOME

Revenue

An analysis of revenue is as follows:

	2020 HK$	2019 HK$
Revenue from contracts with customers		
Investment banking		
Investment banking fee and income	165,472,605	377,153,840
Advisory service income	210,852,275	52,382,000
	376,324,880	429,535,840
Asset management		
Management fee and performance-based incentive fee	196,888,782	103,509,196
Brokerage and handling fees	33,359,007	18,996,159
Others	1,227,022	1,158,069
	231,474,811	123,663,424
Insurance brokerage		
Advisory and commission income	9,306,291	9,927,832
SpiderNet ecosystem solutions		
Service income	141,641,805	136,427,279
Total revenue from contracts with customers	758,747,787	699,554,375
Revenue from other sources		
Strategic investments		
Dividend income from equity investments at FVTPL	118,312,501	122,501,085
Net gain related to disposed investments	93,508,247	17,403,303
Net fair value changes on financial assets at FVTPL and stock loans	(216,098,927)	(1,546,040,056)
Net fair value changes on derivative financial assets	566,342,841	2,723,975,670
Interest income from debt securities	23,874,576	11,419,277
Total revenue from other sources	585,939,238	1,329,259,279
	1,344,687,025	2,028,813,654

7. REVENUE AND OTHER INCOME - continued

Revenue - continued

(i) Disaggregated revenue information

For the year ended 31 December 2020

	Investment banking HK$	Asset management HK$	Insurance brokerage HK$	SpiderNet ecosystem solutions HK$	Total HK$
Type of services					
Underwriting services	165,472,605	-	-	-	165,472,605
Advisory services	210,852,275	-	-	-	210,852,275
Asset management services	-	230,247,789	-	-	230,247,789
Insurance brokerage services	-	-	9,306,291	-	9,306,291
SpiderNet ecosystem solutions	-	-	-	141,641,805	141,641,805
Others	-	1,227,022	-	-	1,227,022
Total revenue from contracts with customers	376,324,880	231,474,811	9,306,291	141,641,805	758,747,787
Timing of revenue					
Service transferred at point in time	165,472,605	34,586,029	9,306,291	-	209,364,925
Service transferred over time	210,852,275	196,888,782	-	141,641,805	549,382,862
Total revenue from contracts with customers	376,324,880	231,474,811	9,306,291	141,641,805	758,747,787

For the year ended 31 December 2019

	Investment banking HK$	Asset management HK$	Insurance brokerage HK$	SpiderNet ecosystem solutions HK$	Total HK$
Type of services					
Underwriting services	377,153,840	-	-	-	377,153,840
Advisory services	52,382,000	-	-	-	52,382,000
Asset management services	-	122,505,355	-	-	122,505,355
Insurance brokerage services	-	-	9,927,832	-	9,927,832
SpiderNet ecosystem solutions	-	-	-	136,427,279	136,427,279
Others	-	1,158,069	-	-	1,158,069
Total revenue from contracts with customers	429,535,840	123,663,424	9,927,832	136,427,279	699,554,375
Timing of revenue					
Service transferred at point in time	377,153,840	20,154,228	9,927,832	-	407,235,900
Service transferred over time	52,382,000	103,509,196	-	136,427,279	292,318,475
Total revenue from contracts with customers	429,535,840	123,663,424	9,927,832	136,427,279	699,554,375

7. REVENUE AND OTHER INCOME - continued

Revenue - continued

(ii) Remaining performance obligations

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

	2020 HK$	2019 HK$
Within one year	35,716,912	75,077,754
More than one year	11,554,086	36,896,409
	47,270,998	111,974,163

The transaction prices allocated to the remaining performance obligations of SpiderNet ecosystem solutions (unsatisfied or partially unsatisfied) as of 31 December 2020 and 2019 are as follows:

	2020 HK$	2019 HK$
Within one year	159,525,339	108,948,674
More than one year	94,669,168	66,026,021
	254,194,507	174,974,695

All the other remaining performance obligations are expected to be recognised within one year. As permitted under IFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

7. REVENUE AND OTHER INCOME - continued

Other income

	2020 HK$	2019 HK$
Bank interest income	78,530	1,183,294
Interest income from amount due from the then ultimate holding company	257,422,541	60,697,891
Others	10,417,241	3,413,899
Government grants	5,259,168	-
	273,177,480	65,295,084

During the current year, the Group recognised government grants of HK$5,259,168 (2019: nil) in respective of Covid-19 related subsidies of which all relates to Employment Support Scheme provided by the Hong Kong government.

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2020 HK$	2019 HK$
Depreciation of other property, plant and equipment, excluding right-of-use assets	11,391,296	6,819,948
Depreciation of right-of-use assets	18,579,415	9,289,708
Amortisation of intangible assets	1,202,835	-
Lease payments not included in the measurement of lease liabilities	-	7,023,111
Auditor's remuneration	12,533,162	8,604,396
Employee benefit expense		
Wage and salaries	187,309,721	113,135,636
Pension scheme contributions (defined contribution schemes)	2,131,499	1,650,150
	189,441,220	114,785,786
Foreign exchange differences, net	14,728,082	18,003,325
Gain on disposal of items of property, plant and equipment	-	73,600
Impairment losses under ECL model on:		
- accounts receivable	17,109,001	-
- other receivables	37,813,524	-

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 HK$	2019 HK$
Interest on interest-bearing bank borrowings	30,856,523	18,197,060
Interest on bonds payable	141,844,043	164,625,787
Interest on margin loans payable	13,285,768	38,096,902
Interest on lease liabilities	2,251,411	1,542,703
Interest on stock borrowings	20,525,332	12,947,989
Interest on perpetual note payable to a related company	843,579	-
Interest on amount due to a minority shareholder of subsidiaries	8,785,807	-
	218,392,463	235,410,441

10. INCOME TAX (CREDIT) EXPENSE

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

	2020 HK$	2019 HK$
Hong Kong Profits Tax		
Current year	113,756,524	90,500,947
(Over)underprovision in prior years	(183,607)	90,000
Deferred tax (credit) charge (note 30)	(211,460,235)	184,642,201
	(97,887,318)	275,233,148
People's Republic of China withholding tax charge for the year	11,831,250	12,226,118
	(86,056,068)	287,459,266

A reconciliation of income tax (credit) expense and profit before tax at the Hong Kong statutory tax rate in which the Group's major operating subsidiaries are domiciled is as follows:

	2020 HK$	2019 HK$
Profit before tax	754,030,404	1,548,916,824
Tax at statutory tax rate of 16.5% (2019: 16.5%)	124,415,017	255,571,275
Tax effect of non-taxable income	(46,703,535)	(62,016,210)
Tax effect of non-deductible expenses	44,702,586	83,458,987
Tax effect of unrecognised temporary difference	-	949,743
Tax effect of tax loss not recognised	13,903,098	321,296
Tax effect of deferred tax liabilities released	(242,913,577)	-
Tax effect of share of loss of associates	5,803,301	1,393,155
Tax effect of share of loss of joint ventures	3,815,291	340,388
(Over)underprovision in prior years	(183,607)	90,000
Utilisation of tax losses previous not recognised	(725,892)	(4,875,486)
Effect of withholding tax at 10% on dividend income	11,831,250	12,226,118
Income tax (credit) expense	(86,056,068)	287,459,266

11. DIVIDENDS

No dividend was paid or proposed by the Company for the year ended 31 December 2019.

On 15 March 2021, the Board of the Company declared final dividends in respect of financial year 2020 of HK$32,550 per ordinary share that is entitled to dividends. Each eligible shareholder, at their discretion, may select to receive the dividends in the form of cash, shares or a combination of both cash and shares. The Company expects to pay dividend to all eligible shareholders within 3 months from the date of declaration of dividends.

12. CASH AND BANK BALANCES

	2020 HK$	2019 HK$
Cash and cash equivalents:		
Cash on hand	32,534	31,031
General bank accounts	685,712,818	795,858,174
Total cash and cash equivalents	685,745,352	795,889,205

Cash and bank balances earn interest at floating rates based on daily bank deposit rates for both years. The bank balances are deposited with creditworthy banks with no recent history of default. In the opinion of the management of the Group, the cash and bank balances are expected to be recovered within twelve months after the end of the reporting period.

13. ACCOUNTS RECEIVABLE

	2020 HK$	2019 HK$
Receivables from insurance brokerage (note (i))	23,630,418	29,333,441
Receivables from SpiderNet ecosystem solutions (note (ii))	67,486,800	23,000,000
Clients' receivables (note (iii))	35,508,668	18,309,539
Receivables from brokers and clearing house (note (iii))	32,923,145	269,484,143
Receivables from investment banking services (note (iv))	21,923,669	66,686,937
	181,472,700	406,814,060

Notes:

(i) The normal settlement terms of receivables from clients from the provision of insurance brokerage are repayable within 15 days upon receipt of debit notes. Receivables from insurance brokerage are non-interest-bearing.

(ii) Specific settlement terms for SpiderNet ecosystem solutions services fee receivables are mutually agreed between the contracting parties. Receivables from SpiderNet ecosystem solutions services are non-interest-bearing.

(iii) As at 31 December 2020, included in the clients' receivables are non-interest bearing receivables arising from asset management services 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. The normal settlement terms of clients' receivables and receivables from brokers and clearing house arising from asset management services are 2 days after the trade date or at specific terms agreed with brokers and clearing house. Overdue clients' receivables are interest-bearing.

(iv) Specific settlement terms for receivables from investment banking services are mutually agreed between the contracting parties. Receivables from investment banking services are non-interest-bearing.

13. ACCOUNTS RECEIVABLE - continued

As at 1 January 2019, the carrying amount of the accounts receivable from contracts with customers is HK$162,814,669.

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 ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2020 HK$	2019 HK$
Not yet due	167,622,639	343,336,422
Past due		
Within 1 month	10,068,892	44,866,643
1 to 3 months	639,081	6,175,178
Over 3 months	3,142,088	12,435,817
	181,472,700	406,814,060

As at 31 December 2020 and 2019, accounts receivable were due from a number of reputable corporate clients, brokers and individual clients. At 31 December 2020, out of the past due balances, HK$3,142,088 (2019: HK$12,435,817) had been past due 90 days or more. The Group assessed that there has been no significant increase in credit risk nor default because of the background of the debtors and historical payment arrangement with these debtors. The Group does not hold any collateral over these balances.

In the opinion of the management of the Group, the accounts receivable is expected to be recovered within twelve months after the end of the reporting period.

An impairment analysis of accounts receivable is performed at each reporting date using probability of default approach to measure ECL. 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 categorisation 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 31 December 2020, an impairment loss allowance of HK$17,109,001 was made on certain receivables from investment bank services with gross carrying amount of HK$17,109,001, and were further written off as the directors of the Company consider there is no realistic prospect of recovery.

13. ACCOUNTS RECEIVABLE - continued

For accounts receivable arising from contracts with customers, the Group applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

ECL on accounts receivable arising from the SpiderNet ecosystem solutions business is assessed on an individual basis and the ECL on other accounts receivable is assessed on a collective basis, grouped by internal credit rating.

For accounts receivables, the probability of default ranged from 0.11% to 30.91% (2019: 0.14% to 18.24%) and the loss given default was estimated to be 45% (2019: 45%) as at 31 December 2020.

The following tables provide information about the exposure to credit risk for accounts receivable which are assessed on a collective basis within lifetime ECL (not-credit impaired):

As at 31 December 2020

	Internal credit risk rating				
	AA or A	BBB	BB	CCC	Total
ECL rate	0.08%	0.13%	-	0.56%	-
Gross carrying amount (HK$'000)	45,554	65,782	-	2,650	113,986

As at 31 December 2019

	Internal credit risk rating				
	AA or A	BBB	BB	CCC	Total
ECL rate	0.08%	0.16%	0.34%	0.03%	-
Gross carrying amount (HK$'000)	243,788	136,928	1,826	1,272	383,814

The ECL as at 31 December 2020 and 2019 on accounts receivable was insignificant and no loss allowance was provided.

14. PREPAYMENTS, OTHER RECEIVABLES AND DEPOSITS

	2020 HK$	2019 HK$
Prepayments and deposits	122,045,686	114,372,062
Other receivables (note)	105,537,146	5,498,558,366
	227,582,832	5,612,930,428

14. PREPAYMENTS, OTHER RECEIVABLES AND DEPOSITS - continued

Note: On 30 November 2017, the Company issued HK$9,000 million zero coupon perpetual notes to the then intermediate holding company. As at 31 December 2019, HK$5,036 million of the consideration was recorded as other receivables. This amount was fully derecognised due to redemption and cancellation of the zero coupon perpetual notes as at 31 December 2020. Details of the perpetual notes are disclosed in note 33.

On 27 October 2017, the Group entered into a structured financing arrangement with an independent third party amounting to HK$478,945,653, which was classified as other receivables. As at 31 December 2019, a balance of HK$38,278,853 remained outstanding. During the year ended 31 December 2020, the remaining amount of HK$37,813,524 was impaired due to disagreement of the final settlement amount, and was further written off against the receivable as the directors of the Company consider there is no realistic prospect of recovery.

As at 31 December 2019, the Group's prepayments, other receivables and deposits included an amount due from company controlled by a director of HK$400,000,000. During the year ended 31 December 2020, the amount was settled as disclosed in note 37(a).

During the year ended 31 December 2020, the Group made deposits for acquisition of investments of HK$14,334,905 (2019: nil). As the conditions to complete these acquisitions are not met, the respective deposits are recognised as other receivables.

During the year ended 31 December 2020, the Group disposed an unlisted equity linked note to an independent third party at a cash consideration of HK$45,000,000 (2019: nil). The consideration remained unsettled as at 31 December 2020 and included in other receivables.

Deposits and other receivables mainly represent deposits to clearing house and other debtors' balances. 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 at 31 December 2020, the probability of default applied ranged from 0.32% to 0.45% (2019: 0.16% to 0.50%) and the loss given default was estimated to be 45% (2019: 45%). The recoverability was assessed with reference to the credit status of the debtors, and the ECL as at 31 December 2020 and 2019 is considered to be insignificant.

Other than the above, none of the above assets are past due. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

In the opinion of the management of the Group, majority of the prepayment, other receivables and deposits as at 31 December 2020 are expected to be recovered within twelve months after the end of the reporting period.

15. FINANCIAL ASSETS AT FVTPL AND STOCK LOANS

	2020 HK$	2019 HK$ (restated)
Listed equity shares	2,468,080,338	3,552,391,180
Listed debt securities	884,079,697	847,654,569
Unlisted equity shares	547,067,944	627,471,892
Unlisted equity linked notes	62,519,937	58,976,438
Investments in film production	20,210,287	-
	3,981,958,203	5,086,494,079
Financial assets at FVTPL, other than stock loans	2,772,199,303	3,509,793,879
Stock loans	1,209,758,900	1,576,700,200
Total financial assets at FVTPL	3,981,958,203	5,086,494,079

Equity investments at 31 December 2020 and 2019 were classified as financial assets at FVTPL as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

Unlisted equity linked notes issued by a related company as at 31 December 2020 and 2019 were structured products with underlying equity investment. They were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

As at 31 December 2020, the Group had investments in several film production projects under several investment agreements, which entitled the Group, among others, the rights to share the net profit or loss of the respective films attributable to the Group, as appropriate, in accordance with the terms of the respective investment agreements. The Group's investments in these film production are classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest. The carrying amount of investments in film production at the end of the reporting period are measured at fair value which is estimated based on the estimated net future cash flows from these films attributable to the Group discounted at an appropriate discount rate.

In the opinion of the management of the Group, majority of the financial assets at FVTPL and stock loans are expected to be recovered after twelve months after the end of the reporting period.

As at 31 December 2020, listed equity investments with a carrying amount of HK$262,430,546 (2019: HK$1,612,998,920) and HK$402,730,305 (2019: HK$147,000,000) were pledged against its margin loans payable (Note 24) and interest-bearing banking borrowings (Note 28) respectively.

As at 31 December 2020, listed debt securities of HK$884,079,697 (2019: HK$847,654,569) were issued by a related company of the Group.

15. FINANCIAL ASSETS AT FVTPL AND STOCK LOANS - continued

On 17 September 2017, the Group entered into certain stock lending agreements with the then intermediate holding company, pursuant to which the Group lent certain listed equity shares to the then intermediate holding company, who further pledged the shares to a third party as collateral as of 31 December 2020. On 1 May 2020, the Group entered into a stock lending agreement with the then fellow subsidiary pursuant to which the Group lent certain listed equity shares to the then fellow subsidiary. These listed shares did not qualify for derecognition as the Group retained substantially all the risks and rewards of these investments. As such, the stock lending agreements were continued to be recognised on the consolidated statement of financial position under the caption "stock loans".

16. DERIVATIVE FINANCIAL ASSETS

On 1 April 2019, three 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 certain listed shares of Investments the Group owns (the "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 prices of the Underlying Assets is higher the Underlying Prices;
(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 subsidiaries of the Group for their sole benefit and shall not be included in the computation of the gain or the Participation Cost.

Further addendums to the Agreements were entered into on 30 June, 1 July, 30 September and 31 December 2019, 31 March, 30 June, 30 September and 31 December 2020 (the "Addendums"), where:

- On 30 June 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 1 July 2019, the Agreements were extended for a 3-month period to 30 September 2019 and the Underlying Prices were modified and the Sharing Percentage was modified from 25% to 40%.
- On 30 September 2019 and 31 December 2019, 31 March 2020, 30 June 2020, 30 September 2020, the Agreements were extended for another three-month period and thus till 31 December 2020.
- On 27 October 2020, the Agreements was novated by the original counterparty to an external third party and was further extended for an additional three months period and thus till 31 March 2021.
- On 31 March 2021, the Agreements was extended for another three month period to 30 June 2021.

16. DERIVATIVE FINANCIAL ASSETS - continued

On 26 June 2020, one of the underlying listed shares were 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 amount 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.

The Agreements together with the Addendums satisfied the definition of derivative financial instrument 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 instruments differed from the fair value at origination and the fair value was based on a valuation technique using unobservable inputs, and therefore, the difference between the transaction price and the fair value (Day 1 profit or loss) was deferred and amortised during the term of the Agreements.

As at 31 December 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$2,578,091,591).

The table below shows the movement of:

(i) the profit or loss not recognised when the derivative financial instrument was initially recognised (Day 1 profit or loss);
(ii) net carrying amount presented in the consolidated statement of financial position; and
(iii) net fair value change on derivative financial instrument presented in the consolidated statements of profit or loss

16. DERIVATIVE FINANCIAL ASSETS - continued

	Fair value using valuation technique HK$	Day 1 (profit) loss HK$	Net carrying amount HK$	Net change in fair value recognised in profit or loss HK$
As at 1 January 2019	-	-	-	-
Initial transaction on 1 April 2019	683,114,439	(683,114,439)	-	-
Recognised in profit and loss prior to contract renegotiation on 1 July 2019				
- Changes in fair value	475,003,799	-	475,003,799	475,003,799
- Recognition of day 1 profit or loss	-	169,845,393	169,845,393	169,845,393
As at 30 June 2019	1,158,118,238	(513,269,046)	644,849,192	644,849,192
Contract renegotiation on 1 July 2019	605,612,317	(605,612,317)	-	-
As at 1 July 2019	1,763,730,555	(1,118,881,363)	644,849,192	644,849,192
Recognised in profit and loss prior to contract renegotiation on 30 September 2019				
- Changes in fair value	580,650,648	-	580,650,648	580,650,648
- Recognition of day 1 profit or loss	-	1,118,881,363	1,118,881,363	1,118,881,363
As at 30 September 2019	2,344,381,203	-	2,344,381,203	2,344,381,203
Contract renegotiation on 30 September 2019	(13,195,005)	13,195,005	-	-
As at 30 September 2019	2,331,186,198	13,195,005	2,344,381,203	2,344,381,203
Recognised in profit and loss prior to contract renegotiation on 31 December 2019				
- Changes in fair value	392,789,472	-	392,789,472	392,789,472
- Recognition of day 1 profit or loss	-	(13,195,005)	(13,195,005)	(13,195,005)
As at 31 December 2019	2,723,975,670	-	2,723,975,670	2,723,975,670
Contract renegotiation on 31 December 2019	(34,226,434)	34,226,434	-	-
As at 31 December 2019	2,689,749,236	34,226,434	2,723,975,670	2,723,975,670
Recognised in profit and loss prior to contract renegotiation on 31 March 2020				
- Changes in fair value	370,015,031	-	370,015,031	370,015,031
- Recognition of day 1 profit or loss	-	(34,226,434)	(34,226,434)	(34,226,434)
As at 31 March 2020	3,059,764,267	-	3,059,764,267	335,788,597
Contract renegotiation on 31 March 2020	(17,215,921)	17,215,921	-	-
As at 31 March 2020	3,042,548,346	17,215,921	3,059,764,267	335,788,597
Recognised in profit and loss prior to contract renegotiation on 30 June 2020				
- Changes in fair value	75,256,753	-	75,256,753	75,256,753
- Partial disposal on 26 June 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)
As at 30 June 2020	2,605,182,339	-	2,605,182,339	393,829,429
Contract renegotiation on 30 June 2020	(9,786,193)	9,786,193	-	-
As at 30 June 2020	2,595,396,146	9,786,193	2,605,182,339	393,829,429
Recognised in profit and loss prior to contract renegotiation on 30 September 2020				
- Changes in fair value	151,886,771	-	151,886,771	151,886,771
- Recognition of day 1 profit or loss	-	(9,786,193)	(9,786,193)	(9,786,193)
As at 30 September 2020	2,747,282,917	-	2,747,282,917	535,930,007
Contract renegotiation on 30 September 2020	(3,040,098)	3,040,098	-	-
As at 30 September 2020	2,744,242,819	3,040,098	2,747,282,917	535,930,007
Recognised in profit and loss prior to contract renegotiation on 31 December 2020				
- Changes in fair value	33,452,932	-	33,452,932	33,452,932
- Recognition of day 1 profit or loss	-	(3,040,098)	(3,040,098)	(3,040,098)
As at 31 December 2020	2,777,695,751	-	2,777,695,751	566,342,841
Contract renegotiation on 31 December 2020	14,835,654	(14,835,654)	-	-
As at 31 December 2020	2,792,531,405	(14,835,654)	2,777,695,751	566,342,841

17. EQUITY INVESTMENT DESIGNATED AT FVTOCI

	2020 HK$	2019 HK$
Listed equity investment, at fair value	-	267,000

During the year ended 31 December 2020 and 2019, the Group did not receive any dividends from the listed equity investment.

18. DEBT INVESTMENTS AT AMORTISED COST

	Maturity	2020 HK$	2019 HK$
Unlisted debt securities	December 2022	4,164,886	-
Unlisted debt securities	September 2021	75,414,640	108,317,020
		79,579,526	108,317,020

At 31 December 2020 and 2019, the above investments were classified as debt investments at amortised cost in accordance with IFRS 9 since they were held within a business model with the objective to hold the items in order to collect contractual cash flows that meet the SPPI criterion.

Debt investments at amortised cost are subsequently measured using the effective interest rate method less any provision for ECL. 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 interest income in the consolidated statement of profit or loss.

Provision for ECL of HK$312,588 was made as at 1 January 2019 by reference to prevailing credit rating. There was no provision of ECL made during the years ended 31 December 2020 and 2019 as no significant changes in credit risk by reference to prevailing credit rating.

19. DUE TO A MINORITY SHAREHOLDER OF SUBSIDIARIES

The balance due to a minority shareholder of subsidiaries comprised of interest bearing balances of HK$242,800,000 (2019: HK$242,800,000) at a variable rate of 1.15% over HIBOR with average rate of 1.33% per annum ("p.a.") (2019: 3.83% p.a.), HK$60,000,000 (2019: HK$60,000,000) at a variable rate of two times of 1.15% over HIBOR with average rate of 2.66% p.a. (2019: 7.66% p.a.), interest bearing balances of HK$110,421,637 at a fixed rate of 4.0% p.a. as at 31 December 2020 and non-interest bearing balances of HK$140,538,998 (2019: HK$337,982,835). Included in these balances, HK$110,421,637 (2019: HK$210,421,637) is repayable within one year and HK$302,800,000 (2019: HK$302,800,000) is repayable in December 2022. The remaining balance is unsecured and repayable on demand.

20. INVESTMENTS IN ASSOCIATES AND INTERESTS IN JOINT VENTURES

Investments in associates

	2020 HK$	2019 HK$
Cost of investments in associates	730,000,000	730,000,000
Share of post-acquisition loss	(43,614,882)	(8,443,362)
	686,385,118	721,556,638

Particulars of the associates as at 31 December 2020 and 2019 are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Gravitation Fintech HK Limited ("Gravitation") (Note (i))	Ordinary shares	Hong Kong	10%	Investment holding
Premium Mega International Limited ("Premium Mega") (Note (ii))	Ordinary shares	BVI	20%	Investment holding

Notes:

(i) In July 2018, the Company entered into a strategic cooperation agreement with an independent third party to set up Gravitation. Gravitation owns the entire share capital of Airstar Bank Limited, a licensed virtual bank in Hong Kong. The Group has significant influence over the investee because it is able to participate in the policy-making process of the investee and the Group provides essential technical knowledge in banking section to the investee, thus it is classified as an investment in associate.

(ii) On 31 December 2019, the Group acquired 20% of the voting shares of Premium Mega, an investment holding company which owns and operates the Charterhouse International Schools in Asia. The Group has significant influence as the Group can appoint one of five directors of the board of directors of this investee. The Group acquired this investment to expand its business in the education sector.

