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This announcement and the listing documents referred to herein have been published for information purposes only as required by the Listing Rules (as defined below) 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 documents) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing documents 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 Issuer (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.

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 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")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Securities (as defined below) will be offered and sold outside the United States in compliance with Regulation S. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the Issuer making the offer and its management and financial statements. There will be no public offering of securities in the United States.

Notice to Hong Kong investors: *The Issuer confirms that the Securities (as defined below) 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 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.*

PUBLICATION OF OFFERING CIRCULARS AND PRICING SUPPLEMENT



AMTD IDEA Group

(incorporated under the laws of the Cayman Islands with limited liability)
(as Issuer)

**US\$250,000,000 7.25 per cent. Senior Perpetual Securities (the "USD Perpetual Securities")
(consolidated and forming a single series with the US\$200,000,000 7.25 per cent.
Senior Perpetual Securities issued on 14 May 2020)
(together with the USD Perpetual Securities, the "Securities"))
(Stock Code: 40219)
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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Listing Rules**").

Please refer to the offering circular dated 30 March 2020, and the listing memorandums dated 2 April 2020 and 31 March 2023 in relation to the Programme (together, the "**Offering Circulars**") and the pricing supplement dated 12 April 2023 in relation to the USD Perpetual Securities (the "**Pricing Supplement**"), appended hereto (the Offering Circulars and the Pricing Supplement together, the "**Listing Documents**"). As disclosed in the Listing Documents, the Securities are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange on that basis.

The Listing Documents do not constitute a prospectus, notice, circular, brochure or advertisement offering to sell

any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Listing Documents should not be regarded as an inducement to subscribe for or purchase any Notes of the Issuer and no such inducement is intended.

By Order of the Board
AMTD IDEA Group
Dr. Feridun Hamdullapur
Chairman

18 April 2023

As at the date of this announcement, the directors of the Issuer are Dr. Feridun Hamdullapur (Chairman), Dr. Timothy Tong, Dr. Annie Koh, Mr. Marcellus Wong and Mr. Raymond Yung.

TABLE OF CONTENTS

OFFERING CIRCULAR DATED 30 MARCH 2020

LISTING MEMORANDUM DATED 2 APRIL 2020

LISTING MEMORANDUM DATED 31 MARCH 2023

PRICING SUPPLEMENT DATED 12 APRIL 2023

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES PURCHASING THE SECURITIES OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S (AS DEFINED BELOW) AND, IN CERTAIN CIRCUMSTANCES, ARE NON-U.S. PERSONS (AS DEFINED BELOW).

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, OR, IN CERTAIN CIRCUMSTANCES, TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”)), 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 U.S. PERSON OR 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 and The Bank of East Asia, Limited (the “**Arrangers**”), AMTD Global Markets Limited, Admiralty Harbour Capital Limited, Cathay United Bank Co., Ltd., China Everbright Securities (HK) Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, GF Securities (Hong Kong) Brokerage Limited, Industrial and Commercial Bank of China (Asia) Limited, KEB Hana Global Finance Limited, Nanyang Commercial Bank, Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, The Bank of East Asia, Limited and Zhongtai International Securities Limited (the “**Dealers**”), any person who controls the Arrangers or the Dealers, any director, officer, employee nor agent of the Issuer or the Arrangers 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 Arrangers 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.



AMTD INTERNATIONAL INC.

(incorporated under the laws of the Cayman 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 International Inc (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**” or “**SEHK**”) 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 depository (“**Common Depository**”) 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 Money Markets 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. The Securities may not be offered, sold, or, in the case of Bearer Securities, delivered within the United States or, in the case of Securities offered or sold outside the United States in reliance on Category 2 of Regulation S, to or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except pursuant to an exemption from the registration requirements of the Securities Act. 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.

Arrangers

AMTD		The Bank of East Asia, Limited		
<i>Dealers</i>				
AMTD	Admiralty Harbour	Cathay United Bank	Everbright Sun Hung Kai	China Minsheng Banking Corp., Ltd., Hong Kong Branch
GF Securities	ICBC (Asia)	KEB Hana Global Finance Limited	Nanyang Commercial Bank	
Shanghai Pudong Development Bank Hong Kong Branch		The Bank of East Asia, Limited	Zhongtai International	

(Arranged alphabetically)

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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 Securities 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 Arrangers and the Dealers to inform themselves about and to observe any such restrictions. None of the Issuer, the Arrangers 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 Arrangers 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 Cayman 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. The Securities may not be offered, sold or, in the case of Bearer Securities, delivered within the United States or, in the case of Securities offered or sold outside the United States in reliance on Category 2 of Regulation S, to or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except pursuant to an exemption from the registration requirements of the Securities Act. 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 Arrangers 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 AND UK RETAIL INVESTORS — If the Pricing Supplement in respect of any Securities includes a legend entitled “Prohibition of Sales to EEA and UK 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**”) or in the United Kingdom (the “**UK**”). 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 (EU) 2016/97 (the “**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; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). 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 or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK 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 Securities pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the “**SFA**”).

The Issuer will make a determination and provide the appropriate written notification to “relevant persons” in relation to each issue about the classification of the Securities being offered for purposes of section 309B(1)(a) and section 309(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 Arrangers, 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 STABILISATION MANAGER(S) (THE “STABILISATION MANAGER”) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION 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 STABILISATION ACTION MAY BEGIN ON THE 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 STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

The Arrangers 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 Arrangers 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 Arrangers 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 Arrangers 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 Arrangers 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 “sterling” and “£” are to the lawful currency of the United Kingdom; 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 2017 and 2018 and for the nine months ended 30 September 2019 (the “**Audited Financial Statements of the Group**”) included in this Offering Circular 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**”).

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, the most recently published annual financial statements and any audited or unaudited interim financial statements published subsequently to such annual financial statements of the Issuer from time to time (if any), in each case with the report of the auditors in connection therewith (if any), 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	38
CLEARANCE AND SETTLEMENT	39
TERMS AND CONDITIONS OF THE NOTES	41
TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES.....	68
FORM OF PRICING SUPPLEMENT IN RELATION TO THE NOTES	97
FORM OF PRICING SUPPLEMENT IN RELATION TO THE PERPETUAL SECURITIES	107
SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM.....	116
CAPITALISATION.....	121
DESCRIPTION OF THE GROUP	122
DIRECTORS AND EXECUTIVE OFFICERS.....	143
TAXATION	151
SUBSCRIPTION AND SALE	153
GENERAL INFORMATION	159
INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED 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 International Inc.
Legal Entity Identifier Code	549300KHWP26J8NTV43.
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.
Arrangers	AMTD Global Markets Limited and The Bank of East Asia, Limited.
Dealers	AMTD Global Markets Limited, Admiralty Harbour Capital Limited, Cathay United Bank Co., Ltd., China Everbright Securities (HK) Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, GF Securities (Hong Kong) Brokerage Limited, Industrial and Commercial Bank of China (Asia) Limited, KEB Hana Global Finance Limited, Nanyang Commercial Bank, Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, The Bank of East Asia, 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, Issuing and Paying Agent and Calculation 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 “— <i>Selling Restrictions</i> ” 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 Service 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 Depository or deposited with a sub-custodian for the CMU Service. 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 “ <i>Terms and Conditions of the Notes — Negative Pledge</i> ”.
Cross Acceleration	See “ <i>Terms and Conditions of the Notes — Events of Default</i> ”.
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 “ <i>Terms and Conditions of the Notes — Redemption, Purchase and Options</i> ”.
Withholding Tax	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Cayman 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 “ <i>Terms and Conditions of the Notes — Taxation</i> ”.
Governing Law	English law.
<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	<p>Floating Rate Perpetual Securities will bear distribution determined separately for each Series as follows:</p> <ul style="list-style-type: none"> (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, <p>(or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.</p> <p>Distribution periods will be specified in the relevant Pricing Supplement.</p>
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.

	<p>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 “<i>Terms and Conditions of the Perpetual Securities — Distributions and other Calculations — Distribution Discretion</i>”.</p>
Non-Cumulative Deferral and Cumulative Deferral	<p>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.</p> <p>If Cumulative-Deferral is specified in the relevant Pricing Supplement, any deferred distribution shall constitute Arrears of Distribution.</p>
Restrictions in the case of Non-Payment	<p>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).</p>
Status of the Senior Perpetual Securities	<p>All Senior Perpetual Securities will, upon issue, constitute unsecured obligations of the Issuer as described in “<i>Terms and Conditions of the Perpetual Securities — Status — Status of Senior Perpetual Securities</i>”.</p>
Status of the Subordinated Perpetual Securities	<p>All Subordinated Perpetual Securities will, upon issue, constitute unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves, and <i>pari passu</i> 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 “<i>Terms and Conditions of the Perpetual Securities — Status — Status of Subordinated Perpetual Securities</i>”.</p>
Subordination of Subordinated Perpetual Securities	<p>Subject to the insolvency laws of the Cayman 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.</p>
No set-off in relation to Subordinated Perpetual Securities	<p>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.</p>
Optional Redemption	<p>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.</p>

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 Cayman 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 Cayman 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, the United Kingdom, the PRC, Hong Kong, Japan, Singapore and the Cayman Islands, see “*Subscription and Sale*” below.

Category 1 or 2 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 (i) the Group's audited consolidated financial statements for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019 and (ii) the Group's unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2018. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the Group's audited consolidated financial statements and include all adjustments, consisting only of normal and recurring adjustments, that the Group considers necessary for a fair presentation of its financial position and results of operations for the periods presented. This "Summary Financial Information" section should be read together with the Group's consolidated financial statements and the related notes and "Description of the Group" included elsewhere in this Offering Circular. The Group's consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards, or IFRS, issued by the International Accounting Standard Board, or IASB. The Group's historical results of operations are not necessarily indicative of results of operations expected for future periods.

The following table presents the Group's summary consolidated statements of profit or loss and other comprehensive income data for the periods indicated.

SELECTED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME DATA

	For the Year Ended 31 December				For the Nine Months Ended 30 September			
	2017 (audited)		2018 (audited)		2018 (unaudited)		2019 (audited)	
	HK\$	%	HK\$	%	HK\$	%	HK\$	%
	(in thousands, except for percentages and per share data)							
Revenue								
Fee and commission income	278,976	27.0	367,538	50.8	246,623	(172.4)	422,052	40.5
Dividend and gain related to disposed investment	69,509	6.7	99,228	13.7	99,228	(69.4)	100,552	9.6
Sub-total	348,485	33.7	466,766	64.5	345,851	(241.8)	522,604	50.1
Net fair value changes on financial assets at fair value through profit or loss and stock loan	684,679	66.3	256,460	35.5	(488,891)	341.8	(288,214)	(27.7)
Net fair value change on derivative financial instrument.	—	—	—	—	—	—	807,618	77.6
Total revenue	1,033,164	100.0	723,226	100.0	(143,040)	100.0	1,042,008	100.0
Other income	17,915	1.7	15,393	2.1	15,387	(10.8)	7,466	0.7
Operating expenses, net	(111,563)	(10.8)	(52,582)	(7.2)	(47,046)	32.9	(74,137)	(7.1)
Staff costs	(102,205)	(9.9)	(68,025)	(9.4)	(60,973)	42.6	(78,102)	(7.5)
Finance costs	(28,725)	(2.8)	(9,047)	(1.3)	(6,547)	4.6	(16,162)	(1.6)
Profit/(Loss) before tax	808,586	78.2	608,965	84.2	(242,219)	169.3	881,073	84.5
Income Tax (expense)/credit	(135,214)	(13.1)	(83,840)	(11.6)	51,595	(36.1)	(139,731)	(13.4)
Profit/(Loss) for the year and for the period and total comprehensive income/(loss) for the year and for the period	673,372	65.1	525,125	72.6	(190,624)	133.2	741,342	71.1
Attributable to:								
Owners of the parent	568,266	55.0	468,061	64.7	(116,643)	81.5	848,711	81.4
Non-controlling interests	105,106	10.1	57,064	7.9	(73,981)	51.7	(107,369)	(10.3)
	673,372	65.1	525,125	72.6	(190,624)	133.2	741,342	71.1
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT								
Class A ordinary shares:								
Basic, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent.	—		—		—		4.04	
Diluted, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent.	—		—		—		4.04	
Class B ordinary shares:								
Basic, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent.	2.84		2.34		(0.58)		4.04	
Diluted, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent.	2.84		2.34		(0.58)		4.04	

After the completion of the restructuring in April 2019, AMTD International Inc. became the holding company of the Group's businesses, which had previously been operated under the common control of its Controlling Shareholder. Accordingly, the Group's financial statements were prepared on a consolidated basis.

The following table presents the Group's summary consolidated statements of financial position data as of the dates indicated.

SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA

	As of 31 December		As of
	2017	2018	30 September
	(audited)	(audited)	2019
	HK\$	HK\$	HK\$
		(in thousands)	
Total non-current assets	15,623	15,302	15,217
Total current assets ⁽¹⁾	6,025,994	7,091,887	7,071,518
Total assets	6,041,617	7,107,189	7,086,735
Total non-current liabilities	130,209	163,357	242,914
Total current liabilities	3,242,132	3,749,430	887,282
Total liabilities	3,372,341	3,912,787	1,130,196
Share capital			
Class A ordinary shares (par value of US\$0.0001 per share as at 31 December 2017 and 2018 and 30 September 2019; nil, nil and 8,000,000,000 shares authorized as at 31 December 2017 and 2018 and 30 September 2019, respectively; nil, nil and 33,777,159 shares as at 31 December 2017 and 2018 and 30 September 2019, respectively)	—	—	26
Class B ordinary shares (par value of US\$0.0001 per share as at 31 December 2017 and 2018 and 30 September 2019; nil, nil and 2,000,000,000 shares authorized as at 31 December 2017 and 2018 and 30 September 2019, respectively; nil, nil and 200,000,001 shares as at 31 December 2017 and 2018 and 30 September 2019, respectively)	157	157	157
Capital reserve	1,312,803	1,312,803	3,768,803
Retained profits	870,781	1,338,842	2,187,553
Total ordinary share holders' equity	2,183,741	2,651,802	5,956,539
Non-controlling interests	485,535	542,600	—
Total equity	2,669,276	3,194,402	5,956,539
Total liabilities and equity	6,041,617	7,107,189	7,086,735

⁽¹⁾ The Group's total current assets include, among others, bank balances held under segregated accounts in trust custody on behalf of its asset management clients of HK\$288.0 million as of 30 September 2019. These segregated bank balances will be removed together with the corresponding client money held on trust recorded in total current liabilities after clients execute trades or make withdrawals.

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 BUSINESS AND INDUSTRY

The Group has a relatively short operating history of its current businesses compared to some of its globally established competitors and face significant risks and challenges in a rapidly evolving market, which makes it difficult to effectively assess its future prospects

The Group has a relatively short operating history of its current businesses compared to some of its globally established competitors. The Group launched its investment banking business in 2015, after which it introduced its institutional asset management business and strategic investment business.

Consideration of the Group's business and prospects should be made in light of the risks and challenges the Group encounters or may encounter given the rapidly evolving market in which it operates and its relatively short operating history. These risks and challenges include the Group's ability to, among other things:

- build a well-recognised and respected brand;
- establish and expand the Group's client base, win capital markets and advisory mandates and increase its assets under management ("AUM");
- maintain and enhance the Group's relationships with its business partners;
- attract, retain, and motivate talented employees;
- anticipate and adapt to changing market conditions and competitive landscape;
- manage the Group's future growth;
- ensure that the performance of the Group's products and services meets client expectations;
- maintain or improve the Group's operational efficiency;
- navigate a complex and evolving regulatory environment;
- defend the Group in any legal or regulatory actions;
- enhance the Group's technology infrastructure and maintain the security of the Group's system and the confidentiality of the information provided and utilised across its system;
- avoid and remedy operating errors as a result of human or system errors;
- identify and address conflicts of interest;
- manage the Group's strategic investments; and
- identify and appropriately manage the Group's related party transactions.

If the Group fails to address any or all of these risks and challenges, its business may be materially and adversely affected.

The Group has a relatively short history in serving its current institutional client base. As the Group's business develops and as it responds to competition, the Group may continue to introduce new service offerings, make adjustments to its existing services, or make adjustments to the Group's business operations in general. Any significant change to the Group's business model that does not achieve expected results could have a material and adverse impact on its financial condition and results of operations. It is therefore difficult to effectively assess the future prospects of the Group.

Unfavourable financial market and economic conditions in Hong Kong, China, and elsewhere in the world could materially and adversely affect the Group's business, financial condition, and results of operations

As a financial services firm based in Hong Kong, the Group's businesses are materially affected by conditions in the financial markets and economic conditions in Hong Kong, China, and elsewhere in the world. Financial markets and economic conditions could be negatively impacted by many factors beyond the Group's control, such as inability to access capital markets, control of foreign exchange, changes in exchange rates, rising interest rates or inflation, slowing or negative growth rate, government involvement in allocation of resources, inability to meet financial commitments in a timely manner, terrorism, political uncertainty, civil unrest, fiscal or other economic policy of Hong Kong or other governments, and the timing and nature of any regulatory reform.

Political unrest such as protests or demonstrations could disrupt economic activities and adversely affect the Group's business. The recent unrest in Hong Kong has led to a decrease in inbound tourism to Hong Kong, decreased consumer spending and an overall negative impact on the domestic economy. There can be no assurance that these protests and other economic, social or political unrest in the future will not have a material adverse effect on the Group's financial conditions and results of operations. The current trade frictions between the United States and China may also give rise to uncertainties in global economic conditions and adversely affect general investor confidence.

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

Revenue generated by the Group's investment banking business is directly related to the volume and value of the transactions in which it is involved. The Group's investment bankers primarily serve clients in raising capital through initial public offerings ("IPOs") and debt offerings. During periods of unfavourable market and economic conditions, the Group's results of operations may be adversely affected by a decrease in the number and value of the IPOs and debt offerings that it underwrites.

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

The financial services industry is intensely competitive. If the Group is unable to compete effectively, it may lose its market share and the Group's results of operations and financial condition may be materially and adversely affected

The financial services industry is intensely competitive, highly fragmented, and subject to rapid change, and it is expected to remain so. The Group competes both in Hong Kong and globally, and on the basis of a number of factors, including its ability to adapt to evolving financial needs of a broad spectrum of clients, its ability to identify market demands and business opportunities to win client mandates, the quality of its advice, its employees, and deal execution, the range and price of its products and services, its innovation, reputation, and the strength of its relationships. The Group expects to continue to invest

capital and resources in its businesses in order to grow and develop them to a size where they are able to compete effectively in their markets, have economies of scale, and are themselves able to produce or consolidate significant revenue and profit. The Group cannot assure that the planned and anticipated growth of its businesses will be achieved or in what timescale. There may be difficulties securing financing for investment for growth and in recruiting and retaining the skilled human resources required to compete effectively. If the Group fails to compete effectively against its competitors, its business, financial conditions, results of operations, and prospects will be materially and adversely affected.

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

The Group primarily competes with other investment banking firms. It has experienced and may continue to experience intense competition over obtaining investment banking service mandates. The Group may face pricing pressure as some of its competitors may seek to obtain higher market share by reducing fees and commissions. Some of the Group's competitors include large global financial institutions or state-owned PRC financial institutions operating or headquartered in Hong Kong, many of which have longer operating histories, far broader financial and other resources, and significantly greater name recognition than the Group and have the ability to offer a wider range of products, which may enhance their competitive position. They also regularly support services the Group does not provide, such as commercial lending, margin lending and other financial services and products, which puts the Group at a competitive disadvantage and could result in pricing pressures or lost opportunities, which in turn could materially and adversely affect its results of operations. In addition, the Group may be at a competitive disadvantage with regard to some of its competitors that have larger customer bases, more professionals, and the ability to provide financing that are often a crucial component of investment banking deals on which the Group advises.

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

The Group's businesses depend on key management executives and professional staff, and its business may suffer if it is unable to recruit and retain them

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

Moreover, the Group's business operations depend on its professional staff, the Group's most valuable assets. Their skills, reputation, professional experience, and client relationships are critical elements in obtaining and executing client engagements. The Group devotes considerable resources and incentives to recruiting and retaining these personnel. However, the market for quality professional staff is increasingly competitive. The Group expects to face significant competition in hiring such personnel. Additionally, as the Group matures, current compensations scheme to attract employees may not be as effective as in the past. The intense competition may require the Group to offer more competitive compensation and other incentives to its talent, which could materially and adversely affect the Group's financial condition and results of operations. As a result, the Group may find it difficult to retain and motivate these employees, and this could affect their decisions about whether or not they continue to work for the Group. If the Group does not succeed in attracting, hiring and integrating quality professional staff, or retaining and motivating existing personnel, it may be unable to grow effectively.

The Group makes strategic investments using its own capital, and may not be able to realize any profits from these investments for a considerable period of time, or may lose some or all of the principal amounts of these investments

The Group derived a significant portion of its revenue from its strategic investment business. The Group's dividend and gain related to disposed investment accounted for 6.7 per cent., 13.7 per cent., and 9.61 per cent. of its total revenue for the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2019, respectively, and the Group's net fair value changes on stock loan, derivative financial instrument and financial assets at fair value through profit or loss accounted for 66.3 per cent., 35.5 per cent., and 49.9 per cent. of its total revenue for the corresponding periods, respectively. The Group's strategic investment portfolio primarily consist of investments in equity and equity-linked securities of public and private companies. Making a sound investment decision requires the Group to carefully identify and select a target company based on its business, financial condition, operations, and the industry in which it operates. In general, this process involves analytical assessment and estimation of the target company's profitability and sustainability. The Group may make unsound investment decisions due to fraudulent and concealed, inaccurate or misleading statements from a target company in the course of its due diligence, which could lead the Group to mistakenly estimate the value of the target company and affect its ability to derive profit from such investments. In addition, the Group's understanding of and judgment on the target company's business and prospects, and the industry in which the target company operates may deviate and result in inaccurate investment decisions.

The Group makes strategic investments in financial and new economy sectors in Asia and are subject to concentration risks. The Group's investment portfolio may be concentrated in certain sectors, geographic regions, individual investments, or types of securities that may or may not be listed. As of the date of this Offering Circular, the Group holds investments primarily in four companies under its strategic investment business. Any significant decline in the value of its investment portfolio may therefore adversely impact the Group's business, results of operations, and financial condition.

The Group also makes strategic investments in the highly regulated banking sector in China. Any change in PRC laws, regulations, or policies may adversely affect the Group's equity holding as a foreign investor, its ability to exit from the investment, or the fair value of its equity investment.

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

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

The Group's strategic investment business is subject to liquidity risks

Some of the Group's strategic investments are in the form of securities that are not publicly traded. In many cases, there may be prohibition by contract or by applicable laws from selling such securities for a period of time or there may not be a public market for such securities. Even if the securities are publicly traded, large holdings of securities can often be disposed of only over a substantial length of time, exposing the investment returns to risks of downward movement in market prices during the disposition period. Accordingly, under certain conditions, the Group may be forced to either sell securities at lower prices than the Group had expected to realize or defer, potentially for a considerable

period of time, sales that the Group had planned to make. Investing in these securities can involve a high degree of risk, and the Group may lose some or all of the principal amount of such strategic investments.

The Group's results of operations and financial condition may be materially affected by fluctuations in the fair value of the Group's equity investments in its investee companies

The Group's investments are long-term, strategic in nature to reinforce its ecosystem. The Group has made significant equity investments in public and private companies and recognise dividend and gain related to disposed investment and net fair value changes on financial assets at fair value through profit or loss on its consolidated statements of profit or loss and other comprehensive income. For the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2019, dividend and gain related to disposed investment accounted for 6.7 per cent., 13.7 per cent., and 9.6 per cent., and net fair value changes on stock loan, derivative financial instrument and financial assets at fair value through profit or loss accounted for 66.3 per cent., 35.5 per cent., and 49.9 per cent., of the Group's total revenue, respectively. Since the Group intends to hold its investments on a long-term basis, fair value of the Group's equity investments is subject to market fluctuations due to changes in the market prices of securities, interest rates, or other market factors, such as liquidity, or regulatory factors, such as changes in policies affecting the businesses of the Group's investee companies. Technology has been one of the Group's key sectors of focus and the fair value of the Group's investments in technology companies may be subject to significant valuation fluctuations. For the Group's equity investments in private companies, it measures their fair value based on an assessment of each underlying security, considering rounds of financing, third-party transactions, and market-based information, including comparable company transactions, trading multiples, and changes in market outlook. As of 30 September 2019, the aggregate fair value of the Group's strategic investment portfolio was HK\$3.9 billion. Although the Group does not intend to make frequent trades on investments for profit, the nature of investment and significance of its investment holdings could adversely affect the Group's results of operations and financial condition.

The Group's investment in the Bank of Qingdao is subject to liquidity, concentration, and regulatory risks

As of 30 September 2019, the Group's strategic investment portfolio reached an aggregate fair value of HK\$3.9 billion, of which its investment in the Hong Kong- and Shenzhen-listed Bank of Qingdao Co Ltd. (the "**Bank of Qingdao**") accounted for 91.9 per cent. As of 30 September 2019, the Group holds an approximate 8.91 per cent interest in the Bank of Qingdao and expects it to be a long-term investment, and the chairman of the board of directors and chief executive officer of the Issuer also serves as a director of the Bank of Qingdao. Given the Group's significant stake in, and affiliation with, the Bank of Qingdao, its investment in the Bank of Qingdao is subject to liquidity and concentration risk. There may not be a readily available market to sell the shares of the Bank of Qingdao. The Group will need to gradually sell down its holdings subject to market conditions, if the Group wants to liquidate its position in the Bank of Qingdao. In addition, the banking sector in China is highly regulated and any change in PRC laws, regulations, or policies may adversely affect the Group's holding in the Bank of Qingdao as a foreign investor, the Group's ability to exit from the investment, or the fair value of its equity investment in the Bank of Qingdao. Any adverse impact on the Group's investment in the Bank of Qingdao could materially and adversely affect its business, results of operations, and financial condition.

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

The Group historically has earned a substantial portion of its revenue from fees and commissions paid by its investment banking clients, which usually are payable upon the successful completion of particular transactions. Revenue derived from the Group's investment banking business accounted for 20.1 per cent., 39.9 per cent., and 31.7 per cent. of its total revenue for the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2019, respectively. The Group expects that it will continue to rely on its investment banking business for a substantial portion of its revenue for the foreseeable future, and a decline in the Group's engagements could materially and adversely affect its financial condition and results of operations.

In addition, investment banking business typically is not a long-term contracted source of revenue. Each revenue-generating engagement typically is separately awarded and negotiated. Furthermore, many of the Group's clients do not routinely require its services. As a consequence, the Group's engagements with many clients are not likely to be predictable. The Group may also lose clients each year, including

as a result of the sale or merger of a client, or due to a change in a client's senior management and competition from other investment banking firms. As a result, the Group's engagements with clients are constantly changing and its total revenue could fluctuate or decline quickly due to these factors.

The Group's investment banking business depends on its ability to identify, execute, and complete projects successfully and is subject to various risks associated with underwriting and financial advisory services. The Group cannot assure that the income level of its investment banking business can be sustained

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

Market fluctuations and changes in regulatory policies may adversely affect the Group's investment banking business. Negative market and economic conditions may adversely affect investor confidence, resulting in significant industry-wide declines in the size and number of securities offerings, and market volatility may cause delays to, or even termination of, securities offerings that the Group underwrites, either of which could adversely affect the Group's revenue from its investment banking business.

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

As a result, the Group cannot assure that the income level of its investment banking business can be sustained.

If the Group cannot identify or effectively control the various risks involved in the asset management products that it offers or manages under its asset management business or otherwise achieves expected investment returns for its asset management clients, the Group's reputation, client relationships, and asset management business will be adversely affected

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

For discretionary account service the Group offers to its clients, it has a higher level of discretion in making investments. If the Group is unable to generate sufficient returns from its investments, including managing leverage risks on behalf of its clients, or even incurs losses, the Group's clients may become unwilling to continue to use its services, and the Group's reputation, client relationship, business, and prospects will be materially and adversely affected.

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

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

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

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

The Group's revenue and profits are highly volatile, and fluctuate significantly from quarter to quarter

The Group's revenue and profits are highly volatile and could fluctuate significantly. For example, the revenue generated from investment banking business is highly dependent on market conditions, the regulatory environment and policies, and the decisions and actions of the Group's clients and interested third parties. As a result, the Group's results of operations will likely fluctuate from quarter to quarter based on the timing of when fees from its investment banking business are earned. It may be difficult for the Group to achieve steady earnings growth on a quarterly basis.

The due diligence that the Group undertakes in the course of its business operations is inherently limited and may not reveal all facts and issues that may be relevant in connection with such businesses

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

The Group faces additional risks as it offers new products and services, transacts with a broader array of clients and counterparties and exposes itself to new asset classes and geographical markets

The Group is committed to providing new products and services in order to strengthen its market position in the financial services industry and client relationships. The Group expects to expand its product and service offerings as permitted by relevant regulatory authorities, transact with new clients not in the Group's traditional client base and enter into new markets. For further details, see "*Business — The Group's Growth Strategies.*" These activities expose the Group to new and increasingly challenging risks, including, but not limited to the following:

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

If the Group is unable to achieve the expected 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.