20. INVESTMENTS IN ASSOCIATES AND INTERESTS IN JOINT VENTURES - continued

Investments in associates - continued

The following table illustrates the summarised financial information in respect of Premium Mega, which are considered as the material associate of the Group, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2020 HK$	2019 HK$
Total assets	3,122,361,844	2,904,533,396
Total liabilities	(281,012,079)	(4,533,396)
Net assets	2,841,349,765	2,900,000,000
Proportion of the Group's ownership	20%	20%
Carrying amount of the investment in Premier Mega	568,269,953	580,000,000
Revenue	-	N/A
Loss and total comprehensive expense for the year	(58,650,235)	N/A

Information of associate that are not individually material

	2020 HK$	2019 HK$
The Group's share of loss and total comprehensive expense	(23,441,473)	(8,443,362)
Carrying amount of the Group's interest in the associate	118,115,165	141,556,638

Interests in joint ventures

	2020 HK$	2019 HK$
Cost of investments in joint ventures	128,938,498	128,938,498
Share of post-acquisition losses	(23,122,975)	-
	105,815,523	128,938,498
Due from joint ventures	242,701,996	274,456,590
	348,517,519	403,395,088

Amounts due from joint ventures are unsecured, interest-free and repayable on demand.

20. INVESTMENTS IN ASSOCIATES AND INTERESTS IN JOINT VENTURES - continued

Interests in joint ventures - continued

Particulars of the joint ventures which own and operate the AMTD Oakwood Premier Hotel in Singapore ("Singapore hotel companies") as at 31 December 2020 and 2019 are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest, voting power and profit sharing	Principal activity
Cosmic Gold Limited	Ordinary shares	BVI	51%	Investment holding
DHI Holdings (S) Pte Ltd.	Ordinary shares	Singapore	51%	Hotel investment

The following table illustrates the summarised financial information in respect of the Singapore hotel companies adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2020 HK$	2019 HK$
Total assets	2,014,500,145	2,109,631,201
Total liabilities	(1,807,018,727)	(1,856,810,617)
Net assets	207,481,418	252,820,584
Proportion of the Group's ownership	51%	51%
Group's share of net assets of joint ventures	105,815,523	128,938,498
Due from joint ventures	242,701,996	274,456,590
Interests in joint ventures	348,517,519	403,395,088
Revenue	81,905,932	22,058,604
Loss for the year	(45,339,166)	(4,045,010)
Other comprehensive income for the year	-	256,864,034
Total comprehensive (expense) income for the year	(45,339,166)	252,819,024
Addition information of the joint ventures		
Cash and cash equivalents	32,697,982	14,056,131
Amounts due to shareholders	464,438,612	566,904,509
Bank borrowings (note)	1,272,636,960	1,248,483,861
Depreciation of property, plant and equipment	55,669,096	6,647,644
Interest expenses	26,044,374	4,180,592
Income tax expenses	-	-

Note: On 14 November 2019, the Group provided a corporate guarantee to a bank in relation to the granting of banking facilities of Singapore Dollar ("SGD")217,000,000 to the joint ventures for a maturity period of 3 years. The banking facilities are also pledged by a property in Singapore owned by the joint ventures and guaranteed by another shareholder of the joint ventures. During both years, there is no default payment by the joint ventures.

21a. INTANGIBLE ASSETS

	Securities trading licenses HK$	Technical know-how HK$	Club membership HK$	Total HK$
COST				
As at 1 January 2019 and 31 December 2019	15,171,170	-	-	15,171,170
Additions	-	-	5,943,900	5,943,900
Acquisition of subsidiaries (note 35)	-	46,934,000	-	46,934,000
As at 31 December 2020	15,171,170	46,934,000	5,943,900	68,049,070
AMORTISATION				
As at 1 January 2019 and 31 December 2019	-	-	-	-
Charge for the year	-	1,202,835	-	1,202,835
As at 31 December 2020	-	1,202,835	-	1,202,835
CARRYING VALUES				
As at 31 December 2020	15,171,170	45,731,165	5,943,900	66,846,235
As at 31 December 2019	15,171,170	-	-	15,171,170

As at 31 December 2020 and 2019, the intangible assets of HK$15,171,170 (2019: HK$15,171,170) 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 amortised. As a result of these intangible assets being non-transferable, the recoverable amount is assessed by reference to the market evidence of recent transaction prices for similar licensed corporations.

On 3 August 2020, the Group acquired 51% equity interest in PolicyPal Pte. Ltd. ("PolicyPal"), for a consideration of US$3,000,000 in cash and 702,765 of Class A ordinary shares of AMTD Digital. Details of the transactions are disclosed in note 35. As a result of the acquisition, the Group recognised intangible assets of HK$46,934,000, which is determined on a provisional basis under IFRS 3. The intangible assets acquired represented the technical know-how with the estimated useful life of 15 years.

During the year ended 31 December 2020, the Group has acquired certain club memberships in Hong Kong with cash consideration of HK$5,943,900. Club membership has an indefinite useful life and is carried at cost less accumulated impairment losses.

21b. GOODWILL

	HK$
As at 1 January 2019 and 31 December 2019	-
Acquisition of subsidiaries (note 35)	57,966,993
As at 31 December 2020	57,966,993

22. PROPERTY, PLANT AND EQUIPMENT

	Owned assets						Right of use assets	
	Hotel property HK$	Leasehold improvements HK$	Furniture, fixtures and equipment HK$	Computer equipment HK$	Motor vehicles HK$	Sub-total HK$	Office premises HK$	Total HK$
Cost or valuation								
At 1 January 2019	-	22,642,209	11,035,063	18,593,783	388,000	52,659,055	9,308,737	61,967,792
Additions	1,200,000,000	-	-	27,460	772,674	1,200,800,134	55,738,248	1,256,538,382
Disposals	-	-	-	-	(388,000)	(388,000)	(9,308,737)	(9,696,737)
At 31 December 2019	1,200,000,000	22,642,209	11,035,063	18,621,243	772,674	1,253,071,189	55,738,248	1,308,809,437
Additions	-	-	13,000	1,460,078	-	1,473,078	-	1,473,078
Acquisition of subsidiaries (note 35)	-	-	-	29,745	-	29,745	-	29,745
Exchange realignment	-	-	-	1,122	-	1,122	-	1,122
At 31 December 2020	1,200,000,000	22,642,209	11,048,063	20,112,188	772,674	1,254,575,134	55,738,248	1,310,313,382
Accumulated depreciation and impairment								
At 1 January 2019	-	3,185,285	3,582,456	14,726,717	232,800	21,727,258	-	21,727,258
Charge for the year	-	2,291,919	2,207,012	2,204,950	116,067	6,819,948	9,289,708	16,109,656
Disposals	-	-	-	-	(271,600)	(271,600)	-	(271,600)
At 31 December 2019	-	5,477,204	5,789,468	16,931,667	77,267	28,275,606	9,289,708	37,565,314
Charge for the year	5,140,433	2,291,919	2,207,839	1,596,570	154,535	11,391,296	18,579,415	29,970,711
Revaluation deficit	94,859,567	-	-	-	-	94,859,567	-	94,859,567
Exchange realignment	-	-	-	350	-	350	-	350
At 31 December 2020	100,000,000	7,769,123	7,997,307	18,528,587	231,802	134,526,819	27,869,123	162,395,942
Net book value								
At 31 December 2020	1,100,000,000	14,873,086	3,050,756	1,583,601	540,872	1,120,048,315	27,869,125	1,147,917,440
At 31 December 2019	1,200,000,000	17,165,005	5,245,595	1,689,576	695,407	1,224,795,583	46,448,540	1,271,244,123

The fair value of the Group's hotel property is a level 3 recurring fair value measurement. There was no transfers into or out of level 3 during the year.

As at 31 December 2020, the Group's hotel property in Hong Kong is stated at valuation of HK$1,100,000,000 (2019: HK$1,200,000,000). For the year ended 31 December 2020, a revaluation deficit of HK$94,859,567 (2019: nil) had been recognised. The hotel property was pledged for a bank borrowing (note 28).

22. PROPERTY, PLANT AND EQUIPMENT - continued

In determining the fair values of the hotel property, the Group engages an independent qualified professional valuer to perform the valuation. The management works with the independent qualified professional valuer to establish the appropriate valuation techniques and inputs for level 3 fair value measurement. Where there is a material change in the fair value of the hotel property, the causes of the fluctuations will be reported to the directors of the Company.

The independent qualified professional valuer adopted income approach by using discounted cash flow analysis to arrive at the valuation of hotel property. The discounted cash flow analysis for the hotel property is established based on analysis of assumptions about future market conditions affecting supply, demand, income, expenses and the potential of risk. These assumptions determine the earning capability of the hotel property upon which the pattern of income and expenditures are projected to establish a fair maintainable operating profit on a pre-tax yearly basis by a reasonably efficient operator over a 10-year investment horizon; and the anticipated net operating income stream receivable thereafter is capitalised at appropriate terminal capitalisation rates and adjusted to present value by appropriate discount rate to reflect the capital values beyond the 10 years.

There has been no change to the valuation techniques during the year. In estimating the fair value of the hotel property, the highest and best use of the hotel property is their current use.

The key inputs used in valuing the hotel property by the independent qualified professional valuer under the aforesaid income approach were the discount rate used at 4.5% and average daily rates, which ranged from HK$580 to HK$1,200 per room. An increase in the average daily rate used would result in an increase in fair value measurement of the hotel property, and vice versa, holding all other variables constant. The sensitivity to a 50 basis points increase/decrease in discount rate holding all other variables constant , the revalued amount of hotel property will decrease/increase by approximately HK$127,000,000/HK$163,000,000.

For both years, the Group leases commercial premises for its operations. Lease contracts are entered into for fixed term of three years, but may have extension options, which are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the lessor. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain to exercise and not included in lease liabilities are HK$62,435,520 (2019: HK$62,435,520) The future lease payments will only be determined upon the Group's exercise of the extension options in the future. During the year ended 31 December 2020 and 2019, the Group did not exercise any extension options. In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 December 2020 and 2019, there is no such triggering event.

In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Restrictions or covenants on leases

In addition, lease liabilities of HK$28,314,602 are recognised with related right-of-use assets of HK$27,869,125 as at 31 December 2020 (2019: lease liabilities of HK$46,875,031 and related right-of-use assets of HK$46,448,540). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

23. ACCOUNTS PAYABLE

	2020 HK$	2019 HK$
Accounts payable to insurance companies (note (i))	9,287,504	16,470,112
Payables to clearing house and brokers (note (ii))	1,311,748	9,062,629
Clients' payables (note (ii))	138,747	256,423,531
Clients' monies held on trust (note 36)	199,946,787	226,471,792
	210,684,786	508,428,064

Notes:

(i) As at 31 December 2020, accounts payable to insurance companies amounted to HK$9,287,504 (2019: HK$16,470,112) and were repayable upon receipt of debit notes from the insurance companies.

(ii) As at 31 December 2020, accounts payable to clearing houses and brokers and clients' payable of HK$1,311,748 (2019: HK$9,062,629) and HK$138,747 (2019: HK$256,423,531), respectively, arising from assets management business were repayable 2 days after trade date or at pre-agreed specific terms.

An aging analysis of the accounts payable as at the end of the reporting period is as follows:

	2020 HK$	2019 HK$
Within 1 month/repayable on demand	203,840,562	495,591,302
1 to 3 months	1,918,202	5,468,652
Over 3 months	4,926,022	7,368,110
	210,684,786	508,428,064

The balances of accounts payable are unsecured and non-interest-bearing. In the opinion of the management of the Group, the accounts payable are expected to be settled within twelve months after the end of the reporting period.

24. MARGIN LOANS PAYABLE

As at 31 December 2020, the balances carried interest at a rate of 10.000% p.a. (2019: 6.625% p.a.) and are secured by financial assets at FVTPL of HK$262,430,546 (2019: HK$1,612,998,920).

25. PERPETUAL NOTE PAYABLE TO A RELATED COMPANY

On 29 April 2020, the Company issued HK$50,000,000 2.5% p.a. perpetual note to a related company. These perpetual note is unsecured and rank pari passu with any parity obligations of the Company. These perpetual note has no fixed redemption date and the Company has the right to redeem or repurchase the perpetual note in whole, while the Company has an obligation to pay the interest to the related company semi-annually. Thus, the perpetual note is classified as financial liabilities. Subsequent to 31 December 2020, the Company redeemed all the perpetual note.

26. FINANCIAL LIABILITIES AT FVTPL

	2020 HK$	2019 HK$ (restated)
Warrant issued by a subsidiary (note)	-	42,619,114
Derivative financial liability (note 29)	12,954,313	20,813,810
	12,954,313	63,432,924

Note: On 19 December 2019, a subsidiary of the Company entered into a warrant subscription agreement ("the Agreement") with a warrant subscriber at a consideration of US$1.5 million. Pursuant to the Agreement, the warrant subscriber is entitled to exercise, in full or in part, the warrant to purchase the subsidiary's Class A ordinary shares during the period from 19 December 2019 until and including the date falling 45 days before the subsidiary publicly files for a U.S. initial public offering. The warrant is accounted for as a financial liability at fair value with changes in fair value recognised in profit or loss. The subscriber exercised the warrant in full during the year ended 31 December 2020.

27. CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	2020 HK$	2019 HK$
Accruals and other payables (notes (i) and (ii))	193,925,709	693,653,845
Contract liabilities (note (iii))	132,236,559	185,800,534
	326,162,268	879,454,379

(i) Other payables are non-interest-bearing and have an average term of twelve months.

(ii) As at 31 December 2019, the Group's accruals and other payables included an amount due to a company controlled by a director of HK$580,000,000 and the amount is settled as disclosed in note 37(a) during the year ended 31 December 2020.

(iii) Details of contract liabilities are as follows:

	2020 HK$	2019 HK$
Asset management service	47,807,024	113,047,684
SpiderNet ecosystem solutions service	84,429,535	72,752,850
	132,236,559	185,800,534

Contract liabilities include upfront fees received to deliver asset management, SpiderNet ecosystem solutions and insurance brokerage services.

As at 1 January 2019, the carrying amount of the contract liabilities is HK$55,111,818.

Revenue recognised that was included in the contract liabilities at the beginning of the year was HK$143,418,577 (2019: HK$32,296,815) during the year ended 31 December 2020.

In the opinion of the management of the Group, majority of the contract liabilities are expected to be recognised to revenue and other payables and accruals are expected to be settled within twelve months after the end of the reporting period.

28. INTEREST-BEARING BANK BORROWINGS AND LEASE LIABILITIES

	2020 HK$	2019 HK$
Bank borrowings within one year or on demand	932,684,457	866,146,000
Lease liabilities	28,314,602	46,875,031
	960,999,059	913,021,031

Bank borrowings

Details of the bank borrowings are as follows:

	2020			2019		
	Effective interest rate (%)	Maturity	HK$	Effective interest rate (%)	Maturity	HK$
Bank loans - unsecured	2.05% p.a. – 2.55% p.a.	Revolving	352,280,000	3.72% p.a. - 4.53% p.a.	Revolving	197,873,000
Bank loans - Secured (note (c))	2.21% p.a.- 2.34% p.a.	Revolving	223,264,000	3.72% p.a. - 4.16% p.a.	Revolving	311,073,000
Bank loans - Secured (note (d))	1.97% p.a.	April 2021	357,140,457	3.58% p.a.	May 2020	357,200,000
			932,684,457			866,146,000

Notes:

(a) The Group's aggregate loan facilities amounted to HK$1,097,360,000 (2019: HK$905,465,000), of which HK$932,684,457 (2019: HK$866,146,000) were utilised as at the end of the reporting period.

(b) The Group's bank borrowings are denominated in HK$ and US$.

(c) In accordance with the terms of a US$50,000,000 loan facility agreement, the Group is required to pledge certain quantities of equity shares when the Group's loan is utilised (2019: exceeded US$10,000,000). As at 31 December 2020, HK$402,730,305 (2019: HK$147,000,000) of the Group's financial assets at FVTPL were pledged as collateral to secure the bank borrowings. Also, the Company entered into certain stock lending and borrowing agreements with several independent third parties to borrow certain listed equity shares with a fair value of HK$845,597,887 (2019: HK$1,359,678,924) and then pledged these borrowed shares as collateral to secure the bank borrowings. According to the stock lending and borrowing agreements, an administrative fee of 2% p.a. computed on daily basis will be charged with reference to the month end market value of the listed equity shares. Also, the Group has an obligation to return these borrowed stocks to the lending counterparties upon the counterparties serving a notice to call for delivery of the borrowed equity shares.

(d) The bank loans are secured by the hotel property with carrying amount of HK$1,100,000,000 (2019: HK$1,200,000,000).

28. INTEREST-BEARING BANK BORROWINGS AND LEASE LIABILITIES - continued

Lease liabilities

	2020 HK$	2019 HK$
Lease liabilities payable:		
Within one year	19,730,700	18,560,339
More than one year but not more than two years	8,583,902	19,730,700
More than two years but not more than five years	-	8,583,992
	28,314,602	46,875,031

The incremental borrowing rate applied to lease liabilities was 6.13% (2019: 6.13%) per annum.

29. BONDS PAYABLE

	2020 HK$	2019 HK$
Bonds payable	2,072,108,900	2,849,016,900
Bonds interest payable	31,589,834	45,144,430
	2,103,698,734	2,894,161,330

Name of bond	Par value US$	Par value Equivalent to HK$	Issue date	Effective term of the bond	Net proceeds HK$	Effective interest rate p.a.
Non-convertible bond payable: (Note (i))						
AMTD medium term note issued in September 2017	N/A	665,000,000 (2019: 1,445,000,000)	22 September 2017	3 years	1,442,786,335	6.40%
AMTD medium term note issued in March 2019	168,285,000	1,321,003,593	8 March 2019	3 to 3.5 years	1,318,320,158	5.12%
Convertible bond payable: (Note (ii))						
AMTD International Inc. issued in December 2019	15,000,000	116,809,500	19 December 2019	4.5 years	116,809,500	7.80%

29. BONDS PAYABLE - continued

Notes:

(i) On 16 March 2016, the Company launched its US$500 million medium term note programme (the "Programme") and subsequently, on 10 May 2017, the Programme was expanded to US$1,000 million. The bonds were listed on the Main Board of the Stock Exchange of Hong Kong Limited under Chapter 37 of the Hong Kong Main Board Listing Rules.

On 21 March 2016 and 24 October 2016, the Group drew down from the Programme of US$110 million (equivalent to HK$852,830,000) and US$50 million (equivalent to HK$387,700,000), respectively. The bonds bear interest rate of 5.0% p.a. with maturity on 21 March 2019, and interests are paid semi-annually. The transaction costs of HK$15,236,902 and HK$9,970,352, consisting mainly the arrangement fee and legal fee, are netted off against the balance of bond payable. After deducting the issuance costs, the Group received net proceeds of HK$1,215,322,746 in total. These bonds were matured and redeemed during the year ended 31 December 2019.

On 22 September 2017, the Group drew down from the Programme of HK$1,445,000,000. The bond bears interest rates of 6.3% p.a. with maturity on 22 September 2020, and interests are paid semi-annually. The transaction costs of HK$2,213,665, consisting mainly the arrangement fee and legal fee, are netted off against the balance of bond payable. After deducting the issuance costs, the Group received net proceeds of HK$1,442,786,335 in total. During the year ended 31 December 2020, the Group has repaid HK$780,000,000. On 21 September 2020, the Group extended the maturity of this bond with principal amount of HK$665,000,000 for an additional one year to 22 September 2021 with all other terms remaining unchanged.

On 8 March 2019, the Group drew down from the Programme of US$168,285,000 (equivalent to HK$1,321,003,593). The bond bears interest rates of 5.0% p.a. with maturity on 8 September 2022, and interests are paid semi-annually. The transaction costs of US$341,848 (equivalent to HK$2,683,435), consisting mainly the arrangement fee and legal fee, are netted off against the balance of bond payable. After deducting the issuance costs, the Group received net proceeds of US$167,943,152 (equivalent to HK$1,318,320,158) in total.

	2020 HK$	2019 HK$
Medium term note repayable within five years	2,023,232,257	2,766,003,593
Discount and issue costs	(1,720,028)	(2,480,704)
Exchange realignment	(21,091,924)	(10,501,679)
	2,000,420,305	2,753,021,210

29. BONDS PAYABLE - continued

Notes: - continued

(i) - continued

Interest expenses on the carrying amount of the above-mentioned bonds payable are accrued at the effective interest rate of 6.24%, 6.40% and 5.12% p.a. (inclusive of transaction costs) respectively to adjust the carrying amount of the bonds payable to its amortised cost, being the present value of the expected future cash flows relating to periodic interest payments and principal repayment at par value at the maturity date.

The bonds contain no conversion features.

(ii) On 19 December 2019, a subsidiary of the Group issued 2% convertible bond with a principal amount of US$15,000,000. There was no movement in the number of these convertible bond during the year. The bond is convertible at the option of the bondholders into 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 30 June 2023. The conversion rate is 99.44 American Depositary Shares 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 subsidiary. The bondholders can convert all or any portion of the bond that equals to or greater than US$10,000,000. However, the purchaser 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 30 June 2023.

On initial recognition, both the debt component and the derivative component of the convertible bond are measured at fair value and the derivative component presented separately as derivative financial liability. The derivative component is subsequently measured at fair value with changes recognised in profit or loss.

The movement of convertible bond during the year is as follows:

	Liability component HK$	Derivative financial liability (Note 26) HK$
At 1 January 2019	-	-
Issued during the year	95,995,690	20,813,810
At 31 December 2019	95,995,690	20,813,810
Interest payables during the year	7,717,348	-
Fair value gains	-	(7,765,148)
Exchange realignment	(434,609)	(94,349)
At 31 December 2020	103,278,429	12,954,313

30. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the years are as follows:

	Unrealised gain on investments HK$	Intangible assets HK$	Total HK$
At 1 January 2019	225,308,364	-	225,308,364
Charge to profit or loss (note 10)	184,642,201	-	184,642,201
At 31 December 2019	409,950,565	-	409,950,565
Acquisition of subsidiaries (note 35)	-	7,978,780	7,978,780
Credit to profit or loss (note 10)	(211,238,602)	(221,633)	(211,460,235)
At 31 December 2020	198,711,963	7,757,147	206,469,110

During the year ended 31 December 2020, the Group re-evaluated the temporary difference arising from unrealised gain on certain investments and determined it is probable that the taxation authority will accept the tax treatment that the investments are capital in nature and therefore would be non-taxable. Accordingly, HK$242,913,577 of deferred tax liabilities was released and recognised as deferred tax credit.

The Group had estimated tax losses arising in Hong Kong of HK$624,335,666 (2019: HK$544,673,824), subject to the agreement by the Hong Kong Inland Revenue Department, which are available indefinitely for offsetting against future taxable profits of the companies where the losses arose. Deferred tax assets have not been recognised in respect of the remaining 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.

31. SHARE CAPITAL

	Number of ordinary shares	Nominal value of of ordinary shares
Authorised:		
At 1 January 2019, 31 December 2019 and 31 December 2020	50,000	US$50,000
Issued and fully paid:		
At 1 January 2019	11,340	US$10,001
New issue (note)	1,743	US$1,743
At 31 December 2019 and 31 December 2020	13,083	US$11,744
Shown in consolidated statement of financial position		HK$91,680

Note:

In May 2019, 1,743 ordinary shares were issued at HK$768,518,519 to a company controlled by a director of the Company.

As at 31 December 2020, the Company signed a share repurchase agreement with the then immediate holding company in connection with the repurchase of 4,486 shares of the Company at a consideration of HK$6,723,682,013, and settled through the intercompany account due from the then ultimate holding company. The repurchased shares were not cancelled by the Company, and thus recognised as treasury shares held by the Company and recorded as a debit balance under shareholders' equity as at 31 December 2020.

32. LOANS PAYABLE TO A SHAREHOLDER

Loans payable to a shareholder were unsecured, carried interest rate at 2.5% p.a., and repayable on demand. As at 31 December 2020, the loans payable to a shareholder of HK$157,528,767 were recognised as financial liabilities at amortised cost.

33. PERPETUAL SECURITIES

Perpetual securities of the Company

On 10 May 2017, the Company issued the US$200 million (equivalent to HK$1,557,400,000) senior perpetual capital securities ("Perpetual Securities") under the Programme. On 15 June 2017, the Company drew down US$200 million (equivalent to HK$1,557,400,000) Perpetual Securities at an initial distribution rate of 7.625% p.a. The direct transaction costs attributable to the Perpetual Securities amounted to HK$14,631,244.

Distributions of the Perpetual Securities may be paid semi-annually in arrears on 15 June and 15 December 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 are unsecured, have no fixed maturity date and are callable at the Company's option in whole on 15 June 2020 ("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 6.161% p.a., the Treasury Rate and a step-up margin of 5.00% p.a.

During the year ended 31 December 2019, US$77,000,000 (equivalent to HK$606,211,386) of the Perpetual Securities was redeemed. During the year ended 31 December 2020, US$73,770,000 (equivalent to HK$571,931,433) was redeemed. On 14 May 2020, AMTD International Inc., issued US$38,920,000 (equivalent to HK$301,633,892) of Perpetual Securities I (as defined below) and SGD14,740,000 (equivalent to HK$80,448,221) of Perpetual Securities II (as defined below) in exchange for the Perpetual Securities, the consideration of exchange in aggregate amounted to HK$382,082,113 were settled through the current account with AMTD International Inc. during the year ended 31 December 2020. Upon all these redemptions and transfers, there was no outstanding Perpetual Securities as at 31 December 2020.