In addition, the Group also intends to further expand its business geographically through establishing branch offices in key financial centres in the United States and Southeast Asia, such as New York City and Singapore. See “*Business — The Group’s Growth Strategies — Expand the Group’s footprint in major capital markets globally.*” Operating business internationally may expose the Group to additional risks and uncertainties. As the Group has limited experience in operating its business in the United States and other overseas markets, it may be unable to attract a sufficient number of clients, fail to anticipate competitive conditions, or face difficulties in operating effectively in these markets. The Group may also fail to adapt its business models to the local market due to various legal requirements and market conditions. Compliance with applicable foreign laws and regulations, especially financial regulations, increases the costs and risk exposure of doing business in foreign jurisdictions. In addition, in some cases, compliance with the laws and regulations of one country could nevertheless violate the laws and regulations of another country. Violations of these laws and regulations could materially and adversely affect the Group’s brand, international growth efforts, and business.

The Group may undertake acquisitions, investments, joint ventures, or other strategic alliances, which could present unforeseen integration difficulties or costs and may not enhance its business as per expectations

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

Volatile securities market may result in margin sales under the Group’s margin loan arrangements for its strategic investment business, which could materially and adversely affect the financial condition and results of operations

The Group maintains certain margin loans to finance some of its investments. These margin loan arrangements contain provisions that may not work to the advantage of the Group when it encounters difficulties in certain circumstances. For example, these margin loans allow lenders to dispose of the securities at a margin price to stop their losses when the price of the securities the Group purchased declined to the margin price. Selling the securities at the margin price typically causes significant loss to the Group’s investment as the margin price is generally lower than the security price it paid and the Group no longer has the chance to profit from future rises of security prices. As of 30 September 2019, the aggregate amount of the Group’s outstanding margin loans was HK\$321.8 million. The securities market in Hong Kong and the United States have been volatile recently, which has heightened risk associated with the Group’s margin loan arrangements. Under certain circumstances, the Group may attempt to renegotiate the terms and conditions of its existing margin loans or to obtain additional financing. The Group cannot assure that its renegotiation efforts would be successful or timely or that it would be able to refinance its obligations on acceptable terms or at all. If margin sales happen, the Group’s financial condition and results of operations could be materially and adversely affected.

Any negative publicity with respect to the Group, its directors, officers, employees, shareholders, or other beneficial owners, its peers, business partners, or its industry in general, may materially and adversely affect the Group’s reputation, business, and results of operations

The Group’s reputation and brand recognition plays an important role in earning and maintaining the trust and confidence of its existing and prospective clients. The Group’s reputation and brand are vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Negative publicity about the Group, such as alleged misconduct, other improper activities, or negative rumours relating to its business, shareholders, or other beneficial owners, affiliates, directors, officers, or other employees, can harm the Group’s reputation, business, and results of operations, even

if they are baseless or satisfactorily addressed. For example, a number of media reported that during his previous employment at a global investment banking firm, the chairman of the board of directors of the Issuer and chief executive officer of the Group was alleged to have not adhered to such firm's internal policies concerning the disclosure of potential conflicts of interest. The Group believes that these allegations are based on inaccurate facts and are unfounded and meritless. These allegations, even if unproven or meritless, may lead to inquiries, investigations, and/or other legal actions against the Group by any regulatory or government authorities. Any regulatory inquiries or investigations and lawsuits against the Group, and perceptions of conflicts of interest, inappropriate business conduct by the Group or perceived wrongdoing by any key member of its management team, among other things, could substantially damage the Group's reputation regardless of their merits, and cause the Group to incur significant costs to defend itself. As the Group reinforces its ecosystem and stays close to its clients and other "AMTD SpiderNet" stakeholders, any negative market perception or publicity on the Group's business partners that it closely cooperates with, or any regulatory inquiries or investigations and lawsuits initiated against them, may also have an impact on the Group's brand and reputation, or subject the Group to regulatory inquiries or investigations or lawsuits. Moreover, any negative media publicity about the financial services industry in general or product or service quality problems of other firms in the industry in which the Group operates, including its competitors, may also negatively impact the Group's reputation and brand. If the Group is unable to maintain a good reputation or further enhance its brand recognition, its ability to attract and retain clients, third-party partners, and key employees could be harmed and, as a result, the Group's business, financial position, and results of operations would be materially and adversely affected.

The Group's operations may be subject to transfer pricing adjustments by competent authorities

The Group may use transfer pricing arrangements to account for business activities between itself and AMTD Group Company Limited ("**AMTD Group**" or the "**Controlling Shareholder**"), the different entities within its consolidated group, or other related parties. The Group cannot assure that the tax authorities in the jurisdictions in which it operates would not subsequently challenge the appropriateness of its transfer pricing arrangements or that the relevant regulations or standards governing such arrangements will not be subject to future changes. If a competent tax authority later finds that the transfer prices and the terms that the Group has applied are not appropriate, such authority may require the Group or any of its subsidiaries to re-assess the transfer prices and re-allocate the income or adjust the taxable income. Any such reallocation or adjustment could result in a higher overall tax liability for the Group and may adversely affect its business, financial condition, and results of operations.

The Group's risk management and internal control systems, as well as the risk management tools available to it, may not fully protect it against various risks inherent in its business

The Group follows its comprehensive internal risk management framework and procedures to manage its risks, including, but not limited to, reputational, legal, regulatory, compliance, operational, market, liquidity, and credit risks. The Group has in place various guidelines, policies and procedures which form the basis of its risk management framework, including its Code of Business Conducts and Ethics, Insider Trading Policy, Anti-Corruption Compliance Policy, Policy and Procedures in relation to Related Persons Transactions and Disclosure Controls and Procedures. Such guidelines, policies and procedures set out the required standards which the Group expects its employees to adhere to. However, there can be no assurance that the Group's risk management policies, procedures, and internal controls are adequate or effective in mitigating its risks or protecting the Group against unidentified or unanticipated risks. In particular, some methods of managing risks are based upon observed historical market behaviour and the Group's experience in the financial industry. These methods may fail to predict future risk exposures, which could be significantly greater than those indicated by the Group's historical measures. Other risk management methods depend upon an evaluation of available information regarding operating and market conditions and other matters, which may not be accurate, complete, up-to-date, or properly evaluated. In addition, the capital markets are constantly developing, the information and experience that the Group relies on for its risk management methods may become quickly outdated as capital markets and regulatory environment continue to evolve. If the Group experiences any material deficiencies or failure in its risk management and internal control systems and procedures in the future, such deficiencies or failure may adversely affect its ability to identify or report its deficiencies or non-compliance. Further, if the Group fails to maintain an effective system of internal control over financial reporting, the Group may be unable to accurately report its results of operations, meet its reporting obligations, or prevent fraud. In addition, failure of the Group's employees to effectively comply with or enforce such risk management and internal controls procedures, or any of the foregoing risks, may have a material and adverse effect on the Group's business, financial condition and operating results.

The Group's business is subject to various cyber-security and other operational risks

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

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

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

The Group operates in businesses that are highly dependent on proper processing of financial transactions. In its asset management business, the Group is required to reliably obtain securities and other pricing information, properly execute and process client transactions, and provide reports and other customer service to its clients. The occurrence of trade or other operational errors or the failure to keep accurate books and records can render the Group liable to disciplinary action by regulatory authorities, as well as to claims by its clients. The Group also relies on third-party service providers for certain aspects of its business. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair the Group's operations, affect its reputation, and adversely affect its businesses.

Fraud or misconduct by the Group's directors, officers, employees, agents, clients, or other third parties could harm its reputation and business and may be difficult to detect and deter

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

The Group is subject to a number of obligations and standards arising from its businesses. The violation of these obligations and standards by any of the Group's directors, officers, employees, agents, clients, or other third parties could materially and adversely affect the Group and its investors. For example, the Group's businesses require that the Group properly handle confidential information. If the Group's directors, officers, employees, agents, clients, or other third parties were to improperly use or disclose confidential information, the Group could suffer serious harm to its reputation, financial position, and existing and future business relationships. Although the Group has not identified any material fraud or misconduct by its directors, officers, employees, agents, clients, or other third parties since it

commenced its current businesses in 2015, if any of these persons or entities were to engage in fraud or misconduct or were to be accused of such fraud or misconduct, the Group's business and reputation could be materially and adversely affected.

The Group may be subject to litigation and regulatory investigations and proceedings and may not always be successful in defending itself against such claims or proceedings

Although the Group has not been subject to any lawsuits and arbitration claims in relation to its current business since its commencement in 2015, operating in the financial services industry may subject it to significant risks, including the risk of lawsuits and other legal actions relating to compliance with regulatory requirements in areas such as information disclosure, sales or underwriting practices, product design, fraud and misconduct, and protection of sensitive and confidential client information. From time to time the Group may be subject to lawsuits and arbitration claims in the ordinary course of its business brought by external parties or disgruntled current or former employees, inquiries, investigations, and proceedings by regulatory and other governmental agencies. Any such claims brought against the Group, with or without merits, may result in administrative measures, settlements, injunctions, fines, penalties, negative publicity, or other results adverse to it that could have a material adverse effect on the Group's reputation, business, financial condition, results of operations, and prospects. Even if the Group is successful in defending itself against these actions, the costs of such defence may be significant.

In market downturns, the number of legal claims and amount of damages sought in litigation and regulatory proceedings may increase. In addition, the Group's affiliates may also encounter litigation, regulatory investigations, and proceedings for the practices in their business operations. The Group's clients may also be involved in litigation, investigation, or other legal proceedings, some of which may relate to transactions that it has advised, whether or not there has been any fault on its part.

The Group may not be able to fully detect money laundering and other illegal or improper activities in its business operations on a timely basis or at all, which could subject it to liabilities and penalties

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

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

The Group faces the possibility of actual, potential, or perceived conflicts of interest in the ordinary course of its business operations. Conflicts of interest may exist between (i) the Group and its clients; (ii) its clients; (iii) the Group and its employees; (iv) the Group's clients and its employees, or (v) the Group and its Controlling Shareholder and other beneficial owners. As the Group expands the scope of its business and its client base, it is critical for the Group to be able to timely address potential conflicts of interest, including situations where two or more interests within its 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 reputation of the Group and its clients' confidence in the Group could be damaged if it 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 its business in a number of ways, including a

reluctance of some potential clients and counterparties to do business with it. Any of the foregoing could materially and adversely affect the Group's reputation, business, financial condition, and results of operations.

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

Recently there have been heightened tensions in international economic relations, such as the relationship between the United States and China. Amid these tensions, the U.S. government has imposed and may impose additional measures on entities in China, including sanctions. In January 2020, the United States and China entered into a phase one trade deal. However, the implementation and effect of this trade deal cannot be predicted. As a financial services firm based in Hong Kong, the Group's businesses are materially affected by the financial markets and economic conditions in Hong Kong, China, and elsewhere in the world. Escalations of the tensions that affect trade relations may lead to slower growth in the global economy in general, which in turn could negatively affect the Group's clients' businesses and materially reduce demand for its services, thus potentially negatively affect the Group's business, financial condition, and results of operations.

The Group may be subject to legal and financial liabilities in connection with the retail financial advisory and insurance brokerage businesses it engaged in previously

Prior to 2015, the Group engaged in retail financial advisory and insurance brokerage businesses, which were regulated by the Hong Kong Confederation of Insurance Brokers and the HKSFC. On 23 September 2019, the Hong Kong Insurance Authority took over the regulation of insurance intermediaries from the Hong Kong Confederation of Insurance Brokers. The majority of the operations under such legacy businesses began to terminate in 2015 and the businesses were ultimately disposed of in 2018. Although the Group no longer engages in retail financial advisory and insurance brokerage businesses, it may be subject to regulatory complaints or claims lodged against it by previous clients in relation to the past services provided by it under the legacy businesses as the Issuer was the named insurance broker in certain insurance arrangements between its previous clients and the insurance company under these past businesses. Any action brought against the Group, with or without merit, may result in administrative measures, settlements, injunctions, fines, penalties, negative publicity, or other results adverse to it, which could have a material adverse effect on the Group's reputation, business, financial condition, results of operations, and prospects. Even if the Group is successful in defending itself against such actions, the costs of such defence may be significant. See "Description of the Group — Other Matters".

The Group may need additional funding but may not be able to obtain it on favourable terms or at all

The Group may require additional funding for the further growth and development of its business, including any investments or acquisitions it may decide to pursue. If the existing resources of the Group are insufficient to satisfy its requirements, the Group may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. The Group's ability to obtain external financing in the future is subject to a variety of uncertainties, including its future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets, and the Hong Kong financial industry. Pursuant to the terms of the medium term notes issued by the Group's Controlling Shareholder, so long as any notes remain outstanding, the Controlling Shareholder will not and will ensure that none of its subsidiaries, including the Issuer, 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 to secure any indebtedness in the form of bonds, notes, debentures, loan stock, or other securities that are, or are intended to be, listed or traded on any stock exchange or over-the-counter or other securities market. This provision may affect the Group's ability to obtain external financing through the issuance of debt securities in the public market. In addition, incurring indebtedness would subject the Group to increased debt service obligations and could result in operating and financing covenants that would restrict its operations. The Group cannot assure that it will be able to secure financing in a timely manner or in amounts or on terms favourable to it, or at all. Any failure to raise needed funds on terms favourable to it, or at all, could severely restrict the Group's liquidity as well as have a material adverse effect on the Group's business, financial condition, and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to its existing shareholders.

The Group may be exposed to legal or regulatory liabilities if it is unable to protect the personal and sensitive data and confidential information of its clients

The Group collects, stores, and processes certain personal and sensitive data from its clients, particularly under its asset management business. The Group is required to protect the personal and sensitive data and confidential information of its clients under applicable laws, rules, and regulations. While it has taken steps to protect its clients' personal and sensitive data and confidential information that the Group has access to, the Group's security measures could be breached. The relevant authorities may impose sanctions or issue orders against the Group if it fails to protect the personal and sensitive data and confidential information of its clients, and the Group may have to compensate its clients if it fails to do so. The Group routinely transmits and receives personal and sensitive data and confidential information of its clients through the internet and other electronic means. Any misuse or mishandling of such personal and sensitive data and confidential information could result in legal liabilities, regulatory actions, reputational damage to the Group, which could in turn materially and adversely affect its business prospects and results of operation.

If the Group's insurance coverage is insufficient, it may be subject to significant costs and business disruption

Although the Group carries office, computer, and vehicle insurance for its properties, professional indemnity insurance for certain of its regulated activities, directors and officers insurance, employee compensation insurance, and license holders insurance in connection with its securities dealing business covered by the Type 1 license granted by the HKSFC against fidelity and crime risks, the Group cannot assure that it has sufficient insurance to cover all aspects of its business operations. The Group is in the process of purchasing key-man insurance coverage, and it considers its insurance coverage to be reasonable in light of the nature of its business, but the Group cannot assure that its insurance coverage is sufficient to prevent it from any loss or that it will be able to successfully claim its losses under its current insurance policies on a timely basis, or at all. If the Group incurs any loss that is not covered by its insurance policies, or the compensated amount is significantly less than its actual loss, its business, financial condition, and results of operations could be materially and adversely affected.

If the Group fails to maintain an effective system of internal control over financial reporting, it may be unable to accurately report its results of operations, meet its reporting obligations, or prevent fraud

The Issuer is a public company in the United States and is subject to the reporting requirements under the Exchange Act, the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**") and the rules and regulations of the New York Stock Exchange. Section 404 of the Sarbanes-Oxley Act ("**Section 404**") requires the Issuer to include a report from management on the effectiveness of its internal control over financial reporting in its annual report on Form 20-F beginning with its annual report for the fiscal year ending 31 December 2020.

In addition, once the Issuer ceases to be an "emerging growth company" as such term is defined in the Jumpstart Our Business Startups Act of 2012, as amended (the "**JOBS Act**"), the Issuer's independent registered public accounting firm must attest to and report on the effectiveness of the Issuer's internal control over financial reporting. The Issuer's management may conclude that its internal control over financial reporting is not effective. Moreover, even if the Issuer's management concludes that its internal control over financial reporting is effective, the Issuer's independent registered public accounting firm, after conducting its own independent testing, may issue an adverse report if it is not satisfied with the Issuer's internal control or the level at which the Issuer's control is documented, designed, operated, or reviewed, or if it interprets relevant requirements differently from the Issuer.

In addition, the Group's internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

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

Although the Group has not been subject to any litigation, pending or threatened, alleging infringement of third parties' intellectual property rights, it cannot assure that such infringement claims will not be asserted against the Group in the future. Third parties may own copyrights, trademarks, trade secrets, ticker symbols, internet content, and other intellectual properties that are similar to those used by the Group in jurisdictions where the Group currently has no active operations. If the Group expands its

business to or engage in other commercial activities in those jurisdictions using its own copyrights, trademarks, trade secrets, and internet content, the Group may not be able to use these intellectual properties or face potential lawsuits from those third parties and incur substantial losses if it fails to defend itself in such lawsuits. The Group has policies and procedures in place to reduce the likelihood that it or its employees may use, develop, or make available any content or applications without the proper licenses or necessary third-party consents. However, these policies and procedures may not be effective in completely preventing the unauthorised posting or use of copyrighted material or the infringement of other rights of third parties.

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

Any failure to protect the Group's intellectual property could harm its business and competitive position

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

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

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

The Group may be affected by the currency peg system in Hong Kong

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

The Group may incur losses or experience disruption of its operations as a result of unforeseen or catastrophic events, including the emergence of an epidemic, a pandemic, terrorist attacks, or natural disasters

The Group's business could be materially and adversely affected by catastrophic events or other business continuity problems, including but not limited to natural or man-made disasters, epidemics or pandemics, war, riots, terrorist attacks, or other public safety concerns. If the Group were to experience a natural or man-made disaster, disruption due to civil or political unrest, or disruption involving electronic communications or other services used by the Group or third parties with which it conducts business, the continuity of its operations will partially depend on the availability of its employees and office facilities and the proper functioning of its computer, software, telecommunications, transaction processing, and other related systems. A disaster or a disruption in the infrastructure that supports the Group's businesses, a disruption involving electronic communications or other services used by the Group or third parties with whom the Group conducts business, or a disruption that directly affects the Group's headquarters in Hong Kong, could have a material adverse impact on the Group's ability to continue to operate its business without interruption. The Group's business and operations could also be adversely affected if its employees are adversely affected by epidemics, pandemics, natural or man-made disasters, disruptions due to civil or political unrest or disruption involving electronic communications. Epidemics and pandemics could include various outbreaks of various local and global public health outbreaks. If any of the Group's employees is suspected of having contracted a contagious disease, the Group may be required to apply quarantines or suspend its operations. Furthermore, any future outbreak may restrict economic activities in affected regions, resulting in reduced business volume, temporary closure of the Group's offices or otherwise disrupt the Group's business operations and adversely affect its results of operations. In addition, the Group's results of operations could also be adversely affected to the extent that any epidemic or pandemic harms the PRC, Hong Kong or global economy in general. The incidence, duration and severity of any such disasters, epidemics or pandemics or other business continuity problems are unpredictable, and the Group's inability to timely and successfully recover could materially disrupt the Group's businesses and potentially cause material financial loss, regulatory actions, reputational harm, or legal liability.

RISKS RELATING TO THE ISSUER'S RELATIONSHIP WITH THE CONTROLLING SHAREHOLDER

The Issuer has a relatively short operating history as a stand-alone public company

AMTD International Inc. was incorporated on 4 February 2019 as a wholly-owned subsidiary of its Controlling Shareholder. Its Controlling Shareholder provides it with financial, administrative, human resources, and legal services, and also provides it with the services of a number of its executives and employees. If the Controlling Shareholder stops providing the Issuer with such support services, the Issuer will need to establish its own support system. The Issuer may encounter operational, administrative, and strategic difficulties as it adjusts. This may cause the Issuer to react more slowly than its competitors to industry changes and may divert its management's attention from running its business or otherwise harm its operations.

In addition, since the Issuer became a public company, its management team has been developing the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards and securities and investor relationships issues. As a stand-alone public company, the Issuer's management has had to evaluate its internal controls system with new thresholds of materiality, and implement necessary changes to its internal controls system. The Issuer cannot guarantee that it will continue to be able to do so in a timely and effective manner.

The Issuer's financial information included in this Offering Circular may not be representative of its financial condition and results of operations had the Issuer been operating historically as a stand-alone company

Prior to its establishment, the operations of the Group's investment banking, asset management, and strategic investments businesses were carried out by companies owned or controlled by its Controlling Shareholder. For all periods presented, the Issuer's consolidated financial statements include all assets, liabilities, revenues, expenses, and cash flows that were directly attributable to the Group's investment banking, asset management, and strategic investment businesses whether held or incurred by the Group's Controlling Shareholder or by it. Only those assets and liabilities that are specifically identifiable to the Issuer's businesses are included in its consolidated statements of financial position. With respect to costs of operations of its investment banking, asset management, and strategic investment businesses, an allocation of certain costs and expenses of its Controlling Shareholder have also been also included. Prior to 20 June 2019, these allocations were made using a proportional cost

allocation method by considering the proportion of revenues and actual usage metrics, among other things attributable to the Group for all respective accounting periods. Since 20 June 2019, the Issuer entered into a transition services agreement with its Controlling Shareholder (the “**Transition Services Agreement**”) and received administrative support, marketing and branding support and other services from its Controlling Shareholder at a fixed cost of HK\$24 million per annum plus other actual costs incurred arising from the services rendered. The Issuer made numerous estimates, assumptions, and allocations in its historical financial statements because its Controlling Shareholder did not account for its, and the Issuer did not operate as a stand-alone company for any period prior to NYSE IPO. Although the Issuer’s management believes the assumptions underlying its financial statements and the above allocations are reasonable, the Group’s financial statements may not necessarily reflect its results of operations, financial position, and cash flows as if it operated as a stand-alone public company during the periods presented. See the notes to its consolidated financial statements included elsewhere in this Offering Circular for its historical cost allocation. In addition, further to the Issuer becoming a stand-alone public company, the Issuer is gradually establishing its own financial, administrative, and other support systems to replace its Controlling Shareholder’s systems, the cost of which could be significantly different from the cost under the Transition Services Agreement for the same services. In addition, the Issuer’s consolidated financial statements for the two years ended 31 December 2017 and 31 December 2018 and the nine months ended 30 September 2019 are the only consolidated financial statements that the Group has prepared in accordance with IFRS. Therefore, Issuer’s historical results should not be viewed as indicators of its future performance.

The Group may not continue to receive the same level of support from its Controlling Shareholder

The Group has benefitted significantly from its Controlling Shareholder’s strong market position and brand recognition, as well as its expertise in investment banking, asset management, and strategic investment businesses. Although the Group entered into a series of agreements with its Controlling Shareholder relating to its ongoing business operations and service arrangements with its Controlling Shareholder, it cannot assure that it will continue to receive the same level of support from its Controlling Shareholder in the future.

The Group’s agreements with its Controlling Shareholders or any of its controlling shareholders may be less favourable to it than similar agreements negotiated between unaffiliated third parties. In particular, the Group’s non-competition agreement with its Controlling Shareholder limits the scope of business that the Group is allowed to conduct

The Group entered into a series of agreements with its Controlling Shareholder and the terms of such agreements may be less favourable to it than would be the case if they were negotiated with unaffiliated third parties. In particular, under the non-competition agreement the Group entered into with its Controlling Shareholder, the Group agrees during the non-competition period (which will end on the later of (1) two years after the first date when its Controlling Shareholder ceases to own in aggregate at least 20 per cent. of the voting power of the Group’s then outstanding securities; and (2) the fifth anniversary of 5 August 2019, being the date of the completion of the NYSE IPO (as defined elsewhere in this Offering Circular), not to compete with the Group’s Controlling Shareholder in the businesses currently conducted by its Controlling Shareholder, except that the Group may: (i) continue to provide to its existing individual clients investment banking and asset management products and services; and (ii) own non-controlling equity interest (i.e. an equity interest below 50 per cent.) in any company competing with the Group Controlling Shareholder. Such contractual limitations significantly affect the Group’s ability to diversify its revenue sources and may materially and adversely impact its business and prospects should the growth of its businesses slow down. In addition, pursuant to the Group’s master transaction agreement with its Controlling Shareholder, the Group has agreed to indemnify the Group’s Controlling Shareholder for liabilities arising from litigation and other contingencies related to its business and assumed certain liabilities. The allocation of assets and liabilities between the Group’s Controlling Shareholder and the Group may not reflect the allocation that would have been reached by two unaffiliated parties. Moreover, so long as the Group’s Controlling Shareholder continues to control the Group, it may not be able to bring a legal claim against its Controlling Shareholder or its controlling shareholders in the event of contractual breach, notwithstanding its contractual rights under the agreements described above and other inter-company agreements entered into from time to time.

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 their own 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 their 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 Terms and 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 Terms and 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 30 March 2020 if such modification and/or waiver or authorisation of breach or proposed breach 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 Terms and 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 depository for Euroclear and Clearstream, Luxembourg, or lodged with the CMU Service (each of Euroclear, Clearstream, Luxembourg, and the CMU Service, 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 Service, to the persons 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 Issuer in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other notification by the CMU Service. 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 Cayman 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 instalment 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 Securities 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 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 Securities 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:

- (i) the Investor's Currency equivalent yield on the Securities;
- (ii) the Investor's Currency equivalent value of the principal payable on the Securities; and
- (iii) 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. Rating agencies may also revise or replace entirely the methodology applied to derive credit ratings. Moreover, no assurance can be given that a credit rating will remain for any given period of time or that a credit rating will not be lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances in the future so warrant or if a different methodology is applied to derive such credit ratings. This could affect the market price and the liquidity of the Securities.

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.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with the relevant authorities on a case-by-case basis 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.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. 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 its obligations under Renminbi Securities, and its ability to do so will be subject to the overall availability of Renminbi 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.

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. While the People's Bank of China (“**PBoC**”) has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the “**Renminbi Clearing Banks**”), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”), the current size of Renminbi denominated financial assets outside the PRC remains limited.

There are restrictions imposed by the 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 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 Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. 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 its 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. In August 2015, the PBoC implemented changes to the way it calculated the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. 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 its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC laws and regulations and prevailing market conditions.

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 they have 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 deposited with a sub-custodian for the CMU Service, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures;
- (ii) when Renminbi Securities are represented by Global Securities or Global Certificates held with the common depositary, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures; or

- (iii) when Renminbi Securities are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, 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 notes, 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 Notes under the Programme will be used for capital expenditure, investments, 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 Service (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 Service

The CMU Service is a central depository 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 Service.

The CMU Service 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 Service 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 Service 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 Service will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

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 Service. 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 depository for Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU Service 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 Service, 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 Service, 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 Service. Each Global Certificate deposited with a Common Depository will, where applicable have an ISIN and/or a Common Code or, if lodged with a sub-custodian for the CMU Service, 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 Service, as the case may be.

Individual Definitive Securities

Registration of title to Registered Securities in a name other than a depository or its nominee for Euroclear and Clearstream, Luxembourg or the CMU Service 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 a fiscal agency agreement dated 30 March 2020 (as amended or supplemented as at the Issue Date, together, and the “**Fiscal Agency Agreement**”) between AMTD International Inc. (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 Service**”) and the other agents named in it and with the benefit of a deed of covenant dated 30 March 2020 (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)**”, and together, the “**Agents**”. 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 Service, 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 the Fiscal Agent during normal business hours (being 9:00a.m to 3:00p.m.) upon prior written request and satisfactory proof of holding.

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, other than in respect of Notes cleared through the CMU Service, 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 for inspection 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 Principal 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) **Definitions:** In these Conditions:
 - (i) **“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; and
 - (ii) **“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:**
 - (iii) 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
 - (iv) 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
 - (v) 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, subsequently notified by the Issuer to 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) **Benchmark Discontinuation:** this Condition 5(k) shall apply to only those Notes for which this Condition 5(k) is specified as “*Applicable*” in the applicable Pricing Supplement.
- (i) *Independent Adviser:* If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 5(k)(ii)) and, in either case, an Adjustment Spread (if any, in accordance with Condition 5(k)(iii)) and any Benchmark Amendments (in accordance with Condition 5(k)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(k) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Noteholders or the Couponholders for any determination made by it, pursuant to this Condition 5(k).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 5(k) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. 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 shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(k)(i).

- (ii) *Successor Rate or Alternative Rate:* If the Independent Adviser determines that:
- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(k)); or
 - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(k)).
- (iii) *Adjustment Spread:* The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

- (iv) *Benchmark Amendments:*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(k) and the Independent Adviser (in consultation with the Issuer) determines:

- (A) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”); and
- (B) the terms of the Benchmark Amendments,

then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(k)(v), without any requirement for the consent or approval of Noteholders or Couponholders, vary these Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 5(k), no Agent is obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(k), if in the sole opinion of such Agent doing so, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to such Agent in these Conditions or the Fiscal Agency Agreement (including, for the avoidance of doubt, any supplemental fiscal agency agreement).

In connection with any such variation in accordance with this Condition 5(k), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

- (v) *Notices:* Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(k) will be notified promptly by the Issuer to the Agents and, in accordance with Condition 14, the Noteholders or the Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Agents of the same, the Issuer shall deliver to the Agents a certificate signed by two Authorised Signatories of the Issuer:

(A) confirming:

- (i) that a Benchmark Event has occurred;
- (ii) the Successor Rate or, as the case may be, the Alternative Rate;
- (iii) the applicable Adjustment Spread; and
- (iv) the specific terms of the Benchmark Amendments (if any),

in each case as determined in accordance with the provisions of this Condition 5(k); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Fiscal Agent shall make available such certificate at its specified office, for inspection by the Noteholders at all reasonable times during normal business hours (being 9:00am to 3:00pm) upon prior written notice and satisfactory proof of holding.