On 30 November 2017, the Company further issued HK$9,000 million zero coupon perpetual notes ("Perpetual Notes") to its then intermediate holding company. These Perpetual Notes are unsecured and rank pari passu with any parity obligations of the Company. The Perpetual Notes have no fixed redemption date and the Company has the right to redeem or repurchase the Perpetual Notes in whole. In the opinion of the directors, the Company is able to control the delivery of cash or other financial assets to the holders of Perpetual Notes other than an unforeseen liquidation of the Company. On 31 December 2020, the Company redeemed all the Perpetual Notes settled by offsetting the amount due from the then ultimate holding company and derecognising other receivables (note 14). Upon all the redemptions, there were no outstanding Perpetual Notes as at 31 December 2020.

During the year ended 31 December 2020, the profit attributable to holders of Perpetual Securities, based on the applicable distribution rate, was HK$33,894,890 (2019: HK$117,565,611), 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$33,846,949 (2019: HK$119,499,763) to the holders of perpetual securities during the year ended 31 December 2020.

33. PERPETUAL SECURITIES - continued

Perpetual securities of AMTD International Inc.

On 14 May 2020, AMTD International Inc. 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 (the "Perpetual Securities I" and the "Perpetual Securities II") at initial distribution rate of 7.25% p.a. and 4.5% p.a. which are listed on Hong Kong Stock Exchange and Singapore Stock Exchange respectively.

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 14 May and 14 November in each year and may be deferred at the discretion of AMTD International Inc. unless a compulsory distribution payment event (including distributions to ordinary shareholders of AMTD International Inc.) 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 14 May 2023 ("AMTDI First Reset Date") or any distribution payment date falling after the AMTDI First Reset Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will be reset, on AMTDI First Reset Date and every three years after the AMTDI First Reset Date, to the sum of the initial spread of 7.011% p.a. over 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 option of AMTD International Inc. in whole on 14 May 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.

For the year ended 31 December 2020, the profit attributable to holders of Perpetual Securities I and Perpetual Securities II based on the applicable distribution rate, was HK$78,987,714, where any distribution could be deferred at the discretion of AMTD International Inc. unless a compulsory distribution payment event (including distributions to ordinary shareholders of AMTD International Inc.) has occurred. AMTD International Inc. distributed HK$62,753,625 to the holders of Perpetual Securities I and Perpetual Securities II during the year ended 31 December 2020.

34. PARTIAL DISPOSAL/DEEMED PARTIAL DISPOSAL OF INTERESTS IN SUBSIDIARIES WITHOUT LOSING CONTROL

	2020 HK$	2019 HK$
Total surplus on deemed partial disposal recorded in equity:		
- AMTD International Inc.	563,058,453	1,599,914,423
- AMTD Digital	404,173,214	364,130,212
	967,231,667	1,964,044,635

AMTD International Inc.

During the year ended 31 December 2020, the Group disposed 21,243,000 shares of AMTD International Inc., representing 8.65% of its equity interest to independent third parties and in return received cash consideration of HK$774,000,000 and certain equity shares of a company listed in Hong Kong. These were accounted for as equity transactions with the non-controlling interests and an increase in equity attributable to owners of the Company, and recorded in other reserve, which was summarised as follows:

	HK$
Cash consideration received from non-controlling interests	774,000,000
Financial assets at FVTPL received	368,320,000
Less: net assets of 8.65% equity interest in AMTD International Inc.	(579,261,547)
Surplus on partial disposal recorded in equity	563,058,453

During the year ended 31 December 2019, AMTD International Inc. allotted 45,611,478 shares, representing 18.57% of its equity interest to independent third party investors through pre-IPO funding and initial public offering on New York Stock Exchange. It was accounted for as an equity transaction with the non-controlling interests and an increase in equity attributable to owners of the Company, and recorded in other reserve, which was summarised as follows:

	HK$
Consideration received from non-controlling interests	2,867,965,934
Less: net assets of 18.57% equity interest in AMTD International Inc.	(1,268,051,511)
Surplus on deemed partial disposal recorded in equity	1,599,914,423

34. PARTIAL DISPOSAL/DEEMED PARTIAL DISPOSAL OF INTERESTS IN SUBSIDIARIES WITHOUT LOSING CONTROL - continued

AMTD Digital

During the year ended 31 December 2020, the Group disposed 702,765 of Class A ordinary shares of AMTD Digital as part of the consideration for an acquisition with the details disclosed in note 35. Also, certain independent third parties and a company controlled by a director subscribed for new/existing shares of AMTD Digital. As a result of these transactions, the Group's interest in AMTD Digital decreased by 23.47% during the year ended 31 December 2020. These were accounted for as equity transactions with the non-controlling interests and an increase in equity attributable to owners of the Company, and recorded in other reserve, which was summarised as follows:

	HK$
Consideration received from non-controlling interests (note)	818,266,041
Less: net assets of 23.47% equity interest in AMTD Digital	(414,092,827)
Surplus on partial disposal/deemed partial disposal recorded in equity	404,173,214

Note: The aggregate consideration received from non-controlling interests comprised the cash consideration of HK$570,602,855, net settlement from a company controlled by a director of the Company of HK$180,000,000 as disclosed in note 37(a) and the fair value of the shares of AMTD Digital of HK$67,663,186 in connection with the acquisition as disclosed in note 35.

During the year ended 31 December 2019, AMTD Digital allotted 5,800,000 shares, representing 13.62% of its equity interest to independent third party investors. It was accounted for as an equity transaction with the non-controlling interests and an increase in equity attributable to owners of the Company, and recorded in other reserve, which was summarised as follows:

	HK$
Consideration received from non-controlling interests	454,018,200
Less: net assets of 13.62% equity interest in AMTD Digital	(89,887,988)
Surplus on deemed partial disposal recorded in equity	364,130,212

35. ACQUISITION OF SUBSIDIARIES

On 3 August 2020, the Group acquired 51% equity interest in PolicyPal which operates a digital insurance brokerage business under direct insurance and exempt financial adviser license issued by The Monetary Authority of Singapore ("MAS") covering the advising on investment products that are life policies and arranging of life policies in Singapore, other than for reinsurance, for a consideration of US$3,000,000 (equivalent to approximately HK$23,258,700) in cash and 702,765 of Class A ordinary shares of AMTD Digital. The acquisition of PolicyPal was in line with the Group's digital financial services strategy. The acquisition has been accounted for as acquisition of business using the acquisition method.

Consideration transferred

	HK$
Cash	23,258,700
Shares of AMTD Digital	67,663,186
	90,921,886

Acquisition-related costs amounting to HK$134,000 have been excluded from the consideration transferred and have been recognised as an expense for the year ended 31 December 2020, within the "operating expenses" line item in the consolidated statement of profit or loss.

Assets acquired and liabilities recognised at the date of acquisition (provisional basis)

	HK$
Cash and bank balances	43,988,263
Accounts receivable	18,807
Other receivables	273,831
Intangible assets	46,934,000
Property, plant and equipment	29,745
Accounts payables	(9,415)
Other payables and accruals	(18,588,294)
Deferred tax liabilities	(7,978,780)
Net assets acquired	64,668,157

The accounts receivable and other receivables acquired with a fair value of HK$292,638 at the date of acquisition had gross contractual amounts of HK$292,638.

Goodwill arising on acquisition:

	HK$
Consideration paid	90,921,886
Plus: non-controlling interests (49% in PolicyPal)	31,713,264
Less: recognised amounts of net assets acquired	(64,668,157)
	57,966,993

35. ACQUISITION OF SUBSIDIARIES - continued

Goodwill, which is recorded at provisional basis, arose in the acquisition of PolicyPal because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of PolicyPal. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net cash inflow on acquisition of PolicyPal

	HK$
Cash consideration paid	(23,258,700)
Less: cash and cash equivalents balances acquired	43,988,263
	20,729,563

Impact of acquisition on the results of the Group

Included in the profit for the year is the loss of HK$2,796,528 attributable to the business generated by PolicyPal. Revenue for the year includes HK$1,582,342 generated from the acquisition.

Had the acquisition of PolicyPal had been completed on 1 January 2020, revenue for the year of the Group would had been HK$1,001,381,350, and profit for the year would had been HK$838,699,041. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future events.

36. OTHER ASSETS

The Group maintains segregated bank accounts with corporate banks to hold clients' monies on trust under custody arising from its asset management, insurance brokerage and other businesses. The Group has classified the client's monies as other assets under the assets section of the consolidated statement of financial position and recognised the corresponding amounts as clients' monies held on trust in accounts payable (note 23) to respective clients on the basis that it is legally liable for any possible loss or misappropriation of the clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

	2020 HK$	2019 HK$
Segregated clients' bank accounts balances:		
Insurance brokerage business and others	10,192,341	39,161,532
Asset management business	194,318,580	225,358,534
	204,510,921	264,520,066

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

For the year ended 31 December 2020

During the year, the Group acquired 368,320,000 shares of a company listed on the Hong Kong Stock Exchange in exchange for 9,500,000 shares of AMTD International Inc.

In February 2020, a company controlled by a director acquired 2,310,000 shares of AMTD Digital from the Company at the consideration of HK$180,000,000. The consideration together with the amount due from a related company controlled by a director of HK$400,000,000, which is included in other receivables as at 31 December 2019, were settled through offsetting against the amount due to a related company controlled by a director of HK$580,000,000, which was included in other payables and accruals as at 31 December 2019.

During the year, the Group acquired an investment in film production from a related company at a consideration of HK$15,477,000, which was settled through current account with the latter.

During the year, the Group has acquired financial assets at FVTPL from related companies at a total consideration of HK$148,671,602, which was settled through current account with the latter.

During the year, the Group has also disposed financial assets at FVTPL to a related company at a total consideration of HK$195,789,033, which was settled through current account with the latter.

On 31 December 2020, the Company redeemed all Perpetual Notes and as a result of that the corresponding other receivables of HK$5,036,098,016 was derecognised and the remaining balance was settled by offsetting the amount due from the then ultimate holding company.

On 31 December 2020, the Company signed a share repurchase agreement with the then immediate holding company in connection with the repurchase of 4,486 shares of the Company at a consideration of HK$6,723,682,013, and settled through the intercompany account due from then ultimate holding company. The repurchased shares were not cancelled by the Company, and thus recognised as treasury shares held by the Company and recorded as a debit balance under shareholders' equity as at 31 December 2020.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS - continued

(a) Major non-cash transactions - continued

For the year ended 31 December 2019

During the year, the Group acquired subsidiaries holding a hotel property in Hong Kong together with other assets and liabilities associated with the subsidiaries at a total consideration of HK$270,000,000. HK$210,000,000 of the consideration was settled by issuing a loan note to the seller who is also the non-controlling shareholder of the subsidiaries.

The Group acquired an associate from a company controlled by a director of the Company at a total consideration of HK$580,000,000. The consideration is still unpaid as at 31 December 2019 and included in accruals and other payables.

In May 2019, 1,743 ordinary shares were issued at HK$768,518,519 to a company controlled by a director of the Company. The Company has received HK$368,518,519 in cash and the outstanding balance of HK$400,000,000 was recorded through the current account with the counterparty.

During the year, the Group disposed of an equity investment measured at FVTPL to the then fellow subsidiary at a total consideration of US$45,930,544 (equivalent to HK$358,634,871), which was settled through current account with the then fellow subsidiary.

During the year, the Group had non-cash additions of right-of-use assets and lease liabilities of HK$55,738,248 and HK$55,738,248, respectively, in respect of lease arrangements for property, plant and equipment.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS - continued

(b) Changes in liabilities arising from financing activities

For the year ended 31 December 2020

	Margin loan payable HK$	Bank borrowings and lease liabilities HK$	Perpetual securities HK$	Bonds payable HK$	Due to a minority shareholder of subsidiaries HK$	Perpetual note payable to a related company HK$
At 1 January 2020	389,618,830	913,021,031	9,939,647,901	2,894,161,330	640,782,835	-
Financing cash flows	(360,214,973)	14,870,094	775,713,078	(932,306,639)	(95,808,007)	50,000,000
Non-cash:						
Profit for the year attributable to the owners of perpetual securities	-	-	112,882,604	-	-	-
Interest expenses	13,285,768	33,107,934	-	141,844,043	8,785,807	843,579
Exchange difference	(257,615)	-	-	-	-	
Redemption of Perpetual Notes	-	-	(9,000,000,000)	-	-	-
At 31 December 2020	42,432,010	960,999,059	1,828,243,583	2,103,698,734	553,760,635	50,843,579

For the year ended 31 December 2019

	Margin loans payable HK$	Bank borrowings and lease liabilities HK$	Perpetual securities HK$	Bonds payable HK$	Due to to an associate HK$
At 1 January 2019	424,998,139	439,010,336	10,547,793,439	2,737,297,017	29,498,000
Financing cash flows	(63,828,505)	97,070,932	(725,711,149)	(7,761,474)	(29,498,000)
Non-cash:					
Profit for the year attributable to the owners of perpetual securities	-	-	117,565,611	-	-
Interest expenses	28,449,196	19,739,763	-	164,625,787	-
Exchange difference	-	-	-	-	-
Acquisition of subsidiaries	-	357,200,000	-	-	-
At 31 December 2019	389,618,830	913,021,031	9,939,647,901	2,894,161,330	-

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2020 HK$	2019 HK$
Within financing activities	23,063,251	19,827,214

38. 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:

	2020 HK$	2019 HK$
Interest expenses on loans payable to a shareholder	3,500,000	3,500,000
Interest income on due from the then ultimate holding company (Note b(i))	257,422,541	60,697,891
Underwriting services rendered to related companies (Note (i))	30,231,825	15,691,000
Consideration received for the settlement of disposal of financial assets at FVTPL by a related company (Note (ii))	195,789,033	358,634,871
Acquisition of an associate from a company controlled by a director (Note (iii))	-	580,000,000
Disposal of AMTD Digital to a company controlled by a director (Note (iv))	336,000,000	-
Acquisition of an investment of film production from a related company (Note (ii))	15,477,000	-
Acquisition of financial assets at FVTPL from related companies (Note (ii))	148,671,602	-

Notes:

(i) The terms of these services were comparable to the fee and conditions offered to the major customers of the Group.

(ii) The financial assets at FVTPL were acquired/disposed with reference to market price.

(iii) During the year ended 31 December 2019, the Group acquired an associate from a company controlled by a director of the Company with market price.

(iv) During the year ended 31 December 2020, a company controlled by a director of the Company acquired 2,310,000 Class B ordinary shares of AMTD Digital from the Company at a consideration of HK$180,000,000 and subscribed 2,000,000 new Class B ordinary shares of AMTD Digital at a cash consideration of HK$156,000,000.

38. RELATED PARTY TRANSACTIONS - continued

(b) Outstanding balances with related parties:

(i) Upon the repurchase of the Company's share as disclosed in note 31 and redemption of the Perpetual Notes, the amount due from the then ultimate holding company was reduced to zero as at 31 December 2020. Prior to the repurchase of the Company's shares and redemption of the Perpetual Notes, the balance due from the then ultimate holding company comprised of interest bearing balance of HK$6,723,682,013 at a rate of 4.5% p.a. and non-interest bearing portion of HK$3,963,901,984 (2019: interest bearing of HK$1,456,476,862 at a rate of 4.5% p.a., HK$150,506,023 at a rate of 6.625% p.a. and non-interest bearing portion of HK$5,741,880,665).

(ii) Details of the Group's other receivables from its then intermediate holding company and from a company controlled by a director of the Company at the end of the reporting period are included in note 14 to the consolidated financial statements.

(iii) Details of the Group's other payables to a company controlled by a director of the Company at the end of the reporting period are included in note 27 to the consolidated financial statements.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2020

Financial assets

	Financial assets at FVTPL HK$	Financial assets at amortised cost HK$	Total HK$
Accounts receivable	-	181,472,700	181,472,700
Other receivables and deposits	-	131,012,511	131,012,511
Due from joint ventures	-	242,701,996	242,701,996
Debt investments at amortised cost	-	79,579,526	79,579,526
Financial assets at FVTPL	2,772,199,303	-	2,772,199,303
Stock loans	1,209,758,900	-	1,209,758,900
Derivative financial assets	2,777,695,751	-	2,777,695,751
Other assets	-	204,510,921	204,510,921
Cash and bank balances	-	685,745,352	685,745,352
	6,759,653,954	1,525,023,006	8,284,676,960

Financial liabilities

	Financial liabilities at amortised cost HK$
Accounts payable	210,684,786
Margin loan payable	42,432,010
Other payables and accruals	193,925,709
Perpetual note payable to a related company	50,843,579
Interest-bearing bank borrowings	932,684,457
Bonds payable	2,103,698,734
Loans payable to a shareholder	157,528,767
Due to a minority shareholder of subsidiaries	553,760,635
	4,245,558,677

39. FINANCIAL INSTRUMENTS BY CATEGORY - continued

As at 31 December 2020 - continued

Financial liabilities - continued

	Financial liabilities at FVTPL HK$
Financial liability at FVTPL	12,954,313

As at 31 December 2019

Financial assets

	Financial assets at FVTPL HK$ (restated)	Financial assets at FVTOCI HK$	Financial assets at amortised cost HK$	Total HK$ (restated)
Accounts receivable	-	-	406,814,060	406,814,060
Other receivables and deposits	-	-	5,529,881,896	5,529,881,896
Due from joint ventures	-	-	274,456,590	274,456,590
Due from the then ultimate holding company	-	-	7,348,863,550	7,348,863,550
Equity investment designated at FVTOCI	-	267,000	-	267,000
Debt investments at amortised cost	-	-	108,317,020	108,317,020
Financial assets at FVTPL	3,509,793,879	-	-	3,509,793,879
Stock loans	1,576,700,200	-	-	1,576,700,200
Derivative financial assets	2,723,975,670	-	-	2,723,975,670
Other assets	-	-	264,520,066	264,520,066
Cash and bank balances	-	-	795,889,205	795,889,205
	7,810,469,749	267,000	14,728,742,387	22,539,479,136

39. FINANCIAL INSTRUMENTS BY CATEGORY - continued

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2019 - continued

Financial liabilities

	Financial liabilities at amortised cost HK$
Accounts payable	508,428,064
Margin loans payable	389,618,830
Other payables and accruals	693,653,845
Interest-bearing bank borrowings	866,146,000
Bonds payable	2,894,161,330
Due to a minority shareholder of subsidiaries	640,782,835
	5,992,790,904

	Financial liabilities at FVTPL HK$ (restated)
Financial liabilities at FVTPL	63,432,924

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, other assets, accounts receivable, other receivables and deposits, debt instruments at amortised costs, accounts payables, other payables and accruals, margin loans payable, perpetual note payable to a related company, bonds payable, bank borrowings, loans payable to a shareholder, balance due to a minority shareholder of subsidiaries, balance due from joint ventures and the then ultimate holding company approximate to their carrying amounts.

The financial instruments measured at fair value as at the end of the reporting period are as follows:

	2020 HK$	2019 HK$ (restated)
Financial assets		
Financial assets at FVTPL	2,772,199,303	3,509,793,879
Stock loans	1,209,758,900	1,576,700,200
Derivative financial assets	2,777,695,751	2,723,975,670
Equity investment designated at FVOCI	-	267,000
Financial liabilities		
Financial liabilities at FVTPL	12,954,313	63,432,924

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:

The fair values of financial assets, including the listed equity shares, listed debt securities, stock loan and an unlisted equity link note, are based on quoted market prices, which is under Level 1 fair value hierarchy.

The valuation techniques, significant unobservable inputs and quantitative sensitivity analysis for unlisted equity shares, investment in film production, derivative financial assets and derivative financial liabilities are set out below.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS - continued

As at 31 December 2020

	Fair value at 31 December 2020 HK$	Valuation technique	Significant unobservable input	Estimate	Fair value hierarchy	Sensitivity of value to the input
Unlisted equity shares						
Certain unlisted equity investments (note)	357,029,807	Multiple/EVA	Equity volatility	37.24% - 63.61%	Level 3	5% increase/decrease in volatility results in increase/decrease in fair value by 0.5%-1.5%/0.4%-1.3%
			Average P/E multiple of peers	7.4 - 10.4		5% increase/decrease in PE multiple results in increase/decrease in fair value by 1.9%-3.3%/1.9%-3.3%
An unlisted equity investment	190,038,137	Adjustment to recent transactions	Market capitalisation movement	8.15%	Level 3	5% increase/decrease in adjustment to recent transactions results in increase/decrease in fair value by 5%/5%
Investments in film production						
Investments in film production	20,210,287	Discount cash flow model	Long-term pre-tax operating margin	74.9% - 86.9%	Level 3	5% increase/decrease in long-term pre-tax operating margin results in increase/decrease in fair value by 5.49%-5.63%
			Discount rate	10.4%		5% increase/decrease in discount rate results in decrease/increase in fair value by 3.53%-6.54%

Note: As at 31 December 2020, the fair value of these investments 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 these unlisted equity investments was estimated using forward price/earnings ("P/E") ratio as the valuation multiple.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS – continued

As at 31 December 2020 - continued

	Fair value at 31 December 2020 HK$	Valuation technique	Significant unobservable input	Estimate	Fair value hierarchy	Sensitivity of value to the input
Derivative financial assets (note)	2,777,695,751	Monte Carlo Simulation ("MCS")	Expected volatility of the underlying assets	21.46%-46.03%	Level 3	5% increase/decrease in volatility results in increase/ decrease in fair value by 0.23%/0.11%
Derivative financial liability	12,954,313	Binominal option pricing model	Expected volatility	56.58%	Level 3	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%

Note: The fair value of the derivative financial assets was estimated 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.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS - continued

As at 31 December 2019

	Valuation technique	Significant unobservable input	Range	Fair value hierarchy	Sensitivity of value to the input
Unlisted equity investment	Multiple/EVA	Equity volatility	33.08%	Level 3	5% increase/decrease in volatility results in decrease/ increase in fair value by - 1.0%-0.3%
		Average PE multiple of peers	10.8		5% increase/decrease in PE multiple results in decrease/ increase in fair value by 5.4- 4.1%
Unlisted equity investment	Equity value	Equity volatility	62.28%	Level 3	5% increase/decrease volatility result in increase/decrease fair value by 0.05%/0.04%
Derivative financial assets	MCS	Expected volatility of the Underlying Assets	32.82% - 36.28%	Level 3	5% increase/decrease in volatility results in increase/ decrease in fair value by 0.02%/0.23%
Derivative financial liability	Binominal option pricing model	Expected volatility	67.87%	Level 3	5% increase/decrease in volatility results in increase/ decrease in fair value by 4.58%/4.66%
		Credit spread	12.52%		5% increase/decrease in volatility results in decrease/ increase in fair value by 0.32%- 0.32%
		Liquidity spread	2.99%		Increase/decrease in liquidity spread would not result in decrease/increase in fair value

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS - continued

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
As at 31 December 2020				
Financial assets at FVTPL	2,204,921,072	-	567,278,231	2,772,199,303
Stock loans	1,209,758,900	-	-	1,209,758,900
Derivative financial assets	-	-	2,777,695,751	2,777,695,751
	3,414,679,972	-	3,344,973,982	6,759,653,954
As at 31 December 2019 (restated)				
Equity investment designated at FVOCI	267,000	-	-	267,000
Financial assets at FVTPL	2,982,321,987	-	527,471,892	3,509,793,879
Stock loans	1,576,700,200	-	-	1,576,700,200
Derivative financial assets	-	-	2,723,975,670	2,723,975,670
	4,559,289,187	-	3,251,447,562	7,810,736,749

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
As at 31 December 2020				
Financial liability at FVTPL	-	-	12,954,313	12,954,313
As at 31 December 2019 (restated)				
Financial liabilities at FVTPL	-	42,619,114	20,813,810	63,432,924

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS - continued

The movements in fair value measurements within Level 3 during the year are as follows:

	2020 HK$	2019 HK$
Financial assets at FVTPL:		
At 1 January	3,251,447,562	836,349,852
Unrealised gains recognised in the profit or loss	596,124,176	2,774,807,358
Purchases	29,103,890	-
Realised gains recognised in the profit or loss	123,448,115	-
Disposals	(655,149,761)	(359,709,648)
At 31 December	3,344,973,982	3,251,447,562
Financial liabilities at FVTPL:		
At 1 January	20,813,810	-
Issued	-	20,813,810
Unrealised gains recognised in the profit or loss	(7,765,148)	-
Exchange realignment	(94,349)	-
At 31 December	12,954,313	20,813,810

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and liabilities such as cash and bank balances, other assets, accounts receivable, other receivables and deposits, debt instruments at amortised costs, financial assets/liabilities at FVTPL, stock loans, derivative financial assets, accounts payables, other payables and accruals, margin loans payable, perpetual note payable to a related company, bonds payable, bank borrowings and lease liabilities, loans payables to a shareholder, balance due to a minority shareholder of subsidiaries, balance due from joint ventures and the then ultimate 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, 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

The Group is exposed to equity price risk arising from the investments held by the Group which are classified on the consolidated statement of financial position either as at FVTPL or equity investments designated at FVTOCI. The equity securities held at the reporting dates included unlisted equities and equities listed in Hong Kong. To manage its price risk, the Group monitors its market positions on a regular basis.

If the prices of the respective equity investments had been 10% higher/lower, with all other variables held constant, the Group's profit after tax would have increased/decreased by approximately HK$251,764,882 at 31 December 2020 (2019: HK$349,018,567) as a result of the changes in the fair value of financial assets at FVTPL.

Other price risk

The Group is exposed to price risk through its investments in debt securities. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's price risk is mainly concentrated on debt instruments. Management managed this exposure in accordance with the limits set by the Group.

The other price risk is limited because the price fluctuation of the debt securities is not significant.

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$, and therefore the Group is exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. As HK$ is currently pegged to US$, the management considers that there is no significant foreign currency risk arising from the Group's monetary assets denominated in US$.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Foreign currency risk - continued

The Group's key currency risk exposure primarily arises from trade receivables and bank balances denominated in Renminbi ("RMB"), Taiwan New Dollar ("TWD") and SGD. As at 31 December 2020 and 2019, the carrying amounts of the Group's major foreign currency denominated monetary assets are as follows:

	Assets	
	2020	2019
	HK$	HK$
US$	207,704,633	399,146,457
RMB	9,641,228	258,013
TWD	1,634,786	2,664,673
SGD	18,123,399	-

Foreign currency sensitivity

If RMB had appreciated/depreciated by 5% (2019: 5%) with all other variables held constant, the impact on the Group's profit after tax for the year would be HK$402,521 (2019: HK$10,772).

If TWD had appreciated/depreciated by 5% (2019: 5%) with all other variables held constant, the impact on the Group's profit after tax for the year would be HK$68,252 (2019: HK$111,326).

If SGD had appreciated/depreciated by 5% (2019: 5%) with all other variables held constant, the impact on the Group's profit after tax for the year would be HK$756,652 (2019: nil).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

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 to 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 directors periodically.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Credit risk - continued

Accounts receivable

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. Also, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. In this regard, the management considers that the Group's credit risk is significantly reduced.

For accounts receivable arising from the SpiderNet ecosystem solutions business, the ECL is assessed on an individual basis. The Group performs impairment assessment under ECL model on other accounts receivable collectively and grouped based on shared credit risk characteristics by reference to the Group's past due status of outstanding balances, nature, size and industry of debtors and external credit ratings. The Group assesses the ECL of accounts receivable based on historical observed default rates over the expected life of the debtors and forward-looking information (for example, the forecasted default rate expected by the international credit-rating agencies) that is available without undue cost or effort. For the years ended 31 December 2020 and 2019, the Group assessed the ECL for accounts receivable to be insignificant and thus no loss allowance was recognised.

Other receivables and deposits

For other receivables and deposits, the management of the Group makes individual assessment based on historical settlement records, past experience, and also quantitative and qualitative forward-looking information that are reasonable and supportable (i.e. the forecasted default rate expected by the international credit-rating agencies). The management of the Group believes that there is no significant increase in credit risk of these amounts since initial recognition. The Group assessed the ECL for other receivables and deposits to be insignificant. Thus no loss allowance was recognised for the years ended 31 December 2020 and 2019.

Debt investments at amortised cost

For debt investments at amortised cost, the management of the Group makes individual assessment based on historical settlement records, past experience, and also quantitative and qualitative information that are reasonable and supportive forward-looking information (i.e. the forecasted default rate expected by the international credit-rating agencies). In view of no past due history of the counterparty, the management of the Group believes that there is no significant increase in credit risk of these amounts since initial recognition . The Group assessed the ECL for debt investments at amortised cost to be insignificant. Thus no loss allowance was recognised for the years ended 31 December 2020 and 2019.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Credit risk - continued

Due from joint ventures/the then ultimate holding company

The management of the Group continuously monitors the credit quality and financial position of the counterparty and the level of exposure to ensure that the follow-up action is taken to recover the debt. In view of the financial position of the counterparty, the management of the Group believes that there is no material credit risk inherent in the Group's outstanding balances. The Group assessed the ECL for amounts due from joint ventures/the then ultimate holding company to be insignificant. Thus no loss allowance was recognised for the years ended 31 December 2020 and 2019.

Other assets and cash and bank balances

The Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies and therefore the management of the Group considers the risk of default is low. The Group uses 12-month ECL to perform the assessment under ECL on other assets and cash and bank balances individually based on the average loss rate by reference to credit ratings assigned by international credit-rating agencies. The Group assessed the ECL for other assets and cash and bank balances were insignificant. Thus no loss allowance was recognised for the years ended 31 December 2020 and 2019.

The Group's internal credit rating assessment comprises: (i) "normal" of which 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; (ii) "doubtful" of which there has been significant increase in credit risk since initial recognition through information developed internally or externally; (iii) "loss" when there is evidence indicating the asset is credit-impaired; and (iv) "write-off" when there is evidence indicating that the debtor is in severe financial difficulty and Group has no realistic prospect of recovery.

The tables below show the credit risk exposure of the Group's financial assets, which are subject to ECL assessment. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2020

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	HK$	HK$	HK$	HK$	HK$
Accounts receivable (note (i))	21,165,253	-	-	160,307,447	181,472,700
Other receivables and deposits (note (ii))	131,012,511	-	-	-	131,012,511
Debt investments at amortised cost (note (iii))	79,892,114	-	-	-	79,892,114
Due from joint ventures (note (iv))	242,701,996	-	-	-	242,701,996
Other assets (note (v))	204,510,921	-	-	-	204,510,921
Cash and bank balances (note (v))	685,745,352	-	-	-	685,745,352
	1,365,028,147	-	-	160,307,447	1,525,335,594

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Credit risk - continued

As at 31 December 2019

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	HK$	HK$	HK$	HK$	HK$
Accounts receivable (note (i))	269,484,143	-	-	137,329,917	406,814,060
Other receivables and deposits (note (ii))	5,529,881,896	-	-	-	5,529,881,896
Debt investments at amortised cost (note (iii))	108,629,608	-	-	-	108,629,608
Due from joint ventures (note (iv))	274,456,590	-	-	-	274,456,590
Due from the then ultimate holding company (note (vi))	7,348,863,550	-	-	-	7,348,863,550
Other assets (note (v))	264,520,066	-	-	-	264,520,066
Cash and bank balances (note (v))	795,889,205	-	-	-	795,889,205
	14,591,725,058	-	-	137,329,917	14,729,054,975

Notes:

(i) For certain accounts receivable to which the Group applies the simplified approach for impairment, information based on the collective assessment is disclosed in note 13 to the consolidated financial statements.

(ii) The credit quality of other receivables and deposits is considered to be "normal" as 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.

(iii) The credit quality of debt investments at amortised cost is considered to be "normal" as they are not past due as well as satisfactory repayment pattern from the counterparties.

(iv) The credit quality of amount due from joint ventures is considered to be "normal" by reference to the financial position of the joint ventures.

(v) Other assets and cash and bank balances are deposited in reputable banks with internal credit ratings of AA.

(vi) The Group considers these exposure are of investment grade taken into consideration of the financial position of the then ultimate holding company.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Credit risk - continued

The following table shows the movement in ECL that has been recognised for accounts receivables and other receivables and deposits:

	Accounts receivables HK$ (credit-impaired)	Other receivables and deposits HK$ (credit-impaired)	Debt investments at amortised cost HK$ (not credit-impaired)
As at 1 January 2019 and 31 December 2019	-	-	312,588
Changes due to financial instruments recognised at 1 January:			
Impairment losses recognised	17,109,001	37,813,524	-
Write-offs	(17,109,001)	(37,813,524)	-
As at 31 December 2020	-	-	312,588

During the year ended 31 December 2020, impairment losses of HK$17,109,001 and HK$37,813,524 were recognised for credit-impaired debtors on accounts receivable and other receivables, respectively, who defaulted in repayment and disagreed the final settlement amount, and the directors of the Company consider there is no realistic prospect of recovery.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

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 and loans.

The following tables detail the Group's remaining contractual maturity for its non-derivative 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.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing market rate at the end of the reporting period.

2020

	Weighted average interest rate %	On demand or less than 3 months HK$	3 months to 1 year HK$	1 to 5 years HK$	Total undiscounted cash flows HK$	Carrying amounts HK$
Accounts payable	N/A	205,758,764	4,926,022	-	210,684,786	210,684,786
Margin loan payable	10.000%	42,432,010	-	-	42,432,010	42,432,010
Other payables and accruals	N/A	193,925,709	-	-	193,925,709	193,925,709
Interest-bearing bank borrowings and lease liabilities	2.12%	940,637,796	15,608,880	8,671,600	964,918,276	960,999,059
Perpetual note payable to a related company	2.5%	50,843,579	-	-	50,843,579	50,843,579
Bonds payable	5.27%	68,139,919	739,867,706	1,454,950,534	2,262,958,159	2,103,698,734
Loans payables to a shareholder	2.5%	157,528,767	-	-	157,528,767	157,528,767
Due to a minority shareholder of subsidiaries	1.67%	140,538,998	113,182,178	312,449,174	566,170,350	553,760,635
		1,799,805,542	873,584,786	1,776,071,308	4,449,461,636	4,273,873,279

2019

	Weighted average interest rate %	On demand or less than 3 months HK$	3 months to 1 year HK$	1 to 5 years HK$	Total undiscounted cash flows HK$	Carrying amounts HK$
Accounts payable	N/A	501,059,954	7,368,110	-	508,428,064	508,428,064
Margin loans payable	6.625%	389,618,830	-	-	389,618,830	389,618,830
Other payables and accruals	N/A	693,653,845	-	-	693,653,845	693,653,845
Interest- bearing bank borrowings and lease liabilities	3.06%	283,042,588	609,340,217	28,314,602	920,697,407	913,021,031
Bonds payable	5.53%	45,144,430	1,444,239,701	1,433,955,867	2,923,339,998	2,894,161,330
Due to a minority shareholder of subsidiaries	3.15%	127,561,198	-	554,907,357	682,468,555	640,782,835
		2,040,080,845	2,060,948,028	2,017,177,826	6,118,206,699	6,039,665,935

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

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 bonds payable, interest-bearing bank borrowings and lease liabilities, perpetual note payable to a related company, loans payable to a shareholder and amount due to a minority shareholder of subsidiaries and equity attributable to equity holders of the Group, comprising issued share capital, share premium, retained profits and reserves and perpetual securities, as disclosed in consolidated statement of changes in equity.

As AMTD GM, AMTD AAAPL and AMTD WM are licensed corporation 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 and AMTD RSG were granted insurance brokerage license issued by the Hong Kong Insurance Authority, of which AMTD GM and AMTD RSG are 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 year.

42. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group which have material non-controlling interests:

Name of subsidiaries	Principal place of business	Proportion of ownership interests held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	2020	2019	2020	2019
				HK$	HK$	HK$	HK$
AMTD International Inc.	Cayman Islands/ Hong Kong	27.22%	18.57%	300,135,580	64,445,954	2,147,488,428	1,268,091,301
AMTD Digital	Cayman Islands/ Hong Kong	37.09%	13.62%	57,164,369	405,888	561,145,183	89,887,987
Dense Globe Investments Limited	Hong Kong	50%	50%	(61,637,882)	-	81,222,556	142,860,438
Individual immaterial subsidiaries with non-controlling interests				(2,816,742)	(194,399,499)	143,052,154	114,155,632
				292,845,325	(129,547,657)	2,932,908,321	1,614,995,358

42. NON-CONTROLLING INTERESTS - continued

Summarised consolidated financial information in respect of AMTD International Inc. that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

AMTD International Inc.

	2020 HK$	2019 HK$
Total assets	10,526,290,287	8,270,692,652
Total liabilities	(802,114,692)	(1,442,197,708)
	9,724,175,595	6,828,494,944
Equity attributable to ordinary shareholders of the Company	5,742,002,626	5,560,403,643
Holders of perpetual securities	1,834,684,541	-
Non-controlling interests of AMTD International Inc.	2,147,488,428	1,268,091,301
	9,724,175,595	6,828,494,944
Revenue and other income	1,230,407,641	1,226,264,279
Expenses	(228,987,424)	(237,010,307)
Taxation credit (expense)	137,540,767	(158,349,518)
Profit for the year	1,138,960,984	830,904,454
Profit (loss) and total comprehensive income (expense) for the year attributable to		
- the owners of the Company	1,060,996,110	938,272,885
- holders of perpetual securities	78,987,714	-
- non-controlling interests of AMTD International Inc.	-	(107,368,431)
	1,139,983,824	830,904,454
Net cash inflow from operating activities	1,993,977,259	709,499,989
Net cash outflow from investing activities	(3,581,341,366)	(2,957,939,860)
Net cash inflow from financing activities	1,274,406,518	2,888,014,824
Net cash (outflow) inflow	(312,957,589)	639,574,953

43. OTHER COMMITMENTS

The Group entered into a binding term sheet in December 2019 with certain third parties to establish a consortium in which the Group expects to be the largest shareholder holding 35.2% of equity interest for a consideration of SGD79.2 million (equivalent to approximately HK$435,000,000). The consortium is expected to establish Singa Bank, a digital wholesale banking platform to be established to provide comprehensive services to small and medium-sized enterprises and corporate clients in Singapore. The consortium is actively pursuing digital banking opportunities in Singapore through Singa Bank. As of the date of this report, the launch of the Singa Bank is subject to the approval of the digital wholesale banking license from MAS and other regulatory requirements.

In June 2020, the Group entered into a binding term sheet to acquire 55% equity interests in CapBridge Financial Pte. Ltd., which holds a capital markets services license in respect of dealing in capital markets products that are securities and a collective investment schemes license in Singapore, for a consideration of US$1,280,000 (equivalent to approximately HK$9,920,000) in cash and 3,878,000 of Class A ordinary shares of the Company. The proposed acquisition is subject to MAS's final approval.

In July 2020, the Group entered into binding terms sheet to acquire 71.61% equity interests in FOMO Pay Pte. Ltd., which is regulated by the MAS as a major payment institution to provide payment processing and collection services in Singapore, for a total consideration of US$5,000,000 (equivalent to approximately HK$38,750,000) in cash and 1,515,277 of Class A ordinary shares of the Company. The proposed acquisition is subject to negotiation of final transaction terms and MAS's final approval.

44. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 April 2021.

Report and Audited Financial Statements

AMTD GROUP COMPANY LIMITED

Year ended 31 December 2019

AMTD GROUP COMPANY LIMITED

CONTENTS

	Pages
INDEPENDENT AUDITOR'S REPORT	1 – 10
AUDITED FINANCIAL STATEMENTS	
Consolidated statement of profit or loss	11
Consolidated statement of comprehensive income	12
Consolidated statement of financial position	13 – 14
Consolidated statement of changes in equity	15 – 18
Consolidated statement of cash flows	19 – 21
Notes to the financial statements	22 – 116

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent Auditor's Report
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Opinion
We have audited the consolidated financial statements of AMTD Group Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 11 to 116, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB").

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report (continued)
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Key audit matters	How our audit addressed the key audit matter
Accounting for derivative instruments	
The Group has entered into 3 financial instrument contracts with a counterparty on 1 April 2019, which are accounted for as derivatives under IFRS, and recorded at fair value in the statement of financial position. During 2019, amendments and extensions have been made to the original financial instrument contracts with the counterparty. The Group has re-assessed the fair value of these contracts upon each contract amendment and/or extension. The assessment of Day1 profit or loss, ongoing measurement of the gains and losses as well as the year end valuation of these contracts involves significant estimation uncertainty and assumptions. The balance sheet value of the contracts at 31 December 2019 and the corresponding gains recognized in the income statement is $2,724 million. As a result of the level of judgment involved in the valuation and significance to the overall performance of the Group, we selected this matter as a key audit matter. In estimating the fair value, the Group has engaged an external valuer who used a Monte Carlo Simulation model in estimating the value of these contracts. The contracts are assigned to Level 3 in the fair value hierarchy based on	Our audit procedures included: • evaluated the Group's accounting policies and procedures relating to derivative financial instruments and recognition of Day 1 profit or loss, and assessed these policies against applicable IFRS requirements. • understood the details of the contracts including the subsequent amendments and extensions made during the year with the counterparty through audit confirmation. For each contract: • assessed whether we agreed with the classification and accounting adopted with reference to the Group's policies and IFRSs. • tested the valuation of the contracts, by assessing the ability of the model to accurately capture the risks of the underlying contracts, testing the

Independent Auditor's Report (continued)
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Key audit matters	How our audit addressed the key audit matter
Accounting for derivative instruments	
the Group's assessment of the significance of unobservable inputs including the volatility of the underlying share instruments to the overall valuation of the contracts. Refer to notes 14, 38 and 39 to the consolidated financial statements for details.	observable market inputs to third party derived data sources, evaluating other assumptions, and re-performing the Monte Carlo Simulation. • certain inputs to the model are unobservable, and for these cases we assessed the reasonableness of the Group's estimates of the inputs through understanding how they had been derived and agreeing back to the Group's source data, and testing whether the approach aligned with our understanding of market practice. • employed our internal valuation specialists to assist us with our audit of the valuation model including the unobservable inputs applied to the Monte Carlo Simulation model. • evaluated the counterparty's financial ability to settle the contracts. • reviewed the appropriateness of the related disclosures in the notes to the consolidated financial statements.

EY安永

Independent Auditor's Report (continued)
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Key audit matters	How our audit addressed the key audit matter
Recoverability of balance due from the holding companies	
At 31 December 2019 the Group's total carrying value of the balance due from the holding companies amounted to $12,385 million. The Group adopted the expected credit loss model to estimate the impairment allowances for these balances in accordance with the requirements of IFRS 9 Financial Instruments. The expected credit loss model considered the factors, including historical default rate, and credit rating and financial capability of the counterparties. As significant management accounting estimation was involved in assessing expected credit losses, we considered this as a key audit matter. Refer to notes 12 and 36 to the consolidated financial statements for details.	The procedures we performed to address the key audit matter included: • evaluated the Group's model for estimating expected credit losses for the due from the holding companies against the requirements of IFRS 9. • assessed the appropriateness of the assumptions used in the Group's expected credit loss model including the evaluation of the probability of default and loss given default assumptions for the holding companies. • Considered other sources of information which provided evidence of the recoverability of the amount due from the holding companies and assessed the interaction of this information with the modelled value. • reviewed the appropriateness of the related disclosures in the notes to the consolidated financial statements.

Independent Auditor's Report (continued)
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Key audit matters	How our audit addressed the key audit matter
Valuation of unlisted investments	
As at 31 December 2019, the Group had various unlisted equity investments of approximately HK$627 million classified as financial assets at fair value through profit or loss. IFRS 13 *Fair Value Measurement* defines fair value and sets out the framework for measuring fair value and associated disclosure requirements in respect of fair value measurement. Management is required to use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to estimate fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. As at 31 December 2019, the measurement of the majority of the unlisted equity investments of the Group were categorised within level 3 of the fair value hierarchy. In determining the valuation of the unlisted equity investments, management primarily adopted recent transaction prices, equity value allocation, market comparables valuation techniques. Significant unobservable inputs included cashflow forecasts, discount rates, equity volatility assumptions and minority and liquidity discounts.	The procedures we performed, with the assistance of our in-house valuation specialists, to address the key audit matter included: • performed a walkthrough to confirm our understanding of management's process to value the unlisted equity investments and evaluated the design effectiveness of key controls; • assessed, on a sample basis the valuation techniques used by management against those generally used in the market; • evaluated key inputs by comparing them to observable market information and historical financial information of the relevant investments, where available, and assessed the reasonableness of comparable companies used in the valuation; • reviewed the appropriateness of the related disclosures in the notes to the consolidated financial statements.

EY安永

Independent Auditor's Report (continued)
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Key audit matters	How our audit addressed the key audit matter
Valuation of unlisted investments	
Given the significance of the unlisted equity investments, and the significant judgement and estimates involved in the valuation of them, we identified this as a key audit matter. Refer to notes 13 to the consolidated financial statements for details.	

Independent Auditor's Report (continued)
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Key audit matters	**How our audit addressed the key audit matter**
Consolidation of investee companies with significant non-controlling shareholders	
The Group has interests in certain investee companies with significant non-controlling shareholders. As at 31 December 2019, the total assets and total liabilities of these investee companies, which were included in the consolidated financial statements of the Group, amounted to approximately HK$1,201 million and HK$915 million, respectively. The Group determines whether or not to consolidate these investee companies based on the assessment of whether the Group has control taking into consideration power arising from rights, variable returns, and the link between power and returns. The assessment of the Group's control over these investee companies involves significant judgement on factors such as the purpose and governance structure of the investee companies, its ability to direct the relevant activities taking into account the potential voting rights if applicable, and rights held by other major shareholders of the investee companies. Due to the significance of these investee companies and the complexity of judgement exercised by management, we identified this as a key audit matter. Refer to note 3 to the consolidated financial statements for details.	The procedures we performed to address the key audit matter included: • assessed the Group's accounting analysis in respect of the Group's control over each investment, including areas involving significant judgement such as the purpose and governance structure of investee companies, the Group's ability to direct the relevant activities taking into account the potential voting rights if applicable, and rights held by other major shareholders of the investee companies by reviewing the sale and purchase agreements, corporate documents of the investee companies, shareholders' agreements, and other relevant documents to support the analysis; • in evaluating if potential voting rights are substantive, considered the incentives and costs for exercising the options, and the financial ability of the Group;

EY安永

Independent Auditor's Report (continued)
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Responsibilities of the directors for the consolidated financial statements
The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

EY 安永

Independent Auditor's Report (continued)
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report (continued)
To the shareholders of AMTD Group Company Limited
(Incorporated in the British Virgin Islands with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tso Miu Yue, Agnes.

Ernst & Young

Certified Public Accountants
Hong Kong
30 April 2020

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 HK$	2018 HK$
REVENUE			
Fee and commission income		699,554,375	430,443,173
Dividends and net gains related to disposed investments		139,904,388	106,949,836
Interest income from debt securities		11,419,277	20,414,691
	5	850,878,040	557,807,700
NET FAIR VALUE CHANGES ON FINANCIAL ASSETS AND DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS	5	1,177,935,614	655,658,320
		2,028,813,654	1,213,466,020
Other income and gains	5	65,295,084	165,074,027
Operating expenses	6	(184,489,370)	(133,683,045)
Staff costs	6	(114,785,786)	(99,978,310)
Finance costs	7	(235,410,441)	(181,532,090)
Share of losses of:			
Joint venture		(2,062,955)	-
Associates		(8,443,362)	-
PROFIT BEFORE TAX	6	1,548,916,824	963,346,602
Income tax expense	8	(287,459,266)	(152,917,077)
PROFIT FOR THE YEAR		1,261,457,558	810,429,525
Attributable to:			
Ordinary shareholders of the parent		1,269,939,604	625,089,306
Holder of subordinated loans	29	3,500,000	3,500,000
Holders of perpetual securities	30	117,565,611	119,535,218
Non-controlling interests		(129,547,657)	62,305,001
		1,261,457,558	810,429,525

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 HK$	2018 HK$
PROFIT FOR THE YEAR		1,261,457,558	810,429,525
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent years:			
Exchange differences on translation of foreign operations		-	(313,670)
Share of other comprehensive income of joint venture		131,000,657	-
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent period		131,000,657	(313,670)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		(2,314,000)	(5,340,000)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		128,686,657	(5,653,670)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,390,144,215	804,775,855
Attributable to:			
Ordinary shareholders of the parent		1,398,626,261	619,435,636
Holder of subordinated loans	29	3,500,000	3,500,000
Holders of perpetual securities	30	117,565,611	119,535,218
Non-controlling interests		(129,547,657)	62,305,001
		1,390,144,215	804,775,855

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Notes	2019 HK$	2018 HK$
ASSETS			
Cash and bank balances	10	795,889,205	330,615,427
Other assets	33	264,520,066	617,500,959
Accounts receivable	11	406,814,060	179,928,096
Prepayments, other receivables and other assets	12	5,612,930,428	5,480,891,142
Financial assets at fair value through profit or loss	13	5,010,154,803	4,573,290,576
Stock loans	13	1,576,700,200	2,293,179,600
Derivative financial assets	14	2,723,975,670	-
Equity investment designated at fair value through other comprehensive income	15	267,000	2,581,000
Debt investments at amortised cost	16	108,317,020	452,109,412
Due from a related company	36(b)(i)	-	4,075,351
Due from ultimate holding company	36(b)(ii)	7,348,863,550	3,682,627,819
Tax recoverable		1,102,022	2,272,196
Interest in joint venture	18	403,395,088	-
Investment in associates	18	721,556,638	30,000,000
Intangible assets	19	15,171,170	15,171,170
Property, plant and equipment	20	1,271,244,123	30,931,797
TOTAL ASSETS		26,260,901,043	17,695,174,545
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts payable	21	508,428,064	594,461,184
Margin loans payable	22	389,618,830	424,998,139
Financial liabilities at fair value through profit or loss	23	1,563,793,848	-
Contract liabilities, other payables and accruals	24	879,454,379	106,827,564
Interest-bearing bank borrowings	25	913,021,031	439,010,336
Bonds payable	26	2,849,016,900	2,695,300,446
Due to an associate	18	-	29,498,000
Tax payable		118,875,632	29,544,859
Bonds interest payable		45,144,430	41,996,571
Due to minority shareholders of subsidiaries	17	640,782,835	-
Deferred tax liabilities	27	409,950,565	225,308,364
Total liabilities		8,318,086,514	4,586,945,463

continued/...