Each of the Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) and without prejudice to each Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agents, the Noteholders and Couponholders.

Notwithstanding any other provision of this Condition 5(k), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(k), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

(vi) *Survival of Original Reference Rate*: Without prejudice to the obligations of the Issuer under Conditions 5(k)(i), 5(k)(ii), 5(k)(iii) and 5(k)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(ii), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions*: As used in this Condition 5(k):

“**Adjustment Spread**” means either:

- (a) a spread (which may be positive, negative or zero); or
- (b) a formula or methodology for calculating a spread,

in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied)
- (iii) the Independent Adviser (in consultation with the Issuer) determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by 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 Condition 5(k)(ii) as being customarily applied in market usage in the international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“**Benchmark Amendments**” has the meaning given to it in Condition 5(k)(iv).

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist;
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued;
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes;
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, with effect from a date after 31 December 2021, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

“**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 Calculation Agent.

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(k)(i).

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (i) 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
- (ii) 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.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

- (l) **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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” 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

“**D₂**” 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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” 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

“D₂” 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:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” 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

“D₂” 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

- (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.

- (m) **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.

- (n) **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 Cayman 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. The Fiscal Agent shall be protected and shall have no liability to the Issuer, any holder or any other person for so accepting and relying on such certificate and/or opinion.
- (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 Fiscal Agent and 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 Agents 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;

"**Controlling Shareholder**" means AMTD Group Company Limited or any other entity directly or indirectly controlling, controlled by, or under direct or indirect common control with, AMTD Group Company 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 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 Service 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 Service 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 Service in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (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 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 Service 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 Service 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 Service in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (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 Service, (v) one or more Calculation Agent(s) where the Conditions so require, and (vi) 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 Cayman 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 Cayman 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.

None of the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any holder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

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.\$50,000,000 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 their 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 these Conditions:

“**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; and
- (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 Service, 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 Service 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 a fiscal agency agreement dated 30 March 2020 (as amended or supplemented as at the Issue Date, the “**Fiscal Agency Agreement**”) between AMTD International Inc. (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 Service**”) and the other agents named in it and with the benefit of a deed of covenant (as amended or supplemented as at the Issue Date, the “**Deed of Covenant**”) dated 30 March 2020 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)**”, and together, the “**Agents**”. 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 the Fiscal Agent during normal business hours (being 9:00a.m. to 3:00p.m.) upon prior written request and satisfactory proof of holding.

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, other than in respect of Perpetual Securities cleared through the CMU Service, 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 for inspection 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, (ii) 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 Cayman 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 Principal 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) **Definitions:** In these Conditions:

(i) **“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; and

(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.

- (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; and
- (iii) **"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 to, 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) 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, subsequently notified by the Issuer to 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.
- (d) **Benchmark Discontinuation:** this Condition 5(III) shall apply to only those Perpetual Securities for which this Condition 5(III) is specified as “*Applicable*” in the applicable Pricing Supplement.
- (i) *Independent Adviser:* If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Distribution (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 5(III)(d)(ii)) and, in either case, an Adjustment Spread (if any, in accordance with Condition 5(III)(d)(iii)) and any Benchmark Amendments (in accordance with Condition 5(III)(d)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(III)(d) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Perpetual Securityholders or the Couponholders for any determination made by it, pursuant to this Condition 5(III)(d).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 5(III)(d)(i) prior to the relevant Distribution Determination Date, the Rate of Distribution applicable to the next succeeding Distribution Accrual Period shall be equal to the Rate of

Distribution last determined in relation to the Perpetual Securities in respect of the immediately preceding Distribution Accrual Period. If there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution. Where a different Margin or Maximum or Minimum Rate of Distribution 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 Rate of Distribution relating to the relevant Distribution Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Distribution Accrual Period only and any subsequent Distribution Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(III)(d)(i).

- (i) *Successor Rate or Alternative Rate:* If the Independent Adviser determines that:
 - (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 5(III)(d)); or
 - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 5(III)(d)).
- (ii) *Adjustment Spread:* The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.
- (iii) *Benchmark Amendments:*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(III)(d) and the Independent Adviser (in consultation with the Issuer) determines:

- (A) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”); and
- (B) the terms of the Benchmark Amendments,

then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(III)(d)(v), without any requirement for the consent or approval of Perpetual Securityholders or Couponholders, vary these Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 5(III)(d), no Agent is obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(III)(d), if in the sole opinion of such Agent doing so, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to such Agent in these Conditions or the Fiscal Agency Agreement (including, for the avoidance of doubt, any supplemental fiscal agency agreement).

In connection with any such variation in accordance with this Condition 5(III)(d), 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.

- (iv) *Notices:* Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(III)(d) will be notified promptly by the Issuer to the Agents and, in accordance with Condition 14, the Perpetual Securityholders or the Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Agents of the same, the Issuer shall deliver to the Agents a certificate signed by two Authorised Signatories of the Issuer:

(A) confirming:

- (i) that a Benchmark Event has occurred;
- (ii) the Successor Rate or, as the case may be, the Alternative Rate;
- (iii) the applicable Adjustment Spread; and
- (iv) the specific terms of the Benchmark Amendments (if any),

in each case as determined in accordance with the provisions of this Condition 5(III)(d); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Fiscal Agent shall make available such certificate at its specified office, for inspection by the Noteholders at all reasonable times during normal business hours (being 9:00am to 3:00pm) upon prior written notice and satisfactory proof of holding.

Each of the Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) and without prejudice to each Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agents, the Perpetual Securityholders and Couponholders.

Notwithstanding any other provision of this Condition 5(III)(d), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(III)(d), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

- (v) *Survival of Original Reference Rate:* Without prejudice to the obligations of the Issuer under Conditions 5(III)(d)(i), 5(III)(d)(ii), 5(III)(d)(iii) and 5(III)(d)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(II)(b)(B), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

(vi) *Definitions*: As used in this Condition 5(III)(d):

“**Adjustment Spread**” means either:

- (a) a spread (which may be positive, negative or zero); or
- (b) a formula or methodology for calculating a spread,

in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied)
- (iii) the Independent Adviser (in consultation with the Issuer) determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by 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 Condition 5(III)(d)(ii) as being customarily applied in market usage in the international debt capital markets transactions for the purposes of determining rates of distribution (or the relevant component part thereof) in the same Specified Currency as the Perpetual Securities.

“**Benchmark Amendments**” has the meaning given to it in Condition 5(III)(d)(iv).

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist;
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued;
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Perpetual Securities;
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, with effect from a date after 31 December 2021, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

- (vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Perpetual Securityholder or Couponholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

“**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 Calculation Agent.

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(III)(d)(i).

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Distribution (or any component part thereof) on the Perpetual Securities.

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (i) 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
- (ii) 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.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” 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

“D₂” 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:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” 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

“D₂” 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:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” 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

“**D₂**” 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 Cayman 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 issued by the International Accounting Standards Board, 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. The Fiscal Agent shall be entitled to accept and rely on such certificate and opinion as sufficient evidence (without further investigation or query and without liability to the holders or any other person) of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the holders. None of the Agents shall have any obligation to ascertain, monitor or investigate whether any Accounting Event has occurred.

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)(v)) or Coupons (in the case of Distribution, save as specified in Condition 7(f)(v)), 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 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 Service 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 Service 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 Service in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other

relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (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 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 Service 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 Service 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 Service in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (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 Service, (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 unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing 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, unmaturing 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 unmaturing Coupons are to become void upon the due date for redemption of those Perpetual Securities is presented for redemption without all unmaturing 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 Cayman 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 Cayman 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.

None of the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any holder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Perpetual Securities without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

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 Service, 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 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.

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 Cayman 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 AND 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 European Economic Area ("EEA") or in the United Kingdom (the "UK"). 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 (EU) 2016/97 (the "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; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"). 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK 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"), 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"/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]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.**

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This document includes particulars given in compliance with the Rules Governing the Listing of 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 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 International Inc.

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 30 March 2020 [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 30 March 2020. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular dated 30 March 2020 [and the supplemental Offering Circular dated [date]], save in respect of the Conditions which are extracted from the Offering Circular dated 30 March 2020 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 International Inc.
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]
12. Put/Call Options: [Put Option]
[Call Option]
[Change of Control Put]
((further particulars specified below))

¹ 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).

² 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].

³ 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).

⁴ 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.

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 Amount⁵
- (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*]
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]]]

⁵ 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”.

⁶ Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi-denominated Fixed Rate Notes.

(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 (<i>give details</i>)] [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 (<i>give details</i>)]
(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:	[•]
(x) [Linear Interpolation:	Not Applicable/Applicable — the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (<i>specify for each short or long interest period</i>)]
(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] [<i>specify other</i>]]
(xv) Benchmark discontinuation and fall back provisions:	[•]
• Benchmark Discontinuation (Condition [5(k)])	[Applicable/Not Applicable]

- 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):
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [[•] per Calculation Amount] *[specify other]*
 - (b) Maximum Redemption Amount [•] per Calculation 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: [•]⁸
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): [•]

⁷ 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.

⁸ 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.

24. **Final Redemption Amount of each Note** [•] per Calculation Amount
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, renominatisation 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) Stabilisation 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) 549300KHWPN26J8NTV43.

42. Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU Service 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 and 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.)

48. Rating

[Not Applicable/The Notes are expected to be rated “[•]” by [•]]

[STABILISATION]

In connection with this issue, [insert name of Stabilisation Manager] (the “**Stabilisation Manager**”) (or persons acting on behalf of any Stabilisation Manager) may over-allot the 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 for a limited period after the date of this Pricing Supplement. However, stabilisation may not necessarily occur. Any stabilisation action may begin on the date on which adequate public disclosure of the terms of the offer of the Notes 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 Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

[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 International Inc.:

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 AND 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 European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). 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 (EU) 2016/97 (as amended or superseded, the "**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; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). 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 or 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 EEA or in the UK 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**"), 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"]/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]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.**

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This document includes particulars given in compliance with the Rules Governing the Listing of 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 Perpetual Securities pursuant to Section 309B of the SFA prior to the launch of the offer.

Pricing Supplement dated [•]

AMTD International Inc.

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 30 March 2020 [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 30 March 2020. This Pricing Supplement contains the final terms of the Perpetual Securities and must be read in conjunction with such Offering Circular dated 30 March 2020 [and the supplemental Offering Circular dated [date]], save in respect of the Conditions which are extracted from the Offering Circular dated 30 March 2020 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 International Inc. |
| 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]]].

<i>(If fungible with an existing Series, details of that Series, including the date on which the Perpetual Securities become fungible).</i> |
| 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: | [•] <i>(Required only for listed issues)</i> |

6. (i) Specified Denominations:^{9 10 11} [•]
(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]¹²*
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: [•]

⁹ 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).

¹⁰ 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].

¹¹ 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).

¹² 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)¹³/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]]]

¹³ Applicable to Hong Kong dollar denominated Fixed Rate Perpetual Securities and Renminbi-denominated Fixed Rate Perpetual Securities.

- (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: [•]
- (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) Benchmark discontinuation and fall back provisions: [•]
- Benchmark Discontinuation (Condition [5(III)(d)]) [Applicable/Not Applicable]

	<ul style="list-style-type: none"> • 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	[•]
18.	Other provisions relating to Interest	[Applicable/Not Applicable]
	(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]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Rate of Exchange/method of calculating Rate of Exchange:	<i>[give details]</i>
	(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]¹⁴
- [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]

¹⁴ 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.

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) Stabilisation 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) 549300KHWP26J8NTV43.
43. Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU Service 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 and 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.)

48. Rating

[Not Applicable/The Perpetual Securities are expected to be rated “[•]” by [•]]

[STABILISATION]

In connection with this issue, [*insert name of Stabilisation Manager*] (the “**Stabilisation Manager**”) (or persons acting on behalf of any Stabilisation 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 for a limited period after the date of this Pricing Supplement. However, stabilisation may not necessarily occur. 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 cease at any time, but it must end no later than the earlier of 30 days after the Issue Date of the Perpetual Securities and 60 days after the date of the allotment of the Perpetual Securities. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

[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 International Inc.:

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 Depository or a sub-custodian for the CMU Service.

Upon the initial deposit of a Global Security with the Common Depository 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 Depository 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 Depository 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 Terms and 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 30 March 2020 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 Terms and 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 Service 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

The following table sets forth the Group's cash and cash equivalents, capitalisation and indebtedness as of 30 September 2019.

This table should be read together with the Group's consolidated financial statements and the related notes included elsewhere in this Offering Circular.

	As of 30 September 2019⁽¹⁾
	<i>HK\$</i>
	<i>(in thousands)</i>
Cash and bank balances	669,131
Current portion of loans and borrowings	321,776
Secured and guaranteed.	321,776
Unsecured and non-guaranteed	—
Non-current portion of loans and borrowings	—
Secured and guaranteed.	—
Unsecured and non-guaranteed	—
Total loans and borrowings	321,776
Share capital	183
Capital reserve	3,768,803
Retained profits	2,187,553
Total equity	5,956,539
Total capitalisation	6,278,315

Notes:

⁽¹⁾ Indebtedness includes indirect and contingent indebtedness.

Save for the private placements in December 2019 as disclosed in Note 28 (*Subsequent Events*) of the Issuer's consolidated financial statements for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019, there has been no material change in the capitalisation of the Issuer since 30 September 2019.

DESCRIPTION OF THE GROUP

Overview

The Group is a leading Hong Kong-headquartered comprehensive financial institution. According to an industry report titled “Financial Services Industry in Hong Kong”, which was commissioned by the Group and prepared by China Insights Industry Consultancy Limited, an independent research firm (the “CIC Report”), the Group is the No. 1 independent investment banking firm in Asia as measured by both the number and the aggregate offering size of Hong Kong and U.S. IPOs completed in each of 2018 and the nine months ended 30 September 2019, and the largest independent asset management firm in Asia in serving both PRC regional banks and new economy companies as measured by AUM as of 30 September 2019.

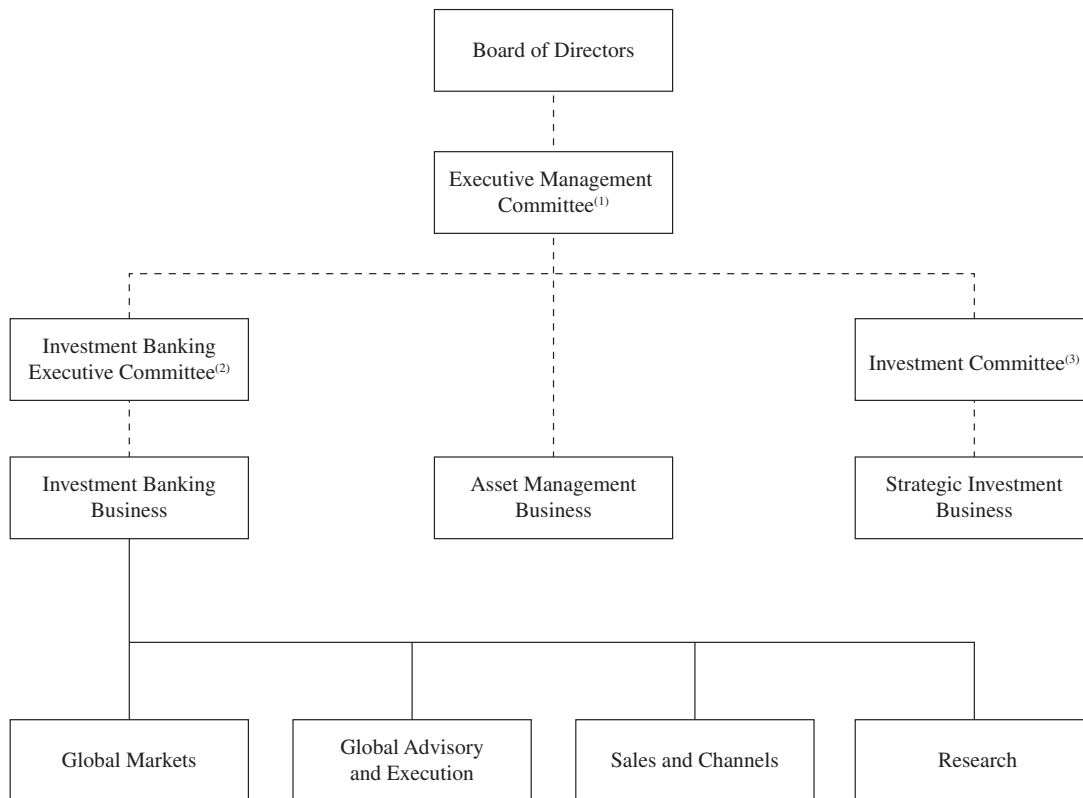
The Group is one of the few financial institutions with extensive financial industry knowledge and experience across Greater China that is majority-owned and managed by local Hong Kong entrepreneurs and professionals. This genuine “Hong Kong-owned” identity positions the Group to play an instrumental role in connecting local clients from Hong Kong and China with global capital markets. Compared to other global and Chinese market players in Hong Kong, the Group believes that it benefits from greater execution efficiency, supreme local market and industry know-how, and unparalleled access to the sizeable capital of Asia’s tycoon families.

The Group’s global capital markets expertise, coupled with deep roots in Asia, have propelled it to become one of the “go-to” financial institutions in Hong Kong, fulfilling the complex financial needs of its clients across all phases of their growth and development. The Group’s clientele includes PRC banks, privately-owned companies primarily in new economy sectors, and Hong Kong-based blue-chip conglomerates, among others.

The Group operates a full-service platform encompassing three business lines: investment banking, asset management, and strategic investment.

- **Leading Investment Banking Business.** The Group offers a broad range of investment banking services, including equity underwriting, debt underwriting, advisory (on credit rating, financing, and mergers and acquisitions transactions), securities brokerage, institutional sales and distribution, and research, among others. According to the CIC Report, the Group ranked first among all independent investment banking firms in Asia as measured by both the number and the aggregate offering size of Hong Kong and U.S. IPOs completed in each of 2018 and the nine months ended 30 September 2019, and ranked in the top ten as a bookrunner among all investment banking firms as measured by the number of Hong Kong IPOs priced in each of the two periods. The Group also ranked in the top ten among all global investment banking firms operating in Asia (excluding China-headquartered investment banking firms) as measured by the aggregate number of high-yield bond offerings by China-based companies and additional tier 1 (“AT1”) capital preferred share offerings by PRC regional banks in 2017, 2018 and the nine months ended 30 September 2019.
- **Top-tier Asset Management Services.** The Group provides professional investment management and advisory services primarily to corporate and other institutional clients. According to the CIC Report, the Group is one of the five largest HKSFC-licensed asset management firms headquartered in Hong Kong, and also the largest independent asset management firm in Asia in serving both PRC regional banks and new economy companies, in each case as measured by AUM as of 30 September 2019. The Group’s AUM was HK\$24.4 billion (U.S.\$3.1 billion) as of 30 September 2019, of which 15.8 per cent. is attributable to PRC regional banks and 80.5 per cent. is attributable to new economy companies.
- **Proven Strategic Investment Platform.** The Group makes long-term strategic investments focusing on Asia’s financial and new economy sectors. Through investing in market leaders and technological innovators, the Group gains access to unique opportunities and resources that complement its other businesses and augment its “AMTD SpiderNet” ecosystem. For the year ended 31 December 2018, the Group recorded dividend and gain related to disposed investment of HK\$99.2 million. For the nine months ended 30 September 2019, the Group recorded dividend and gain related to disposed investment of HK\$100.6 million. For the year ended 31 December 2018 and the nine months ended 30 September 2019, the Group recorded net fair value changes on stock loan, derivative financial instrument and financial assets at fair value through profit or loss of HK\$256.5 million and HK\$519.4 million, respectively, both from its strategic investment business.

The following diagram illustrates the Group’s business structure.



- (1) Executive management committee is responsible for (i) overseeing the Group’s operational and business activities, (ii) managing risks across all business units and mid-to-back office functions, and (iii) implementing and executing policies and strategies as determined by the Issuer’s board of directors.
- (2) Investment banking executive committee is responsible for (i) approving acceptance of new business mandates, (ii) the overall review and management of potential risks and conflicts that may arise from new business mandates, and (iii) reviewing and approving the execution of investment banking transactions.
- (3) Investment committee is responsible for (i) reviewing and approving the investment-related activities across asset classes, (ii) providing parameters and guidance to the investment team, and (iii) post-investment management.

The Group aligns itself with clients, shareholders, business partners, and investee companies to build an ever-extending, inter-connected network that creates value for all stakeholders, or otherwise referred to as the “AMTD SpiderNet” ecosystem. The Group believes that its “AMTD SpiderNet” ecosystem is the bedrock of its success. The Group actively helps stakeholders in its ecosystem to explore business collaboration opportunities among themselves and provide financial solutions or additional resources needed to facilitate such collaboration. This, in turn, results in enduring relationships within the network, and expands the network by attracting corporations, industry associations, and other institutions seeking business opportunities and efficient channels of resources. This unique “AMTD SpiderNet” ecosystem, coupled with the Group’s ability to provide innovative and bespoke solutions, is a key growth driver of its overall businesses.

Corporate History

In January 2003, AMTD Group Company Limited (“AMTD Group”) (formerly known as Allday Enterprises Limited), the Controlling Shareholder, was founded by CK Hutchison Holdings Limited (SEHK: 0001) under the laws of the British Virgin Islands to provide financial services. Subsequently in 2015, L.R. Capital Group became an indirect controlling shareholder of AMTD Group, and in the same year, the Group commenced its current investment banking, asset management, and strategic investment businesses.

In February 2019, AMTD International Inc. was incorporated under the laws of the Cayman Islands initially as a wholly-owned subsidiary of the Controlling Shareholder. AMTD International Inc. became the holding company of the Group’s businesses following the completion of a restructuring in April 2019. For further details, see “— Restructuring and Initial Public Offering.”

Restructuring and Initial Public Offering

On 5 August 2019, the Issuer completed an initial public offering of 20,759,700 American depositary shares (“ADSS”) on the New York Stock Exchange (the “NYSE IPO”). Each ADS represents one of the Issuer’s Class A ordinary shares with a par value U.S.\$0.0001 per share. As of 30 September 2019, the market capitalisation of the Issuer was approximately U.S.\$2.1 billion.

As part of the NYSE IPO, from February to April 2019, the Group carried out a restructuring to carve out its investment banking, asset management, and strategic investment businesses from the Controlling Shareholder.

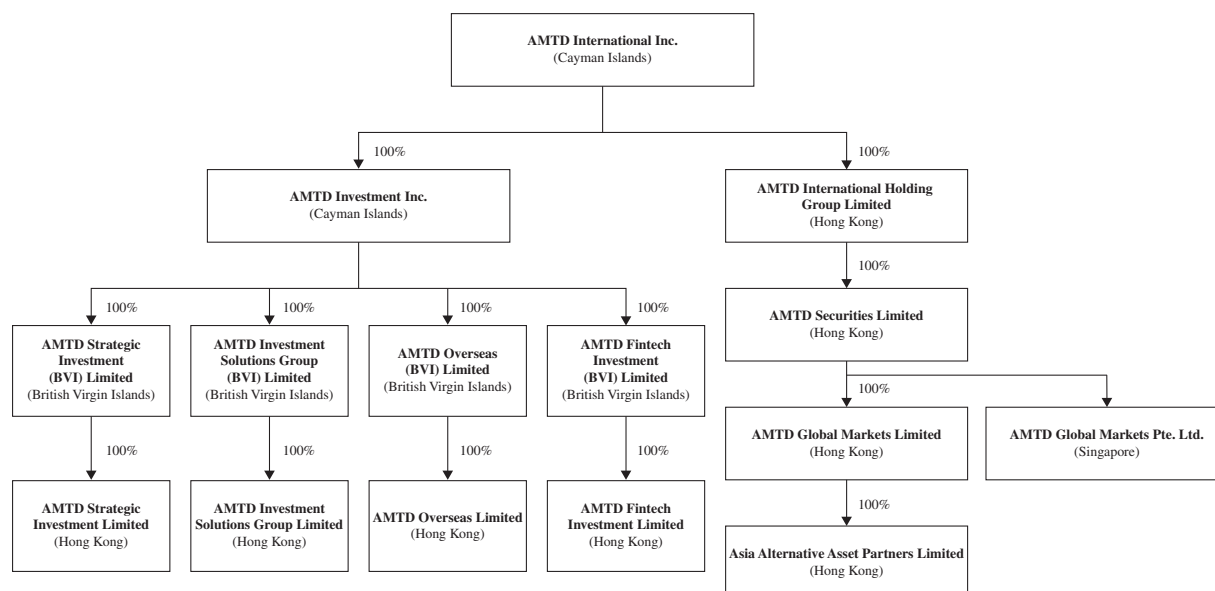
With respect to the Group’s strategic investment business, AMTD Investment Inc. was incorporated under the laws of the Cayman Islands as a wholly-owned subsidiary of the Issuer in February 2019, and the Group injected assets relating to certain strategic investments into AMTD Investment Inc. in March 2019, as a result of which AMTD Strategic Investment Limited, AMTD Investment Solutions Group Limited, AMTD Overseas Limited, and AMTD Fintech Investment Limited became wholly-owned subsidiaries of AMTD Investment Inc. With respect to the Group’s investment banking and asset management businesses, the Group submitted an application to the HKSFC in February 2019 for the Issuer to own 100 per cent. of the shares in AMTD International Holding Group Limited, which is the parent of AMTD Securities Limited, AMTD Global Markets Limited, and Asia Alternative Asset Partners Limited.

In March 2019, the Group incorporated AMTD Strategic Investment (BVI) Limited, AMTD Investment Solutions Group (BVI) Limited, AMTD Overseas (BVI) Limited, and AMTD Fintech Investment (BVI) Limited under the laws of the British Virgin Islands as wholly-owned subsidiaries of AMTD Investment Inc. and as the holding companies of AMTD Strategic Investment Limited, AMTD Investment Solutions Group Limited, AMTD Overseas Limited, and AMTD Fintech Investment Limited, respectively.

In April 2019, the HKSFC approved the Group’s application and the Group completed its restructuring. As a result, the Issuer became the holding company of the Group’s businesses.

Corporate Structure

The following diagram illustrates the Issuer and its subsidiaries in the Group’s corporate structure as of the date of this Offering Circular.



The Group’s Subsidiaries

Investment Banking and Asset Management

AMTD International Holding Group Limited 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 Holding Group Limited.

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 HKSF 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 a member of the Hong Kong Confederation of Insurance Brokers.

AMTD International Holding Group Limited and AMTD Securities Limited. In June 2011, the Group incorporated AMTD Asset Management Limited and AMTD Securities Limited under the laws of Hong Kong as holding companies of AMTD Global Markets Limited. In December 2014, AMTD Asset Management Limited changed its name to AMTD Financial Planning Limited and, in March 2019, to AMTD International Holding Group Limited, the current name in use.

Asia Alternative Asset Partners Limited. In April 2016, AMTD Global Markets Limited acquired a 100 per cent. stake in Asia Alternative Asset Partners Limited, a company that was incorporated under the laws of Hong Kong in March 2003 under the name of Blooming Cape Limited. Blooming Cape Limited later changed its name to Harcourt Advisory Services Limited in July 2003 and changed its name again to Asia Alternative Asset Partners Limited in February 2007. Asia Alternative Asset Partners Limited currently holds Type 1 license, Type 4 license and Type 9 license granted by the HKSF.

AMTD Global Markets Pte. Ltd. In January 2020, AMTD Global Markets Pte. Ltd. was established in Singapore as a wholly-owned subsidiary of AMTD Securities Limited. As at the date of this Offering Circular, AMTD Global Markets Pte. Ltd. is applying for licenses to carry out capital markets activities in Singapore.

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.

The Issuer's Relationship with the Controlling Shareholder

As of the date of this Offering Circular, the Controlling Shareholder beneficially owns 79.1 per cent. of the Issuer's outstanding ordinary shares, representing 96.6 per cent. of the total voting power in the Issuer. Historically, the Controlling Shareholder has provided the Group with business premises, financial, accounting, administrative, legal, and human resources services, as well as the services of a number of its executive officers and other employees, the costs of which were allocated to the Group based on actual usage or proportion of revenues and infrastructure usage attributable to its business, among other things. The Group has begun to invest in its own financial, accounting, and legal functions separate from those of its Controlling Shareholder, and the Group will further establish other support systems of its own or contract with third parties to provide them to the Group after the Group becomes a stand-alone public company. The Group entered into various agreements with its Controlling Shareholder with respect to its ongoing relationship in June 2019. These agreements include a master transaction agreement, a transitional services agreement, and a non-competition agreement.

The Group's Competitive Strengths

The Group believes that its proven track record of success and distinctive brand coupled with the following strengths give the Group a significant competitive advantage.