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Notes	2019 HK$	2018 HK$
EQUITY			
Share capital	28	91,680	78,008
Share premium	28	824,926,847	56,422,000
Subordinated loans payable to a shareholder	29	154,028,767	150,528,767
Retained profits		3,322,690,087	1,921,749,826
Other reserves		2,086,433,889	124,703,254
Total ordinary shareholders' equity		6,388,171,270	2,253,481,855
Holders of perpetual securities	30	9,939,647,901	10,547,793,439
Non-controlling interests		1,614,995,358	306,953,788
Total equity		17,942,814,529	13,108,229,082
TOTAL LIABILITIES AND EQUITY		26,260,901,043	17,695,174,545

CHOI Chi Kin, Calvin
Director

WONG Yui Keung, Marcellus
Director

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Attributable to ordinary shareholders of the parent											
				Other reserves								
	Share capital HK$ (Note 28)	Share premium HK$	Subordinated loans payable to a shareholder HK$ (Note 29)	Fair value and exchange reserves HK$	Property revaluation reserve HK$	Other reserve HK$	Subtotal HK$	Retained profits HK$	Total HK$	Perpetual securities HK$ (Note 30)	Non-controlling interests HK$	Total equity HK$
At 1 January 2019	78,008	56,422,000	150,528,767	(11,659,000)	-	136,362,254	124,703,254	1,921,749,826	2,253,481,855	10,547,793,439	306,953,788	13,108,229,082
Issue of shares (note 28)	13,672	768,504,847	-	-	-	-	-	-	768,518,519	-	-	768,518,519
Profit for the year	-	-	3,500,000	-	-	-	-	1,269,939,604	1,273,439,604	117,565,611	(129,547,657)	1,261,457,558
Other comprehensive income for the year:												
Change in fair value of equity investment designated at fair value through other comprehensive income	-	-	-	(2,314,000)	-	-	(2,314,000)	-	(2,314,000)	-	-	(2,314,000)
Gains on property revaluation	-	-	-	-	131,000,657	-	131,000,657	-	131,000,657	-	-	131,000,657
Total comprehensive income for the year	-	-	3,500,000	(2,314,000)	131,000,657	-	128,686,657	1,269,939,604	1,402,126,261	117,565,611	(129,547,657)	1,390,144,215

continued/...

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Attributable to ordinary shareholders of the parent											
				Other reserves								
	Share capital HK$ (Note 28)	Share premium HK$	Subordinated loans payable to a shareholder HK$ (Note 29)	Fair value and exchange reserves HK$	Property revaluation reserve HK$	Other reserve HK$	Subtotal HK$	Retained profits HK$	Total HK$	Perpetual securities HK$ (Note 30)	Non-controlling interests HK$	Total equity HK$
Deemed partial disposal of interest in subsidiaries without losing control (Note 31)	-	-	-	-	-	1,964,044,635	1,964,044,635	-	1,964,044,635	-	1,437,589,227	3,401,633,862
Distribution to holders of perpetual securities (Note 30)	-	-	-	-	-	-	-	-	-	(119,499,763)	-	(119,499,763)
Redemption of perpetual securities (Note 30)	-	-	-	-	-	-	-	-	-	(606,211,386)	-	(606,211,386)
At 31 December 2019	91,680	824,926,847	154,028,767	(13,973,000)	131,000,657	2,100,406,889	2,217,434,546	3,191,689,430	6,388,171,270	9,939,647,901	1,614,995,358	17,942,814,529

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Attributable to ordinary shareholders of the parent											
				Other reserves								
	Share capital HK$ (Note 28)	Share premium HK$	Subordinated loans payable to a shareholder HK$ (Note 29)	Cash flow hedge and fair value reserves HK$	Other reserve HK$	Exchange reserve HK$	Subtotal HK$	Retained profits HK$	Total HK$	Perpetual securities HK$ (Note 30)	Non-controlling interests HK$	Total equity HK$
At 31 December 2017	78,008	56,422,000	147,028,767	554,508,470	136,362,254	2,094,080	692,964,804	738,273,118	1,634,766,697	10,547,734,346	236,430,635	12,418,931,678
Impact on initial application of IFRS 9	-	-	-	-	-	-	-	(2,440,068)	(2,440,068)	-	-	(2,440,068)
Adjusted balance at 1 January 2018	78,008	56,422,000	147,028,767	554,508,470	136,362,254	2,094,080	692,964,804	735,833,050	1,632,326,629	10,547,734,346	236,430,635	12,416,491,610
Profit for the year	-	-	3,500,000	-	-	-	-	625,089,306	628,589,306	119,535,218	62,305,001	810,429,525
Other comprehensive loss for the year:												
Change in fair value of equity investment designated at fair value through other comprehensive income	-	-	-	(5,340,000)	-	-	(5,340,000)	-	(5,340,000)	-	-	(5,340,000)
Exchange differences related to foreign operations	-	-	-	-	-	(313,670)	(313,670)	-	(313,670)	-	-	(313,670)
Total comprehensive income for the year	-	-	3,500,000	(5,340,000)	-	(313,670)	(5,653,670)	625,089,306	622,935,636	119,535,218	62,305,001	804,775,855

continued/...

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Attributable to ordinary shareholders of the parent											
				Other reserves								
	Share capital HK$ (Note 28)	Share premium HK$	Subordinated loans payable to a shareholder HK$ (Note 29)	Cash flow hedge and fair value reserves HK$	Other reserve HK$	Exchange reserve HK$	Subtotal HK$	Retained profits HK$	Total HK$	Perpetual securities HK$ (Note 30)	Non-controlling interests HK$	Total equity HK$
Transfer of cash flow hedge and fair value reserves upon the disposal of equity investment designated at fair value through other comprehensive income	-	-	-	(560,827,470)	-	-	(560,827,470)	560,827,470	-	-	-	-
Distribution to holders of perpetual securities (Note 30)	-	-	-	-	-	-	-	-	-	(119,476,125)	-	(119,476,125)
Release of reserves upon disposal of subsidiaries (Note 32)	-	-	-	-	-	(1,780,410)	(1,780,410)	-	(1,780,410)	-	8,218,152	6,437,742
At 31 December 2018	78,008	56,422,000	150,528,767	(11,659,000)	136,362,254	-	124,703,254	1,921,749,826	2,253,481,855	10,547,793,439	306,953,788	13,108,229,082

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 HK$	2018 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,548,916,824	963,346,602
Adjustments for:			
Share of losses of associates		8,443,362	-
Share of losses of a joint venture		2,062,955	-
Interest on interest-bearing bank borrowings	7	18,197,060	6,817,978
Interest on bonds payable	7	164,625,787	164,867,189
Interest on margin loans payable	7	38,096,902	9,846,923
Interest on lease liabilities	7	1,542,703	-
Interest on stock borrowing	7	12,947,989	-
Dividend income from equity investments at fair value through profit or loss	5	(122,501,085)	-
Bank interest income	5	(1,183,294)	(8,602)
Interest income from loans receivable	5	-	(860,314)
Interest income from amount due from ultimate holding company	5	(60,697,891)	(53,501,329)
Interest income from debt securities	5	(11,419,277)	(20,414,691)
Unrealised fair value gains, net	5	(1,177,935,614)	(655,658,320)
Net realised gain on disposal of investments	5	(17,403,303)	(7,516,457)
Gain on disposal of subsidiaries, net	5	-	(91,918,138)
Gain on disposal of items of property, plant and equipment	6	(73,600)	-
Depreciation of property, plant and equipment	6	6,819,948	6,713,033
Depreciation of right-of-use assets		18,598,445	-
Foreign exchange differences, net		18,333,200	(7,032,289)
		447,371,111	314,681,585
Decrease/ (Increase) in other assets		15,965,101	(33,357,150)
Decrease in loans receivable		-	333,943,047
Increase in accounts receivable		(226,885,964)	(69,698,929)
Increase in prepayments, other receivables and other assets		296,716,638	4,048,316,949
Increase in accounts payables, contract liabilities, other payables and accruals		430,418,421	38,343,459
Decrease in provisions		-	(2,523,007)
Cash generated from operations		963,585,307	4,629,705,954
Profits tax paid		(90,000)	(21,833,351)
Net cash flows generated from operating activities		963,495,307	4,607,872,603

continued/...

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 HK$	2018 HK$
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	20	(800,134)	(7,391,864)
Proceeds from disposal of items of property, plant and equipment		190,000	-
Purchase of debt investments at amortised cost		-	(295,624,490)
Proceeds from disposal/distribution from debt investments at amortised cost		243,048,893	-
Purchase of financial assets at fair value through profit or loss		-	(1,157,608,302)
Proceeds from disposal of financial assets at fair value through profit or loss		23,642,637	124,905,798
Disposals of subsidiaries	32	-	119,390,556
Capital injections to an associate		(120,000,000)	(30,000,000)
Acquisition of subsidiaries		(60,000,000)	-
Investment in joint ventures		(274,457,386)	-
Increase in amount due from ultimate holding company		(3,246,902,969)	(3,450,535,545)
Decrease in amount due from a related company		-	31,080,652
Interest received		12,602,571	21,283,607
Dividend received		110,274,967	-
Net cash flows used in investing activities		(3,312,401,421)	(4,644,499,588)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from margin loans		-	425,000,000
Repayment of margin loans		-	(350,515,431)
Advance from an associate		-	29,498,000
Repayment of advance from an associate		(29,498,000)	-
New bank loans		276,532,000	435,200,000
Repayment of bank loans		(200,000,000)	-
Proceeds from issuance of shares		368,518,519	-
Net proceeds from issuance of bonds		174,530,264	-
Net proceeds from issuance of warrants		27,380,550	-
Proceeds from subscription of shares of subsidiaries, net of transaction costs		3,241,506,980	-
Interest paid		(288,413,446)	(168,381,411)
Payment of principal element of lease liabilities		(18,171,954)	-
Redemption of perpetual securities		(606,211,386)	-
Distribution to perpetual securities holders		(119,499,763)	(119,476,125)
Net cash flows from financing activities		2,826,673,764	251,325,033

AMTD GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 HK$	2018 HK$
NET INCREASE IN CASH AND CASH EQUIVALENTS		477,767,650	214,698,048
Cash and cash equivalents at beginning of year		330,615,427	115,243,427
Effect of foreign exchange rate change, net		(12,493,872)	673,952
CASH AND CASH EQUIVALENTS AT END OF YEAR		795,889,205	330,615,427
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		795,889,205	330,615,427

1. CORPORATE AND GROUP INFORMATION

The Company is a private limited liability company incorporated in the British Virgin Islands. The address of the registered office of the Company is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, the British Virgin Islands. The address of the principal place of business is 23rd - 25th Floor, Nexxus Building, 41 Connaught Road Central, Hong Kong.

As at 31 December 2019, the Company's immediate holding company is L.R. Capital Financial Holdings Limited, a private company incorporated in the Cayman Islands. The directors consider that the Company's ultimate holding company is L.R. Capital Management Company (Cayman) Limited, a private company incorporated in the Cayman Islands.

The Company is engaged in investment holding, maintenance and promotion of the brand name and trademark of AMTD. The principal activities of its subsidiaries are set out as below.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
AMTD Asia (Holdings) Limited	British Virgin Islands ("BVI")	US$2	100%	-	Investment holding
AMTD Asia Limited	Cayman Islands	HK$20	-	100%	Investment holding
AMTD Wealth Management Solutions Group Limited ("AMTD WM")	Hong Kong ("HK")	HK$10,000,000	-	100%	Provision of investment advisory and other consultancy services
AMTD Digital Inc.	Cayman Islands	US$581	86.38%	-	Investment holding
AMTD Strategic Capital Limited	HK	HK$1	-	86.38%	Provision of digital marketing and data analytic services

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)
Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
AMTD Risk Solutions Group Limited ("AMTD RSG")	HK	HK$200,000	-	86.38%	Provision of corporate insurance brokerage and risk solutions services
Fine Cosmos Development Limited	HK	HK$2	-	50%	Property investment
AMTD International Inc.	Cayman Islands	US$24,561	81.43%	-	Investment holding
AMTD Strategic Investment Limited ("AMTD SI")	HK	HK$1	-	81.43%	Investment holding
AMTD Principal Investment Solutions Group Limited ("AMTD PISG")	BVI	US$1	-	81.43%	Investment holding
AMTD Global Markets Limited ("AMTD GM")	HK	HK$1,561,610,980	-	81.43%	Provision of capital markets and financial advisory and asset management services
Asia Alternative Asset Partners Limited ("AAAPL")	HK	HK$5,000,000	-	81.43%	Provision of investment advisory services

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB"). In addition, these consolidated financial statements are in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, derivative financial instruments, equity investments designated at fair value through other comprehensive income which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars ("HK$").

Basis of consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group 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).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group 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 between members of the Group are eliminated in full on consolidation.

The Group reassesses whether 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. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION (continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The Group applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

(a) IFRS 16 *Leases*
IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with cumulative effect of initial adoption at 1 January 2019 and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) IFRS 16 *Leases* (continued)

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC-4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC- Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16
The Group has lease contracts for various items of property, machinery, motor vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition
Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group included the right-of-use assets in property, plant and equipment.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) **IFRS 16 *Leases*** (continued)

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

	HK$
Assets	
Increase in property, plant and equipment	9,308,737
Increase in total assets	9,308,737
Liabilities	
Increase in interest bearing bank borrowings and lease liabilities	9,308,737
Increase in total liabilities	9,308,737

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	HK$
Operating lease commitments as at 31 December 2018	9,421,294
Weighted average incremental borrowing rate as at 1 January 2019	5.95%
Discounted operating lease commitments as at 1 January 2019	9,308,737
Lease liabilities as at 1 January 2019	9,308,737

(b) **IFRIC-Int 23 *Uncertainty over Income Tax Treatments***

IFRIC-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Definition of a Business*[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]

[1] Effective for annual periods beginning on or after 1 January 2020
[2] Effective for annual periods beginning on or after 1 January 2021
[3] Effective for annual periods beginning on or after 1 January 2022
[4] No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3: *Definition of a Business*
The amendments clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest Rate Benchmark Reform*
The amendments address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 (2011): *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
The amendments address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 and IAS 8: *Definition of Material*
The amendments provide a new definition of material. The new definition states that 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. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. In assessing the ability to exercise significant influence, the Group considers, in addition to voting rights, factors including, but not limited to: representation on the governing body of the investee; participation in policy making processes; and, the interchange of management personnel.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in associate and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred.

Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement
The Group measures its financial assets, financial liabilities, derivative financial instruments, equity investments and hotel property included in property, plant and equipment 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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 Company 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual 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 the statement of 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 the statement of profit or loss in the period in which it arises, (only if there are revalued assets in the consolidated financial statements) unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of 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.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the consolidated statement of profit or loss. Any subsequent revaluation surplus is credited to the consolidated statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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:

Owned assets	
Leasehold improvements	Over the lease term
Furniture, fixtures and equipment	20%
Motor vehicles	20%
Computer equipment	33 1/3%
Hotel property	Over the shorter of 40 years and the remaining lease terms
Right-of-use assets	
Office premises	Over the lease term

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 the statement of 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets and disposal groups held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

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 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 finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

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.

Leases (applicable from 1 January 2019)
The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (applicable from 1 January 2019) (continued)
Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (applicable from 1 January 2019) (continued)
Group as a lessee (continued)
(c) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor
When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets to the lessee are accounted for as finance leases.

Leases (applicable before 1 January 2019)
Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (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 trade receivables 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. Trade receivables 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 or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. 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 and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)
The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as revenue in the statement 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, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Subsequent measurement (continued)
Financial assets at fair value through profit or loss (continued)
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as revenue in the statement 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.

Impairment of financial assets
The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments 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
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
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 trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments 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 instruments 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

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. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For accounts receivable that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings and payables
After initial recognition, interest-bearing loans and borrowings and payables 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 the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)
Subsequent measurement of loans and borrowings and payables (continued)
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 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 the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting
Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as equity linked forward contracts to hedge its market risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Day 1 profit or loss
If the fair value of the derivative financial instrument at initial recognition differs from the transaction price and the fair value is not evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or a valuation technique that uses only data from observable markets, the difference between the fair value at initial recognition and the transaction price is deferred and is only 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)
For the purpose of hedge accounting, hedges are classified as:
- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)
Cash flow hedges (continued)
If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Cash and cash equivalents
For the purpose of the consolidated statement 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 statement 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the statement of 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 for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

Deferred tax liabilities are 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 and an associate 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax assets are recognised for all deductible temporary differences, 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 and an associate, 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 by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition
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.

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 (a) investment banking fee and income; (b) asset management fee; and (c) insurance brokerage fee income.

(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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(b) Asset management fee
Asset management fee primarily includes fees associated with asset management, performance-based incentive fee, brokerage and handling fee. Substantially all of the management fee and the performance-based incentive fee are subject to variable consideration based on the underlying assets under management, i.e. AUM of a customer's account. Management fee is recognised when services are performed and the fee becomes known. Performance-based incentive fee is recognised when the performance target is met and the revenue is not probable of a significant reversal. Revenue related to such variable consideration and recognised from our performance obligations satisfied in previous periods was HK$151,776 for the year.

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

(c) Corporate insurance brokerage and risk solutions service income
The Group provides corporate insurance brokerage and risk solutions services to corporate clients, by sourcing applicable insurance policies from well-known insurance companies in Hong Kong.

Commissions on corporate insurance brokerage is paid to the Company by insurance companies, primarily based on a percentage of the premium paid by the insurance applicants. Corporate insurance brokerage is recognised when insurance policies are issued to insurance applicants.

Risk solutions service income is generated from the provision of various risk solutions services to customers which include (a) conducting technical analysis and identifying the total risk exposure and risk tolerance level for customers; (b) structuring and designing optimal coverage based on the customers' needs; and (c) handling insurance claims. The risk solutions services were one-off and the majority of the contracts have a duration of 1 to 3 years. Risk solutions service income are recognised overtime by amortising total contract sum throughout the contract period.

(d) Digital intelligence and data analytics service income
Digital intelligence and data analytics service income is generated from the provision of various portfolio analysis and digital marketing services to customers. The Digital intelligence and data analytics service were one-off and the majority of the contracts have a duration of 1 to 3 years. Digital intelligence and data analytics service income are recognised overtime by amortising total contract sum throughout the contract period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Principal versus agent considerations
In accordance with the principal versus agent considerations prescribed by IFRS 15, the Group determines whether it acts as the principal or agent in each of its revenue streams. The principal is the entity that has promised to provide goods or services to its customers. An agent arranges for goods or services to be provide by the principal to its end customer. An agent normally received a commission or fee for these activities.

As noted above, the Group earns commission or advisory fee from insurance companies or financial institutions by providing corporate insurance brokerage and risk solutions and MPF advisory service. The Group generally does not promise to provide the underlying goods or services to the insurance applicants and MPF applicants; instead, the Group performs its role as an agent to connect the insurance applicants and MPF applicants with insurance companies or financial institutions.

Revenue from other sources
Fair value changes on financial assets at fair value through profit or loss is recognised in the period in which they arise. Gain/loss recognised for the financial assets at fair value through profit or loss disposed during the current period is defined as gain related to disposed investment, whereas gain/ loss recognised for those financial assets at fair value through profit or loss in the statement of financial position held at the end of the reporting period is defined as unrealised fair value gain/ loss.

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.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract liabilities
A contract liability is recognised when a payment is received or a 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).

From 2018, for certain customers of asset management service, the Company requires upfront payment of management fee and recorded such upfront fee as contract liabilities in deferred income, 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.

Employee benefits
Retirement benefit cost
The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of 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.

Borrowing costs
Borrowing costs are recognised as expenses in statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends
Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Perpetual capital securities
Perpetual capital securities which contain no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the statement of 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.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of 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, and the disclosure of contingent liabilities. 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:

Revenue recognition – digital intelligence and data analytics

The Group recognises revenue related to digital intelligence and data analytics over time. For each material contract, management is required to assess the contractual terms to assess and identify the performance obligations in the contract with customer. The assessment of whether there is a single or multiple performance obligations requires significant management judgement. In addition, management is required to exercise judgement in evaluating whether the customers simultaneously receive and consume the benefits provided by the Group as the performance obligation(s) are satisfied.

Income tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Consolidation of Hong Kong hotel operations

The Group determines whether or not to consolidate these investee companies based on the assessment of whether the Group has control, taking into consideration power arising from rights, variable returns, and link between power and returns. The assessment of the Group's control over these investee companies involves significant judgement on factors such as the purpose and governance structure of investee companies, its ability to direct the relevant activities taking into account the potential voting rights if applicable, and rights held by other major shareholders of the investee companies.

Investment in Associates

In the period the Group has invested in two associates and holds 10% and 20% respectively of the equity and voting rights. The Group is required to exercise significant judgment in evaluating a number of factors to determine whether it has significant influence over the financial and operating policies of the investees. In determining that there is significant influence over the investee the Group considers, in addition to the voting rights, the other arrangements between itself and the other investors; interchange of management personnel between the Group and investee; and technical or other expertise provided to the investees. Details of the investment in associates are set out in note 18 to the consolidated financial statements.

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.

Provision for expected credit losses of accounts receivable
The Group uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by customer type and reference rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., market risk and price risk) are expected to deteriorate over the next year which can lead to an increased number of defaults in the capital markets sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's accounts receivable is disclosed in note 11 to the consolidated financial statements.

Fair value of unlisted equity investments and unlisted equity linked notes
The unlisted equity investments have been valued based on the recent transactions with similar risk characteristics. This valuation requires the Group to estimate the expected business risk, and hence they are subject to uncertainty. The fair value of the unlisted equity shares, unlisted debt securities and unlisted equity linked notes were HK$627,471,892 (2018: HK$758,033,852), HK$Nil (2018: HK$78,316,000) and HK$ 58,976,438 (2018: HK$69,720,882), respectively, as at 31 December 2019. Information about sensitivity analysis is disclosed in note 38 to the consolidated financial statements.

Fair value of derivative instruments
The fair value of the derivative financial instrument was estimated 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.

4. OPERATING SEGMENT INFORMATION

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

(a) The investment banking segment is assisting clients 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 is providing a wide range of asset management products and services, including in relation to 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 corporate insurance brokerage and risk solutions segment is providing insurance and risk management solutions to corporate clients for their insurance programmes, which include the sourcing of products such as property damage insurance, third party liability insurance, motor vehicle insurance and employee insurance, and providing risk consulting service.

(d) The strategic investments segment engages in proprietary investments and management of investment portfolio with a wide spectrum of industries and asset classes across Asia and the globe.

(e) The digital intelligence and data analytics segment engages in provision of various portfolio analysis and digital marketing services to customers.

(f) Real estate and hotel operations segment engages in hotel and property investments across Asia and hotel operations and management.

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 profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that certain corporate income and expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, investment in associates or joint venture, tax recoverable, amounts due from a related company and ultimate holding company, assets held for sale, prepayments, deposits and other assets, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a Group basis.

Segment liabilities exclude bonds payable, amounts due to an associate, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a Group basis.

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results

Year ended 31 December 2019

	Investment banking HK$	Asset management HK$	Corporate Insurance brokerage and risk solutions HK$	Strategic investments HK$	Digital intelligence and data analytics HK$	Total HK$
Segment revenue (note 5)						
Revenue from external customers	429,535,840	123,663,424	45,957,296	-	100,397,815	699,554,375
Investment Income, net	-	-	-	1,329,259,279	-	1,329,259,279
Inter-group revenue	26,420,072	637,431	716,856	-	-	27,774,359
	455,955,912	124,300,855	46,674,152	1,329,259,279	100,397,815	2,056,588,013
Less: inter-group customers						(27,774,359)
						2,028,813,654
Segment results	413,354,182	103,924,528	39,080,989	1,323,883,974	92,397,815	1,972,641,488
Other income						65,295,084
Unallocated finance costs						(197,313,539)
Corporate and other unallocated expenses						(226,411,125)
Profit before tax from continuing operations						1,548,916,824
Other segment information						
Depreciation						6,819,948
Investment in associates						721,556,638
Investment in joint venture						128,937,714
Capital expenditure*						800,134

* Capital expenditure consists of additions to property, plant and equipment.

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

Year ended 31 December 2018

	Investment banking HK$	Asset management HK$	Corporate insurance brokerage and risk solutions HK$	Strategic investments HK$	Total HK$
Segment revenue (note 5)					
Revenue from external customers	342,995,483	70,184,924	17,262,766	-	430,443,173
Investment income, net	-	-	-	783,022,847	783,022,847
Inter-group revenue	-	6,497,585	-	-	6,497,585
	342,995,483	76,682,509	17,262,766	783,022,847	1,219,963,605
Less: inter-group customers					(6,497,585)
					1,213,466,020
Segment results	309,435,691	47,972,437	9,511,545	683,294,341	1,050,214,014
Other income					165,019,858
Unallocated finance costs					(82,703,114)
Corporate and other unallocated expenses					(169,184,156)
Profit before tax from continuing operations					963,346,602
Other segment information					
Depreciation					6,713,033
Investment in an associate					30,000,000
Capital expenditure*					7,391,864

* Capital expenditure consists of additions to property, plant and equipment.

4. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities

	2019 HK$	2018 HK$
Segment assets		
Investment banking	66,686,937	134,802,647
Asset management	641,003,301	604,086,505
Corporate insurance brokerage and risk solutions	78,678,407	37,090,505
Strategic investments	9,419,414,693	7,321,160,588
Real estate and hotel operations	1,628,075,661	-
Digital intelligence and data analytics	65,674,404	-
Total segment assets	11,899,533,403	8,097,140,245
Assets relating to discontinued operation	-	36,620,568
Unallocated corporate assets	14,361,367,640	9,561,413,732
Total assets	26,260,901,043	17,695,174,545
Segment liabilities		
Investment banking	15,000,000	15,000,000
Asset management	605,005,636	638,910,274
Corporate insurance brokerage and risk solutions	46,548,558	15,662,729
Strategic investments	389,618,831	1,893,109,681
Real estate and hotel operations	998,272,722	-
Digital intelligence and data analytics	42,674,404	-
Total segment liabilities	2,097,120,151	2,562,682,684
Liabilities relating to discontinued operation	-	-
Unallocated corporate liabilities	6,220,966,363	2,024,262,779
Total liabilities	8,318,086,514	4,586,945,463

Geographical information

The Group's revenue is derived mainly from its operations in Hong Kong.

As at 31 December 2019 and 2018, 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 a major customer

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

5. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019 HK$	2018 HK$
Revenue from contracts with customers		
Investment banking		
Investment banking fee and income	377,153,840	342,995,483
Advisory service income	52,382,000	-
	429,535,840	342,995,483
Asset management		
Management fee and performance-based incentive fee	103,509,196	43,465,186
Brokerage and handling fees	18,996,159	25,608,795
Others	1,158,069	1,110,943
	123,663,424	70,184,924
Corporate insurance brokerage and risk solutions		
Advisory and commission income	45,957,296	17,262,766
Digital marketing and data intelligence		
Advisory fee income	100,397,815	-
	699,554,375	430,443,173
Revenue from other sources		
Strategic investments		
Unrealised fair value gains, net	1,177,935,614	655,658,320
Gain related to disposed investments	17,403,303	7,516,457
Dividend income from equity investments at fair value through profit or loss	122,501,085	99,433,379
Interest income from debt securities (note (i))	11,419,277	20,414,691
	1,329,259,279	783,022,847
	2,028,813,654	1,213,466,020

Note:
(i) All interest income is recognized using the effective interest rate method.

5. REVENUE AND OTHER INCOME AND GAINS (continued)

(i) Disaggregated revenue information

For the year ended 31 December 2019

	Investment banking HK$	Asset management HK$	Corporate insurance brokerage and risk solutions HK$	Digital marketing and data intelligence HK$	Total HK$
Type of services					
Underwriting services	377,153,840	-	-	-	377,153,840
Advisory services	52,382,000	-	-	-	52,382,000
Asset management services	-	122,505,355	-	-	122,505,355
Corporate insurance services	-	-	45,957,296	-	45,957,296
Digital marketing and Data intelligence	-	-	-	100,397,815-	100,397,815
Real estate and hotel Operations	-	-	-	-	-
Others	-	1,158,069	-	-	1,158,069
Total revenue from contracts with customers	429,535,840	123,663,424	45,957,296	100,397,815	699,554,375
Timing of revenue					
Service transferred at point in time	377,153,840	20,154,228	10,644,688	-	407,952,756
Service transferred over time	52,382,000	103,509,196	35,312,608	100,397,815	291,601,619
Total revenue from contracts with customers	429,535,840	123,663,424	45,957,296	100,397,815	699,554,375
Revenue from contracts with customers					
External customers	429,535,840	123,663,424	45,957,296	100,397,815	699,554,375
Inter-group sales	26,420,072	637,431	716,856	-	27,774,359
	455,955,912	124,300,855	46,674,152	100,397,815	727,328,734
Inter-group adjustment and eliminations	(26,420,072)	(637,431)	(716,856)	-	(27,774,359)
Total revenue from contracts with customers	429,535,840	123,663,424	45,957,296	100,397,815	699,554,375

5. REVENUE AND OTHER INCOME AND GAINS (continued)

(i) Disaggregated revenue information

For the year ended 31 December 2018

	Investment banking HK$	Asset management HK$	Corporate insurance brokerage and risk solutions HK$	Total HK$
Type of services				
Underwriting services	217,002,789	-	-	217,002,789
Advisory services	125,992,694	-	-	125,992,694
Asset management services	-	69,073,981	-	69,073,981
Corporate insurance services	-	-	17,262,766	17,262,766
Others	-	1,110,943	-	1,110,943
Total revenue from contracts with customers	342,995,483	70,184,924	17,262,766	430,443,173
Timing of revenue				
Service transferred at point in time	217,002,789	25,608,795	17,262,766	259,874,350
Service transferred over time	125,992,694	44,576,129	-	170,568,823
Total revenue from contracts with customers	342,995,483	70,184,924	17,262,766	430,443,173
Revenue from contracts with customers				
External customers	342,995,483	70,184,924	17,262,766	430,443,173
Inter-group sales	-	6,497,585	-	6,497,585
	342,995,483	76,682,509	17,262,766	436,940,758
Inter-group adjustment and and eliminations	-	(6,497,585)	-	(6,497,585)
Total revenue from contracts with customers	342,995,483	70,184,924	17,262,766	430,443,173

5. REVENUE AND OTHER INCOME AND GAINS (continued)

(ii) Performance obligations

The performance obligation is satisfied over time as asset management services are rendered and short-term advances are received for some new customers before rendering the services during the year. Asset management service, risk solutions service and digital intelligence and data analytics service marketing services contracts are for periods of one to three years or are billed based on the time incurred.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and 2018 are as follows:

	2019 HK$	2018 HK$
Within one year	115,349,947	37,165,868
More than one year	70,450,587	17,945,950
	185,800,534	55,111,818

The remaining performance obligations which are expected to be recognised in more than one year relate to upfront fees, for which the related services are expected to be delivered within two years. All the other remaining performance obligations are expected to be recognised within one year.

	2019 HK$	2018 HK$
Other income		
Bank interest income	1,183,294	8,602
Interest income from loans receivable	-	860,314
Interest income from amount due from ultimate holding company	60,697,891	53,501,329
Others	3,413,899	11,753,355
	65,295,084	66,123,600
Other gains		
Foreign exchange differences, net	-	7,032,289
Gain on disposal of subsidiaries, net	-	91,918,138
	-	98,950,427
	65,295,084	165,074,027

6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging /(crediting):

	2019 HK$	2018 HK$
Depreciation	6,819,948	6,713,033
Minimum lease payments under operating leases	-	23,251,299
Lease payments not included in the measurement of lease liabilities	7,023,111	-
Depreciation of right-of-use assets	9,289,708	-
Auditor's remuneration	8,604,396	1,642,804
Employee benefit expense		
Wage and salaries	113,135,636	98,267,908
Pension scheme contributions (defined contribution schemes)	1,650,150	1,710,402
	114,785,786	99,978,310
Foreign exchange differences, net	18,003,325	(7,032,289)
Gain on disposal of items of property, plant and equipment	73,600	-

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2019 HK$	2018 HK$
Interest on interest-bearing bank borrowings	18,197,060	6,817,978
Interest on bonds payable	164,625,787	164,867,189
Interest on margin loans payable	38,096,902	9,846,923
Interest on lease liabilities	1,542,703	-
Interest on stock borrowing	12,947,989	-
	235,410,441	181,532,090

8. INCOME TAX

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

	Note	2019 HK$	2018 HK$
Hong Kong profits tax			
Current year		90,500,947	49,075,275
Underprovision / (overprovision) in prior years		90,000	(1,180,657)
Deferred tax	27	184,642,201	95,099,687
		275,233,148	142,994,305
People's Republic of China withholding tax charge for the year		12,226,118	9,922,772
		287,459,266	152,917,077

A reconciliation of tax expense and profit before tax at the Hong Kong statutory tax rate in which the Group's major operating subsidiaries are domiciled is as follows:

	2019 HK$	2018 HK$
Profit before tax	1,548,916,824	963,346,602
Tax at statutory tax rate of 16.5% (2018: 16.5%)	255,571,275	158,952,190
Tax effect of non-taxable income	(62,016,210)	(40,712,736)
Tax effect of non-deductible expenses	85,192,530	35,530,611
Tax effect of unrecognised temporary difference	949,743	2,731,645
Tax effect of tax loss not recognised	321,296	4,119,585
Underprovison / (overprovision) in prior years	90,000	(1,180,657)
Utilisation of tax losses previous not recognised	(4,875,486)	(73,758)
Effect of withholding tax at 10% on dividend income	12,226,118	(6,449,803)
Income tax expense	287,459,266	152,917,077

9. DIVIDENDS

No dividend was paid or proposed by the Company for the years ended 31 December 2019 and 31 December 2018.

10. CASH AND BANK BALANCES

	2019 HK$	2018 HK$
Cash and cash equivalents:		
Cash on hand	31,031	31,031
General bank accounts	795,858,174	330,584,396
Total cash and cash equivalents	795,889,205	330,615,427

Cash and bank balances earn interest at floating rates based on daily bank deposit rates for both years. The bank balances are deposited with creditworthy banks with no recent history of default.

11. ACCOUNTS RECEIVABLE

	Notes	2019 HK$	2018 HK$
Receivables from corporate insurance brokerage and risk solutions	(i)	29,333,441	18,902,484
Receivables from digital intelligence and data analytics	(ii)	23,000,000	-
Clients' receivable	(iii)	18,309,539	12,848,608
Receivables from brokers and clearing house	(iii)	269,484,143	10,799,306
Margin loan receivable	(iv)	-	2,575,051
Receivables from capital market and advisory services	(v)	66,686,937	134,802,647
		406,814,060	179,928,096

Notes:

(i) The normal settlement terms of receivables from corporate clients from the provision of corporate insurance brokerage are repayable within 15 days upon receipt of debit notes. Risk solutions services fee receivables at specific terms are mutually agreed between the contracting parties. Receivables from corporate insurance brokerage and risk solutions services are non-interest-bearing.

(ii) Digital intelligence and data analytics services fee receivables at specific terms mutually agreed between the contracting parties. Receivables from Digital intelligence and data analytics service are non-interest-bearing.

(iii) The normal settlement terms of clients' receivable and receivable from brokers and clearing house arising from asset management services are 2 days after the trade date or at specific terms agreed with brokers and clearing house. Overdue clients' receivables are interest-bearing.

(iv) As at 31 December 2018, the Group received collateral with a fair value of HK$3,808,116 in connection with the margin financing business. The margin loan receivable is interest-bearing at 6.25% per annum ("p.a.").

(v) The settlement terms of receivables from investment banking services are at specific terms mutually agreed between the contracting parties. Receivables from investment banking services are non-interest-bearing.

11. ACCOUNTS RECEIVABLE (continued)

Notes: (continued)

As at 31 December 2019, the Group's receivables from capital market and advisory services included amounts due from related companies of HK$ Nil (2018: HK$70,875,980) for services provided to these related companies, which is 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. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019 HK$	2018 HK$
Not yet due	343,336,422	95,469,637
Past due		
Within 1 month	44,866,643	1,806,684
1 to 3 months	6,175,178	10,661,361
Over 3 months	12,435,817	71,990,414
	406,814,060	179,928,096

As at 31 December 2019 and 2018, accounts receivable were due from a number of reputable corporate clients, brokers and individual clients.

Margin loan receivable are stage 1 of general approach. An impairment analysis is performed at each reporting date by comparing the probability of default of comparable companies with published credit ratings. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit losses as at 31 December 2019 and 2018 are considered to be minimal.

11. ACCOUNTS RECEIVABLE (continued)

An impairment analysis of receivables from insurance brokerage and risk solutions, clients' receivables, receivable from brokers and clearing house and receivable from investment banking services is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various segments with similar loss patterns (i.e., by customer type and reference rating). 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. Based on ECL's assessment, the directors of the Company are of the opinion that no provision for losses is necessary in respect of immaterial impact.

Set out below is the information about the credit risk exposure on the Group's accounts receivable using a provision matrix:

As at 31 December 2019

		Past due			
	Current HK$	Less than 1 month HK$	1 to 3 months HK$	Over 3 months HK$	Total HK$
Expected credit loss rate	0.14%	0.12%	0.11%	0.15%	0.14%
Gross carrying amount	343,336,422	44,866,643	6,175,178	12,435,817	406,814,060
Expected credit losses	471,324	51,732	6,958	18,985	574,999

As at 31 December 2018

		Past due			
	Current HK$	Less than 1 month HK$	1 to 3 months HK$	Over 3 months HK$	Total HK$
Expected credit loss rate	0.13%	0.14%	0.35%	0.36%	0.24%
Gross carrying amount	95,469,641	1,793,124	10,648,306	69,441,974	177,353,045
Expected credit losses	127,908	2,431	37,033	250,434	417,806

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	2019 HK$	2018 HK$
Prepayments and deposits		114,372,062	64,462,362
Other receivables	(i)	5,498,558,366	5,416,428,780
		5,612,930,428	5,480,891,142

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

Note:

(i) On 30 November 2017, the Company issued HK$9,000 million zero coupon perpetual notes to its intermediate holding company. HK$5,036 million of the consideration is yet to be settled as at 31 December 2019 and therefore classified as other receivables. Details of the perpetual notes are disclosed in note 30.

On 27 October 2017, the Group entered into a structured financing arrangement with an independent third party amounting to HK$478,945,653, which was classified as other receivables. As at 31 December 2019, a balance of HK$38,278,853 remained outstanding.

As at 31 December 2019, the Group's prepayments, other receivables and other assets included an amount due from a company controlled by a director of HK$400,000,000 (31 December 2018: HK$ Nil)

Deposits and other receivables mainly represent deposits to clearing house and other debtors' balances. 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 at 31 December 2019, the probability of default applied ranged from 0.16% to 0.50% (2018: 0.00% to 0.60%) and the loss given default was estimated to be 45% (2018: 45%). The recoverability was assessed with reference to the credit status of the debtors, and the expected credit loss as at 31 December 2019 and 2018 is considered to be minimal.

None of the above assets are 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.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND STOCK LOANS

	2019 HK$	2018 HK$
Listed equity shares	5,052,752,104	5,244,204,540
Listed debt securities	847,654,569	716,194,902
Unlisted equity shares	627,471,892	758,033,852
Unlisted debt securities	-	78,316,000
Unlisted equity linked notes	58,976,438	69,720,882
	6,586,855,003	6,866,470,176
Financial assets at fair value through profit or loss	5,010,154,803	4,573,290,576
Stock loans	1,576,700,200	2,293,179,600
	6,586,855,003	6,866,470,176

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND STOCK LOANS (continued)

The above equity investments at 31 December 2019 and 2018 were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

The above unlisted equity linked notes issued by a group company as at 31 December 2019 and 2018 were structured products with underlying unlisted equity investment. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

As at 31 December 2019, listed equity investments with a carrying amount of HK$1,472,316,920 (2018: HK$2,046,580,400) and HK$1,506,678,924 (2018:Nil) were pledged against its margin loans payable (Note 22) and interest-bearing banking borrowings respectively.

As at 31 December 2019, listed debt securities of HK$847,654,569 (2018: HK$716,194,902) were issued by a related party of the Group.

On 18 September 2017, the Group entered into a stock borrowing and lending agreement ("stock loan") with the intermediate holding company, pursuant to which the Group lent certain listed equity shares to the intermediate holding company. As at 31 December 2019, the fair value of the listed equity shares were HK$1,576,700,200 (2018: HK$2,293,179,600). The stock loans are repayable on demand and interest free. The intermediate holding company pledged the listed equity shares to a third party as collateral as at 31 December 2019 and 31 December 2018.

14. DERIVATIVE FINANCIAL ASSETS

On 1 April 2019, three 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 certain listed shares of Investments the Group owns (the "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 prices of the Underlying Assets is higher the Underlying Prices;

(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 subsidiaries of the Group for their sole benefit and shall not be included in the computation of the gain or the Participation Cost.

14. DERIVATIVE FINANCIAL ASSETS (continued)

Further addendums to the Agreements were entered into on 30 June, 1 July, 30 September and 31 December 2019 (the "Addendums"), where:

- On 30 June 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 1 July 2019, the Agreements were extended for a 3-month period to 30 September 2019 and the Underlying Prices were modified and the Sharing Percentage was modified from 25% to 40%.

- On 30 September 2019, the Agreements were extended for another three-month period to 31 December 2019.

- On 31 December 2019, the Agreements were further extended for an additional three months till 31 March 2020. Refer to Note 41 on Subsequent Events.

The Agreements together with the Addendums satisfied the definition of derivative financial instrument 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 instruments differed from the fair value at origination and the fair value was based on a valuation technique using unobservable inputs, and therefore, 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.

14. DERIVATIVE FINANCIAL ASSETS (continued)

The table below shows the movement of:

(i) the profit or loss not recognised when the derivative financial instrument was initially recognised (Day 1 profit or loss);
(ii) net carrying amount presented in the consolidated statements of financial position; and
(iii) net fair value change on derivative financial instrument 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 change in fair value recognized in profit or loss
	HK$	HK$	HK$	HK$
As at 1 January 2019	-	-	-	-
Initial transaction on 1 April 2019	683,114,439	(683,114,439)	-	-
Recognised in profit and loss prior to contract renegotiation on 1 July 2019				
- Changes in fair value	475,003,799	-	475,003,799	475,003,799
- Recognition of day 1 profit or loss	-	169,845,393	169,845,393	169,845,393
As at 30 June 2019	1,158,118,238	(513,269,046)	644,849,192	644,849,192
Contract renegotiation on 1 July 2019	605,612,317	(605,612,317)	-	-
As at 1 July 2019	1,763,730,555	(1,118,881,363)	644,849,192	644,849,192
Recognised in profit and loss prior to contract renegotiation on 30 September 2019				
- Changes in fair value	580,650,648	-	580,650,648	580,650,648
- Recognition of day 1 profit or loss	-	1,118,881,363	1,118,881,363	1,118,881,363
As at 30 September 2019	2,344,381,203	-	2,344,381,203	2,344,381,203
Contract renegotiation on 30 September 2019	(13,195,005)	13,195,005	-	-
As at 30 September 2019	2,331,186,198	13,195,005	2,344,381,203	2,344,381,203
Recognised in profit and loss prior to contract renegotiation on 31 December 2019				
- Changes in fair value	392,789,472	-	392,789,472	392,789,472
- Recognition of day 1 profit or loss	-	(13,195,005)	(13,195,005)	(13,195,005)
As at 31 December 2019	2,723,975,670	-	2,723,975,670	2,723,975,670
Contract renegotiation on 31 December 2019	(34,226,434)	34,226,434	-	-
As at 31 December 2019	2,689,749,236	34,226,434	2,723,975,670	2,723,975,670

15. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019 HK$	2018 HK$
Equity investment designated at fair value through other comprehensive income ("equity investment at FVOCI")		
Listed equity investment, at fair value	267,000	2,581,000

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature.

In December 2018, the Group sold its listed equity investment to its fellow subsidiary as this investment no longer aligned with the Group's investment strategy. The fair value on the date of disposal was HK$640,800,000 and the accumulated gains recognised in other comprehensive income of HK$35,227,470 were transferred to retained earnings. Upon the disposal, the cash flow reserve was released and the accumulated gains recognised in other comprehensive income of HK$525,600,000 were released to retained profits.

During the year ended 31 December 2019 and 2018, the Group did not receive any dividends from the listed equity investment.

16. DEBT INVESTMENTS AT AMORTISED COST

	Maturity	Interest rate	2019 HK$	2018 HK$
Debt investments at amortised cost				
Listed debt securities				
in Hong Kong	March 2019	8%	-	156,319,412
Unlisted debt securities	April 2019	5%	-	100,000,000
Unlisted debt securities	September 2021	N/A	108,317,020	195,790,000
			108,317,020	452,109,412

At 31 December 2019 and 2018, the above investments were classified as debt investments at amortised cost in accordance with IFRS 9 since they were held within a business model with the objective to hold the items in order to collect contractual cash flows that meet the SPPI criterion.

Debt investments at amortised cost are subsequently measured using the effective interest rate method less any allowance for impairment. 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 investment gain in the statements of profit or loss.

Provision for expected credit losses of HK$312,588 was made as at 1 January 2019 by reference to prevailing credit rating. There was no provision of expected credit loss made at as 31 December 2019 as no significant changes in credit risk by reference to prevailing credit rating.

17. DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES

The balance due to minority shareholders of subsidiaries comprised of interest bearing balances of HK$242,800,000 at a rate of 3.83% p.a., HK$60,000,000 at a rate of 7.66% p.a and non-interest bearing portion of HK$337,982,835. Included in the balances, HK$210,421,637 is repayable within 3 months and the remaining balance is unsecured and has no fixed terms of repayment.

18. INVESTMENT IN ASSOCIATES AND INTERESTS IN JOINT VENTURES

Particulars of the associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Gravitation Fintech HK Limited ("Gravitation") (Note 1)	Ordinary shares	HK	10%	Investment holding
Premium Mega International Limited (Note 2)	Ordinary shares	BVI	20%	Investment holding

Note:

1. In July 2018, the Company entered into a strategic agreement with an independent third party to establish Gravitation, a privately owned limited company which holds the entire share capital of Airstar Bank Limited, a licensed virtual bank in Hong Kong. Since the Group has significant influence over the board of directors of this investee, it is classified as investment in associate and accounted for using the equity method. As of the date of the approval of this financial statement, the audited financial information of Gravitation was not available.

2. On the 31 December 2019, the Group acquired 20% of the voting shares of Premium Mega International Limited, an investment holding company which owns and operates the Charterhouse International Schools in Asia. The Group acquired this investment to further its business in the education sector.

   As at the date of the approval of these financial statements the Group is in the process of assessing the fair value of the identifiable assets and liabilities of the associates in order to determine the amount of embedded goodwill and intangible assets included in the carrying value of the net investment in associates.

18. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)

Note: (continued)

3. The Group's shareholding in the associates comprised of equity share investment of HK$722 million (comprising HK$580 million for Premium Mega Ltd and HK$142 million for Gravitation) held by the Company. As at 31 December 2018, the amount due to the associate included in the Group's liabilities of HK$29,498,000 is unsecured, non-interest-bearing and has no fixed terms of repayment. During the current year, the balance was fully settled.

Particulars of the joint ventures which own and operate the AMTD Oakwood Premier Hotel in Singapore ("Singapore hotel companies") are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest, Voting power and Profit sharing	Principal activity
Cosmic Gold Limited	Ordinary shares	BVI	51%	Investment Hotel
DHI Holdings (S) Pte Ltd.	N/A	Singapore	51%	Hotel Investment

18. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)

The following table illustrates the summarised financial information in respect of Premium Mega International Limited ("Premium Mega") and the Singapore hotel companies adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	Associate	**Joint ventures**
	Premium Mega	**Singapore hotel companies**
	2019	**2019**
	HK$	**HK$**
Total assets	372,342,993	2,109,631,201
Total liabilities	(4,533,396)	(1,856,810,617)
Net assets	367,809,597	252,820,584
Proportion of the Group's ownership	20%	51%
Group's share of net assets of an associate/ joint ventures, excluding goodwill	73,561,919	128,938,498
Goodwill on acquisition	506,438,081	-
Carrying amount of the investment	580,000,000	128,938,498
Due from joint ventures	-	274,456,590
Investment in an associate/ interest in joint ventures	580,000,000	403,395,088
Revenue	N/A	22,058,604
Loss for the year	N/A	(4,045,010)
Other comprehensive income	N/A	256,864,034
Total comprehensive income	N/A	252,819,024

19. INTANGIBLE ASSETS

	2019 HK$	2018 HK$
At 31 December 2018, 1 January 2019 and 31 December 2019	15,171,170	15,171,170

As at 31 December 2019 and 2018, 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 amortised.

As a result of these intangible assets being non-transferable, the recoverable amount is assessed by reference to fair value of the cash generating unit in which the intangible assets are situated (in effect the legal entity). The fair value of these cash generating units are determined by reference to the market evidence of recent transaction prices for similar licensed corporations.

20. PROPERTY, PLANT AND EQUIPMENT

	Owned assets						Right of use assets	
	Hotel Property	Leasehold improvements	Furniture and equipment	Computer equipment	Motor vehicles	Sub-total	Office premises	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Cost								
At 1 January 2018	-	17,242,673	10,622,391	17,883,462	388,000	46,136,526	-	46,136,526
Additions	-	5,722,773	412,672	1,256,419	-	7,391,864	-	7,391,864
Write-off	-	(323,237)	-	(546,098)	-	(869,335)	-	(869,335)
At 31 December 2018 and at 1 January 2019	-	22,642,209	11,035,063	18,593,783	388,000	52,659,055	-	52,659,055
Effect of adoption of IFRS 16	-	-	-	-	-	-	9,308,737	9,308,737
At 1 January 2019 (restate)	-	22,642,209	11,035,063	18,593,783	388,000	52,659,055	9,308,737	61,967,792
Additions	1,200,000,000	-	-	27,460	772,674	1,200,800,134	55,738,248	1,256,538,382
Disposals	-	-	-	-	(388,000)	(388,000)	(9,308,737)	(9,696,737)
At 31 December 2019	1,200,000,000		11,035,063	18,621,243	772,674	1,253,071,189	55,738,248	1,308,809,437

20. PROPERTY, PLANT AND EQUIPMENT (continued)

	Owned assets						Right of use assets	
	Hotel Property	Leasehold improvements	Furniture and equipment	Computer equipment	Motor vehicles	Sub-total	Office premises	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Accumulated depreciation								
At 1 January 2018	-	1,359,067	1,375,443	12,993,850	155,200	15,883,560	-	15,883,560
Charge for the year	-	2,149,455	2,207,013	2,278,965	77,600	6,713,033	-	6,713,033
Write-off	-	(323,237)	-	(546,098)	-	(869,335)	-	(869,335)
At 31 December 2018 and at 1 January 2019	-	3,185,285	3,582,456	14,726,717	232,800	21,727,258	-	21,727,258
Charge for the year	-	2,291,919	2,207,012	2,204,950	116,067	6,819,948	9,289,708	16,109,656
Disposals	-	-	-	-	(271,600)	(271,600)	-	(271,600)
At 31 December 2019	-	5,477,204	5,789,468	16,931,667	77,267	28,275,606	9,289,708	37,565,314
Net book value								
At 31 December 2019	1,200,000,000	17,165,005	5,245,595	1,689,576	695,407	1,224,795,583	46,448,540	1,271,244,123
At 31 December 2018	-	19,456,924	7,452,607	3,867,066	155,200	30,931,797	-	30,931,797

21. ACCOUNTS PAYABLE

	Notes	2019 HK$	2018 HK$
Accounts payable to insurance companies	(i)	16,470,112	15,662,729
Payables to clearing house and brokers	(ii)	9,062,629	3,153,820
Clients' payables	(ii)	256,423,531	12,157,051
Clients' monies held on trust (note 33)		226,471,792	563,487,584
		508,428,064	594,461,184

Notes:

(i) As at 31 December 2019, accounts payable to insurance companies amounted to HK$16,470,112 (2018: HK$15,662,729) and were repayable upon receipt of debit notes from the insurance companies.