Premier investment banking and asset management platform in Asia

According to the CIC Report, the Group is the No. 1 independent investment banking firm in Asia as measured by both the number and the aggregate offering size of Hong Kong and U.S. IPOs completed in each of 2018 and the nine months ended 30 September 2019, and also ranked in the top ten as a

bookrunner among all investment banking firms as measured by the number of Hong Kong IPOs priced in each of the two periods. The Group ranked in the top ten among all global investment banking firms operating in Asia (excluding China-headquartered investment banking firms) as measured by the aggregate number of high-yield bonds issued by China-based companies and AT1 capital preferred share offerings completed by PRC regional banks in 2017, 2018 and the nine months ended 30 September 2019 combined. From the inception of the Group's investment banking business in October 2015 to February 2020, the Group completed 52 equity offerings in Hong Kong and the United States as an underwriter or financial advisor, with an aggregate transaction value of U.S.\$23.7 billion (which includes the exercise of over-allotment options). During the same period, the Group also completed 107 debt offerings, with an aggregate transaction value of U.S.\$41.8 billion.

The Group is the largest independent asset management firm in Asia serving both PRC regional banks and new economy companies in terms of AUM as of 30 September 2019, and one of the five largest HKSF-licensed asset management firms headquartered in Hong Kong, in each case as measured by AUM as of 30 September 2019, according to the CIC Report. As of 30 September 2019, the Group's AUM was HK\$24.4 billion (U.S.\$3.1 billion), of which 15.8 per cent. is attributable to PRC regional banks and 80.5 per cent. is attributable to new economy companies.

The Group believes that it can expand its industry-leading positions by leveraging its "AMTD SpiderNet" ecosystem, high-calibre professionals, comprehensive business coverage, and unparalleled access to the sizable capital of Asia's tycoon families.

Fast-rising and active "super-connector" with unique brand identity

The Group believes that it has established a unique identity as an industry leader that is majority-owned and managed by Hong Kong entrepreneurs and professionals. This uniquely positions the Group as one of the most influential "super-connectors" in the region, bridging Hong Kong- and China-based corporate and other institutional clients with global markets. The Group has played a prominent role in numerous international events and initiatives to promote Hong Kong and "super-connect" China and the rest of the world through the Group's extensive "AMTD SpiderNet" ecosystem.

The Group is the only global strategic partner associate of the World Economic Forum among Hong Kong-headquartered financial institutions as of the date of this Offering Circular. In the 2018, 2019 and 2020 forums in Davos, Switzerland, the Group established the "AMTD House," which was the first corporate centre set up by a Hong Kong enterprise in its history, and further established "AMTD Hotel" at the World Economic Forum 50th Annual Meeting held in January 2020 in Davos (the "**World Economic Forum 50th AM**"). The Group also hosted various AMTD-branded industry initiatives and social events that were attended by many high-ranking government officials, renowned academics and prominent business leaders from around the world. The Group was also the sole strategic partner of and, together with the Hong Kong government, co-hosted the world's first cross-border financial technology conference, Hong Kong Fintech Week 2018 and 2019, which focused on Hong Kong's key role in the Greater Bay Area's financial technology industry.

Since 2017, the Group has strategically positioned itself in Asia to optimize its role as a "super-connector." For instance, the Group has acted as a grand sponsor and keynote speaker at the 2017, 2018 and 2019 Singapore Fintech Festivals, the world's then largest financial technology conference together with several other leading global enterprises. The chairman of the board of directors and chief executive officer of the Issuer, Calvin Choi, was invited as a guest speaker during the 10th anniversary celebration of Singapore Exchange Limited in Beijing, China. In early 2019, the Group was invited by the ASEAN Bankers Association, the Monetary Authority of Singapore, and the International Finance Corporation to become the first and one of the only two corporate founding members of the ASEAN Financial Innovation Network, which was founded primarily to foster financial technology development in ASEAN countries focusing on financial inclusion. In Indonesia, the Group introduced its Controlling Shareholder to invest in a fast-growing online consumer finance platform, Awan Tunai. Through these strategic collaborations, the Group has established regional footprints and connections across South East Asia, which creates new opportunities for all stakeholders in its "AMTD SpiderNet."

Unique "AMTD SpiderNet" ecosystem fostering rapid multi-dimensional expansion

The Group's diverse and enriching initiatives and network of connections, together with its large client base to whom the Group provides a broad range of financial services, have resulted in multi-faceted relationships and the formation of its "AMTD SpiderNet" ecosystem — 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 does not regard any single stakeholder, service, or sector as an individual and isolated opportunity. Rather, the Group strives to connect and

fulfil the needs and interests of multiple stakeholders in its ecosystem, especially those that might not be apparent or yield immediate returns in the first instance. By embracing the “AMTD SpiderNet” culture, the Group goes beyond servicing one client offering one product at a time. Instead, the Group empowers innovation and collaboration among multiple stakeholders by making full use of the uniqueness of its “AMTD SpiderNet,” and uncover and create value for everyone, resulting in greater synergies, stronger connections and economic benefits for the Group and all of its stakeholders.

For example, Xiaomi Corporation (i) engaged the Group as their joint bookrunner in its U.S.\$5.4 billion Hong Kong IPO in June 2018; (ii) Xiaomi Corporation’s wholly-owned subsidiary is a joint-venture partner of the Group’s Controlling Shareholder in establishing a financial platform, Gravitation Fintech HK Limited, which holds one of the only eight licensed virtual banks in Hong Kong as of the date of this Offering Circular; (iii) is a principal shareholder of Up Fintech Holding Limited, the parent company of Tiger Brokers, with whom the Group has a strategic partnership to expand its investment banking coverage network. As a result of the Group’s effort and overall coordination, Xiaomi Corporation placed a sole order through the Group to further invest in the U.S. IPO of Up Fintech Holding Limited, in which the Group acted as one of the lead banks and joint bookrunners; and (iv) Xiaomi Corporation became the Group’s shareholder. Furthermore, in January 2020, Xiaomi Finance, a subsidiary of Xiaomi Corporation and the Controlling Shareholder, together with SP Group and Funding Societies, jointly announced the formation of an exclusive strategic partnership and the submission of an application to the Monetary Authority of Singapore for digital wholesale banking licences on 31 December 2019. The digital banking licences are expected to allow the entities, including non-bank entities to conduct digital banking businesses in Singapore. In addition, Xiaomi Finance and the Controlling Shareholder, together with Singapore Management University and the Institute of Systems Science at the National University of Singapore signed a memorandum of understanding during the World Economic Forum 50th AM to form a long-term partnership to set up the “Singapore Digital Finance Leadership Programme”. For further details, see “— *The Group’s Partnership Approach — “AMTD SpiderNet” Empowered by One-Stop Solutions.*”

Comprehensive one-stop financial solutions platform with broad revenue mix

The Group operates a comprehensive platform providing one-stop financial solutions, including equity and debt underwriting, mergers and acquisitions as well as strategy advisory, asset management, investment advisory, research and corporate access, securities brokerage, and sales and trading support. The Group’s broad spectrum of financial services expertise and “total solutions” know-how position the Group well to better advise its clients through all phases of their financial and business life cycle and in any economic environment or market conditions. The Group’s broad range of services also enable it to create multiple touchpoints with the Group’s clients, which deepen its relationship with them and allow the Group to identify additional potential business opportunities for both itself and others in its “AMTD SpiderNet.” While the Group continues to offer multiple one-stop solutions to its clients, its client penetration, client retention, client loyalty, and lifetime client value will all be greatly enhanced.

The Group’s comprehensive services across a variety of sectors, product and service types, and client background increase diversity to its sources of revenue, which the Group believes provides it with greater financial stability throughout all phases of market cycles.

Market leadership in providing financial services to PRC regional banks and new economy companies

The Group is a leading financial services provider for PRC regional banks, helping them gain access to international capital markets and promote their internationalization strategy. Since the inception of the Group’s investment banking business in October 2015, the Group has participated in seven out of the thirteen Hong Kong IPOs of PRC regional banks, with an aggregate offering size of over U.S.\$6.2 billion. The Group also acted as joint global coordinators, a prominent and influential role, in the syndicate teams in six of the transactions. According to the CIC Report, the Group ranked fifth in terms of the number of IPOs of PRC regional banks completed during 2017, 2018 and the nine months ended 30 September 2019 combined, and was the only Hong Kong-headquartered investment banking firm among the top ten players. Since the inception of the Group’s investment banking business in October 2015, the Group has participated in five out of seven AT1 capital preferred share offerings of PRC regional banks, with an aggregate offering size of U.S.\$6.7 billion. According to the CIC report, the Group ranked first in terms of deal count and transaction value of AT1 capital preferred share offerings of PRC regional banks among all underwriters during 2017, 2018 and the nine months ended 30 September 2019 combined. Among these offerings, the Group acted as joint global coordinators, a prominent and influential role in the syndicate teams, for four out of five transactions.

Leveraging the Group's leading position, excellent track record, and in-depth professional knowledge in the sector, it has also secured asset management mandates from multiple PRC regional banks. The Group is the largest independent asset management firm in Asia for PRC regional banks as measured by AUM as of 30 September 2019 according to the CIC Report.

The Group is a principal shareholder of the Bank of Qingdao, which is dual-listed in Hong Kong and China. The chairman of the board of directors of the Issuer and chief executive officer of the Group, Calvin Choi, also serves as a director of Bank of Qingdao. In 2018, Mr. Choi led the establishment of Regional Banks+ Strategic Cooperation Alliance, with four PRC regional banks as founding members and were joined by three more regional banks across mainland China, Hong Kong and the United States in 2019, and was selected as chairman of this alliance by its founding members. Rooted in China, this alliance is dedicated to empowering traditional financial businesses with financial technology, and developing a unique model of technology finance, smart finance, inclusive finance, and green finance in a cooperative and innovative way.

In addition, the Group believes that it is one of the most active participants and promoters of the new economy sector. The Group acted as a joint bookrunner in the Hong Kong IPOs of Xiaomi Corporation and Meituan Dianping, the two largest IPOs in the technology sector globally from 2014 to 2018 as well as the first two Hong Kong IPOs in which the issuers adopted weighted voting right structures. The Group has since then participated actively in a number of IPOs of new economy companies, and ranked first among all investment banking firms as measured by the number of Hong Kong IPOs underwritten in the new economy sector in the nine months ended 30 September 2019, according to the CIC Report.

The Group has also made strategic investments in three pioneers in the new economy sector, namely Shenzhen Royole Technologies Co., Ltd., or Royole, a global leader in flexible displays, flexible sensors, and related smart devices, 58 Finance, a leading financial technology platform, and Assured Asset Management, a HKSFC-licensed asset management services provider specializing in fixed income, alternative, and private equity investments.

The Group actively promotes the development of the technology and financial technology sector. The Group acted as the sole strategic partner of the Hong Kong Fintech Week 2018 and 2019. In 2017, 2018 and 2019, the Group acted as a grand sponsor and keynote speaker at the Singapore Fintech Festival. In January 2020, the Group co-established the "Singapore Digital Finance Leadership Programme" to hone the management and leadership capabilities of aspiring digital finance leaders across Asia. In order to support incubating the next-generation of talent in the financial technology sector, the Group launched Hong Kong's first university-industry collaborative financial technology centre with Hong Kong Polytechnic University in 2018 to provide financial technology education and training programs to students and professionals. In 2017, the Group also established an innovation hub in Hong Kong with the University of Waterloo, which aims to bring together leading academic researchers and industry professionals to share their knowledge and experience on big data, blockchain, internet of things, smart cities, and financial technology to enhance education and innovation. For further details, see "*The Group's Partnership Approach — "AMTD SpiderNet" Enhanced by the Group's "Super-Connector" Role.*"

Seasoned management team backed by industry leaders and professional talents

The Group's management team is comprised of visionary executives with extensive experience in investment banking, financial, and professional services. The Group believes that the global vision, reputation, professional experience, and the deep connections of its management team bring it unparalleled competitive advantages in identifying business opportunities, providing innovative solutions, and securing prime investment opportunities. Calvin Choi, the chairman of the board of directors and chief executive officer of the Issuer, is a seasoned investment banker and was awarded "2019 Asia Fintech Leader" by the Singapore Fintech Association. He was also named as a "Young Global Leader" at the 2017 World Economic Forum and was selected by the *Institutional Investor* magazine as one of the "2016 Fintech Finance 35". The Group's vice chairman, Marcellus Wong, is a member of the Joint Liaison Committee on Taxation, who advises the Hong Kong government on taxation issues, was the former president of the Taxation Institute of Hong Kong, and had been consistently named by *Euromoney* as one of the "world's leading tax advisers" in Hong Kong and China. The Group's executive officers have on average 20 years of working experience in the investment banking and financial services industries. They form the backbone of the Group's talent pool and are the foundation upon which the Group has built its success.

The Group's management team receives strong support from a global advisory committee that comprises key executives from its shareholders, widely recognised entrepreneurial leaders, and leaders in the investment banking and financial industry and academia, many of whom have previously served

in banking, taxation, insurance sectors, world-class universities and government authorities. The global advisory committee advises on principal policies and strategies, and guides the Group to conduct its businesses adhering to strict legal and compliance standards and uphold industry best practices. The Group has a management team oversees and maintains a team of talented and experienced investment banking and financial services professionals, enabling it to provide seamless execution with in-depth sector knowledge and product expertise that is more commonly found in international investment banking firms and large financial institutions.

Under the guidance of the Group's senior management team, and benefiting from the expertise and extensive connections of the global advisory committee members and its committed professional team, the Group is growing rapidly while tapping into the extraordinary possibilities by fully engaging all members of its management, global advisory committee, and its professional team fully into the "AMTD SpiderNet" ecosystem.

The Group's Growth Strategies

The Group's business model and competitive strengths provide it with multiple avenues for growth. The Group intends to execute the following key strategies.

Expand the Group's footprint in major capital markets globally

The Group aspires to become a global provider of comprehensive financial services, and intend to expand its footprint to stay ahead of its clients' global ambition and financing needs. The Group plans to establish offices in key financial centres in the United States and Southeast Asia, such as New York City and Singapore, to reinforce its one-stop solutions strategy to target primarily corporate and institutional clients in need of global financial services. Meanwhile, the Group will continue to seek investment opportunities in selected markets globally to strengthen its access to cutting-edge technologies and financial solutions.

The Group plans to evaluate and selectively pursue strategic alliances, investments, and acquisition opportunities outside Hong Kong to optimise its talent pool, broaden its service offerings, expand its client reach, and strengthen relationships with its business partners. The Group may invest in or acquire businesses in overseas markets that hold licenses or permits in particular sectors of interest to it, in order to increase the Group's client base and enhance its service capabilities.

Diversify the mix of the Group's service capabilities

The Group seeks to remain ahead of the evolving and increasingly complex needs of its clients and continue to broaden its service capabilities. The Group plans to gain further access to the Singaporean and U.S. equity markets by establishing capabilities and obtaining requisite licenses in light of the continuing high demand from China-based companies for capital from the Singaporean and U.S. markets. The Group is in the process of applying for a capital markets services license for the conduct of certain regulated activities including dealing in capital markets, securities and units in a collective investment scheme, advising on corporate finance matters, fund management, providing custodial services and product financing. By selectively investing in additional capabilities, the Group will continue to serve clients' needs and create monetization opportunities within its ecosystem. In addition, a broadened mix of service capabilities will also help diversify its revenue sources to withstand market fluctuations.

Further strengthen the Group's "AMTD SpiderNet" ecosystem

The Group plans to further strengthen the depth and breadth of its "AMTD SpiderNet" ecosystem. The Group's proven track record across multiple businesses provides multifaceted benefits of the "AMTD SpiderNet" for its shareholders, business partners, clients, and investee, forming an ecosystem as strong as the quality and depth of its contributing stakeholders. The Group will continue to identify opportunities to drive the scale and reach of the ecosystem, facilitate cross-selling efforts, and exploit growth and cooperation possibilities. The Group will continue to increase its industry initiative and social efforts to ensure the healthy and sustainable development of its "AMTD SpiderNet."

Continue to invest in technology and people

The Group will continue to invest in technology that will benefit its business partners and clients, both to echo its endorsement and support for technological innovation and to facilitate the execution of its growth strategies. The Group believes that its people are its most valuable asset and form the cornerstone of its business, and the Group will continue to invest in attracting and retaining experienced and well-connected professionals at all levels and across all functions to support its growth

and ensure quality services to its clients. In particular, the Group is investing to grow its investment banking team to meet its intensifying business needs. At the same time, the Group plans to ensure that its compliance and risk management teams are adequately expanded to properly monitor and mitigate potential risks.

The Group’s Partnership Approach

“AMTD SpiderNet” Empowered by One-Stop Solutions

The Group discovers and selectively engages a broad range of promising clients with diverse backgrounds and at various stages of development. The Group offers comprehensive financial services to fulfil the needs of its clients throughout their lifecycles. The Group stays close to its clients to understand and anticipate their needs. The Group’s services are tailored with a collaborative overlay, providing clients with one-stop solutions.

With each business opportunity, the Group considers itself a business partner for the prospective client, rather than merely a service agency of a particular product or service. The Group strives to unlock and maximise the extraordinary value embedded in each relationship and to expand opportunities for collaboration and partnership both between the Group and its clients, as well as among clients. This forms the foundation of the Group’s “AMTD SpiderNet” ecosystem and defines its shared firm-wide core values and culture.

Case Study: Bank of Qingdao

The Bank of Qingdao is the largest regional bank in Shandong province of China, and is listed on the main board of the SEHK, and the small and medium enterprise board of the Shenzhen Stock Exchange, or the SZSE. The Group served the Bank of Qingdao in its Hong Kong IPO and offshore AT1 capital preferred share offering, and also provides it with discretionary asset management services. The Group later invested in the Bank of Qingdao and obtained a seat on its board of directors. It is also a business partner in the joint establishment of Regional Banks+ Strategic Cooperation Alliance.

#	One-stop Solution or Event	Role in AMTD SpiderNet
1	Joint global coordinator and joint bookrunner — U.S.\$580 million Hong Kong IPO.	Client
2	Joint global coordinator and joint bookrunner — U.S.\$1.2 billion AT1 capital preferred share offering	Client
3	Discretionary asset management services provider	Client
4	Strategic investment with a board seat.	Investee Company
5	Joint establishment of Regional Banks+ Strategic Cooperation Alliance. . . .	Business Partner

Case Study: Zhongyuan Bank

The Zhongyuan Bank is listed on the SEHK and the largest regional bank in Henan province of China. After the Group served as the sole financial advisor in its July 2017 Hong Kong IPO, the Group maintained regular communication with the Zhongyuan Bank which led to a number of business opportunities. The Group was involved in the Zhongyuan Bank’s overseas business development and have built a strong relationship with the Zhongyuan Bank, which the Group believes led to subsequent service engagements and business introduction.

#	One-stop Solution or Event	Role in AMTD SpiderNet
1	Sole financial advisor — U.S.\$1.2 billion Hong Kong IPO	Client
2	Joint global coordinator and joint bookrunner — U.S.\$1.4 billion AT1 capital preferred share offering	Client
3	Introduced the Group to ZH International Holdings Limited; the Group acted as the sole placing agent in its U.S.\$200 million bond offering.	Business Partner
4	Introduced the Group to Zhengzhou Zhongrui Industrial Group Co., Ltd.; the Group acted as a joint global coordinator and joint bookrunner in its U.S.\$85 million bond offering	Business Partner
5	Introduced the Group to China Chunlai Education Group Co., Ltd.; the Group acted as a joint global coordinator and joint bookrunner in its U.S.\$79 million Hong Kong IPO	Business Partner
6	Introduced the Group to Tangshan Financial Holding Group; the Group acted as a joint placing agent in its U.S.\$50 million bond offering	Business Partner
7	The Group introduced its Controlling Shareholder to jointly establish Yuanyin International Limited, a financial services platform, together with a number of Zhongyuan Bank’s stakeholders.	Business Partner
8	Joint establishment of Regional Banks+ Strategic Cooperation Alliance.	Business Partner

Case Study: New World Development

New World Development is an SEHK-listed conglomerate focusing on real estate development, infrastructure, department stores, and hotel operations. The Group’s history of serving and doing business with New World Development also attests to its ability to offer one-stop financial solutions for Asia’s tycoon families.

#	One-stop Solution or Event	Role in AMTD SpiderNet
1	The Group, as a joint bookrunner of Meituan Dianping in its IPO project in September 2018, introduced New World Development’s affiliate to make an anchor investment in the transaction	Client and Business Partner
2	Joint bookrunner — U.S.\$310 million green bond of New World China Land, a subsidiary of New World Development, for which the Group was awarded “Best Green Bond — Real Estate” by The Asset Triple A in 2018	Client
3	New World Development introduced the Group to one of its investment portfolio companies DayDayCook, and its Controlling Shareholder and New World Development jointly participated in the later round of capital raising as investors	Business Partner

Case Study: Xiaomi Corporation

Xiaomi Corporation is an internet company with smartphones and smart hardware connected by an IoT platform as its core. After the Group’s engagement as a joint bookrunner in its Hong Kong IPO in June 2018, the Group has developed substantial business relationships with Xiaomi Corporation.

#	One-stop Solution or Event	Role in AMTD SpiderNet
1	Xiaomi Corporation’s wholly-owned subsidiary is a joint-venture partner of the Group’s Controlling Shareholder in jointly establishing a financial platform, Gravitation Fintech HK Limited, which holds one of the only eight licensed virtual banks in Hong Kong as of the date of this offering circular	Business Partner
2	Joint bookrunner — U.S.\$5.4 billion Hong Kong IPO in June 2018	Client

#	One-stop Solution or Event	Role in AMTD SpiderNet
3	Xiaomi Corporation is one of the principal shareholders of Tiger Brokers, with which the Group has a strategic partnership to expand its investment banking coverage network. As a result of the Group’s effort and overall coordination, Xiaomi Corporation placed a sole order through the Group to further invest in the U.S. IPO of the parent company of Tiger Brokers, in which the Group acted as one of the lead banks and joint bookrunners..	Client
4	Xiaomi Corporation became the Group’s shareholder	Shareholder
5	In January 2020, Xiaomi Finance, a subsidiary of Xiaomi Corporation and the Controlling Shareholder, together with SP Group and Funding Societies, jointly announced the formation of an exclusive strategic partnership and the submission of an application to the Monetary Authority of Singapore for digital wholesale banking licences on 31 December 2019	Business Partner
6	Xiaomi Finance and the Controlling Shareholder, together with Singapore Management University and the Institute of Systems Science at the National University of Singapore signed a memorandum of understanding during the World Economic Forum 50th AM to form a long-term partnership to set up the “Singapore Digital Finance Leadership Programme”	Business Partner

Case Study: China Minsheng Banking Corp., Ltd., Hong Kong Branch

China Minsheng Banking Corp., Ltd. is a PRC joint stock commercial bank. China Minsheng Banking Corp., Ltd., Hong Kong Branch is the Group’s long-term client and an active stakeholder in the “AMTD SpiderNet” ecosystem. Since the commencement of the Group’s investment banking business in 2015, the Group has participated in all of its offshore senior U.S. dollar-denominated bond issuances, and participated in the loan-backed note offering of Minsheng Financial Leasing Co., Ltd., a majority-owned subsidiary of China Minsheng Banking Co., Ltd.

#	One-stop Solution or Event	Role in AMTD SpiderNet
1	Joint bookrunner — U.S.\$500 million bond offering	Client
2	Joint bookrunner — U.S.\$450 million bond offering	Client
3	Joint bookrunner — U.S.\$350 million bond offering	Client
4	Joint bookrunner — U.S.\$450 million bond offering	Client
5	Joint bookrunner — U.S.\$250 million bond offering	Client
6	Joint bookrunner — U.S.\$400 million bond offering	Client
7	Joint bookrunner — U.S.\$600 million bond offering	Client
8	The Group entered into strategic cooperation agreement with China Minsheng Banking Corp., Ltd., Hong Kong Branch	Business Partner
9	The Group introduced its Controlling Shareholder to provide group medical and life insurance and wellness program to China Minsheng Banking Corp., Ltd., Hong Kong Branch in the capacity of its Hong Kong designated insurance broker.	Client
10	The Group introduced China Minsheng Banking Corp., Ltd., Hong Kong Branch to extend credit facility to its Controlling Shareholder.	Business Partner
11	The Group acted as an arranger of the first asset-backed securities offering in Hong Kong for China Minsheng Banking Corp., Ltd., Hong Kong Branch	Business Partner
12	The Group acted as a joint global coordinator and joint bookrunner in the U.S.\$450 million loan-backed note offering of Minsheng Financial Leasing Co., Ltd., a majority-owned subsidiary of China Minsheng Banking Corp., Ltd.	Business Partner

“AMTD SpiderNet” Enhanced by the Group’s “Super-Connector” Role

World Economic Forum Annual Meetings in 2018, 2019 and 2020

As the only Hong Kong-headquartered financial institution among the World Economic Forum’s global strategic partner associates, the Group established an “AMTD House” in its annual meeting in Davos, Switzerland in January 2018, making it the first Hong Kong company to establish a corporate centre at the World Economic Forum. The Group also held the first “Hong Kong Night” in Davos and invited the Chief Executive of the Hong Kong government to officiate and deliver a keynote speech. Over 300 global political, business, academic, and media representatives attended the event.

In January 2019, the Group organized the first “AMTD Greater Bay Night” in Davos which was officiated by government leaders from the PRC Government and the Hong Kong government. At the World Economic Forum 50th AM, the Group also hosted “Smart Asia: Connecting Greater Bay Area with ASEAN”, during which government leaders from Hong Kong, Singapore and Guangzhou delivered keynote speeches, and further established “AMTD Hotel”. The Group also hosted the “Greater Bay Entrepreneurship Day” for the second consecutive year during the World Economic Forum 50th AM, which is an annual event where the Group provides a platform for young entrepreneurs from the Greater Bay Area and ASEAN markets to collaborate with leaders and elites in political, business, academia, media from different countries and regions. The Group’s presence at the World Economic Forum has further added international richness into the “AMTD SpiderNet,” as it brings AMTD and the “AMTD SpiderNet” ecosystem to the international spotlight and connects the Group with prominent global business leaders.

Hong Kong Fintech Week in 2018 and 2019

Hong Kong Fintech Week is the world’s first cross-border financial technology event, taking place in Hong Kong and Shenzhen, China, attracting over 8,000 senior executives and over 200 speakers. The Group organised and participated in this event in both 2018 and 2019 as the sole strategic partner, together with the Hong Kong government, to showcase Hong Kong’s growing financial technology community. During this event in 2018, the Group announced the establishment of Regional Banks+ Strategic Cooperation Alliance with the goals of empowering traditional financial services with financial technology, and developing a unique model of financial services through technology, smart finance, inclusive finance, and green finance in a cooperative and innovative way.

This event enriched the “AMTD SpiderNet” with further resources from global financial technology industry especially corporates and investors that focus on investing in China and Hong Kong.

Singapore Fintech Festivals in 2017, 2018 and 2019

The Group acted as a grand sponsor and keynote speaker at the Singapore Fintech Festival in 2017, 2018 and 2019, which was the world’s largest financial technology conference attracting over 40,000 government officials, regulatory representatives, and representatives of financial institutions and technology companies from over 100 countries. The Singapore Fintech Festival adds to the Group’s “AMTD SpiderNet” insights and resources from stakeholders who focus on Southeast Asia financial technology developments.

Group’s Services

Investment Banking

Since October 2015, the Group has operated its investment banking business through one of the Issuer’s wholly-owned subsidiaries, AMTD Global Markets Limited, which is licensed by the HKSFSC to engage in certain activities regulated under the Securities and Futures Ordinance (Cap. 571) of Hong Kong, such as dealing in securities and future contracts, advising on securities and corporate finance, and providing asset management services. Under the Group’s investment banking business, the Group provides its clients with a full suite of corporate finance services, including underwriting equity and debt offerings, credit rating advisory, and advising on various financing and mergers and acquisitions transactions. the Group delivers its investment banking services with the following features.

- *Full service capabilities.* The Group offers its clients a full suite of services for capital markets transactions, covering equity and debt offerings, credit rating advisory, other financing transactions, and merger and acquisitions. Based on the Group’s full product coverage, it is able to serve clients and develop long-term relationships through multiple engagements.

- *Client focus.* The Group focuses on client needs and always strives to explore long-term business collaboration rather than completing individual transactions, because it recognises that its clients are the foundation of its “AMTD SpiderNet” ecosystem and its relationship with them is key to its sustainable development and success. Leveraging the Group’s strong client relationship and its unique “AMTD SpiderNet” ecosystem, the Group is able to create synergies and proactively develop innovative products and services based on specific client needs to be serviced by its own abilities or those of its partners in the “AMTD SpiderNet” ecosystem.
- *Industry expertise.* The Group’s services are enriched by its experience and expertise in certain important industries, allowing the Group to better understand and anticipate clients’ circumstances and needs. The Group has particular expertise in the PRC regional bank and new economy sectors.
- *Senior level participation.* In addition to managing and maintaining client relationships, the Group’s senior professionals also actively participate in deal execution to ensure seamless execution and satisfactory client experience.

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

Global Markets

The Group is licensed to provide underwriting services for equity and debt offerings in Hong Kong. For details of the Group’s various licenses relating to its underwriting services, see “— *Licenses.*” The Group’s underwriting capabilities have accelerated rapidly since October 2015.

From the inception of the Group’s investment banking business in October 2015 to February 2020, the Group completed 52 equity offerings in Hong Kong and the United States as an underwriter or financial advisor, with an aggregate transaction value of U.S.\$23.7 billion (which includes the exercise of over-allotment options). During the same period, the Group also completed 107 debt offerings, with an aggregate transaction value of U.S.\$41.8 billion.

The Group has quickly built up a solid track record and established its market position and brand recognition for China-based issuers in Hong Kong, the United States, and the other international capital markets. According to the CIC Report, the Group ranked first among all independent investment banking firms in Asia as measured by both the number and the aggregate offering size of Hong Kong and U.S. IPOs completed in each of 2018 and the nine months ended 30 September 2019, and ranked in the top ten as a bookrunner among all investment banking firms as measured by the number of Hong Kong IPOs priced in each of the two periods. The Group ranked in the top ten among international investment banking firms operating in Asia (excluding China-headquartered investment banking firms), as measured by the number of high-yield bond offerings by China-based issuers and AT1 capital preferred share offerings completed by PRC regional banks in 2017, 2018 and the nine months ended 30 September 2019.

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

The Group’s equity and debt product offerings are distributed through its sales and channels team. For further details, see “— *The Group’s Services — Sales and Channels.*”

Global Advisory and Execution

The Group advises on both public and private financing and mergers and acquisitions transactions, covering companies at all stages of development. Many of the Group’s advisory services involve tailored solutions in which the Group leverages its experience and the strength of its “AMTD SpiderNet” ecosystem to propose unique and innovative structures. The Group is able to introduce quality investors through its sales and channels team and potential strategic investors through its “AMTD SpiderNet” ecosystem.

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

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

	For the Year Ended 31 December				For the Nine Months Ended 30 September			
	2017		2018		2018		2019	
	HK\$	%	HK\$	%	HK\$	%	HK\$	%
	<i>(in thousands, except for percentages)</i>							
Investment Banking								
Revenue								
Underwriting commissions and brokerage fees	150,650	72.4	217,003	75.2	111,354	61.1	278,235	84.2
Financial advisory fees	57,513	27.6	71,588	24.8	70,988	38.9	52,382	15.8
Total	208,163	100.0	288,591	100.0	182,342	100.0	330,617	100.0

Sales and Channels

The Group has an experienced sales and channels team, which supports product distribution activities across its businesses. The sales and channels function focuses on institutional clients and is an important element of the Group's overall distribution capabilities. The Group's institutional sales team actively participates in its investment banking transactions by introducing institutional clients to the various products that the Group offers, and provides institutional investors with value-added corporate access services. In addition, the Group also provides a comprehensive trading platform for clients to trade various types of products available on the market, such as equity, fixed income, and mutual fund instruments.

Research

Research plays a critical part in defining the Group's professional standpoints and demonstrating its industry insights. The Group's research team presents original ideas on company-specific valuations and research analyses, as well as from industry and thematic perspectives. The Group's analysts hold an independent position on the research landscape, with coverage universe established through cooperation with key client-servicing businesses and utilising its firm-wide "AMTD SpiderNet."

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

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

Asset Management

Through its asset management business, the Group provides professional investment management, advisory, and brokerage services primarily to PRC banks, corporate and other institutional clients, and family offices. The Group helps manage offshore liquidity for many of its China-based clients, allowing them to tap the flexibility and diversity of investment products available only in the offshore markets. The Group's goal in the asset management business is to produce superior risk-adjusted investment returns and provide investment solutions customized for its clients' unique needs. The Group is one of the five largest HKSFC-licensed, Hong Kong-headquartered asset management firms, as measured by AUM as of 30 September 2019, according to the CIC Report. The Group is also the largest independent asset management firm in Asia in serving both PRC regional banks and new economy companies, in each case as measured by AUM as of 30 September 2019.

The Group’s asset management services include discretionary account services and non-discretionary account services. As of the date of this Offering Circular, the Group’s asset management services are conducted on a single client basis through their respective designated accounts. Through the Group’s discretionary account services, it manages assets with diverse risk and return profiles, providing clients with comprehensive, customized investment strategies based on its understanding of their investment needs, risk tolerance, investment goals, and expected return. Non-discretionary account services are managed pursuant to clients’ agreed methodology, conditions, requirements, and restrictions.

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

The Group’s AUM increased by 23.6 per cent. from HK\$14.8 billion as of 31 December 2017 to HK\$18.3 billion as of 31 December 2018, and further increased by 33.8 per cent. to HK\$24.4 billion as of 30 September 2019. As of 30 September 2019, 49.5 per cent. of the AUM was invested in fixed income products, 46.2 per cent. in equity products, and 4.3 per cent. in other products. As of the same date, the Group’s top ten clients accounted for 63.5 per cent. of the AUM; 96.3 per cent. of the AUM was managed on behalf of corporate and other institutional clients, including banks, pension funds, insurance companies, and family offices; and 3.7 per cent. of the AUM was managed on behalf of individual client relationships, which are principally with high-net worth individuals.

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

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

	For the Year Ended 31 December				For the Nine Months Ended 30 September			
	2017		2018		2018		2019	
	HK\$	%	HK\$	%	HK\$	%	HK\$	%
	<i>(in thousands, except for percentages)</i>							
Asset Management Revenue								
Management and performance fees	47,774	67.5	43,465	55.1	30,249	47.1	74,162	81.1
Brokerage, handling and other fees.	23,039	32.5	35,482	44.9	34,032	52.9	17,273	18.9
Total.	70,813	100.0	78,947	100.0	64,281	100.0	91,435	100.0

Strategic Investment

The Group commenced its strategic investment business in 2015. Its strategic investment business focuses on long-term equity investments using its own capital. The Group views it as a natural extension of the Group’s other businesses, allowing it to deepen its relationship with clients by participating in their value creation and engaging them into the “AMTD SpiderNet.”

Investment Approach

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

- **Leveraging “AMTD SpiderNet.”** The Group leverages the “AMTD SpiderNet” throughout the investment process to source investments, evaluate opportunities, and provide value added solutions to the investees after its investment. The Group portfolio companies are its strategic partners.

- *Value investment.* The Group focuses on long-term value creation from its investment and how the investments can contribute to its stakeholder of the “AMTD SpiderNet,” rather than looking for short-term returns. Therefore, the Group does not trade its investments frequently in the secondary market for profit. The Group has not disposed of any portion of the strategic investments in its current portfolio since the acquisition.
- *Synergy with portfolio companies.* The Group has an experienced team for post-investment value creation. The Group has a board seat in most of its portfolio companies and the Group devotes a lot of its resources to work closely with their management to advise on their strategy, capital markets plan, and support them in their execution process.

Investment Process

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

Although the Group makes investment decisions on a case-by-case basis, it is 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 the Group’s existing businesses.

The Group makes strategic investment decisions through its investment committee, which consists of key management team members covering finance, operations, legal and compliance, investments, and examines and assesses investment proposals following consultations with senior management. All investment proposals will be presented to the Group’s investment committee following the satisfactory completion of assessment and due diligence investigation. The Group’s investment committee also assesses, reviews, and modifies its investment strategies from time to time based on accumulated deal execution experience and the latest developments in the financial market, economic conditions, and government policies.

The Group closely monitors its investee companies in accordance with the guidelines set by investment committee. Specifically, the Group tracks the business development, its holding positions, unrealized profit or loss, and its risk exposure of each investee. The Group will escalate any significant incidents in its investees to the investment committee and, for material incidents, to its board of directors.

Investment Portfolio

The Group’s strategic investment portfolio is comprised of Bank of Qingdao, Royole Corporation, 58 Finance, and Assured Asset Management.

As of 30 September 2019, the Group’s investment portfolio reached an aggregate fair value of HK\$3.9 billion, in which its strategic investment in the Hong Kong- and Shenzhen-listed Bank of Qingdao accounted for 91.9 per cent. and investment in other innovative and fintech companies accounted for 8.1 per cent.

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

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

Bank of Qingdao

The Bank of Qingdao is the largest city commercial bank in Shandong province and among the first batch of city commercial banks established in China. Its business covers three major areas including corporate banking, retail banking, and financial markets. Bank of Qingdao is headquartered in Qingdao, with 14 branches in major cities of Shandong Province such as Jinan, Yantai and Weihai. Bank of Qingdao is highly recognised by customers for its excellent professional and differentiated services. It won the “Banking Information Technology Risk Management Research Achievement Award” issued by China Banking and Insurance Regulatory Commission in the past four years. Meanwhile, it also obtained numerous awards, such as second prize of the 18th national business management modernization innovation achievement, “Best Small and Medium-sized Bank” (Golden Dragon Award), “Best Management Innovation Bank” (Golden Cicada Award), and “Best City Commercial Bank” (Golden Diamond Award). Moreover, the Bank of Qingdao is among China’s top 500 service enterprises.

Bank of Qingdao was listed on the main board of the Stock Exchange of Hong Kong Limited (SEHK: 3866) in December 2015 and completed its A share listing on the Shenzhen Stock Exchange in January 2019 (SZSE: 002948), being the second “A+H” dual-listed Chinese city commercial bank.

Royole

Royole is a world leader in flexible displays, flexible sensors, and related smart devices. It focuses on creating the next-generation human-computer interaction and product research, development, manufacturing, and sales. Royole began its operations in the Silicon Valley, Hong Kong, and Shenzhen. During the past six years it has obtained multiple rounds of investment from well-known domestic and foreign venture capital institutions. Royole has built an international team of over 2,000 talents from over 20 countries and regions around the world, and has become one of the fastest-growing technology unicorns in the world. Royole currently owns over 3,000 core technology intellectual property rights and sells products to over 20 countries and regions. In 2018, Royole launched the volume production of quasi-G6 for fully flexible displays and the world’s first commercial foldable smartphone with a fully flexible display, FlexPai.

58 Finance

58 Finance is a leading financial technology platform that was incubated by 58.com Inc. (NYSE: WUBA) and spun off in 2017. 58.com Inc. is currently the largest online classifieds platform in China as measured by traffic and revenues. Its ecosystem covers housing, cars, and other life services, and provides a rich client base and synergy for 58 Finance. Since its inception, 58 Finance’s car financing business has grown rapidly. Under the impetus of other internet giants in the financial sector, 58 Finance has been well received in the capital market. 58 Finance targets to extend the life cycle of customers using its full scope of capacities and to create a multi-scenario, multi-asset, as well as multi-product integrated financial services platform.

Assured Asset Management

Assured Asset Management is a HKSFC-licensed asset management services provider specializing in fixed income, alternative, and private equity investments. Its management team possesses extensive experience in risk management, private equity, asset management, and financial technology. It is amongst the first global tech-enabled asset management platforms connecting professional and institutional investors from Asia with global assets through innovative fintech. Assured Asset Management is headquartered in Hong Kong with representative offices in Singapore and Taiwan.

Risk Management

Committee Supervision

The Group has established a comprehensive and robust risk management system to manage risks across its business lines and ensure compliance with relevant laws and regulations.

Its executive management committee oversees risk management, and reports to the board of directors directly.

The investment committee formulates key policies and procedures in relation to the Group's strategic investments and investments made for and on behalf of its clients under its asset management business. The Group's investment committee authorises its investment team to execute these policies and procedures. The Group's investment committee meets regularly to evaluate the risks and merits of significant potential investments, provide feedback to the investment team, and issue final approval for the investments.

The investment banking executive committee reviews the terms and assesses the risks of the Group's investment banking business. The investment banking executive committee meets regularly to evaluate the risks and merits of significant potential business opportunities, provide comments to the investment banking team, and approve the acceptance of new business mandates and execution of investment banking transactions.

Both the investment committee and investment banking executive committee report to the executive management committee.

Conflicts of Interest Management

As a diversified financial institution, the Group may encounter situations in which it has conflicting legitimate interests. The Group recognises the importance of managing these conflicting interests to protect the interests of its clients as well as its directors, officers, and employees. The Group regularly implements Chinese walls to limit conflicts of interest by controlling the flow of material non-public information within its organisation. The Group has developed and implemented the following policies and procedures to safeguard material non-public information and prevent improper trading.

- The Group has established Chinese walls among its business functions, including investment banking, asset management, research, and strategic investments, to prevent the internal flow of material non-public information.
- The Group maintains segregated accounts to hold its clients' funds and its own funds and manage and settle these funds separately.
- The Group prohibits senior managers of its business departments from concurrently managing or participating in its back-office departments including operations, compliance, and control and finance departments.
- The Group has adopted security measures, including encryption technologies, to protect its client data, and has established physical segregation and password-protected access among departments to enforce its Chinese wall policies.

In order to minimize the risks for collusion and improper business activities, the Group has adopted the following policies.

- The Group's business departments, including investment banking, asset management, and strategic investment, operate independently. The Group does not allow any of its employees to work for multiple business departments, and any transfer or secondment of its employees among business departments must be justified with valid business reasons, and be reviewed and approved by the senior management team, or board of directors, depending on the seniority of the proposed transferee.
- The Group's employees in its back-office departments, including information technology, finance, compliance and control, and operations, are prohibited from working in any business departments.
- The Group manages its asset management business and strategic investments separately through different employees and maintain separate investment decision-making procedures, trading strategies, and segregated client and proprietary bank accounts.

Intellectual Property

As of the date of this Offering Circular, the Group is licensed by its Controlling Shareholder to use certain trademarks. It maintains seven registered domain names, including *amtdinc.com*.

Competition

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

With respect to the Group's investment banking and asset management businesses, the Group's competitors are other investment banking firms and financial advisory firms. The Group's primary competitors in these businesses are international investment banking firms and other large financial institutions, many of which have greater financial and other resources as well as scale and are capable of offering a wider range of products and services, such as loans, deposit-taking, and a full range of investment banking services. Some of the Group's competitors also have the ability to support investment banking (including financial advisory services) with revenues derived from commercial banking, insurance, and other financial services in an effort to gain market share. In addition, the Group operates these businesses in a highly competitive environment and the barriers to entry into these businesses are low. Nevertheless, the Group believes that it has a unique competitive edge and are capable of expanding rapidly by leveraging its "AMTD SpiderNet" network, relationships and comprehensive capabilities.

With respect to the Group's strategic investment business, the Group believes that it does not compete with other private equity funds, specialized investment funds, hedge fund sponsors, financial institutions and other players. The Group's investments have been made primarily for strategic reasons rather than for pure financial gain, and the funds for the investments are entirely its own.

The Group faces intense competition for the recruiting and retention of qualified, experienced professionals. The Group's ability to continue to compete effectively in its businesses will depend upon its ability to attract new employees and retain and motivate its existing employees.

Licenses

Due to the licensing requirements of the HKSFC, AMTD Global Markets Limited and Asia Alternative Asset Partners Limited are required to obtain necessary licenses to conduct their business in Hong Kong and their business and responsible personnel are subject to the relevant laws and regulations and the respective rules of the HKSFC. AMTD Global Markets Limited currently holds a Type 1 license for dealing in securities, a Type 2 license for dealing in futures contracts, a Type 4 license for advising on securities, a Type 6 license for advising on corporate finance, and a Type 9 license for asset management. Asia Alternative Asset Partners Limited currently holds a Type 1 license for dealing in securities, a Type 4 license for advising on securities, and a Type 9 license for asset management. These licenses have no expiry date and will remain valid unless they are suspended, revoked or cancelled by the HKSFC. The Group pays standard governmental annual fees to the HKSFC and are subject to continued regulatory obligations and requirements, including the maintenance of minimum paid-up share capital and liquid capital, maintenance of segregated accounts, and submission of audited accounts and other required documents, among others. All financial institutions regulated by the HKSFC are subject to regular and ad-hoc inspection by the HKSFC. The Group has not been the subject of any specific ad-hoc inspections during the track record period. The latest routine inspection conducted by the HKSFC in 2017 did not receive any adverse or negative findings. Based on HKSFC's public records, there has also been no disciplinary or enforcement actions against the Group in the past five (5) years. AMTD Global Markets Limited is also a SEHK participant.

AMTD Global Markets Limited is also licensed with Mandatory Provident Fund Schemes Authority as a principal intermediary for engaging in the business of the Group's Mandatory Provident Fund schemes in Hong Kong. As of the date of this Offering Circular, AMTD Global Markets Limited is the sponsor of AMTD MPF Scheme, which is a master trust scheme registered with the Mandatory Provident Fund Schemes Authority and authorised by the Securities and Futures Commission.

AMTD Global Markets Limited is also licensed with the Insurance Authority as an insurance broker company for which it may carry on general and long-term business (including linked long-term business).

Employees

The Issuer had 29, 31, 40 and 40 employees as of 31 December 2017, 2018, 2019 and 30 September 2019, respectively. All of the Issuer's employees are based in Hong Kong.

The following tables sets forth the number of employees by function as of 31 December 2019.

Function	Number of Employees	Percentage
Executive Officers	7	17.5%
Licensed Professionals	25	62.5%
Supporting Staff	8	20.0%
Total	40	100.0%

The Group's success depends on its ability to attract, retain, and motivate qualified employees. The Group offers employees competitive salaries, performance-based cash bonuses, comprehensive training and development programs, and other fringe benefits and incentives. The Group believes that it maintains a good working relationship with its employees, and it has not experienced any material labour disputes or work stoppages. None of the Group's employees are represented by labour unions, and no collective bargaining agreement has been put in place.

The Group does not experience any significant seasonal fluctuations in its number of employees. The Group does not employ a significant number of temporary employees.

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

The Group enters into standard employment agreements with its employees. The Group also enters into standard confidentiality and non-compete agreements with its senior management in accordance with market practice.

Facilities

The Group's principal executive offices are located on leased premises comprising approximately 18,260 square feet in Hong Kong. The Group leases its principal executive office in Hong Kong from the AMTD Group pursuant to the Transition Services Agreement. The Group plans to renew its lease from time to time as needed.

The Group intends to add new premises or expand its existing premises as it adds employees and expands its organisation. The Group believes that suitable additional or alternative space will be available in the future on commercially reasonable terms to accommodate its foreseeable future expansion.

Insurance

The Group contributes to Mandatory Provident Fund in Hong Kong and provides employee compensation, life, business travel, and medical insurance for its employees. The Group has also purchased office, computer, and vehicle insurance for its properties. In accordance with the Securities and Futures (Insurance) Rules of Hong Kong, the Group has purchased and maintained insurance for any loss incurred by it due to any loss to the Group's clients' assets in its custody that is caused by fraudulent conduct of its employees, robbery, theft or other misconduct. In accordance with the Code of Conduct for Licensed Brokers issued by the Insurance Authority, the Group has purchased and maintained insurance for professional indemnity arising from conducting of insurance brokerage business. The Group has also purchased director and officer's liability insurance for designated directors and officers, and it is in the process of purchasing key-man insurance.

The Group does not maintain general third-party liability insurance, nor does it maintain property insurance. The Group considers its insurance coverage to be adequate and in line with that of other companies in the same industry of similar size in Hong Kong. See "*Risk Factors — Risks Relating to the Group's Business and Industry — If the Group's insurance coverage is insufficient, it may be subject to significant costs and business disruption.*"

Legal Proceedings

The Group may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of its business. The Group is currently not a party to any material legal or administrative proceedings.

Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of the Group's resources, including its management's time and attention. For potential impact of legal or administrative proceedings on the Group, see "*Risk Factors — Risks Relating to the Group's Business and Industry — The Group may be subject to litigation and regulatory investigations and proceedings and may not always be successful in defending itself against such claims or proceedings*" and "*Risk Factors — Risks Relating to the Group's Business and Industry — The Group may face intellectual property infringement claims, which could be time-consuming and costly to defend and may result in the loss of significant rights by it.*"

Other Matters

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

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

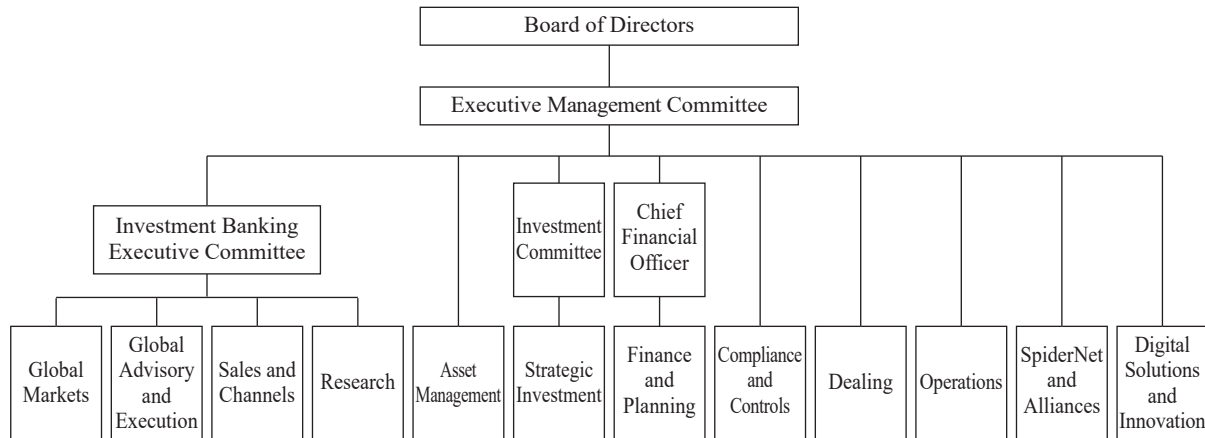
Three out of four of the cases for which AMTDGM had been penalised by HKCIB were in relation to matters of a similar nature whereby the previous management team and its insurance staff had not carried out their work in accordance with regulatory standards. These three separate cases occurred in 2011,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

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

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

DIRECTORS AND EXECUTIVE OFFICERS

Management Reporting Structure



Directors and Executive Officers

The following table sets forth information regarding the Issuer’s directors and executive officers as of the date of this Offering Circular.

Name	Age	Occupation
Calvin Choi	41	Chairman and Executive Director of the Board of Directors and Chief Executive Officer
Marcellus Wong	66	Vice Chairman of the Board of Directors, Chairman of the Executive Management Committee
Andrew Chiu	31	Non-Executive Director, Vice Chairman of the Board of Directors
Raymond Yung	60	Non-Executive Director
Yu Gao	46	Independent Director
Feridun Hamdullahpur	65	Independent Director
William Fung	39	Chief Investment Officer and Head of Asset Management
Cliff Li	33	Chief Financial Officer and Assistant to the Chief Executive Officer
Derek Chung	38	Chief Strategy and Business Development Officer and Head of Investment Banking
Tim Fang	37	Head of Global Markets
Gabriel Ming Lin Cheung	33	Head of Advisory and Equity Capital Markets

Calvin Choi is the chairman of the board of directors and chief executive officer, and has nearly 20 years of experience in the investment banking, international capital markets, and professional auditing sectors. Since February 2016, Mr. Choi has served as the chairman of the board of directors and chief executive officer of the Controlling Shareholder. Since October 2016, Mr. Choi has been a non-executive director of Bank of Qingdao Co., Ltd. (SEHK: 3866 and SZSE: 002948), a company listed on the main board of the Stock Exchange of Hong Kong Limited and on the main board of the Shenzhen Stock Exchange. Mr. Choi worked at UBS from October 2010 to January 2016, his most recent role there being managing director of the investment bank division. From January 2009 to October 2010, Mr. Choi worked at PricewaterhouseCoopers Hong Kong, his most recent role there being director of corporate finance division. From July 2005 to December 2008, Mr. Choi worked at Citigroup, his most recent role there being China chief specialist and the head of China strategic alliance unit of Citi Corporate and Investment Bank. From 2001 to 2005, Mr. Choi worked at PricewaterhouseCoopers Hong Kong and Arthur Andersen & Co. (Hong Kong), his most recent position there being senior manager. In 2019, he was awarded “2019 Asia Fintech Leader” by the Singapore

Fintech Association. He was also named as a Young Global Leader by the World Economic Forum in 2017 and selected by the *Institutional Investor* magazine as one of the “2016 Fintech Finance 35” globally in 2016. Mr. Choi currently holds various positions with a range of organisations, including vice chairman of the Greater Bay Area Homeland Youth Community Foundation, member of the Cyberport Advisory Panel, member of Hong Kong SAR’s Prisoners’ Education Trust Fund Investment Advisory Committee, director of ASEAN Financial Innovation Network (AFIN), founder and chairman of Greater Bay Young Entrepreneurs Association, founder and chairman of the Regional Banks+ Strategic Cooperation Alliance, founder and chairman of AMTD Foundation, vice chairman of Hong Kong Federation of Professions, and board director of OneChild Network & Support Inc. Mr. Choi also holds directorships in several privately owned companies. Mr. Choi is currently a certified bank auditor and a certified public accountant in the United States. Mr. Choi graduated from the University of Waterloo in Canada in June 2001 with a bachelor of arts (honours) degree in chartered accountancy studies. Mr. Choi also completed the executive education-transformational leadership program at the Saïd Business School of the University of Oxford.

Marcellus Wong is the vice chairman of the board of directors, chairman of the executive management committee, and member of the investment committee, and has over 40 years of experience in accounting and taxation. Mr. Wong has been serving as the vice chairman of the board of directors of the Controlling Shareholder since October 2015. Mr. Wong holds a number of other positions including, since June 2015, independent non-executive director of SEHK-listed Xinte Energy Co., Ltd. (SEHK: 1799); since January 2015, senior advisor of L.R. Capital Group; from July 2012 to June 2017, senior advisor of PricewaterhouseCoopers; and, since November 2001, a member of the Joint Liaison Committee on Taxation that advises the government of Hong Kong on tax issues. Mr. Wong also holds directorships in several privately-owned companies. Meanwhile, Mr. Wong served as a council member of the Taxation Institute of Hong Kong from 1995 to 2017, president from 1996 to 1999, and has served as chairman of advisory board since 2017. He was the president of CPA Australia-Hong Kong China Division from 2004 to 2005 and has served as its honorary adviser of Greater China region since July 2014. Prior to joining the Controlling Shareholder, Mr. Wong served as a member of the Working Group on the Long-Term Fiscal Planning of the government of Hong Kong from June 2013 to January 2015. Mr. Wong joined PricewaterhouseCoopers in February 1990 and, prior to his retirement in June 2012, served as a partner and compliance leader in Hong Kong and China as well as risk and quality leader for its tax practice in the Asia Pacific region. From July 1977 to January 1990, Mr. Wong served as a tax assessor at the Inland Revenue Department of the government of Hong Kong. Between 1999 and 2012, Mr. Wong had been consistently named by *Euromoney* as one of the “world’s leading tax advisers” in Hong Kong and China. Mr. Wong graduated from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) with a higher diploma in accountancy in October 1977, and also obtained a bachelor of laws degree through the external program from the University of London in the United Kingdom in August 1989. Mr. Wong was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants in December 1987, an associate of the Hong Kong Institute of Chartered Secretaries in July 1996, a fellow of CPA Australia in October 2001, and a fellow of the Taxation Institute of Hong Kong in March 2004.

Andrew Chiu has been the vice chairman of the board of directors since December 2019. Mr. Chiu is the son of Tan Sri Dato’ David Chiu, chairman of Far East Consortium International Limited (SEHK: 35). Mr. Chiu is the founder and executive chairman of Land Pacific Limited, Deacon House International Limited, Ariana Capital Investment Limited and Ariana Social Community Limited, all of which operate property development, hotel businesses and proprietary investment. Mr. Chiu has served various positions since he joined Far East Consortium International Limited in 2009 and is currently assistant to the chairman. Mr. Chiu currently serves as a director in each of Ju Ching Chu English College Limited, i-Cable Communications Limited (SEHK: 1097), Malaysia Land Properties Sdn Bhd and Land & General Berhad, a company listed on the Bursa Malaysia. Mr. Chiu also holds directorships in several privately-owned companies. Mr. Chiu is a member of Hong Kong Beijing Association, vice chairman of Federation of HK Jiangsu Community Organizations, a member of Shenzhen Overseas Friendship Association, a member of The Real Estate Developers Association of Hong Kong and a member of Hong Kong General Chamber of Commerce.

Raymond Yung is a director, and has over 39 years of experience in advising financial institutions in Hong Kong and China. Mr. Yung has served as chief executive officer of L.R. Capital Group, an indirect controlling shareholder of the Controlling Shareholder, since 2016. Mr. Yung sits on the board of Citibank (Hong Kong) Limited. Mr. Yung has extensive experience in the operational, risk management, internal controls, and financial reform of many large-scale financial institutions. Prior to joining L.R. Capital Group, Mr. Yung headed PricewaterhouseCoopers’s financial services practice in China for over ten years. From September 1992 to June 2002, Mr. Yung led Arthur Andersen’s financial services group in Hong Kong. Mr. Yung was the lead engagement partner for the restructuring and IPO of eleven licensed banks which were merged to form the BOC Hong Kong (Holdings) Limited in 2002. Between 1991 and 1992, Mr. Yung was appointed as a special advisor to the deputy chief executive of

the Hong Kong Monetary Authority in relation to internal controls and accounting matters, and was subsequently appointed to serve on its banking advisory committee. Mr. Yung is a member of the Hong Kong Institute of Certified Public Accountants and a certified accountant registered with the UK Chartered Association of Certified Accountants and CPA Australia. Mr. Yung graduated from The Hong Kong Polytechnic University with a higher diploma in accountancy in November 1980.