(ii) As at 31 December 2019, accounts payable to clearing houses and brokers and clients' payable of HK$9,062,629 (2018: HK$3,153,820) and HK$482,895,323 (2018: HK$575,644,635), respectively, arising from proprietary investment and securities dealing business are repayable 2 days after trade date or at pre-agreed specific terms.

An aging analysis of the accounts payable as at the end of the reporting period is as follows:

	2019 HK$	2018 HK$
Within 1 month/repayable on demand	495,591,302	582,543,410
1 to 3 months	5,468,652	4,547,875
Over 3 months	7,368,110	7,369,899
	508,428,064	594,461,184

The balances of accounts payable are unsecured and non-interest-bearing.

22. MARGIN LOANS PAYABLE

As at 31 December 2019, the balances carried interest at a rate of 6.625% p.a (2018: 6.75%% p.a.) and are secured by financial assets at fair value through profit or loss of HK$1,612,998,920 (2018: HK$2,046,580,400).

23. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2019 HK$	2018 HK$
Listed equity shares, at quoted price	(i)	1,500,360,924	-
Warrant	(ii)	42,619,114	-
Derivative financial liability (note 26)		20,813,810	-
		1,563,793,848	-

Notes:

(i) During the year, the Company and a subsidiary of the Group entered into certain stock lending and borrowing agreements with various counterparties to borrow certain listed equity shares. According to the agreements, an administrative fee of 2% p.a. on daily basis will be charged with reference to the month end market value of the listed equity shares.

(ii) On 19 December 2019, a subsidiary of the Group ("the subsidiary") entered into a warrant subscription agreement ("the Agreement") with a warrant subscriber at a consideration of US$1.5 million. Pursuant to the Agreement, the warrant subscriber is entitled to exercise, in full or in part, the warrant to purchase the subsidiary's Class A ordinary shares during the period from 19 December, 2019 until and including the date falling 45 days before the subsidiary publicly files for a U.S. initial public offering. The warrant is accounted for as a financial liability at fair value with changes in fair value recognized in profit or loss.

24. CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	Notes	2019 HK$	2018 HK$
Accruals and other payables	(i), (ii)	693,653,845	51,715,746
Contract liabilities	(iii)	185,800,534	55,111,818
		879,454,379	106,827,564

(i) Other payables are non-interest-bearing and have an average term of twelve months.

(ii) As at 31 December 2019, the Group's accruals and other payables included an amount due to a company controlled by a director of HK$580,000,000 (31 December 2018: HK$ Nil)

(iii) Details of contract liabilities are as follows:

	31 December 2019 HK$	31 December 2018 HK$
Assets management service	113,047,684	55,111,818
Digital intelligence and data analytics service	42,674,404	-
Risk solutions service	30,078,446	-
	185,800,534	55,111,818

Contract liabilities include upfront fees received to deliver asset management, digital intelligence and data analytics, and risk solutions services. The Group started to receive advance payments from its customers of asset management services in 2018.

25. INTEREST-BEARING BANK BORROWINGS

	2019			2018		
	Effective interest rate (%)	Maturity	HK$	Effective interest rate (%)	Maturity	HK$
Bank loans – unsecured	3.72% p.a. - 4.53% p.a.	Revolving	197,873,000	3.96% p.a. - 4.65% p.a.	Revolving	439,010,336
Bank loans – Secured	3.72% p.a. - 4.16% p.a.	Revolving	311,073,000	-	-	-
Bank loans – Secured	3.58% p.a.	May 2020	357,200,000	-	-	-
			866,146,000			439,010,336

	2019 HK$	2018 HK$
Analysed into:		
Bank loans repayable:		
Within one year or on demand	866,146,000	439,010,336

Notes:

(a) The Group's aggregate loan facilities amounted to HK$ 905,465,000 (2018: HK$826,528,000), of which HK$ 866,146,000 (2018: HK$435,200,000) were utilised as at the end of the reporting period.

(b) The Company's bank borrowings are denominated in Hong Kong dollars.

(c) In accordance with the terms of a US$50,000,000 loan facility agreement, the Group is required to pledge certain financial assets at fair value through profit or loss. When the Group's loan utilised exceeded US$10,000,000 (2018: US$30,000,000), the Group is required to pledge. As at 31 December 2019, HK$1,506,678,924 of financial assets at fair value through profit or loss were pledged to the US$40,000,000 bank borrowings (2018: no asset was being pledged).

26. BONDS PAYABLE

Name of bond	Par value US$	Par value Equivalent to HK$	Issue date	Term of the bond	Net proceeds HK$	Effective interest rate p.a.
Non-convertible bond payable: (Note (i))						
AMTD medium term note issued in September 2017	N/A	1,445,000,000	22 September 2017	3 years	1,442,786,335	6.44%
AMTD medium term note issued in March 2019	168,285,000	1,321,003,593	8 March 2019	3 to 3.5 years	1,318,320,158	5.12%
Convertible bond payable: (Note (ii))						
AMTD International Inc. issued in December 2019	15,000,000	116,809,500	19 December 2019	4.5 years	116,809,500	8%

Notes:

(i) On 16 March 2016, the Company launched its US$500 million medium term note programme (the "Programme") and subsequently, on 10 May 2017, the Programme was expanded to US$1,000 million. The bonds were listed on the Main Board of the Stock Exchange of Hong Kong Limited under Chapter 37 of the Hong Kong Main Board Listing Rules.

On 21 March 2016 and 24 October 2016, the Group drew down from the Programme of US$110 million (equivalent to HK$852,830,000) and US$50 million (equivalent to HK$387,700,000), respectively. The bonds bear interest rate of 5.0% p.a. with maturity on 21 March 2019, and interests are paid semi-annually. The transaction costs of HK$15,236,902 and HK$9,970,352, consisting mainly the arrangement fee and legal fee, are netted off against the balance of bond payable. After deducting the issuance costs, the Group received net proceeds of HK$1,215,322,746 in total. These bonds were matured and redeemed during the period.

On 22 September 2017, the Group drew down from the Programme of HK$1,445,000,000. The bond bears interest rates of 6.3% p.a. with maturity on 22 September 2020, and interests are paid semi-annually. The transaction costs of HK$2,213,665, consisting mainly the arrangement fee and legal fee, are netted off against the balance of bond payable. After deducting the issuance costs, the Group received net proceeds of HK$1,442,786,335 in total.

26. BONDS PAYABLE (continued)

Notes: (continued)

(i) On March 2019, the Group drew down from the Programme of US$168,285,000 (equivalent to HK$1,321,003,593). The bond bears interest rates of 5.0% p.a. with maturity on 8 September 2022, and interests are paid semi-annually. The transaction costs of US$ 341,848 (equivalent to HK$2,683,435) , consisting mainly the arrangement fee and legal fee, are netted off against the balance of bond payable. After deducting the issuance costs, the Group received net proceeds of US$167,943,152 (equivalent to HK$1,318,320,158) in total.

	2019 HK$	2018 HK$
Medium term note repayable within five years	2,766,003,593	2,685,530,000
Discount and issue costs	(2,480,704)	(2,584,351)
Exchange realignment	(10,501,679)	12,354,797
	2,753,021,210	2,695,300,446

Interest expenses on the carrying amount of the above-mentioned bonds payable are accrued at the effective interest rate of 5.7%, 6.3% and 6.4% p.a. (inclusive of transaction costs) respectively to adjust the carrying amount of the bonds payable to its amortised cost, being the present value of the expected future cash flows relating to periodic interest payments and principal repayment at par value at the maturity date.

The bonds are unsecured and contain no conversion features.

(ii) On 19 December 2019, a subsidiary of the Group issued 2% convertible bond with a principal amount of US$15,000,000. There was no movement in the number of these convertible bond during the year. The bond is convertible at the option of the bondholders into 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 30 June 2023. The conversion rate is 99.44 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 purchaser 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 30 June 2023.

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.

26. BONDS PAYABLE (continued)

Notes: (continued)

The movement of convertible bond during the year is as follows:

	Liability component	**Derivative financial liability (Note 23)**
	HK$	**HK$**
At 31 December 2018	-	-
Convertible bond issued during the year	95,995,690	20,813,810
At 31 December 2019	95,995,690	20,813,810

27. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the years are as follows:

	Unrealised gain on investments
	HK$
At 1 January 2018	130,208,677
Deferred tax charged to profit or loss during the year (Note 8)	95,099,687
At 31 December 2018 and 1 January 2019	225,308,364
Deferred tax charged to profit or loss during the year (Note 8)	184,642,201
At 31 December 2019	409,950,565

The Group had estimated tax losses arising in Hong Kong of HK$453,167,145 (2018: HK$86,063,362), subject to the agreement by the Hong Kong Inland Revenue Department, which are available indefinitely for offsetting against future taxable profits of the companies where the losses arose. Deferred tax assets have not been recognised in respect of the remaining 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.

28. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares
Authorised:		
At 1 January 2018, 31 December 2018 and 31 December 2019	50,000	US$50,000
Issued and fully paid:		
At 1 January 2018, 31 December 2018	11,340	US$10,001
New issue (note)	1,743	US$1,743
At 31 December 2019	13,083	US$11,744
Shown in consolidated statement of financial position		HK$91,680

Note:

On 28 May 2019, 1,743 ordinary shares were issued at HK$768,518,519 to a company controlled by a director of the Company. The movement of share capital and share premium the year is as follows:

	Share capital HK$	**Share premium** HK$
At 31 December 2018	78,008	56,422,000
New shares issued during the year	13,672	768,504,847
At 31 December 2019	91,680	824,926,847

29. LOANS PAYABLE

In prior years, the loans from immediate holding company carried interest rate at 2.5% p.a. and had no fixed terms of repayment. Pursuant to the second amendment agreement to the shareholder loan agreement entered into between the Company and the immediate holding company on 11 May 2017, the outstanding balances of HK$145,120,548 and all obligation in respect of the loans thereafter shall be subordinated to the senior perpetual capital securities, and thus the subordinated loans payable to a shareholder was classified as equity instruments upon the issuance of the senior perpetual capital securities by the Company on 15 June 2017. As at 31 December 2019, the subordinated loans payable to a shareholder of HK$154,028,767 (2018: HK$150,528,767) was recognised as equity instruments.

During the year ended 31 December 2019, the profit attributable to a shareholder, based on the applicable interest rate, was HK$3,500,000 (2018: HK$3,500,000), where any repayment 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. No compulsory distribution payment event has occurred as of 31 December 2019 and 2018.

30. PERPETUAL SECURITIES

On 10 May 2017, the Company issued the US$200 million (equivalent to HK$1,557,400,000) senior perpetual capital securities ("Perpetual Securities") under the Programme. On 15 June 2017, the Company drew down US$200 million (equivalent to HK$1,557,400,000) Perpetual Securities at an initial distribution rate of 7.625% p.a.

The direct transaction costs attributable to the Perpetual Securities amounted to HK$14,631,244.

Distributions of the Perpetual Securities may be paid semi-annually in arrears on 15 June and 15 December 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 are unsecured, have no fixed maturity date and are callable at the Company's option in whole on 15 June 2020 ("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 6.161% p.a., the Treasury Rate and a step-up margin of 5.00% p.a.

During the year ended 31 December 2019, US$77,740,000 (equivalent to HK$606,211,386) was early redeemed.

On 30 November 2017, the Company further issued HK$9,000 million zero coupon perpetual notes ("Perpetual Notes") to its intermediate holding company. These Perpetual Notes are unsecured and rank *pari passu* with any parity obligations of the Company. The Perpetual Notes have no fixed redemption date and the Company has the right to redeem or repurchase the Perpetual Notes in whole. In the opinion of the directors, the Company is able to control the delivery of cash or other financial assets to the holders of Perpetual Notes other than an unforeseen liquidation of the Company and there is no intention of the Company to redeem the Perpetual Notes.

During the year ended 31 December 2019, the profit attributable to holders of Perpetual Securities, based on the applicable distribution rate, was HK$117,565,611 (2018: HK$119,535,218), 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. No such event has occurred as of 31 December 2019.

31. DEEMED PARTIAL DISPOSAL OF INTERESTS IN SUBSIDIARIES WITHOUT LOSING CONTROL

AMTD International Inc.

During the year ended 31 December 2019, AMTD International Inc, a subsidiary allotted 45,611,478 shares, representing 18.57% of its equity interest to independent third party investors through pre-IPO funding and initial public offering on New York Stock Exchange. It was accounted for as an equity transaction with the non-controlling interests and an increase in equity attributable to owners of the Company, and recorded in other reserve, which was summarised as follows:

	2019 HK$
Consideration received from non-controlling interests	2,867,965,934
Less: net assets of 18.57% equity interest in AMTD International Inc. and its subsidiaries	(1,268,051,511)
Gain on deemed partial disposal recorded in equity	1,599,914,423

AMTD Digital Inc.

During the year ended 31 December 2019, AMTD Digital Inc., a subsidiary allotted 5,800,000 shares, representing 13.62% of its equity interest to independent third party investors. It was accounted for as an equity transaction with the non-controlling interests and an increase in equity attributable to owners of the Company, and recorded in other reserve, which was summarised as follows:

	2019 HK$
Consideration received from non-controlling interests	454,018,200
Less: net assets of 13.62% equity interest in AMTD Digital Inc. and its subsidiaries	(89,887,988)
Gain on deemed partial disposal recorded in equity	364,130,212

	2019 HK$
Total gain on deemed partial disposal recorded in equity:-	
- AMTD International Inc.	1,599,914,423
- AMTD Digital Inc.	364,130,212
	1,964,044,635

32. DISPOSALS OF SUBSIDIARIES

Disposals of AMTD RC and AMTD Direct

On 30 June 2018, the Group disposed the retail agency and advisory business to an independent third party, which was classified as assets and liabilities held for disposal as at 31 December 2017. The net assets disposed of in the transaction were as follows:

	HK$
Accounts and other receivables	8,041,499
Bank balances – general accounts	1,731,136
Other assets	21,229,911
Deposits and prepayments	44,942,641
Loans receivable	25,060,883
Accounts and other payables	(9,734,831)
Clients' monies held on trust	(4,505,684)
Loans payable	(2,092,539)
Provisions	(57,216,682)
Tax payable	(2,561,865)
Net assets disposed of	24,894,469
Consideration	123,250,349
Net assets disposed of	(24,894,469)
Gain on disposal of subsidiaries	98,355,880
Total consideration satisfied by:	
Cash consideration received	122,999,530
Other receivables	250,819
	123,250,349
Net cash inflow arising on disposal:	
Cash consideration received	122,999,530
Cash and cash equivalents disposed of	(1,731,136)
	121,268,394

32. DISPOSALS OF SUBSIDIARIES (continued)

Disposals of AMTD China (Holdings) Limited
On 31 December 2018, the Group disposed AMTD China (Holdings) Limited and its subsidiaries ("AMTD China Group") to an independent third party. AMTD China Group was principally engaged in the provision of China business development services and corporate services. The net assets disposed of the transaction were as follows:

	HK$
Prepayments, other receivables and other assets	236,578
Cash and bank balances	1,877,839
Other payables and accruals	(2,114,415)
Non-controlling interests	8,218,152
	8,218,154
Exchange fluctuation reserve	(1,780,410)
	6,437,744
Loss on disposal of AMTD China Group	(6,437,743)
	1
Net cash outflow arising on disposal:	
Cash consideration	1
Cash and cash equivalents disposed of	(1,877,839)
	(1,877,838)

33. OTHER ASSETS

The Group maintains segregated bank accounts with corporate banks to hold clients' monies on trust under custody arising from its asset management, insurance brokerage and other businesses. The Group has classified the client's 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 21) to respective clients on the basis that it is legally liable for any possible loss or misappropriation of the clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

	2019 HK$	2018 HK$
Segregated clients' bank accounts balances:		
Insurance brokerage business and others	39,161,532	54,808,588
Asset management business	225,358,534	562,692,371
	264,520,066	617,500,959

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

For the year ended 31 December 2019
During 2019, the Group acquired subsidiaries holding a hotel property in Hong Kong together with other assets and liabilities associated with the subsidiaries at a total consideration of HK$270,000,000. HK$210,000,000 of the consideration was settled by issuing a loan note to the seller who is also the non-controlling shareholder of the subsidiaries.

The Group has acquired an associate from a company controlled by a director of the Company at a total consideration of HK$580,000,000.

On 2 May 2019, 1,743 ordinary shares were issued at HK$768,518,519 to a company controlled by a director of the Company. The Company has received HK$368,518,519 in cash and the outstanding balance of HKD400,000,000 was recorded through the current account with the counterparty.

During 2019, the Group has disposed of an equity investment measured at fair value through profit or loss to a fellow subsidiary at a total consideration of US$45,930,544 (equivalent to HK$358,634,871), which was settled through current account with the fellow subsidiary.

During 2019, the Group had non-cash additions of right-of-use assets and lease liabilities of HK$55,738,248 and HK$55,738,248, respectively, in respect of lease arrangements for property, plant and equipment.

For the year ended 31 December 2018
During 2018, the Group released of settled of hedging instrument of HK$525,600,000 in return of the financial assets at fair value through profit or loss with quoted market price of HK$827,951,710.

During 2018, the Group disposed its equity investment designated at fair value through other comprehensive income of HK$640,800,000 through settlement of current account with fellow subsidiary.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

For the year ended 31 December 2019

	Margin loans payable HK$	Bank loans HK$	Perpetual securities HK$	Bonds and bonds interest payable HK$	Due to to an associate HK$
At 1 January 2019	424,998,139	439,010,336	10,547,793,439	2,737,297,017	29,498,000
Changes from financing activities	-	76,532,000	-	174,530,264	(29,498,000)
Distribution to holders of perpetual securities	-	-	(119,499,763)	-	-
Profit for the year attributable to the owners of perpetual securities	-	-	117,565,611	-	-
Redemption of perpetual securities	-	-	(606,211,386)	-	-
Interest expenses	28,449,196	22,377,651	-	164,625,787	-
Interest paid	(63,828,505)	(28,973,987)	-	(161,477,928)	-
Exchange difference	-	-	-	-	-
Acquisition of subsidiaries	-	1,612,566,700	-	-	-
At 31 December 2019	389,618,830	2,121,512,700	9,939,647,901	2,914,975,140	-

For the year ended 31 December 2018

	Margin loans payable HK$	Bank loans HK$	Perpetual securities HK$	Bonds and bonds interest payable HK$	Due to to an associate HK$
At 1 January 2018	351,609,630	-	10,547,734,346	2,724,189,232	-
Changes from financing activities	74,484,569	435,200,000	-	-	29,498,000
Distribution to holders of perpetual securities	-	-	(119,476,125)	-	-
Profit for the year attributable to the owners of perpetual securities	-	-	119,535,218	-	-
Interest expenses	9,846,923	6,817,978	-	164,867,189	-
Interest paid	(10,942,983)	(3,007,642)	-	(154,430,786)	-
Exchange difference	-	-	-	2,671,382	-
At 31 December 2018	424,998,139	439,010,336	10,547,793,439	2,737,297,017	29,498,000

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2019 HK$
Within financing activities	19,827,214

36. 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	2019 HK$	2018 HK$
Interest expenses on loans from the immediate holding company:			
Recognised in consolidated statement of changes in equity	29	3,500,000	3,500,000
Interest income on due from ultimate holding company	5(ii)	60,697,891	53,501,329
Underwriting services rendered to fellow subsidiaries	(i)	15,691,000	70,988,340
Disposal of equity investment designated at fair value through other comprehensive income to fellow subsidiary	(iii)	-	640,800,000
Disposal of equity investment at fair value through profit or loss to fellow subsidiary	(iii)	358,634,871	-
Acquisition of an associate from a Company controlled by a director	(iv)	580,000,000	-

36. RELATED PARTY TRANSACTIONS (continued)

Notes:

(i) The Group provided underwriting services to fellow subsidiaries with mutually agreed terms.

(ii) During the year ended 31 December 2019, the Group provided arrangement service to the related company with mutual agreed terms. The related company is a subsidiary of Group's minority shareholder.

(iii) The equity investment were disposed at quoted market price or with mutually agreed terms.

(iv) During the year ended 31 December 2019, the Group acquired an associate from a Company controlled by a Director with mutually agreed terms.

(b) Outstanding balances with related parties:

(i) As at 31 December 2018, the Group had an outstanding balance due from its related company, a company associated with the major shareholder of HK$4,075,351.This balance is unsecured, non-interest-bearing and has no fixed terms of repayment. Since the shareholder's interest in the Group decreased and no longer be a major shareholder of the Group as at 31 December 2019, no balance was classified as due from a related company.

(ii) During the year, the balance due from ultimate holding company comprised of interest bearing balance of HK$1,456,476,862 at a rate of 4.5% p.a., HK$150,506,023 at a rate of 6.625% p.a and non-interest bearing portion of HK$5,741,880,665 (2018: interest bearing of HK$803,625,684 at a rate of 4.5% p.a., HK$140,976,773 at a rate of 6.75% p.a and non-interest bearing portion of HK$2,738,025,362). The balance is secured and has no fixed terms of repayment.

(iii) Details of the Group's accounts receivable from its related company as at 31 December 2019 are disclosed in note 11 to the financial statements.

(iv) Details of the Group's other receivables from its intermediate holding company and from a company controlled by a Director at the end of the reporting period are included in note 12 to the financial statements.

(v) Details of the Group's other payables from a company controlled by a Director at the end of the reporting period are included in note 24 to the financial statements.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2019

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily required to be measured at fair value	Equity investments	Financial assets at amortised cost	Total
	HK$	HK$	HK$	HK$
Accounts receivable	-	-	406,814,060	406,814,060
Financial assets included in prepayments, other receivables and other assets	-	-	5,529,881,896	5,529,881,896
Due from joint ventures	-	-	274,457,374	274,457,374
Due from ultimate holding company	-	-	7,348,863,550	7,348,863,550
Equity investment designated at fair value through other comprehensive income	-	267,000	-	267,000
Debt investments at amortised cost	-	-	108,317,020	108,317,020
Financial assets at fair value through profit or loss	5,010,154,803	-	-	5,010,154,803
Stock loans	1,576,700,200	-	-	1,576,700,200
Derivative financial assets	2,723,975,670	-	-	2,723,975,670
Other assets	-	-	264,520,066	264,520,066
Cash and bank balances	-	-	795,889,205	795,889,205
	9,693,605,067	267,000	14,345,968,777	24,039,840,844

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

As at 31 December 2019 (continued)

Financial liabilities

	Financial liabilities at amortised cost HK$
Accounts payable	508,428,064
Margin loans payable	389,618,830
Financial liabilities included in deferred income, other payables and accruals	693,653,845
Interest-bearing bank borrowings	913,021,031
Bonds payable	2,849,016,900
Due to minority shareholders of subsidiaries	640,782,835
Bonds interest payable	45,144,430
	6,039,665,935

	Financial liabilities at fair value through profit or loss HK$
Financial liabilities at fair value through profit or loss	5,010,154,803

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2018

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily required to be measured at fair value	Equity investments	Financial assets at amortised cost	Total
	HK$	HK$	HK$	HK$
Accounts receivable	-	-	179,928,096	179,928,096
Financial assets included in prepayments, other receivables and other assets	-	-	5,422,773,812	5,422,773,812
Due from a related company	-	-	4,075,351	4,075,351
Due from ultimate holding company	-	-	3,682,627,819	3,682,627,819
Equity investment designated at fair value through other comprehensive income	-	2,581,000	-	2,581,000
Debt investments at amortised cost	-	-	452,109,412	452,109,412
Financial assets at fair value through profit or loss	4,573,290,576	-	-	4,573,290,576
Stock loans	2,293,179,600	-	-	2,293,179,600
Other assets	-	-	617,500,959	617,500,959
Cash and bank balances	-	-	330,615,427	330,615,427
	6,866,470,176	2,581,000	10,689,630,876	17,558,682,052

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

As at 31 December 2018 (continued)

Financial liabilities

	Financial liabilities at amortised cost HK$
Accounts payable	594,461,184
Margin loans payable	424,998,139
Financial liabilities included in deferred income, other payables and accruals	51,715,746
Interest-bearing bank borrowings	439,010,336
Bonds payable	2,695,300,446
Due to an associate	29,498,000
Bonds interest payable	41,996,571
	4,276,980,422

	Financial liabilities at fair value through profit or loss HK$
Financial liabilities at fair value through profit or loss	4,573,290,576

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Carrying amounts		Fair value	
	2019 HK$	2018 HK$	2019 HK$	2018 HK$
Financial assets				
Financial assets at fair value through profit or loss	5,010,154,803	4,573,290,576	5,010,154,803	4,573,290,576
Stock loans	1,576,700,200	2,293,179,600	1,576,700,200	2,293,179,600
Derivative financial assets	2,723,975,670	-	2,723,975,670	-
Equity investment designated at FVOCI	267,000	2,581,000	267,000	2,581,000
Financial liabilities				
Interest-bearing bank borrowings	913,021,031	439,010,336	913,021,031	444,271,000
Financial liabilities at fair value through profit or loss	1,563,793,848	-	1,563,793,848	-

Management has assessed that the fair values of cash and cash equivalents, accounts receivable, loans receivable, financial assets included in prepayments, other receivables and other assets, accounts payables, deferred income, other payables and accruals, clients' monies held on trust, loans payable, bond payable and bond interest payable, provisions and balances with and associate, a related company and ultimate holding company, approximate to their carrying amounts largely due to the short term maturities of these instruments or no fixed terms of repayment.