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

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

William Fung is the chief investment officer and head of asset management, and has over 15 years of experience in global capital markets including investing, syndicating, and executing capital markets transactions for Asian as well as global issuers. Mr. Fung has served as the managing director of the chief investment office of AMTD Global Markets Limited since March 2016 and has served as the Group Vice President of the Controlling Shareholder since October 2019. From September 2009 to February 2016, Mr. Fung worked at UBS AG Hong Kong as an executive director. Prior to that, he worked at Nomura International (Hong Kong) Limited from September 2008 to September 2009. From January 2005 to September 2008, Mr. Fung worked at Lehman Brothers Asia Limited. Prior to that, Mr. Fung also practiced professional engineering in the United States for approximately one year. Mr. Fung received a bachelor of science degree in industrial engineering from Purdue University in May 2002 and a master of science degree in financial engineering from the University of Michigan in December 2004.

Cliff Li has served as the chief financial officer of the Group and assistant to the chief executive officer of the Controlling Shareholder since December 2019. Mr. Li is specialised in financial reporting and has more than nine years of external auditing experience focusing on financial institutions including investment banks, asset management companies and private equity funds. He joined the Group in August 2016 and was previously the Group financial controller before being promoted to his current management position. Prior to joining the Group, Mr. Li worked as an audit manager at Deloitte Touche Tohmatsu. Mr. Li is also a certified public accountant in Australia. He holds a bachelor of commerce degree in accounting and finance from the University of Melbourne.

Derek Chung has been the chief strategy and business development officer and head of investment banking since January 2020. Mr. Chung has over 15 years of experience in investment banking, including originating, advising and executing capital markets and M&A transactions for corporate clients across Asia. Prior to joining the Group, Mr. Chung was employed by Deutsche Bank between 2016 and 2019, and most recently serving as managing director, head of financial institutions group, Asia, where he was responsible for the coverage of traditional financial institution and financial technology corporate finance clients across Asia. Prior to his employment at Deutsche Bank, Mr. Chung worked in the investment banking division of Goldman Sachs between 2004 and 2016. Mr. Chung is a qualified principal for Hong Kong IPO sponsor work. He holds a bachelor of science degree in electrical and computer engineering and a master of engineering degree in financial engineering, both from Cornell University.

Tim Fang is the head of global markets, and has over 13 years of experience in global capital markets including originating, structuring, and executing capital markets transactions for financial institutions, corporates and sovereigns or quasi-sovereign clients across Asia Pacific and Australia. Mr. Fang has served as the managing director and the co-head of debt capital markets of AMTD Global Markets Limited since March 2018. From February 2010 to March 2018, he was an executive director and the head of financial institutions debt capital markets Asia at UBS AG Hong Kong. Prior to that, Mr. Fang was an associate director of debt capital markets at UBS AG Australia from February 2007 to February 2010. Mr. Fang received a bachelor degree of engineering (honours) and a bachelor degree of commerce from the University of Melbourne in March 2007.

Gabriel Ming Lin Cheung is the head of advisory and equity capital markets, and has more than nine years of experience in investment banking and equity capital markets. Since January 2017, Mr. Cheung has been serving as the head of advisory and equity capital markets of AMTD Global Markets Limited, where he served as vice president from December 2015 to December 2016. From September 2014 to December 2015, Mr. Cheung was an associate at Deutsche Bank AG Hong Kong branch. Prior to that, he worked at UBS AG Hong Kong branch with the latest position as associate director from July 2010 to September 2014. Mr. Cheung received a master degree in engineering, economics, and management from University of Oxford in July 2012.

Board of Directors

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

As the Issuer is listed on the New York Stock Exchange, all of the directors have experience as a director of at least one publicly listed company in the United States. In addition, Calvin Choi, Marcellus Wong, Andrew Chiu and Yu Gao are also a director of other publicly listed companies.

Committees of the Board of Directors

The directors recognise the importance of corporate governance and the maintenance of high standards of accountability to the Issuer's shareholders.

The board has established three committees: (i) the audit committee; (ii) the compensation committee and (iii) the nominating and corporate governance committee.

Audit Committee. The audit committee consists of Mr. Calvin Choi, Mr. Yu Gao, and Dr. Feridun Hamdullahpur, and is chaired by Mr. Yu Gao. Mr. Yu Gao and Dr. Feridun Hamdullahpur each satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange and meet the independence standards under Rule 10A-3 under the Exchange Act. The Issuer has determined that Mr. Yu Gao qualifies as an "audit committee financial expert." The audit committee oversees the Issuer's accounting and financial reporting processes and the audits of the financial statements of the Issuer. The audit committee will be responsible for, among other things:

- selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;

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

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

Apart from the duties listed above, the audit committee is required to discuss matters which may involve any suspected fraud or irregularity, or suspected infringement of any law, rule or regulation which has or is likely to have a material impact on the Group’s operating results or financial position with external auditors and report such matters to the board at an appropriate time.

The board, after making all reasonable enquiries, with the concurrence of the audit committee, is of the opinion that the Issuer’s internal controls and risks management systems are adequate and effective to address the financial, operational, compliance and information technology risks.

The audit committee has considered the suitability of Mr. Cliff Li for his role as Chief Financial Officer. The Audit committee, after having (a) conducted interviews and/or otherwise met the Group Chief Financial Officer over several occasions; (b) considered the qualifications and past working experience of the Group Chief Financial Officer (as described below); (c) noted the Group Chief Financial Officer’s abilities, familiarity and diligence in relation to the Group’s financial matters and information; (d) noted the absence of negative feedback on the Group Chief Financial Officer from his previous employers; (e) noted the team that supports and reports to him including their past working experience and qualifications and (d) made all reasonable enquiries, and to the best of its knowledge and belief, is of the view that the Group Chief Financial Officer has the competence, character and integrity expected of a chief financial officer of a listed issuer.

Mr. Cliff Li, the Group Chief Financial Officer, has confirmed that he is adequately familiar with the Group’s business and operations and is familiar with the Group’s accounting processes and policies. See *“Directors and Executive Officers — Directors and Executive Officers — Cliff Li”*.

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

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

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

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

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

Each member of the nominating and corporate governance committee is required to abstain from voting, approving or making a recommendation on any resolutions of the nominating and corporate governance committee in which he has a conflict of interest in the subject matter under consideration.

Dual appointments

Mr. Calvin Choi, chairman of the board of directors and chief executive officer of the Issuer, is also the chairman of the board of directors and chief executive officer of AMTD Group with similar responsibilities. The Issuer does not believe that there is a conflict of interest for his dual-appointment as the Issuer has in place the AMTD-SpiderNet ecosystem — which aligns the interests of the Issuer, shareholders, business partners and investee companies. The Issuer believes that Mr. Choi’s position as chairman and chief executive of both the Issuer and AMTD Group is beneficial for both companies as he will be able to consider the overall strategies on a consolidated basis and better utilise resources from both the Issuer and AMTD Group.

Mr. Cliff Li, the chief financial officer and assistant to the chief executive officer, is also the chief financial officer and assistant to the chief executive officer of AMTD Group. Separate records are maintained for AMTD Group and the Issuer, and separate teams are responsible for the preparation of the financial statements of both AMTD Group and the Issuer. In addition, the Issuer is the core revenue engine of AMTD Group, contributing over 50 per cent. of the total revenue of AMTD Group. The Issuer believes it is beneficial for both the Issuer and AMTD Group to have the same chief financial officer in order to achieve efficiency for financial reporting. The Issuer does not foresee any conflict of interest between Mr. Li’s roles in the Issuer and AMTD Group.

The nominating and corporate governance committee and the board of directors of the Issuer are of the view that the directors and executive officers who hold dual-appointments in both the Issuer and AMTD Group, namely, Mr. Calvin Choi, Mr. Marcellus Wong and Mr. Yu Gao are able to devote sufficient time to the management of the Issuer.

Duties of Directors

Under Cayman Islands law, the Issuer’s directors owe fiduciary duties to it, including a duty of loyalty, a duty to act honestly, in good faith and with a view to the Issuer’s best interests. The Issuer’s directors must also exercise their powers only for a proper purpose. The Issuer’s directors also owe to its company a duty to act with skill and care. English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to the Issuer, the Issuer’s directors must

ensure compliance with the Issuer's memorandum and articles of association and the class rights vested thereunder in the holders of the shares. A shareholder may in certain limited exceptional circumstances have the right to seek damages in the Issuer's name if a duty owed by the Issuer's directors is breached.

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

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

Terms of Directors and Officers

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

Service Agreements, Employment Agreements and Indemnification Agreements

None of the directors has entered, or proposes to enter, into service agreements with the Issuer or any subsidiary or subsidiary entity of the Group which provides for benefits upon termination of employment.

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

The Issuer has entered into indemnification agreements with each of the directors and executive officers. Under these agreements, the Issuer agrees to indemnify them against certain liabilities and expenses that they incur in connection with claims made by reason of their being a director or officer of the Issuer.

AMTD SpiderMan Share Incentive Plan

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

The following paragraphs summarize the principal terms of the Plan.

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

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

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

Eligibility. The Issuer may grant awards to its directors, employees and consultants.

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

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

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

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

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, 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. 112) 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; or
- (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.

Cayman Islands

The Cayman Islands currently have no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the Issuer or any holder of the Securities.

Accordingly, payment of principal of (including any premium) and interest on, and any transfer of, the Securities will not be subject to taxation in the Cayman Islands. No Cayman Islands withholding tax will be required on such payments to any holder of the Securities. Gains derived from the sale of the Securities will not be subject to Cayman Islands capital gains tax.

No stamp duty is payable under the laws of the Cayman Islands in respect of the execution and issue of the Securities. However, an instrument of transfer in respect of the Securities is stampable if executed in or brought into the Cayman Islands.

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 may be a foreign financial institution for these purposes. A number of jurisdictions (including the Cayman 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, proposed regulations have been issued that provide that 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. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding. 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 Security or a Note.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 30 March 2020 (the “**Dealer Agreement**”) between the Issuer, the Dealers and the Arrangers, 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 Arrangers 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. The Securities may not be offered or sold or, in the case of Bearer Securities, delivered, within the United States or, in the case of Reg S Category 2 Securities (as defined below), to or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except pursuant to an exemption from the registration requirements of the Securities Act.

In the case of any Securities which are offered or sold outside the United States in reliance on the exemption from the registration requirements of the Securities Act provided under Category 1 of Regulation S, each Dealer represents and agrees that, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered or sold or, in the case of Bearer Securities, delivered, and shall not offer or sell or, in the case of Bearer Securities, deliver, any Securities constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Securities.

In the case of any Securities which are offered or sold outside the United States in reliance on the exemption from the registration requirements of the Securities Act provided under Category 2 of Regulation S ("**Reg S Category 2 Securities**"), each Dealer represents and agrees that, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered or sold or, in the case of Bearer Securities, delivered, and shall not offer or sell or, in the case of Bearer Securities, deliver, any Reg S Category 2 Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified as provided below, of all Securities of the Tranche of which such Reg S Category 2 Securities are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Securities, and it and they have complied and will comply with the offering restrictions requirements of Regulation S. Each Dealer who has subscribed for Securities of a Tranche of which such Reg S Category 2 Securities are a part (or in the case of a sale of a Tranche of Securities issued to or through more than one Dealer, each of such Dealers as to the Securities of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine and certify to the Issuing and Paying Agent the completion of the distribution of all Securities of such Tranche. Each Dealer and its affiliates also agree that, at or prior to confirmation of sale of Reg S Category 2 Securities, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Reg S Category 2 Securities from it during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Reg S Category 2 Securities within the United States or to, or for the account or benefit of U.S. persons.

Terms used in the paragraphs above have the meanings given to them by 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 Regulation

If the Pricing Supplement in respect of any Securities specifies the “Prohibition of Sale to EEA and UK Retail Investors” as “Not Applicable,” in relation to each Member State of the European Economic Area and the United Kingdom (each, a “**Relevant State**”), 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 Relevant State except that it may make an offer of such Securities to the public in that Relevant 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 1(4) of the Prospectus Regulation in that Relevant 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 State or, where appropriate, approved in another Member State and notified to the competent authority in that Relevant State, **provided that** any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, 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 Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), 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 1(4) of the 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 Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Securities to the public**” in relation to any Securities in any Relevant 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 “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

Prohibition of Sales to EEA and UK Retail Investors

Unless the Pricing Supplement in respect of any Securities specifies the “Prohibition of Sales to EEA and UK 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 or in the United Kingdom. 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 (EU) 2016/97 (the “**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; or

- (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); 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 for 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 “**Financial Instruments and Exchange Act**”). Accordingly, 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, directly or indirectly, offered or sold and will not, directly and indirectly, offer or sell any 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 Financial Instruments and Exchange Act 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 any Securities or cause the 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 nine 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.

Cayman Islands

Each of the Dealers has represented, warranted and agreed that it has not made and will not make any invitation, whether directly or indirectly, to the public in the Cayman Islands to purchase the Securities.

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 by way of debt issues to Professional Investors only during 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 Securities under the Programme were authorised by a resolution of the board of directors of the Issuer passed on 14 November 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 549300KHWP26J8NTV43.

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 September 2019, 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 years ended 31 December 2018 and 31 December 2017 and for the nine months ended 30 September 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 23/F, Nexxus Building, 41 Connaught Road Central, Hong Kong 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 2018;
- (iii) the audited consolidated financial statements for the nine months ended 30 September 2019;
- (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 Service. 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 INTERNATIONAL INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Pages
INDEPENDENT AUDITOR'S REPORT	F-2 – 4
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019, and unaudited interim condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2018	F-5
Consolidated statements of financial position as at 31 December 2017 and 2018 and for the nine months ended 30 September 2019	F-6 – 7
Consolidated statements of changes in equity for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019, and unaudited interim condensed consolidated statement of changes in equity for the nine months ended 30 September 2018	F-8
Consolidated statements of cash flows for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019, and unaudited interim condensed consolidated statement of cash flows for the nine months ended 30 September 2018	F-9 – 10
Notes to the audited consolidated financial statements for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019, and the unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2018	F-11 – 76

Independent auditor's report
To the members of AMTD International Inc.

Opinion

We have audited the consolidated financial statements of AMTD International Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 4-75, which comprise the consolidated statements of financial position as at 31 December 2017 and 2018 and 30 September 2019, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019, 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 2018 and 30 September 2019, and of its consolidated financial performance and its consolidated cash flows for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019 in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board 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 International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. 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 *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, 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.

Other matter

Without modifying our opinion, we draw attention to the fact that the financial information for the nine months ended 30 September 2018 (the "Interim Comparative Information") is unaudited.

Other information included in the Offering Circular

The directors of the Company are responsible for the other information. The other information comprises the information included in the Offering Circular, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independent auditor's report (continued)
To the members of AMTD International Inc.

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 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.

The directors' responsibilities include 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 ISAs 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 ISAs, 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 (continued)
To the members of AMTD International Inc.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with the Audit Committee 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 the Audit Committee 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.

The engagement partner on the audit resulting in this independent auditor's report is George Chan.

Restriction on Distribution and Use

These consolidated financial statements are prepared for the purpose of preparation of financial information for the inclusion in the Offering Circular to be issued in connection with the establishment of Medium Term Note Programme of the Company on the The Stock Exchange of Hong Kong Limited and accordingly may not be suitable for another purpose.

Our report is intended solely for the information and use by the directors of the Company and should not be distributed to or used by parties other than the Company.

Certified Public Accountants
Hong Kong
27 March 2020

AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

	Notes	Year ended 31 December		Nine months ended 30 September	
		2017 HK\$	2018 HK\$	2018 HK\$ (Unaudited)	2019 HK\$
REVENUE					
Fee and commission income		278,976,203	367,538,115	246,622,869	422,052,516
Dividend and gain related to disposed investment		69,508,298	99,227,724	99,227,724	100,551,728
		<u>348,484,501</u>	<u>466,765,839</u>	<u>345,850,593</u>	<u>522,604,244</u>
Net fair value change on financial assets at fair value through profit or loss and stock loan		684,679,252	256,460,295	(488,890,720)	(288,214,130)
Net fair value change on derivative financial instrument	14	—	—	—	807,618,000
	5	1,033,163,753	723,226,134	(143,040,127)	1,042,008,114
Other income	5	17,914,166	15,392,775	15,387,129	7,466,148
Operating expenses, net	6	(111,563,188)	(52,582,107)	(47,045,850)	(74,136,643)
Staff costs	7	(102,204,502)	(68,024,513)	(60,973,034)	(78,102,347)
Finance costs	8	(28,724,758)	(9,047,063)	(6,546,500)	(16,162,042)
PROFIT/(LOSS) BEFORE TAX		<u>808,585,471</u>	<u>608,965,226</u>	<u>(242,218,382)</u>	<u>881,073,230</u>
Income tax (expense)/credit	9	(135,213,625)	(83,839,597)	51,594,722	(139,730,587)
PROFIT/(LOSS) FOR THE YEAR AND FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR AND FOR THE PERIOD		<u>673,371,846</u>	<u>525,125,629</u>	<u>(190,623,660)</u>	<u>741,342,643</u>
Attributable to:					
Owners of the parent		568,266,428	468,061,079	(116,643,176)	848,711,074
Non-controlling interests		105,105,418	57,064,550	(73,980,484)	(107,368,431)
		<u>673,371,846</u>	<u>525,125,629</u>	<u>(190,623,660)</u>	<u>741,342,643</u>
EARNINGS/(LOSS) PER SHARE					
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Class A ordinary shares:					
Basic, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent	10	—	—	—	4.04
Diluted, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent	10	—	—	—	4.04
Class B ordinary shares:					
Basic, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent	10	2.84	2.34	(0.58)	4.04
Diluted, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent	10	2.84	2.34	(0.58)	4.04

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

AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	Notes	31 December		30 September
		2017	2018	2019
		HK\$	HK\$	HK\$
Assets				
Current assets				
Accounts receivable	11	93,172,716	161,093,054	170,601,380
Prepayments, other receivables and other assets	12	23,203,443	33,343,859	53,511,853
Due from a related company	24(b)(iii)	4,092,519	4,085,019	4,085,019
Due from immediate holding company	24(b)(i)	—	66,141,756	1,951,534,980
Due from fellow subsidiaries	24(b)(i)	2,458,702,841	2,596,118,859	—
Financial assets at fair value through profit or loss	13	745,629,400	1,953,078,309	1,750,862,599
Stock loan	13	2,203,140,000	1,535,679,600	1,376,205,180
Tax recoverable		8,146,249	—	—
Derivative financial instrument	14	—	—	807,618,000
Cash and bank balances—general accounts	15	86,415,282	126,855,518	669,130,849
Bank balances—segregated accounts	15	403,491,699	615,491,200	287,968,500
Total current assets		<u>6,025,994,149</u>	<u>7,091,887,174</u>	<u>7,071,518,360</u>
Non-current assets				
Property, plant and equipment	16	451,833	131,206	45,437
Intangible assets	17	15,171,170	15,171,170	15,171,170
Total non-current assets		<u>15,623,003</u>	<u>15,302,376</u>	<u>15,216,607</u>
Total assets		<u>6,041,617,152</u>	<u>7,107,189,550</u>	<u>7,086,734,967</u>
Equity and liabilities				
Current liabilities				
Clients' monies held on trust		383,304,389	586,891,255	300,429,276
Accounts payable	18	7,128,142	15,310,871	6,725,012
Margin loans payable	19	351,609,630	321,999,549	321,775,552
Other payables and accruals	20	6,516,678	80,123,688	182,275,576
Due to fellow subsidiaries	24(b)(i)	853,123,095	574,202,907	—
Due to immediate holding company	24(b)(i)	1,640,450,071	2,145,792,209	—
Tax payable		—	25,109,794	76,076,332
Total current liabilities		<u>3,242,132,005</u>	<u>3,749,430,273</u>	<u>887,281,748</u>
Non-current liabilities				
Deferred tax liabilities	21	130,208,677	163,357,177	242,913,577
Total liabilities		<u>3,372,340,682</u>	<u>3,912,787,450</u>	<u>1,130,195,325</u>
Equity				
Share capital				
Class A ordinary shares (par value of US\$0.0001 per share as at 31 December 2017 and 2018 and 30 September 2019; nil, nil and 8,000,000,000 shares authorized as at 31 December 2017 and 2018 and 30 September 2019, respectively; nil, nil and 33,777,159 shares as at 31 December 2017 and 2018 and 30 September 2019, respectively)				
	22	—	—	26,440

AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	<u>Notes</u>	<u>31 December</u>		<u>30 September</u>
		<u>2017</u>	<u>2018</u>	<u>2019</u>
		HK\$	HK\$	HK\$
Class B ordinary shares (par value of US\$0.0001 per share as at 31 December 2017 and 2018 and 30 September 2019; nil, nil and 2,000,000,000 shares authorized as at 31 December 2017 and 2018 and 30 September 2019, respectively; nil, nil and 200,000,001 shares as at 31 December 2017 and 2018 and 30 September 2019, respectively)	22	156,998	156,998	156,998
Capital reserve	22	1,312,802,675	1,312,802,676	3,768,803,001
Retained profits		<u>870,781,050</u>	<u>1,338,842,129</u>	<u>2,187,553,203</u>
Total ordinary shareholders' equity		2,183,740,723	2,651,801,803	5,956,539,642
Non-controlling interests		<u>485,535,747</u>	<u>542,600,297</u>	—
Total equity		<u>2,669,276,470</u>	<u>3,194,402,100</u>	<u>5,956,539,642</u>
Total liabilities and equity		<u>6,041,617,152</u>	<u>7,107,189,550</u>	<u>7,086,734,967</u>

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

AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

	Share capital	Capital reserve	Retained profits	Total	Non- controlling interests	Total equity
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 January 2017	156,998	33,333,003	302,514,622	336,004,623	—	336,004,623
Capital injection to a subsidiary	—	1	—	1	—	1
Deemed contributions	—	1,279,469,671	—	1,279,469,671	380,430,329	1,659,900,000
Profit for the year and total comprehensive income for the year	—	—	568,266,428	568,266,428	105,105,418	673,371,846
At 31 December 2017	156,998	1,312,802,675	870,781,050	2,183,740,723	485,535,747	2,669,276,470
At 1 January 2018	156,998	1,312,802,675	870,781,050	2,183,740,723	485,535,747	2,669,276,470
Capital injection to a subsidiary	—	1	—	1	—	1
Profit for the year and total comprehensive income for the year	—	—	468,061,079	468,061,079	57,064,550	525,125,629
At 31 December 2018	156,998	1,312,802,676	1,338,842,129	2,651,801,803	542,600,297	3,194,402,100
At 1 January 2018	156,998	1,312,802,675	870,781,050	2,183,740,723	485,535,747	2,669,276,470
Capital injection to a subsidiary	—	1	—	1	—	1
Loss for the period and total comprehensive income for the period (unaudited)	—	—	(116,643,176)	(116,643,176)	(73,980,484)	(190,623,660)
At 30 September 2018 (unaudited)	156,998	1,312,802,676	754,137,874	2,067,097,548	411,555,263	2,478,652,811
At 1 January 2019	156,998	1,312,802,676	1,338,842,129	2,651,801,803	542,600,297	3,194,402,100
Deemed disposal of non-controlling interest (i)	—	435,231,866	—	435,231,866	(435,231,866)	—
Exercise of warrants	1,308	94,196,292	—	94,197,600	—	94,197,600
Pre-IPO financing	6,451	419,375,698	—	419,382,149	—	419,382,149
Initial public offering	18,681	1,507,196,460	—	1,507,215,141	—	1,507,215,141
Capital injection to a subsidiary	—	9	—	9	—	9
Profit for the period and total comprehensive income for the period	—	—	848,711,074	848,711,074	(107,368,431)	741,342,643
At 30 September 2019	183,438	3,768,803,001	2,187,553,203	5,956,539,642	—	5,956,539,642

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

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

AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

	Notes	Year ended 31 December		Nine months ended 30 September	
		2017 HK\$	2018 HK\$	2018 HK\$ (Unaudited)	2019 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax		808,585,471	608,965,226	(242,218,382)	881,073,230
Adjustments for:					
Interest income	5	(158,863)	(7,681)	(2,127)	(6,633,304)
Finance costs	8	28,724,758	9,047,063	6,546,500	16,162,042
Depreciation	6	379,132	334,841	267,309	99,479
Dividend income	5	(22,564,600)	(99,227,724)	(99,227,724)	(92,316,548)
Gain related to disposed investment	5	(46,943,698)	—	—	(8,235,180)
Net fair value changes on financial assets at fair value through profit or loss and stock loan	5	(684,679,252)	(256,460,295)	488,890,720	288,214,130
Net fair value changes on derivative financial instrument	14	—	—	—	(807,618,000)
		83,342,948	262,651,430	154,256,296	270,745,849
Increase in accounts receivable		(169,351)	(67,920,338)	(268,676,845)	(9,508,326)
Increase in prepayments, other receivables and other assets		(3,769,215)	(10,140,416)	(1,214,710)	(20,167,994)
(Increase)/decrease in due from a related company		(2,104,418)	7,500	7,500	—
(Decrease)/increase in other payables and accruals		(3,063,112)	73,607,010	12,107,356	102,151,888
Increase/(decrease) in clients' monies held on trust		3,130,108	(8,412,635)	(2,075,542)	41,060,721
Increase/(decrease) in amount with immediate holding company		284,494,845	439,200,382	(351,779,064)	—
(Decrease)/increase in amount with fellow subsidiaries		(460,296,468)	(699,864,420)	542,222,835	—
Decrease in financial assets at fair value through profit or loss		199,909,698	—	—	81,711,180
Increase/(decrease) in accounts payables		4,714,789	8,182,729	219,574,676	(8,585,859)
Cash from/(used in) operations		106,189,824	(2,688,758)	304,422,502	457,407,459
Profits tax paid		(44,586,669)	(17,435,053)	(9,922,772)	(9,207,649)
Dividend received		22,564,600	99,227,724	99,227,724	92,316,548
Interest received		158,863	7,681	2,127	737,426
Net cash flows generated from operating activities		84,326,618	79,111,594	393,729,581	541,253,784
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of items of property, plant and equipment	16	(138,704)	(14,214)	(14,214)	(13,710)
Advance to immediate holding company		—	—	—	(2,003,373,593)
Net cash flows used in investing activities		(138,704)	(14,214)	(14,214)	(2,003,387,303)

AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
Notes	HK\$	HK\$	HK\$ (Unaudited)	HK\$
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	—	—	—	1,984,861,264
Share issue expenses	—	—	—	(58,263,975)
Proceeds from issue of warrants	—	—	—	94,197,600
Repayment of margin loans	(38,557,701)	(351,610,081)	(351,609,630)	(223,997)
Proceeds from margin loans	—	322,000,000	—	—
Financing costs paid	<u>(28,724,758)</u>	<u>(9,047,063)</u>	<u>(6,546,500)</u>	<u>(16,162,042)</u>
Net cash flows (used in)/generated from financing activities	<u>(67,282,459)</u>	<u>(38,657,144)</u>	<u>(358,156,130)</u>	<u>2,004,408,850</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS				
	16,905,455	40,440,236	35,559,237	542,275,331
Cash and cash equivalents at beginning of year/period	<u>69,509,827</u>	<u>86,415,282</u>	<u>86,415,282</u>	<u>126,855,518</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u><u>86,415,282</u></u>	<u><u>126,855,518</u></u>	<u><u>121,974,519</u></u>	<u><u>669,130,849</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	15 <u>86,415,282</u>	<u>126,855,518</u>	<u>121,974,519</u>	<u>669,130,849</u>

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

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

1.1 CORPORATE INFORMATION

AMTD International Inc. (the "Company") (formerly known as AMTD Inc.) is a limited liability company incorporated in Cayman Islands on 4 February 2019.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") is involved in investment banking, the provision of financial advisory services, assets management services and strategic investments.

The Company's immediate holding company is AMTD Group Company Limited ("AMTD Group"), a private company incorporated in the British Virgin Islands ("BVI"). The 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.

Information about subsidiaries

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

Name	Place of incorporation	Issued and registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
AMTD International Holding Group Limited (formerly known as AMTD Financial Planning Limited) ("AMTD IHG")	Hong Kong ("HK")	HK\$500,000	100%	-	Investment holding
AMTD Securities Limited	HK	HK\$1	-	100%	Investment holding
AMTD Global Markets Limited (formerly known as AMTD Asset Management Limited) ("AMTD GM")	HK	HK\$1,561,610,980	-	100%	Provision of investment banking, financial advisory services and asset management services
Asia Alternative Asset Partners Limited ("AMTD AAAPL")	HK	HK\$5,000,000	-	100%	Provision of investment advisory services
AMTD Strategic Investment Limited ("AMTD SI")	HK	HK\$1	-	100%	Provision of strategic investment
AMTD Investment Solutions Group Limited ("AMTD ISG")	HK	HK\$1	-	100%	Provision of strategic investment

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

1.1 CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows (continued):

Name	Place of incorporation	Issued and registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
AMTD Overseas Limited (formerly known as AMTD Europe Holdings Limited) ("AMTD Overseas")	HK	HK\$1	-	100%	Provision of strategic investment
AMTD Fintech Investment Limited ("AMTD FI")	HK	HK\$1	-	100%	Provision of strategic investment
AMTD Investment Inc. ("AMTD Investment")	Cayman Islands	US\$1	100%	-	Investment holding
AMTD Strategic Investment (BVI) Limited	BVI	US\$1	-	100%	Investment holding
AMTD Investment Solutions Group (BVI) Limited	BVI	US\$1	-	100%	Investment holding
AMTD Overseas (BVI) Limited	BVI	US\$1	-	100%	Investment holding
AMTD Fintech Investment (BVI) Limited	BVI	US\$1	-	100%	Investment holding

1.2 REORGANISATION

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

- On 8 February 2019, AMTD Investment was incorporated in Cayman Islands and directly held by the Company;
- From 12 March 2019 to 14 March 2019, four wholly-owned subsidiaries were incorporated in the BVI and were held indirectly by the Company through AMTD Investment;

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

1.2 REORGANISATION (CONTINUED)

- On 18 March 2019, the Company entered into sale and purchase agreements with AMTD Group and its subsidiaries which held the shares of AMTD ISG, AMTD SI, AMTD Overseas and AMTD FI (collectively referred to as the "transferred entities"), pursuant to which AMTD Group and its subsidiaries agreed to contribute 100% of the share capital of the transferred entities to the Company for a total of 199,990,000 newly issued Class B ordinary shares of the Company. For AMTD ISG and AMTD SI with non-controlling interests, all shareholders had passed a resolution to provide consent to enter the sale and purchase agreements that involved the two entities and agreed that shareholders other than AMTD Group would not receive any consideration from the disposal of the two entities. The Company issued 199,990,000 Class B ordinary shares and holds the equity interests of AMTD ISG, AMTD SI, AMTD Overseas and AMTD FI indirectly through the four newly set up BVI entities.
- On 11 April 2019, the Securities and Futures Commission ("SFC") approved the shareholder change of AMTD IHG, which holds two licensed subsidiaries (AMTD GM and AMTD AAAPL) governed by the SFC in Hong Kong, from AMTD Group to the Company. The sale and purchase agreement with respect to the transfer of AMTD IHG became effective automatically upon the approval from the SFC. AMTD Group transferred 100% of share capital of AMTD IHG to the Company. In return, the Company issued one Class B ordinary share to AMTD Group.

The Reorganisation was completed on 11 April 2019. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group. Accordingly, for the purpose of preparation of the consolidated financial statements of the Group, the Company is considered as the holding company of the companies now comprising the Group throughout the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2018 and 2019.

2.1 BASIS OF PRESENTATION

Basis of preparation and transition to IFRSs

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

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

The consolidated statements of financial position of the Group as at 31 December 2017 and 2018 and 30 September 2019 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholder's perspective. No adjustments are made to reflect fair values, or to recognise any new assets or liabilities as a result of the Reorganisation.

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

All intra-group transactions and balances have been eliminated on consolidation.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.1 BASIS OF PRESENTATION (CONTINUED)

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") of the International Accounting Standards Board ("IASB") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Group has applied IFRS for the first time to the consolidated financial statements for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019. All IFRSs issued by the IASB, effective at the time of preparing these consolidated financial statements have been applied.

The Group prepared the consolidated financial statements that comply with IFRS applicable as at 30 September 2019 and 31 December 2018, together with the comparatives for the year ended 31 December 2017, as described in the summary of significant accounting policies. The Group did not use any optional exemptions with regard to full retrospective application of IFRS set out within IFRS 1.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019. A subsidiary is an 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).

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 is 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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

New standards early adopted by the Group

Amendments to IFRS 3 *Definition of a Business*

In October 2018, IASB issued the amendment to IFRS 3, *Definition of a Business*, which is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Amendments to IFRS 3 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 has early adopted the amendments. The Company acquired the intangible assets included in the consolidated financial statements through the acquisition of a subsidiary in 2015. The acquisition was determined to be and accounted for as an asset acquisition as the intangible assets met the fair value concentration test.

New and revised IFRS not yet adopted by the Group

Amendments to IAS 1 and IAS 8

Amendments to IAS 1 and IAS 8 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 consolidated financial statements.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards and interpretations adopted by the Group

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 *Income Taxes* (often referred to as "uncertain tax positions"). It 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. (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.

An entity has to determine whether to consider each uncertain tax treatments separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to 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 has applied the interpretation from its effective date. The adoption of the interpretation did not have any material impact on the Company's consolidated financial statements.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations adopted by the Group (continued)

IFRS 16 Leases

IFRS 16, which supersedes IAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statements of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The adoption of IFRS 16 did not have any impact on the consolidated financial statements of the Group as the companies within the Group did not enter into any lease contracts under their name.

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.

Fair value measurement

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 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 Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's 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 profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 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 profit or loss in the year in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

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

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

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

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

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

Licenses

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

Investments and other financial assets

Initial recognition and measurement

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

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

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.

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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 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)

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognised in profit or loss.

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 other income in the consolidated statements of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

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

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

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

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

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 60-120 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.

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

- Stage 1 — Financial 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, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

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

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.

The Group's financial liabilities include clients' monies held on trust, accounts payable, margin loan payable, financial liabilities included in other payables and accruals, amount due to fellow subsidiaries and immediate holding company.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

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

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

Warrants

The warrants, as part of financial liabilities, are recognised initially at fair value. They are classified as financial liabilities at fair value through profit or loss as they are derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Gains or losses on liabilities at fair value through profit and loss are recognised in profit or loss.

Derivative financial instrument

Derivative financial instrument 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 instrument 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 instrument is taken directly to profit or loss.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instrument (continued)

Day 1 profit or loss

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

Cash and cash equivalents

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

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

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, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, 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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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

(a) *Investment banking fee and income*

Investment banking service income is composed of underwriting commission, brokerage fee and financial advisory fee. Underwriting commission earned from underwriting equity and debt securities is recognised at the point in time when the Group's performance under the terms of a contractual arrangement is completed, which is typically at the closing of a transaction if there is no uncertainty or contingency related to the amount to be paid. The normal credit term is 60 to 120 days upon the completion of performance.

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

Financial advisory fee is recognised 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.

For investment banking service, each contract contains only one performance obligation.

(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. For the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019, the Company did not have any revenue related to such variable consideration and recognised from performance obligations satisfied in previous periods.

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

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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from other sources

Fair value changes on financial assets at fair value through profit or loss and stock loan 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/loss related to disposed investment, whereas gain/loss recognised for those financial assets at fair value through profit or loss in the consolidated statements of financial position held at the end of the reporting period is defined as net fair value changes on financial assets at fair value through profit or loss and stock loan.

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

Contract liabilities

A contract liability is recognised when the a payment is made received or the 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 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 profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Foreign currencies

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

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.

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:

Income tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group 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.

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 on 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 and Note 27 to the consolidated financial statements.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimation uncertainty (continued)

Fair value of unlisted debt securities and unlisted equity investments

As at 31 December 2018 and 30 September 2019, the fair values of unlisted debt and equity investments-Investment C (Note 13) and Investment E were based on the prices of recent transactions of the same instruments with the same rights of the same issuers that occurred within 12 months without adjustment. The valuation relies on management's judgement about whether there have been any events occurred from the date of last transaction and the year end that could significantly affect the prices.

As at 31 December 2017, the fair value of unlisted equity investment-Investment D (Note 13) was based on the prices of recent transactions occurred within 12 months without adjustment. As at 31 December 2018, the fair value of unlisted equity investment-Investment D has been estimated using an equity value allocation ("EVA") valuation technique based on assumptions that are supported by observable recent transactions with similar risk characteristics. The valuation requires management to estimate the expected equity volatility and hence they are subject to uncertainty.

As at 30 September 2019, the fair value of the unlisted equity investment-Investment D was estimated using an EVA valuation technique relying on the hybrid method, considering two scenarios in a probability weighted expected return method ("PWERM") framework, and using the option pricing method ("OPM") to allocate value in one of the scenarios. The valuation requires the management to consider two scenarios in its PWERM analysis which was non-IPO exit event and IPO exit event and hence they were subject to uncertainty. The input of the equity value of unlisted equity investment-Investment D was estimated using market approach.

The Group classifies the fair value of these investments as Level 3.

Fair value of warrants

The fair value of the warrants was estimated using binomial option pricing model which requires the management to estimate volatility of the fair value of the equity securities. The Group classifies the fair value of warrants as Level 3.

Fair value of derivative financial instrument

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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment result, which is a measure of adjusted profit/loss before tax from operations. The adjusted result before tax from operations is measured after allocation of controllable costs of specialized staff, commission paid to asset management segment and finance costs to strategic investment segment consistently with the Group's profit before tax from operations. Other corporate income and expenses such as staff costs not directly attributable to segment, office rental and administrative expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, tax recoverable, amounts due from fellow subsidiaries and immediate holding company, prepayments, other receivables 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 amounts due to fellow subsidiaries and immediate holding company, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

Year ended 31 December 2017

	<u>Investment banking</u> HK\$	<u>Asset management</u> HK\$	<u>Strategic investment</u> HK\$	<u>Total</u> HK\$
Segment revenue (Note 5)				
Revenue				
—from external customers	208,162,829	70,813,374	—	278,976,203
—others	<u>—</u>	<u>—</u>	<u>754,187,550</u>	<u>754,187,550</u>
				1,033,163,753
Segment results	<u>197,333,389</u>	<u>48,059,488</u>	<u>739,674,246</u>	<u>985,067,123</u>
Other income				17,674,605
Unallocated finance costs				(15,285,311)
Corporate and other unallocated expenses				<u>(178,870,946)</u>
Profit before tax				<u>808,585,471</u>
Other segment information				
Depreciation				379,132
Capital expenditure*				<u>138,704</u>

* Capital expenditure consists of additions of property, plant and equipment.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

Year ended 31 December 2018

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

* Capital expenditure consists of additions of property, plant and equipment.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

Nine months ended 30 September 2019

	<u>Investment banking</u>	<u>Asset management</u>	<u>Strategic investment</u>	<u>Total</u>
	HK\$	HK\$	HK\$	HK\$
Segment revenue (Note 5)				
Revenue				
—from external customers	330,617,139	91,435,377	—	422,052,516
—others	—	—	619,955,598	619,955,598
	<u>330,617,139</u>	<u>91,435,377</u>	<u>619,955,598</u>	<u>1,042,008,114</u>
Segment results	<u>310,423,771</u>	<u>78,653,485</u>	<u>603,793,556</u>	<u>992,870,812</u>
Other income				7,466,148
Corporate and other unallocated expenses				<u>(119,263,730)</u>
Profit before tax				<u>881,073,230</u>
Other segment information				
Depreciation				99,479
Capital expenditure*				<u>13,710</u>

* Capital expenditure consists of additions to property, plant and equipment.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

Nine months ended 30 September 2018

	<u>Investment banking</u>	<u>Asset management</u>	<u>Strategic investment</u>	<u>Total</u>
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue (Note 5)				
Revenue				
—from external customers	182,342,155	64,280,714	—	246,622,869
—others	—	—	(389,662,996)	(389,662,996)
Intersegment	—	172,809	—	172,809
	<u>182,342,155</u>	<u>64,453,523</u>	<u>(389,662,996)</u>	<u>(142,867,318)</u>
<i>Reconciliation</i>				
Intersegment				<u>(172,809)</u>
				<u>(143,040,127)</u>
Segment results	<u>157,789,775</u>	<u>47,551,801</u>	<u>(392,543,456)</u>	<u>(187,201,880)</u>
Other income				15,367,411
Unallocated finance costs				(3,666,040)
Corporate and other unallocated expenses				<u>(66,717,873)</u>
Loss before tax				<u>(242,218,382)</u>
Other segment information				
Depreciation				267,309
Capital expenditure*				<u>14,214</u>

* Capital expenditure consists of additions to property, plant and equipment.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	31 December		30 September
	2017	2018	2019
	HK\$	HK\$	HK\$
Segment assets			
Investment banking	69,555,369	134,855,898	117,112,006
Asset management	443,470,928	712,011,344	491,589,546
Strategic investments	<u>2,948,769,400</u>	<u>3,494,527,773</u>	<u>3,934,685,779</u>
Total segment assets	3,461,795,697	4,341,395,015	4,543,387,331
Unallocated corporate assets	<u>2,579,821,455</u>	<u>2,765,794,535</u>	<u>2,543,347,636</u>
Total assets	<u><u>6,041,617,152</u></u>	<u><u>7,107,189,550</u></u>	<u><u>7,086,734,967</u></u>
Segment liabilities			
Investment banking	—	15,000,000	11,250,000
Asset management	393,269,077	663,698,964	426,407,124
Strategic investments	<u>351,609,630</u>	<u>321,999,549</u>	<u>321,775,552</u>
Total segment liabilities	744,878,707	1,000,698,513	759,432,676
Unallocated corporate liabilities	<u>2,627,461,975</u>	<u>2,912,088,937</u>	<u>370,762,649</u>
Total liabilities	<u><u>3,372,340,682</u></u>	<u><u>3,912,787,450</u></u>	<u><u>1,130,195,325</u></u>

The unallocated segment assets and liabilities mainly consist of amounts due from and due to related companies, respectively, which are not directly attributable to individual segments.

Geographical information

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

Year ended 31 December 2017

	Investment banking	Asset management	Total
	HK\$	HK\$	HK\$
Hong Kong	70,332,752	11,352,777	81,685,529
Mainland China	137,830,077	53,184,060	191,014,137
Others	—	6,276,537	6,276,537
	<u>208,162,829</u>	<u>70,813,374</u>	<u>278,976,203</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

Year ended 31 December 2018

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

Nine months ended 30 September 2019

	Investment banking	Asset management	Total
	HK\$	HK\$	HK\$
Hong Kong	109,689,692	26,481,786	136,171,478
Mainland China	183,136,933	58,136,906	241,273,839
United States	30,342,514	2,154,684	32,497,198
Others	7,448,000	4,662,001	12,110,001
	<u>330,617,139</u>	<u>91,435,377</u>	<u>422,052,516</u>

Nine months ended 30 September 2018

	Investment banking	Asset management	Total
	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong	128,233,538	34,425,300	162,658,838
Mainland China	53,178,199	27,649,208	80,827,407
Others	930,418	2,206,206	3,136,624
	<u>182,342,155</u>	<u>64,280,714</u>	<u>246,622,869</u>

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

As at 31 December 2017 and 2018 and 30 September 2019, 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 years ended 31 December 2017 and 2018 and the nine months ended 30 September 2018 and 2019, no revenue derived from a single external customer accounted for 10% or more of the total revenue of the Group.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	<u>Year ended 31 December</u>		<u>Nine months ended 30</u>	
	<u>2017</u>	<u>2018</u>	<u>2018</u>	<u>2019</u>
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
<u>Revenue from contracts with customers</u>				
<i>Investment banking</i>				
Investment banking fee and income	208,162,829	288,591,129	182,342,155	330,617,139
<i>Asset management</i>				
Management fee and performance-based incentive fee	47,774,685	43,465,186	30,249,000	74,161,842
Brokerage and handling fees	16,270,055	31,393,570	30,198,057	16,419,386
Others	6,768,634	4,088,230	3,833,657	854,149
	<u>70,813,374</u>	<u>78,946,986</u>	<u>64,280,714</u>	<u>91,435,377</u>
	<u>278,976,203</u>	<u>367,538,115</u>	<u>246,622,869</u>	<u>422,052,516</u>
<u>Revenue from other sources</u>				
<i>Strategic investment</i>				
Dividend income	22,564,600	99,227,724	99,227,724	92,316,548
Gain related to disposed investment	46,943,698	—	—	8,235,180
	<u>69,508,298</u>	<u>99,227,724</u>	<u>99,227,724</u>	<u>100,551,728</u>
Net fair value changes on financial assets at fair value through profit or loss and stock loan				
-from listed equity shares, at quoted price	684,660,652	202,304,000	(526,358,000)	(325,458,000)
-from unlisted debt securities	—	86,000	—	—
-from unlisted equity shares	18,600	54,070,295	37,467,280	37,243,870
	<u>684,679,252</u>	<u>256,460,295</u>	<u>(488,890,720)</u>	<u>(288,214,130)</u>
Net fair value changes on derivative financial instrument				
-from derivative financial instrument	—	—	—	807,618,000
	<u>—</u>	<u>—</u>	<u>—</u>	<u>807,618,000</u>
	<u>1,033,163,753</u>	<u>723,226,134</u>	<u>(143,040,127)</u>	<u>1,042,008,114</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information

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

Year ended 31 December 2017

<u>Segments</u>	<u>Investment banking</u>	<u>Asset management</u>	<u>Strategic investment</u>	<u>Total</u>
	HK\$	HK\$	HK\$	HK\$
<i>Investment banking</i>				
Underwriting commission and brokerage fee	150,649,829	—	—	150,649,829
Financial advisory fee	57,513,000	—	—	57,513,000
<i>Asset management</i>				
Management fee and performance -based incentive fee	—	47,774,685	—	47,774,685
Brokerage and handling fee	—	16,270,055	—	16,270,055
<i>Strategic investment</i>				
Net fair value changes on financial assets at fair value through profit or loss and stock loan	—	—	684,679,252	684,679,252
Gain related to disposed investment	—	—	46,943,698	46,943,698
Dividend income	—	—	22,564,600	22,564,600
<i>Others</i>	—	6,768,634	—	6,768,634
Total	<u>208,162,829</u>	<u>70,813,374</u>	<u>754,187,550</u>	<u>1,033,163,753</u>

<u>Segments</u>	<u>Investment banking</u>	<u>Asset management</u>	<u>Total</u>
	HK\$	HK\$	HK\$
<u>Timing of revenue recognition</u>			
Services transferred at a point in time	150,649,829	23,038,689	173,688,518
Services transferred over time	57,513,000	47,774,685	105,287,685
Total revenue from contracts with customers	<u>208,162,829</u>	<u>70,813,374</u>	<u>278,976,203</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information (continued)

Year ended 31 December 2018

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

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

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information (continued)

Nine months ended 30 September 2019

<u>Segments</u>	<u>Investment banking</u>	<u>Asset management</u>	<u>Strategic investment</u>	<u>Total</u>
	HK\$	HK\$	HK\$	HK\$
<i>Investment banking</i>				
Underwriting commission and brokerage	278,235,139	—	—	278,235,139
Financial advisory fee	52,382,000	—	—	52,382,000
<i>Asset management</i>				
Management fee and performance-based incentive fee	—	74,161,842	—	74,161,842
Brokerage and handling fees	—	16,419,386	—	16,419,386
<i>Strategic investment</i>				
Net fair value changes on financial assets at fair value through profit or loss and stock loan	—	—	(288,214,130)	(288,214,130)
Net fair value changes on derivative financial instruments	—	—	807,618,000	807,618,000
Gain related to disposed investment	—	—	8,235,180	8,235,180
Dividend income	—	—	92,316,548	92,316,548
<i>Others</i>	—	854,149	—	854,149
Total	<u>330,617,139</u>	<u>91,435,377</u>	<u>619,955,598</u>	<u>1,042,008,114</u>
<u>Segments</u>		<u>Investment banking</u>	<u>Asset management</u>	<u>Total</u>
		HK\$	HK\$	HK\$
<u>Timing of revenue recognition</u>				
Services transferred at a point in time		278,235,139	17,273,535	295,508,674
Services transferred over time		52,382,000	74,161,842	126,543,842
Total revenue from contracts with customers		<u>330,617,139</u>	<u>91,435,377</u>	<u>422,052,516</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information (continued)

Nine months ended 30 September 2018

<u>Segments</u>	<u>Investment banking</u> HK\$ (Unaudited)	<u>Asset management</u> HK\$ (Unaudited)	<u>Strategic investment</u> HK\$ (Unaudited)	<u>Total</u> HK\$ (Unaudited)
<i>Investment banking</i>				
Underwriting commission and brokerage	111,353,815	—	—	111,353,815
Financial advisory fee	70,988,340	—	—	70,988,340
<i>Asset management</i>				
Management fee and performance-based incentive fee	—	30,249,000	—	30,249,000
Brokerage and handling fees	—	30,198,057	—	30,198,057
<i>Strategic investment</i>				
Net fair value changes on financial assets at fair value through profit or loss and stock loan	—	—	(488,890,720)	(488,890,720)
Dividend income	—	—	99,227,724	99,227,724
<i>Others</i>	—	3,833,657	—	3,833,657
Total	<u>182,342,155</u>	<u>64,280,714</u>	<u>(389,662,996)</u>	<u>(143,040,127)</u>
<u>Segments</u>		<u>Investment banking</u> HK\$ (Unaudited)	<u>Asset management</u> HK\$ (Unaudited)	<u>Total</u> HK\$ (Unaudited)
<u>Timing of revenue recognition</u>				
Services transferred at a point in time		111,353,815	34,031,714	145,385,529
Services transferred over time		70,988,340	30,249,000	101,237,340
Total revenue from contracts with customers		<u>182,342,155</u>	<u>64,280,714</u>	<u>246,622,869</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

5. REVENUE AND OTHER INCOME (CONTINUED)

(ii) Performance obligations

The Company started to receive advances from its customers of asset management in 2018. The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 and 30 September 2019 are as follows:

	31 December 2018	30 September 2019
	HK\$	HK\$
Within one year	37,165,868	73,779,383
More than one year	17,945,950	41,723,451
	<u>55,111,818</u>	<u>115,502,834</u>

The remaining performance obligations expected to be recognised in more than one year relate to upfront fee that are to be satisfied within two years. All the other remaining performance obligations are expected to be recognised within one year.

Other income

	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
Bank interest income	158,863	7,681	2,127	737,426
Interest income from the immediate holding company (Note 24(b)(i))	—	—	—	5,895,878
Other income from a fellow subsidiary (Note 24(b)(iv))	15,285,311	3,666,040	3,666,040	—
Management fee income from a fellow subsidiary	2,231,559	—	—	—
Others	238,433	11,719,054	11,718,962	832,844
	<u>17,914,166</u>	<u>15,392,775</u>	<u>15,387,129</u>	<u>7,466,148</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

6. OPERATING EXPENSES/(INCOME), NET

Operating expenses and foreign exchange differences included in the consolidated statement of profit or loss and other comprehensive income are as follows:

	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
Operating expenses				
Marketing and brand promotional expenses	26,207,524	11,864,097	14,694,557	10,677,201
Premises costs and office utilities				
—Premises costs	18,361,737	9,465,094	7,821,074	8,422,847
—Office utilities	7,421,124	6,117,640	6,212,803	7,461,439
	<u>25,782,861</u>	<u>15,582,734</u>	<u>14,033,877</u>	<u>15,884,286</u>
Traveling and business development expenses	18,460,191	10,860,318	6,653,571	10,083,324
Commissions and bank charges	7,978,311	5,197,984	2,944,456	6,690,988
Office renovation and maintenance expenses	15,880,216	1,603,484	1,957,100	1,325,184
Administrative service fee	—	—	—	6,000,000
Legal and professional fees				
—Auditor's remuneration	503,240	789,000	—	7,352,870
—Other legal and professional fees	5,268,795	1,650,070	1,617,375	6,901,625
	<u>5,772,035</u>	<u>2,439,070</u>	<u>1,617,375</u>	<u>14,254,495</u>
Staff welfare and staff recruitment expenses	7,637,277	3,659,523	2,528,294	2,214,834
Others				
—Depreciation	379,132	334,841	267,309	99,479
—Foreign exchange differences, net	(206,072)	382,757	1,888,077	—
—Other expenses	3,671,713	657,299	461,234	6,906,852
	<u>3,844,773</u>	<u>1,374,897</u>	<u>2,616,620</u>	<u>7,006,331</u>
	<u>111,563,188</u>	<u>52,582,107</u>	<u>47,045,850</u>	<u>74,136,643</u>

7. STAFF COSTS

	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
Salaries and bonuses	101,092,455	67,187,493	60,312,286	77,364,565
Pension scheme contributions (defined contribution schemes)	1,112,047	837,020	660,748	737,782
	<u>102,204,502</u>	<u>68,024,513</u>	<u>60,973,034</u>	<u>78,102,347</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

8. FINANCE COSTS

An analysis of finance costs from operations is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
Interests on margin loans payable	28,724,758	9,047,063	6,546,500	16,162,042

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%; 2017: 16.5%) on the estimated assessable profits arising in Hong Kong:

	Note	Year ended 31 December		Nine months ended 30 September	
		2017	2018	2018	2019
		HK\$	HK\$	HK\$	HK\$
				(Unaudited)	
Hong Kong profits tax					
Charge for the year/period		19,988,157	43,127,820	25,331,576	50,966,538
Overprovision in prior year		—	(2,359,495)	—	—
Deferred tax	21	112,969,008	33,148,500	(86,849,070)	79,556,400
The People's Republic of China withholding tax					
Charge for the year/period		2,256,460	9,922,772	9,922,772	9,207,649
		<u>135,213,625</u>	<u>83,839,597</u>	<u>(51,594,722)</u>	<u>139,730,587</u>

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:

	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
Profit/(loss) before tax	808,585,471	608,965,226	(242,218,382)	881,073,230
Tax at statutory tax rate of 16.5%	133,416,603	100,479,262	(39,966,033)	145,377,082
Tax effect of non-taxable income	(3,834,400)	(25,554,680)	(23,160,491)	(22,172,944)
Tax effect of non-deductible expenses	3,308,966	1,355,050	1,614,720	5,733,841
Tax effect of unrecognised temporary difference	13,522	16,553	17,722	218,134
Tax effect of tax loss not recognised	64,264	10,797	1,047	1,381,607
Overprovision in prior year	—	(2,359,495)	—	—
Utilization of tax losses previously not recognised	(11,790)	(30,662)	(24,459)	(14,782)
Withholding tax on the dividend income	2,256,460	9,922,772	9,922,772	9,207,649
Income tax expense	<u>135,213,625</u>	<u>83,839,597</u>	<u>(51,594,722)</u>	<u>139,730,587</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic and diluted earnings/(loss) per share for each of the periods presented are calculated as follows:

	<u>Year ended 31 December</u>		<u>Nine months ended 30</u> <u>September</u>	
	<u>2017</u> <u>HK\$</u>	<u>2018</u> <u>HK\$</u>	<u>2018</u> <u>HK\$</u> (Unaudited)	<u>2019</u> <u>HK\$</u>
Basic earnings per share:				
<i>Numerator:</i>				
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation (HK\$)-basic Class A	—	—	—	39,793,383
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic earnings/(loss) per share calculation (HK\$)-basic Class B	568,266,428	468,061,079	(116,643,176)	808,917,691
<i>Denominator:</i>				
Weighted average number of Class A ordinary shares outstanding—basic	—	—	—	9,838,673
Weighted average number of Class B ordinary shares outstanding—basic	200,000,001	200,000,001	200,000,001	200,000,001
Basic earnings per share (HK\$) Class A	—	—	—	4.04
Basic earnings/(loss) per share (HK\$) Class B	2.84	2.34	(0.58)	4.04
Diluted earnings per share:				
<i>Numerator:</i>				
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculation (HK\$)-diluted Class A	—	—	—	39,793,383
Profit/(loss) attributable to ordinary equity holders of the parent used in the diluted earnings/(loss) per share calculation (HK\$)-diluted Class B	568,266,428	468,061,079	(116,643,176)	808,917,691
<i>Denominator:</i>				
Weighted average number of Class A ordinary shares outstanding—diluted	—	—	—	9,839,400
Weighted average number of Class B ordinary shares outstanding—diluted	200,000,001	200,000,001	200,000,001	200,014,772
Diluted earnings per share (HK\$) Class A	—	—	—	4.04
Diluted earnings/(loss) per share (HK\$) Class B	2.84	2.34	(0.58)	4.04

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

	Number of shares			
	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
	HK\$	HK\$	HK\$	HK\$
				(Unaudited)
<i>Shares:</i>				
Weighted average number of Class A ordinary shares in issue during the year used in the basic earnings per share calculation	—	—	—	9,838,673
Effect of dilution – weighted average number of ordinary shares:				
Warrants	—	—	—	727
	—	—	—	9,839,400
Weighted average number of Class B ordinary shares in issue during the year used in the basic earnings per share calculation	200,000,001	200,000,001	200,000,001	200,000,001
Effect of dilution – weighted average number of ordinary shares:				
Warrants	—	—	—	14,771
	200,000,001	200,000,001	200,000,001	200,014,772

The Company's ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote and is not convertible into Class B ordinary share under any circumstances. Each Class B ordinary share is entitled to twenty votes, subject to certain conditions, and is convertible into one Class A ordinary share at any time by the holder thereof.

The basic earnings per share attributable to Class B ordinary equity holders is calculated by dividing the profit for the year/period attributable to ordinary equity holders of the parent by the number of Class B ordinary shares after the Reorganisation as mentioned in Note 1.2.

The diluted earnings per share is based on the profit for the year/period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year/period, as used in the basic earnings per share calculation, and the weighted average number of warrants assumed to have been exercised at average market price of ordinary shares during the warrants existing period.

In addition to the transactions detailed elsewhere in the consolidated financial statements, there have been no other transactions involving Class A and Class B ordinary shares between the reporting date and the date of authorisation of these financial statements.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

11. ACCOUNTS RECEIVABLE

	Notes	31 December		30 September
		2017	2018	2019
		HK\$	HK\$	HK\$
Receivable from investment banking services	(i)	69,555,369	134,855,898	117,151,006
Receivable from brokers and clearing house	(ii)	7,869,727	10,813,497	43,323,624
Clients' receivables	(ii)	15,747,620	12,848,608	10,126,750
Margin loan receivable	(iii)	—	2,575,051	—
		<u>93,172,716</u>	<u>161,093,054</u>	<u>170,601,380</u>

Notes:

- (i) The normal settlement terms of receivables from investment banking services are specific terms mutually agreed between the contracting parties. Receivable from investing banking services is non-interest bearing.
- (ii) The normal settlement terms of clients' receivables 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. Overdue clients' receivable is interest-bearing. As at 30 September 2019, the Group's clients' receivables of HK\$281,285 are due from fellow subsidiaries, which are repayable on similar credit terms to those offered to the major customers of the Group. The Group did not have any clients' receivables due from fellow subsidiaries as at 31 December 2018.
- (iii) As at 31 December 2018, the Group had collateral of listed shares with fair value amounted to HK\$3,808,116 in margin financing business. Margin loan receivable is interest-bearing.