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:

The fair values of listed financial assets are based on quoted market prices.

Derivative financial instruments, including equity linked forward contract is based on the quoted market prices.

The fair values of unlisted equity investments have been estimated using a market-based valuation technique based on assumptions that are supported by observable recent transactions with similar risk characteristics. The valuation requires the directors to estimate the expected risk-free rate business discount rate, risk-free rate and equity risks, and hence they are subject to uncertainty. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting periods.

38. 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 at 31 December 2018:

	Valuation technique	Significant unobservable input	Range	Sensitivity of value to the input
Unlisted equity investment 1	Equity value	Equity volatility	56.72%	5% increase/ decrease in volatility results in increase/ decrease fair value by 0.27%/0.15%

Below is summary of significant unobservable inputs to valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2019:

	Valuation technique	Significant unobservable input	Range	Sensitivity of value to the input
Unlisted equity investment 1	Multiple/ EVA	Equity volatility	33.08%	5% increase/ decrease in volatility results in decrease/ increase in fair value by -1.0%-0.3%
		Average PE multiple of peers	10.8	5% increase/ decrease in PE multiple results in decrease/ increase in fair value by 5.4-4.1%
Unlisted equity Investment 2	Equity value	Equity volatility	62.28%	5% increase/decrease volatility result in increase/ decrease fair value by 0.05%/0.04%

38. 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 at 31 December 2019: (Continued)

	Valuation technique	Significant unobservable input	Range	Sensitivity of value to the input
Derivative financial instrument (financial asset)	MCS	Calculated volatility of the 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 Company from BB to BBB results in increase in fair value by 0.04%
				One rank level decrease in credit rating of Company from BB to B results in decrease in fair value by 0.80%
Derivative financial instrument (financial liability)	Binominal option pricing model	Volatility	67.87%	5% increase/ decrease in volatility results in increase/ decrease in fair value by 4.58%/4.66%
		Credit spread	12.52%	5% increase/ decrease in volatility results in decrease/ increase in fair value by 0.32%-0.32%
		Liquidity spread	2.99%	increase/ decrease in liquidity spread would not result in decrease/ increase in fair value

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
As at 31 December 2019				
Equity investment designated at FVOCI	267,000	-	-	267,000
Financial assets at fair value through profit or loss	4,482,682,911	-	527,471,892	5,010,154,803
Stock loans	1,576,700,200	-	-	1,576,700,200
Derivative financial assets	-		2,723,975,670	2,723,975,670
	6,059,650,111	-	3,251,447,562	9,311,097,673
As at 31 December 2018				
Equity investment designated at FVOCI	2,581,000	-	-	2,581,000
Financial assets at fair value through profit or loss	3,736,940,724	-	836,349,852	4,573,290,576
Stock loans	2,293,179,600	-	-	2,293,179,600
	6,032,701,324	-	836,349,852	6,869,051,176

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2019 HK$'000	2018 HK$'000
Financial assets at fair value through profit or loss:		
At 1 January	836,349,852	439,057,588
Unrealised gains recognised in the statement of profit or loss	2,774,807,358	75,716,350
Purchases	-	376,278,814
Disposals	(359,709,648)	(54,702,900)
At 31 December	3,251,447,562	836,349,852

Liabilities for which fair value are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
As at 31 December 2019				
Interest-bearing bank borrowings	-	913,021,031	-	913,021,031
As at 31 December 2018				
Interest-bearing bank borrowings	-	444,271,000	-	444,271,000

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and liabilities such as cash and bank balances, interest-bearing bank borrowings, accounts receivable, accounts payable, loans receivable, financial assets included in prepayments, other receivables and other assets, deferred income, other payables and accruals, clients' monies held on trust, bonds interest payable, bonds payable and provisions, balances with an associate, a related company and ultimate 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, 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
The Group is exposed to equity price risk arising from the investments held by the Group which are classified on the statement of financial position either as at fair value through profit or loss or equity investments designated at fair value through other comprehensive income. The equity securities held at the reporting dates included unlisted equities and equities listed in Hong Kong. To manage its price risk, the Group monitors its market positions on a regular basis.

If the prices of the respective equity investments had been 10% higher/lower, with all other variables held constant, the Group's fair value reserve would have increased/decreased by approximately HK$26,700 at 31 December 2019 (2018: HK$258,100) as a result of the changes in the non-hedged fair value of listed equity investments. The profit before tax would have increased/decreased by approximately HK$505,275,210 at 31 December 2019 (2018: HK$524,420,454) as a result of the changes in the fair value of financial assets at fair value through profit or loss.

Other price risk
The Group is exposed to price risk through its investments in debt securities. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's price risk is mainly concentrated on debt instruments. Management managed this exposure in accordance with the limits set by the Group.

The other price risk is limited because the price fluctuation of the debt securities is not significant.

39. 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$, and therefore the Group is exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. As HK$ is currently pegged to United States dollars ("US$"), the management considers that there is no significant foreign currency risk arising from the Group's monetary assets denominated in US$.

The Group's key currency risk exposure primarily arises from trade receivables and bank balances denominated in Australian Dollar ("AUD"), Euro ("EUR"), RMB and Taiwan New Dollar ("TWD"). As at 31 December 2019 and 2018, the carrying amounts of the Group's major foreign currency denominated monetary assets are as follows:

	Assets	
	2019	2018
	HK$	HK$
AUD	139,896	72,713
EUR	-	9,107
RMB	258,013	261,271
TWD	2,664,673	1,499,173
	3,062,582	1,842,264

Foreign currency sensitivity
If AUD had appreciated/depreciated by 5% (2018: 5%) with all other variables held constant, the impact on the Group's profit before tax for the year would be HK$7,145 (2018: HK$3,636).

If EUR had appreciated/depreciated by 5% (2018: 5%) with all other variables held constant, the impact on the Group's profit before tax for the year would be HK$443 (2018: HK$455).

If RMB had appreciated/depreciated by 5% (2018: 5%) with all other variables held constant, the impact on the Group's profit before tax for the year would be HK$13,548 (2018: HK$13,064).

If TWD had appreciated/depreciated by 5% (2018: 5%) with all other variables held constant, the impact on the Group's profit before tax for the year would be HK$133,324 (2018: HK$74,959).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Transactions of the Group are denominated in the functional currency and therefore the Group is not exposed to foreign currency risk.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 directors periodically.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk 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 year-end staging classification as at 31 December. For debt investments, the Group also monitors them by referencing to external credit ratings. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	HK$
Accounts receivable*	-	-	-	406,814,060	406,814,060
Financial assets included in prepayments, other receivables and other assets					
- Normal**	5,529,881,896	-	-	-	5,529,881,896
- Doubtful**	-	-	-	-	-
Debt investments at amortised cost	108,317,020	-	-	-	108,317,020
Due from joint ventures	274,457,374	-	-	-	274,457,374
Due from ultimate holding company#	7,348,863,550	-	-	-	7,348,863,550
Other assets	264,520,066	-	-	-	264,520,066
Cash and bank balances	810,016,148	-	-	-	810,016,148
	14,336,056,054	-	-	406,814,060	14,742,870,114

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	HK$	HK$	HK$	HK$	HK$
Accounts receivable*	2,575,051	-	-	177,353,045	179,928,096
Financial assets included in prepayments, other receivables and other assets					
- Normal**	5,422,773,812	-	-	-	5,422,773,812
- Doubtful**	-	-	-	-	-
Debt investments at amortised cost	452,109,412	-	-	-	452,109,412
Due from a related company#	4,075,351	-	-	-	4,075,351
Due from ultimate holding company#	3,682,627,819	-	-	-	3,682,627,819
Other assets	617,500,959	-	-	-	617,500,959
Cash and bank balances	330,615,427	-	-	-	330,615,427
	10,512,277,831	-	-	177,353,045	10,689,630,876

* 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 financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets 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. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

\# The group considers these exposure are of investment grade.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 and loans.

The following tables detail the Group's remaining contractual maturity for its non-derivative 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.

	2019				
	Weighted average interest rate %	On demand or less than 3 months HK$	3 months to 1 year HK$	1 to 5 years HK$	Total HK$
Accounts payables	N/A	508,428,064	-	-	508,428,064
Margin loans payable	6.625%	389,618,830	-	-	389,618,830
Deferred income, other payables and accruals	N/A	693,653,845	-	-	693,653,845
Interest-bearing bank borrowings	3.06%	913,021,031	-	-	913,021,031
Bonds payable	5.53%	-	-	2,849,016,900	2,849,016,900
Bonds interest payable	N/A	45,144,430	-	-	45,144,430
		2,549,866,200	-	2,849,016,900	5,398,883,100

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

2018

	Weighted average interest rate %	On demand or less than 3 months HK$	3 months to 1 year HK$	1 to 5 years HK$	Total HK$
Clients' monies held on trust	N/A	563,487,584	-	-	563,487,584
Accounts payables	N/A	30,973,600	-	-	30,973,600
Margin loans payable	6.75%	424,998,139	-	-	424,998,139
Deferred income, other payables and accruals	N/A	51,715,746	-	-	51,715,746
Interest-bearing bank borrowings	4.27%	439,010,336	-	-	439,010,336
Bonds payable	5.7%	1,253,056,000	-	1,445,000,000	2,698,056,000
Due to an associate	N/A	29,498,000	-	-	29,498,000
Bonds interest payable	N/A	41,996,571	-	-	41,996,571
		2,834,735,976	-	1,445,000,000	4,279,735,976

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 amounts due to ultimate holding company, bonds payable and equity attributable to equity holders of the Group, comprising issued share capital, share premium, retained profits and reserves, as disclosed in consolidated statement of changes in equity.

As AMTD GM, AMTD AAAPL and AMTD WM are licensed corporation 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 and AMTD RSG are members of the Hong Kong Confederation of Insurance Brokers, of which AMTD GM and AMTD RSG are 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 year.

40. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY

The maturity analysis is based on the remaining contractual maturity at the reporting date.

As at 31 December 2019

	Not past due HK$	Repayable on demand HK$	Less than three months HK$	Over three months but within one year HK$	One to five years HK$	No contractual maturity HK$	Total HK$
Assets							
Cash and bank balances	795,889,205	-	-	-	-	-	795,889,205
Other assets	264,520,066	-	-	-	-	-	264,520,066
Accounts receivable	343,336,422	-	51,041,821	12,435,817	-	-	406,814,060
Prepayments, other receivables and other assets	-	115,670,286	-	5,036,098,016	-	461,162,126	5,612,930,428
Financial assets at fair value through profit or loss	-	-	-	-	-	5,010,154,803	5,010,154,803
Stock loans	-	-	-	-	-	1,576,700,200	1,576,700,200
Derivative financial assets	-	-	2,723,975,670	-	-	-	2,723,975,670
Equity investment designated at fair value through other comprehensive income	-	-	-	-	-	267,000	267,000
Debt investments at amortised cost	-	-	-	-	108,317,020	-	108,317,020
Due from joint ventures	-	-	-	-		274,457,374	274,457,374
Due from ultimate holding company	-	-	-	-	-	7,348,863,550	7,348,863,550
	1,403,745,693	115,670,286	2,775,017,491	5,048,533,833	108,317,020	14,671,605,053	24,122,889,376
Tax recoverable							1,102,022
Investment in associates							721,556,638
Investment in joint ventures							128,937,714
Intangible assets							15,171,170
Property, plant and equipment							1,271,244,123
							26,260,901,043

40. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY (continued)

As at 31 December 2019 (continued)

	Repayable on demand HK$	Less than three months HK$	Over three months but within one year HK$	One to five years HK$	No contractual maturity HK$	Total HK$
Liabilities						
Accounts payable	495,591,302	5,468,652	7,643,302	-	-	508,428,064
Margin loans payable	389,618,830	-	-	-	-	389,618,830
Financial liabilities at fair value through profit or loss	-	-	-	-	1,563,793,848	1,563,793,848
Deferred income, other payables and accruals	-	-	115,349,947	70,450,587	693,653,845	879,454,379
Interest-bearing bank borrowings	-	322,621,031	590,400,000	-	-	913,021,031
Bonds payable	-	-	1,444,239,701	1,404,777,199	-	2,849,016,900
Bonds interest payable	-	20,203,334	24,941,096	-	-	45,144,430
Due to minority shareholders of subsidiaries	-	210,421,637	-	-	430,361,198	640,782,835
	885,210,132	558,714,654	2,182,298,854	1,475,227,786	2,687,808,891	7,789,260,317
Tax payable						118,875,632
Deferred tax liabilities						409,950,565
						8,318,086,514

40. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY (continued)

As at 31 December 2018

	Not past due HK$	Repayable on demand HK$	Less than three months HK$	Over three months but within one year HK$	One to five years HK$	No contractual maturity HK$	Total HK$
Assets							
Cash and bank balances	-	330,615,427	-	-	-	-	330,615,427
Other assets	-	617,500,959	-	-	-	-	617,500,959
Accounts receivable	95,469,637	-	12,468,045	71,990,414	-	-	179,928,096
Prepayments, other receivables and other assets	-	-	41,431,327	5,352,728,592	-	86,731,223	5,480,891,142
Due from a related company	-	-	-	-	-	4,075,351	4,075,351
Due from ultimate holding company	-	-	-	-	-	3,682,627,819	3,682,627,819
Financial assets at fair value through profit or loss	-	-	69,720,882	716,194,902	-	3,787,374,792	4,573,290,576
Stock loans	-	-	-	-	-	2,293,179,600	2,293,179,600
Equity investment designated at fair value through other comprehensive income	-	-	-	-	-	2,581,000	2,581,000
Debt investments at amortised cost	-	-	156,319,412	100,000,000	195,790,000	-	452,109,412
	95,469,637	948,116,386	279,939,666	6,240,913,908	195,790,000	9,856,569,785	17,616,799,382
Tax recoverable							2,272,196
Property, plant and equipment							30,931,797
Intangible assets							15,171,170
Investment in an associate							30,000,000
							17,695,174,545

40. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY (continued)

As at 31 December 2018 (continued)

	Repayable on demand HK$	Less than three months HK$	Over three months but within one year HK$	One to five years HK$	No contractual maturity HK$	Total HK$
Liabilities						
Accounts payable	563,487,584	30,973,600	-	-	-	594,461,184
Margin loans payable	424,998,139	-	-	-	-	424,998,139
Deferred income, other payables and accruals	-	-	37,165,868	17,945,950	51,715,746	106,827,564
Interest-bearing bank borrowings	439,010,336	-	-	-	-	439,010,336
Bonds payable	-	1,251,725,279	-	1,443,575,167	-	2,695,300,446
Due to an associate	29,498,000	-	-	-	-	29,498,000
Bonds interest payable	-	41,996,571	-	-	-	41,996,571
	1,456,994,059	1,324,695,450	37,165,868	1,461,521,117	51,715,746	4,332,092,240
Tax payable						29,544,859
Deferred tax liabilities						225,308,364
						4,586,945,463

41. SUBSEQUENT EVENTS

Exercise of warrant
On 6 March 2020, the warrant holder exercised the warrants in full and paid an additional amount of US$10 million on 10 March 2020 for 1,666,666 Class A ordinary shares of the subsidiary (Note 23).

Extension of the Agreements
On 31 March 2020, the Agreements were further extended for an additional three months till 30 June 2020 (Note 14).

Medium term note program, secondary listing of AMTD International Inc. "AMTD International"
On 30 March 2020, AMTD International submitted the application to The Stock Exchange of Hong Kong Limited ("SEHK") for the listing of the US$1.0 billion medium term note program of the Company (the "MTN Program") for a period of twelve months from 30 March 2020 by way of debt issued 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). The listing of the MTN Program became effective on 6 April 2020.

On 2 April 2020, AMTD International received approval in principle from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of each applicable series of the securities under the US$1.0 billion medium term note program of the Company (the "MTN Program") on the Official List of the SGX-ST. With this approval, the MTN Program will become a dual-listed medium term note program, which will successfully list on both The Stock Exchange of Hong Kong Limited and the SGX-ST. The listing of the MTN Program on SGX-ST became effective on 6 April 2020.

On 8 April 2020, AMTD International completed the secondary listing by way of introduction of 23,873,655 class A ordinary shares of AMTD International on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") under the stock code "HKB", being class A ordinary shares that have been registered with the United States Securities and Exchange Commission as part of the Company's initial public offering and listing on the New York Stock Exchange (the "NYSE") under the stock code "HKIB" in August 2019, and which were previously represented by the American depositary shares ("ADSs", each representing one class A ordinary share of the Company) listed for trading on the NYSE. The Company's ADSs will continue to be listed and traded on the NYSE.

41. SUBSEQUENT EVENTS (continued)

Medium term note program, secondary listing of AMTD International Inc. "AMTD International" (continued)

On 24 April 2020, AMTD International announced an invitation to holders of the outstanding US$123 million 7.625% senior perpetual securities of the Company (the "Existing Securities") to offer to exchange any and all of their outstanding Existing Securities for new securities (the "New Securities") to be issued by AMTD International under the Company's US$1.0 billion medium term note program (the "Exchange Offer"). The amount of New Securities to be delivered in exchange for a principal amount of the Existing Securities offered and accepted for exchange will 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 will commence on 23 April 2020 and expire on 6 May 2020, unless extended, re-opened, or closed earlier. AMTD International may further issue additional new securities under its US$1.0 billion medium term note program to be immediately fungible with the New Securities issued in connection with the Exchange Offer.

Outbreak of novel Coronavirus

The emergence and wide spread of the novel Coronavirus ("COVID-19") since the beginning of 2020, and the consequential government actions, has affected businesses and economic activities in Mainland China and the rest of the world. The Group will monitor the developments of the COVID-19 situation closely in order to assess and proactively respond in order to minimize any adverse impacts on the financial position and the operating results of the Group.

The effects of COVID-19 are considered to be a non-adjusting post balance sheet event. Due to rapidly changing situation, it is not practicable to provide an estimate of its financial impact on the Group at this stage.

42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 April 2020.

ISSUER

AMTD Group Company Limited
P.O. Box 957
Offshore Incorporations Centre
Road Town, Tortola
British Virgin Islands

AUDITOR OF THE ISSUER

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

FISCAL AGENT AND ISSUING AND PAYING AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugene Ruppert
L-2453 Luxembourg

CMU LODGING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon, Hong Kong Branch
Level 26, Three Pacific Place
1 Queen's Road East
Hong Kong

LEGAL ADVISERS

To the Issuer as to English law

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

Appendix 3

Pricing Supplement dated 15 February 2022 in relation to the New Notes

***Singapore Securities and Futures Act Product Classification**: Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures Act (Capital Market Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).*

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Professional Investors**") only.

Notice to Hong Kong investors: The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer or the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document, together with the Offering Circular, includes particulars given in compliance with the Rules Governing the Listing of Notes on The Stock Exchange of Hong Kong Limited for the purposes of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Pricing Supplement dated 15 February 2022

AMTD Group Company Limited
尚乘集團有限公司

Issue of U.S.$200,000,000 5.0 per cent. Notes due 8 March 2022
to be consolidated and to form a single series with the
U.S.$18,285,000 5.0 per cent. Notes due 8 March 2022 issued on 8 March 2019
(ISIN: XS1957476952, Common Code: 195747695)

under the U.S.$1,000,000,000 Medium Term Note Programme

The document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the offering circular dated 25 February 2019. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the offering circular dated 15 February 2022, save in respect of the Conditions which are extracted from the offering circular dated 25 February 2019.

1.	Issuer:		AMTD Group Company Limited 尚乘集團有限公司
2.	(i)	Series Number:	4
	(ii)	Tranche Number:	2
	(iii)	Date on which the Notes become fungible:	The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the U.S.$18,285,000 5.0 per cent. Notes due 2022 on the Issue Date
3.	Specified Currency or Currencies:		United States Dollars ("**U.S.$**")
4.	Aggregate Nominal Amount:		U.S.$218,285,000
	(i)	Series:	U.S.$218,285,000
	(ii)	Tranche:	U.S.$200,000,000
5.	(i)	Issue Price:	100 per cent. of the Aggregate Nominal Amount plus accrued interest from (and including) 8 September 2021 to (but excluding) the Issue Date
	(ii)	Gross Proceeds:	U.S.$204,444,444.44
6.	(i)	Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(ii)	Calculation Amount:	U.S.$1,000
7.	(i)	Issue Date:	18 February 2022
	(ii)	Interest Commencement Date:	8 September 2021
8.	Maturity Date:		8 March 2022
9.	Interest Basis:		5.0 per cent. Fixed Rate
10.	Redemption/Payment Basis:		Redemption at par
11.	Change of Interest or Redemption/Payment Basis:		Not Applicable
12.	Put/Call Options:		Change of Control Put
13.	(i)	Status of the Notes:	Senior
	(ii)	Date of Board approval for issuance of Notes obtained:	20 February 2019
14.	Listing:		Hong Kong – Listing of this Tranche of Notes expected to become effective on or around 21 February 2022
15.	Method of distribution:		Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	**Fixed Rate Note Provisions**	Applicable
	(i) Rate of Interest:	5.0 per cent. per annum payable semi-annually in arrear
	(ii) Interest Payment Date(s):	8 March and 8 September in each year
	(iii) Fixed Coupon Amount:	U.S.$25.00 per Calculation Amount
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction:	30/360
	(vi) Determination Dates:	Not Applicable
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	**Floating Rate Note Provisions**	Not Applicable
18.	**Zero Coupon Note Provisions**	Not Applicable
19.	**Index-Linked Interest Note Provisions**	Not Applicable
20.	**Dual Currency Note Provisions**	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21.	**Call Option**	Not Applicable
22.	**Put Option**	Not Applicable
23.	**Change of Control Put Option**	Applicable
24.	**Final Redemption Amount of each Note**	U.S.$1,000 per Calculation Amount
25.	**Early Redemption Amount**	U.S.$1,000 per Calculation Amount.
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption (other than on redemption for Change of Control) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26.	**Form of Notes**	
		Registered Notes:
		Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate
27.	Financial Centre(s) or other special provisions relating to payment dates:	Not Applicable.
28.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
29.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:	Not Applicable
30.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable
31.	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
32.	Consolidation provisions:	The provisions in Condition 13 (*Further Issues*) apply
33.	Other terms or special conditions:	Not Applicable

DISTRIBUTION

34.	(i)	If syndicated, names of Managers:	Not Applicable
	(ii)	Stabilising Manager(s) (if any):	Not Applicable
	(iii)	If non-syndicated, name and address of Dealer:	AMTD Global Markets Limited (尚乘环球市场有限公司) 23/F – 25/F, Nexxus Building 41 Connaught Road Central Central Hong Kong
35.	U.S. Selling Restrictions:		Reg. S Category 1; TEFRA Not Applicable
36.	Additional selling restrictions:		Not Applicable

37.	Private bank rebate/commission	Not Applicable
	OPERATIONAL INFORMATION	
38.	ISIN Code:	XS1957476952
39.	Common Code:	195747695
40.	CMU Instrument Number:	Not Applicable
41.	Legal Entity Identifier (LEI):	300300562CL5FSKOCE61
42.	Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU and the relevant identification number(s):	Not Applicable
43.	Delivery:	Delivery free of payment
44.	Additional Paying Agent(s) (if any):	Not Applicable
	GENERAL	
45.	The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for Notes not denominated in U.S. dollars):	Not Applicable
46.	Use of proceeds	General corporate purposes and refinancing of existing indebtedness
47.	Prohibition of Sales to EEA Retail Investors:	Not Applicable

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Hong Kong Stock Exchange of the Notes described herein pursuant to the U.S.$1,000,000,000 Medium Term Note Programme.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of AMTD Group Company Limited 尚乘集團有限公司:

By: ....

Duly authorised

ANNEX

The Issuer intends to, further to the Issue Date and prior to the Maturity Date, request the holders of the Notes to enter into an extraordinary resolution given by way of electronic consents (the "**Extraordinary Resolution**") to make certain adjustments in relation to the Notes and its underlying documentation. Such adjustments will, *inter alia*, include the extension of the Maturity Date of the Notes beyond the current Maturity Date stated in paragraph 8 above.

If the Extraordinary Resolution is passed and implemented by the Issuer, all holders of the Notes will be bound by the terms of the Extraordinary Resolution whether or not they voted in favour of the relevant Extraordinary Resolution for such Series.