As at 31 December 2018 and 30 September 2019, the Group's receivable from investment banking services of HK\$70,875,980 and HK\$15,681,400, respectively, are due from fellow subsidiaries and its immediate holding company, which are repayable on similar credit terms to those offered to the major customers of the Group (Note 24(b)(ii)).

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. Except for the margin loan receivable, 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 periods, based on the invoice date, net of loss allowance is as follows:

	31 December		30 September
	2017	2018	2019
	HK\$	HK\$	HK\$
Not yet due	49,453,064	95,469,641	100,635,981
Past due			
Within 1 month	41,552,582	732,497	42,014,235
1 to 3 months	1,700,642	840,942	20,092,435
Over 3 months	466,428	64,049,974	7,858,729
	<u>93,172,716</u>	<u>161,093,054</u>	<u>170,601,380</u>

As at 31 December 2017 and 2018 and 30 September 2019, accounts receivable was due from a number of reputable corporate clients, brokers and individual clients.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

11. ACCOUNTS RECEIVABLE (CONTINUED)

Margin loan receivable are assessed for impairment under stage 1 of general approach. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. Their recoverability was assessed with reference to the credit status of the debtors. The expected credit losses as at 31 December 2017 and 2018 and 30 September 2019 are considered to be minimal and no loss allowance of margin loan receivable was provided.

An impairment analysis of clients' receivables, receivable from brokers and clearing house, and receivable from investment banking services is performed at each reporting date using 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.

	<u>Current</u>	<u>Past due</u>			<u>Total</u>
		<u>Less than 1 month</u>	<u>1 to 3 months</u>	<u>Over 3 months</u>	
<u>As at 31 Decemebr 2017</u>					
Expected credit loss rate	0.06%	0.08%	0.08%	0.06%	0.07%
Gross carrying amount (HK\$'000)	49,453	41,553	1,701	466	93,173

	<u>Current</u>	<u>Past due</u>			<u>Total</u>
		<u>Less than 1 month</u>	<u>1 to 3 months</u>	<u>Over 3 months</u>	
<u>As at 31 December 2018</u>					
Expected credit loss rate.	0.13%	—	0.10%	0.22%	0.17%
Gross carrying amount (HK\$'000)	95,470	719	828	61,501	158,518

	<u>Current</u>	<u>Past due</u>			<u>Total</u>
		<u>Less than 1 month</u>	<u>1 to 3 months</u>	<u>Over 3 months</u>	
<u>As at 30 September 2019</u>					
Expected credit loss rate.	0.11%	0.09%	0.09%	0.10%	0.10%
Gross carrying amount (HK\$'000)	100,636	42,014	20,092	7,859	170,601

The expected credit losses as at 31 December 2017 and 2018 and 30 September 2019 were immaterial and no loss allowance for account receivable was provided.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	31 December		30 September
	2017	2018	2019
	HK\$	HK\$	HK\$
Prepayments	21,371,334	27,301,254	43,051,114
Deposits	456,150	451,759	469,362
Other receivables	1,375,959	5,590,846	9,991,377
	<u>23,203,443</u>	<u>33,343,859</u>	<u>53,511,853</u>

Deposits and other receivables mainly represent rental deposits and deposits with event organisers. 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 2017 and 2018 and 30 September 2019, the probability of default applied ranged from 0.05% to 0.60% and the loss given default was estimated to be 45%. The recoverability was assessed with reference to the credit status of the debtors, and the expected credit loss as at 31 December 2017 and 2018 and 30 September 2019 is considered to be minimal.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND STOCK LOAN

	31 December		30 September
	2017	2018	2019
	HK\$	HK\$	HK\$
Financial assets at fair value through profit or loss	745,629,400	1,953,078,309	1,750,862,599
Stock loan	2,203,140,000	1,535,679,600	1,376,205,180
	<u>2,948,769,400</u>	<u>3,488,757,909</u>	<u>3,127,067,779</u>
Listed equity shares, at quoted price			
—Investment A	2,933,140,000	3,134,040,000	2,808,582,000
—Investment B	—	73,476,000	—
Total listed equity shares, at quoted price	<u>2,933,140,000</u>	<u>3,207,516,000</u>	<u>2,808,582,000</u>
Unlisted debt securities			
—Investment C	—	78,316,000	—
Unlisted equity shares			
—Investment C	—	—	75,755,550
—Investment D	15,629,400	47,417,581	47,472,679
—Investment E	—	155,508,328	195,257,550
Total unlisted equity shares	<u>15,629,400</u>	<u>202,925,909</u>	<u>318,485,779</u>
	<u>2,948,769,400</u>	<u>3,488,757,909</u>	<u>3,127,067,779</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND STOCK LOAN (CONTINUED)

The above unlisted investments at 31 December 2017 and 2018 and 30 September 2019 were equity shares investments and debt securities issued by enterprises. The Group has not elected to recognise equity share investments at the fair value gain or loss through other comprehensive income. Debt securities 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 or are managed on fair value basis. Financial assets at fair value through profit or loss are categorised into levels 1 and 3.

As at 31 December 2017 and 2018 and 30 September 2019, the Group's listed equity investments with a carrying amount of HK\$730,000,000, HK\$1,598,360,400 and HK\$1,432,376,820, respectively, were pledged against its margin loans payable.

On 17 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 investment in Investment A to the intermediate holding company. The stock loan is repayable on demand and interest free.

The intermediate holding company pledged the listed equity shares to a third party as collateral for loan facilities maturing in 2022. In November 2018, the Group demanded and partially recovered some of the listed equity investments with carrying amounts of HK\$660,983,400.

As at 31 December 2017 and 2018 and 30 September 2019, the fair values of the listed equity shares under the stock loan were HK\$2,203,140,000, HK\$1,535,679,600 and HK\$1,376,205,180, respectively. In addition, the unrealized gain on the stock loan were HK\$539,660,652 and HK\$98,441,000 for the years ended 31 December 2017 and 2018, respectively, and the unrealized loss on the stock loan was HK\$395,358,000 and HK\$159,474,420 for the nine months ended 30 September 2018 and 2019, respectively.

14. DERIVATIVE FINANCIAL INSTRUMENT

On 1 April 2019, two subsidiaries of the Group entered into "Upside Participation and Profit Distribution Agreements" (the "Agreements") with a counterparty in relation to the movement of the share price of the entirety of the listed shares of Investment A (Note 13) the Group owns ("Underlying Assets"). The Agreements have an original term of 12 months and can be extended for any further period or terminated at any time upon mutual agreement of the contracting parties. Pursuant to the Agreements:

- (a) The counterparty is entitled to 25% (the "Sharing Percentage") of the gain of the Underlying Assets if the quoted market price or disposal price of the Underlying Assets is higher than HK\$8.1 per share (the "Underlying Price");
- (b) The counterparty shall pay a sum equivalent to the loss if the quoted market price or disposal price of the Underlying Assets is lower than Underlying Price ("Participation Cost"); and
- (c) Dividend or cash distributions generated from the Underlying Assets during the term of the Agreements shall be received by AMTD for its sole benefit and shall not be included in the computation of the Profit or the Participation Cost.

Further addendums to the Agreements were entered into on 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 Price was modified from HK\$8.1 to HK\$9.0 and the Sharing Percentage was modified from 25% to 40%.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

14. DERIVATIVE FINANCIAL INSTRUMENT (CONTINUED)

- 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 28 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 instrument differed from the fair value at origination and the fair value was based on a valuation technique using inputs not observable, 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.

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	355,294,216	(355,294,216)	—	—
Recognised in profit and loss prior to contract renegotiation on 1 July 2019				
- Changes in fair value	106,129,339	—	106,129,339	106,129,339
- Recognition of day 1 profit or loss	—	88,338,180	88,338,180	88,338,180
As at 30 June 2019	461,423,555	(266,956,036)	194,467,519	194,467,519
Contract renegotiation on 1 July 2019	115,758,384	(115,758,384)	—	—
As at 1 July 2019	577,181,939	(382,714,420)	194,467,519	194,467,519
Recognised in profit and loss prior to contract renegotiation on 30 September 2019				
- Changes in fair value	230,436,061	—	230,436,061	230,436,061
- Recognition of day 1 profit or loss	—	382,714,420	382,714,420	382,714,420
As at 30 September 2019	807,618,000	—	807,618,000	807,618,000
Contract renegotiation on 30 September 2019	1,538,635	(1,538,635)	—	—
As at 30 September 2019	<u>809,156,635</u>	<u>(1,538,635)</u>	<u>807,618,000</u>	<u>807,618,000</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

15. CASH AND BANK BALANCES

	31 December		30 September
	2017	2018	2019
	HK\$	HK\$	HK\$
Cash and cash equivalents:			
- Cash on hand	31,031	31,031	31,031
- General bank accounts	86,384,251	126,824,487	669,099,818
Total cash and cash equivalents	86,415,282	126,855,518	669,130,849
Segregated clients' bank accounts balances:			
- Insurance brokerage business and others	20,568,024	29,395,158	19,457,606
- Asset management business	382,923,675	586,096,042	268,510,894
Total segregated clients' bank accounts balances	403,491,699	615,491,200	287,968,500
Total cash and bank balances	489,906,981	742,346,718	957,099,349

Cash at banks earns interest at floating rates based on daily bank deposit rates for all the periods. The bank balances are deposited with creditworthy banks with no recent history of default.

The Group maintains segregated bank accounts with corporate banks to hold clients' monies on trust under custody arising from its asset management and other business. The Group has classified the clients' monies as bank balances-segregated accounts under the assets section of the consolidated statements of financial position and recognised the corresponding amounts as clients' monies held on trust 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.

16. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	Computer equipment	Total
	HK\$	HK\$	HK\$
Cost:			
At 1 January 2017	11,090	3,907,006	3,918,096
Additions	-	138,704	138,704
At 31 December 2017 and 1 January 2018	11,090	4,045,710	4,056,800
Additions	-	14,214	14,214
At 31 December 2018 and 1 January 2019	11,090	4,059,924	4,071,014
Additions	-	13,710	13,710
At 30 September 2019	11,090	4,073,634	4,084,724
Accumulated depreciation:			
At 1 January 2017	1,842	3,223,993	3,225,835
Charge for the year	2,218	376,914	379,132
At 31 December 2017 and 1 January 2018	4,060	3,600,907	3,604,967
Charge for the year	2,218	332,623	334,841
At 31 December 2018 and 1 January 2019	6,278	3,933,530	3,939,808
Charge for the period	1,664	97,815	99,479
At 30 September 2019	7,942	4,031,345	4,039,287

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<u>Furniture and fixtures</u> HK\$	<u>Computer equipment</u> HK\$	<u>Total</u> HK\$
Carrying amount:			
At 30 September 2019	3,148	42,289	45,437
At 31 December 2018	4,812	126,394	131,206
At 31 December 2017	7,030	444,803	451,833
At 1 January 2017	9,248	683,013	692,261

17. INTANGIBLE ASSETS

	<u>HK\$</u>
Net carrying amount as at 31 December 2017 and 2018 and 30 September 2019	15,171,170

The intangible assets represented securities trading licenses and trading right with indefinite useful lives because they are expected to contribute to the net cash flows of the Group indefinitely and therefore, are not amortized. The recoverable amount of the intangible assets is determined by reference to the market evidence of recent transaction prices for similar licensed corporations.

18. ACCOUNTS PAYABLE

	<u>Notes</u>	<u>31 December</u>		<u>30 September</u>
		<u>2017</u>	<u>2018</u>	<u>2019</u>
		HK\$	HK\$	HK\$
Payables to clearing house and brokers	(i)	2,857,658	3,153,820	648,649
Clients' payables	(i)	4,270,484	12,157,051	6,076,363
		<u>7,128,142</u>	<u>15,310,871</u>	<u>6,725,012</u>

Note:

- (i) As at 31 December 2017 and 2018 and 30 September 2019, payables to clearing house and brokers and clients' payable arising from assets management business are repayable 2 days after trade date or at pre-agreed specified terms.

An ageing analysis of the accounts payable as at the end of the reporting period is as follows:

	<u>31 December</u>		<u>30 September</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>
	HK\$	HK\$	HK\$
Within 1 month/repayable on demand	<u>7,128,142</u>	<u>15,310,871</u>	<u>6,725,012</u>

The balances of accounts payable are unsecured and non-interest-bearing.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

19. MARGIN LOANS PAYABLE

As at 31 December 2017 and 2018 and 30 September 2019, the balances are interest-bearing at a rate of 3.00% to 5.25% per annum (“p.a.”), 6.75% p.a. and 6.75% p.a., respectively, and secured by the Group’s financial assets at fair value through profit or loss of HK\$730,000,000, HK\$1,598,360,400, and HK\$1,432,376,820, respectively (Note 13).

20. OTHER PAYABLES AND ACCRUALS

	<u>Notes</u>	<u>31 December</u>		<u>30 September</u>
		<u>2017</u>	<u>2018</u>	<u>2019</u>
		<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Accruals and other payables		6,516,678	25,011,870	66,772,740
Contract liabilities	(i)	—	55,111,818	115,502,836
		<u>6,516,678</u>	<u>80,123,688</u>	<u>182,275,576</u>

Note:

- (i) Contract liabilities include upfront fees received to deliver asset management services. The Company started to receive advances from its customers of asset management services in 2018.

Movements in contract liabilities during the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2019 are as follows:

	<u>HK\$</u>
At 1 January 2017, 31 December 2017 and 1 January 2018	—
Deferred revenue received during the year	58,344,702
Revenue recognised during the year	<u>(3,232,884)</u>
At 31 December 2018	55,111,818
Deferred revenue received during the period	109,319,290
Revenue recognised during the period	<u>(48,928,272)</u>
At 30 September 2019	<u>115,502,836</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

21. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the years are as follows:

	Unrealized gain on investment HK\$
At 1 January 2017	17,239,669
Deferred tax charged to profit or loss during the year (Note 9)	112,969,008
At 31 December 2017 and 1 January 2018	130,208,677
Deferred tax charged to profit or loss during the year (Note 9)	33,148,500
At 31 December 2018 and 1 January 2019	163,357,177
Deferred tax charged to profit or loss during the period (Note 9)	79,556,400
At 30 September 2019	242,913,577

As at 31 December 2017 and 2018 and 30 September 2019, the Group had estimated tax losses arising in Hong Kong of HK\$1,196,380, HK\$1,041,831 and HK\$6,405,387 subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the unutilised tax losses arising in Hong Kong as it is not considered probable that taxable profits would be available against which the tax losses can be utilised.

22. SHARE CAPITAL AND CAPITAL RESERVE

Share Capital

Authorized

Class A ordinary shares	8,000,000,000
Class B ordinary shares	2,000,000,000

Issued and fully paid:

Class A ordinary shares	33,777,159
Class B ordinary shares	200,000,001

As described in Note 1.2, the issued capital of the Company is presented as if the shares after completion of the Reorganisation were issued since inception. The carrying amount of the issued capital of HK\$156,998 (equivalent to US\$20,000) represents nominal amount of the 200,000,001 Class B ordinary shares at US\$0.0001 per share issued by the Company.

All issued shares to the contributing shareholder of AMTD IHG, AMTD ISG, AMTD SI, AMTD Overseas and AMTD FI during the Reorganisation are Class B ordinary shares.

Between 26 April 2019 and 19 June 2019, the Company issued 8,236,838 Class A ordinary shares to third parties investors for an aggregate consideration of US\$53.5 million for the pre-IPO financing.

During the period, the Company issued a warrant for an aggregate consideration of US\$2 million. Each warrant entitles the holder thereof to subscribe for one ordinary share at a subscription price of US\$7.2. On 10 April 2019, the warrant holder exercised the warrants in full and paid an additional amount of US\$10 million for 1,666,666 Class A ordinary shares. At the end of the reporting period, the Company had no warrants outstanding.

On 5 August 2019, the Company completed its Initial Public Offering (“IPO”) on the New York Stock Exchange under the symbol of “HKIB”. The Company issued an aggregate 23,873,655 American Depositary Shares (“ADSs”), representing 23,873,655 Class A Ordinary Shares for total net proceeds of HK\$1,926.6 million.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

22. SHARE CAPITAL AND CAPITAL RESERVE (CONTINUED)

Each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to vote at general meetings of the Company, and each Class B ordinary share shall entitle the holder thereof to twenty votes on all matters subject to vote at general meetings of the Company. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Each Class A ordinary share is not convertible into Class B ordinary shares under any circumstances. Except for the voting rights and the conversion rights, the Class A ordinary shares and the Class B ordinary shares shall rank pari passu with one another and shall have the same rights, preferences, privileges and restrictions.

As at 30 September 2019, the Company had ordinary shares outstanding comprising of 33,777,159 Class A ordinary shares and 200,000,001 Class B ordinary shares, respectively. No Class B ordinary shares were converted into Class A ordinary shares during the nine months ended 30 September 2019.

Capital reserve

	Notes	HK\$
As at 1 January 2017	(i)	33,333,003
Capital injection to a subsidiary		1
Deemed contributions	(ii)	1,279,469,671
As at 31 December 2017		1,312,802,675
Capital injection to a subsidiary		1
As at 31 December 2018		1,312,802,676
Deemed disposal of non-controlling interests		435,231,866
Exercise of warrants	(iii)	94,196,292
Pre-IPO financing	(iv)	419,375,698
Initial public offering		1,507,196,460
Capital injection to subsidiaries		9
As at 30 September 2019		3,768,803,001

Notes:

- (i) In prior year, when the immediate holding company restructured its organization, the equity interest of AMTD GM was transferred between two companies within its group. The amount of consideration in excess of the net asset value of AMTD GM on the transaction date was recorded in capital reserve.
- (ii) For the year ended 31 December 2017, the intermediate holding company of AMTD ISG and AMTD SI issued new shares representing equity interest of 20.87% to independent investors. It was accounted for as an equity transaction with the non-controlling interests and a decrease in equity attributable to owners of the Company, and recorded in capital reserve, based on the proportionate share of the subsidiaries net assets of HK\$34,009,199 upon issuance of new shares.
- Besides, a balance of HK\$1,313,478,870 due to the former holding company of a subsidiary was waived and recorded as deemed contribution.
- (iii) The Company issued a warrant for an aggregate consideration of US\$2 million. Each warrant entitles the holder thereof to subscribe for one ordinary share at a subscription price of US\$7.2. On 10 April 2019, the warrant holder exercised the warrants in full and paid an additional amount of US\$10 million for 1,666,666 Class A ordinary shares.
- (iv) Between 26 April 2019 and 19 June 2019, the Company issued 8,236,838 Class A ordinary shares to third parties investors for an aggregate consideration of US\$53.5 million for the pre-IPO financing.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

23. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2018, the Group purchased financial assets at fair value through profit or loss of HK\$1,675,510,800 and HK\$203,607,914 and HK\$203,607,914, respectively, by way of current accounts with fellow subsidiaries. No such item occurred in the period ended 30 September 2019.

During the year ended 31 December 2017, 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.

(b) Changes in liabilities arising from financing activities

	Margin loans payable HK\$
	HK\$
At 1 January 2017	638,350,783
Cash flow changes from financing activities	(38,557,701)
Released from disposal of financial assets at fair value through profit or loss	(248,183,452)
Interest expenses	28,724,758
Interest paid	<u>(28,724,758)</u>
At 31 December 2017	351,609,630
Cash flow changes from financing activities	(29,610,081)
Interest expenses	9,047,063
Interest paid	<u>(9,047,063)</u>
At 31 December 2018	321,999,549
Cash flow changes from financing activities	(223,997)
Interest expense	16,162,042
Interest paid	<u>(16,162,042)</u>
At 30 September 2019	<u><u>321,775,552</u></u>
	Margin loans payable
	HK\$
At 31 December 2017	351,609,630
Repayment (unaudited)	(351,609,630)
Interest expenses (unaudited)	6,546,500
Interest paid (unaudited)	<u>(6,546,500)</u>
At 30 September 2018 (unaudited)	<u><u>—</u></u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

23. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(c) Changes in the movement of balances with related parties

	<u>Year ended 31 December 2017</u>		
	Related company HK\$	Fellow subsidiaries HK\$	Immediate holding company HK\$
Operating activities	(2,104,418)	(663,904,382)	284,494,845
Financing activities	—	203,607,914	—
Net cash (outflow)/inflow	<u>(2,104,418)</u>	<u>(460,296,468)</u>	<u>284,494,845</u>
	<u>Year ended 31 December 2018</u>		
	Related company HK\$	Fellow subsidiaries HK\$	Immediate holding company HK\$
Operating activities	7,500	(2,375,375,220)	439,200,382
Financing activities	—	1,675,510,800	—
Net cash inflow/(outflow)	<u>7,500</u>	<u>(699,864,420)</u>	<u>439,200,382</u>
	<u>Nine months ended 30 September 2019</u>		
	Related company HK\$	Fellow subsidiaries HK\$	Immediate holding company HK\$
Investing activities	—	—	(2,003,373,593)
Net cash outflow	<u>—</u>	<u>—</u>	<u>(2,003,373,593)</u>
	<u>Nine months ended 30 September 2018</u>		
	Related company HK\$	Fellow subsidiaries HK\$	Immediate holding company HK\$
	(Unaudited)	(Unaudited)	(Unaudited)
Operating activities	7,500	338,614,921	(351,779,064)
Financing activities	—	203,607,914	—
Net cash inflow/(outflow)	<u>7,500</u>	<u>542,222,835</u>	<u>(351,779,064)</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

24. 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/periods:

	Notes	Year ended 31 December		Nine months ended 30 September	
		2017 HK\$	2018 HK\$	2018 HK\$ (Unaudited)	2019 HK\$
Underwriting services rendered to immediate holding company	(i)	31,221,600	—	—	26,420,072
Financial advisory services rendered to fellow subsidiaries	(i)	—	70,988,340	70,988,340	15,691,000
Management fee income from a fellow subsidiary	(i)	2,231,559	—	—	—
Investment advisory fee paid to a fellow subsidiary	(i)	15,000	180,000	135,000	135,000
Insurance commission paid to a fellow subsidiary	(i)	81,606	57,063	—	50,478
Management services fee paid to immediate holding company	(i)	—	—	—	112,500
Asset management services rendered to a fellow subsidiary	(i)	—	5,784,775	5,743,276	457,431
Acquisition of investment from a fellow subsidiary	(ii)	—	72,072,000	—	—
Administrative service fee paid to immediate holding company	(iii)	—	—	—	6,000,000
Recharge from/(to) immediate holding company					
—Staff costs		66,163,850	11,678,050	18,760,329	17,936,752
—Premises cost		17,910,916	9,329,432	7,721,080	5,300,986
—Office renovation		14,118,570	1,250,906	1,676,425	869,214
—Other operating expenses / (income), net		10,512,120	(1,753,759)	4,723,794	9,798,649
	(iii)	108,705,456	20,504,629	32,881,628	33,905,601

Notes:

- (i) The terms of these services were comparable to the fee and conditions offered to the major customers of the Group.
- (ii) The transaction represented the transfer of 234,000 ordinary shares of a listed company from its fellow subsidiary based on the market price as at 12 December 2018.
- (iii) During the years ended 31 December 2017 and 2018, staff costs, office renovation and other operating expenses (e.g. advertisement and promotional expense) were recharged by the immediate holding company based on the proportion of the Company's revenue to the consolidated revenue of the immediate holding company, net of expenses incurred by the Group. Premises cost was recharged based on actual usage. Starting from the third quarter of year 2019, the immediate holding company charged a fixed service fee of HK\$6,000,000 per quarter in place of previous recharging arrangement.
- (iv) As at 30 June 2018, the Group transferred the retail insurance brokerage business to fellow subsidiaries at net asset value of HK\$775,955, including accounts and other receivables of HK\$1,366,402 and accounts and other payables of HK\$590,447 through current accounts. The fellow subsidiaries were disposed by the immediate holding company to a third party on the same date.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the years/periods (continued):

(v) Subsequent to 30 September 2019, the Founder and Executive Chairman of the counterparty with which the Group has entered into the Agreements (Note 14), was appointed as a Director and Vice Chairman to the Board of Directors of the Company (Note 28).

(b) Outstanding balances with related parties:

(i) As at 1 January 2017, the Group had an outstanding balance due from a fellow subsidiary of HK\$130,000,000 which was unsecured, bears interest of 2.5% per annum and repayable on demand. Interest receivable at 1 January 2017 amounted to HK\$3,223,360 was included in due from fellow subsidiaries. During the year ended 31 December 2017, the outstanding balance of HK\$130,000,000 became interest free. As at 31 December 2017, the outstanding balance of HK\$130,000,000 and interest receivable of HK\$3,223,360 were unsecured, interest free and repayable on demand and were included in amounts due from fellow subsidiaries. During the year ended 31 December 2018, the balances due from the fellow subsidiary were fully settled.

During the year ended 31 December 2017, the Group advanced HK\$70,332,300 (equivalent to US\$9,000,000), which was unsecured, interest free and repayable on demand, to a fellow subsidiary. At 31 December 2017, the outstanding balance of HK\$70,332,300 was included in amounts due from fellow subsidiaries. During the year ended 31 December 2018, such balance was fully settled.

As at 31 December 2017 and 2018, the Group's outstanding balances due from its fellow subsidiaries and immediate holding company arising from intercompany advances were unsecured, interest free and repayable on demand, except for the balances described above.

As at 31 December 2017 and 2018, the Group's outstanding balances due to its fellow subsidiaries and immediate holding company arising from intercompany advances were unsecured, interest free and repayable on demand.

As at 30 September 2019, the Group's outstanding balance with its immediate holding company carried an interest at 2% per annum and was repayable on demand. The Group did not have any outstanding balances with its fellow subsidiaries as at 30 September 2019. As at 31 December 2017 and 2018 and 30 September 2019, there was no provision of credit loss on amounts due from fellow subsidiaries and immediate holding company.

(ii) As at 31 December 2018 and 30 September 2019, the Group had an outstanding accounts receivable balance due from its fellow subsidiaries of HK\$70,875,980 and HK\$15,681,400, respectively. The balances arose from the provision of investment banking services and the balances were non-interest bearing with settlement terms mutually agreed by both parties.

As at 30 September 2019, the Group had an outstanding accounts receivable balance due from its fellow subsidiaries of HK\$281,285. The balances arose from the provision of asset management services and the overdue balance was interest bearing and repayable on similar credit terms to those offered to other customers of the Group.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties (continued):

- (iii) As at 31 December 2017 and 2018 and 30 September 2019, the Group had an outstanding balance due from a related company associated with a major shareholder of HK\$4,092,519, HK\$4,085,019 and HK\$4,085,019, respectively. This balance was unsecured, interest free and repayable on demand. As at 31 December 2017 and 2018 and 30 September 2019, there was no provision of credit loss on amount due from the related company.
- (iv) As at 31 December 2017, the Group held listed equity shares with fair value of HK\$489,600,000 through a share custody entrustment agreement with a fellow subsidiary. The fellow subsidiary was the beneficiary owner of the shares and therefore the fellow subsidiary recorded the listed equity shares as its financial assets. The listed equity shares were used to secure part of the Group's margin loans payable as at 31 December 2017.

The fellow subsidiary shall bear all costs and expenses in connection with the custody, acquisition and disposal of the listed equity shares. The Group recorded other income from a fellow subsidiary of HK\$15,285,311 and HK\$3,666,040 for the years ended 31 December 2017 and 2018, respectively, in connection with the reimbursement of interest expenses of the related margin loans payable. As at 31 December 2018 and 30 September 2019, the Group did not hold any listed equity shares through the share custody entrustment agreement.

(c) Compensation of key management personnel of the Group:

	Year ended 31 December		Nine months ended 30	
	2017	2018	September	
	HK\$	HK\$	2018	2019
			HK\$	HK\$
			(Unaudited)	
Short-term employee benefits	8,745,651	19,473,470	20,912,111	36,114,574
Other long-term benefit	53,624	61,428	54,426	72,000
	<u>8,799,275</u>	<u>19,534,898</u>	<u>20,966,537</u>	<u>36,186,574</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

25. 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 2017

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Mandatorily required to be measured at fair value	cost	cost
	HK\$	HK\$	HK\$
Accounts receivable	—	93,172,716	93,172,716
Financial assets included in prepayments, other receivables and other assets	—	1,832,109	1,832,109
Due from a related company	—	4,092,519	4,092,519
Due from fellow subsidiaries	—	2,458,702,841	2,458,702,841
Financial assets at fair value through profit or loss	745,629,400	—	745,629,400
Stock loan	2,203,140,000	—	2,203,140,000
Cash and bank balances—general accounts	—	86,415,282	86,415,282
Bank balances—segregated accounts	—	403,491,699	403,491,699
	<u>2,948,769,400</u>	<u>3,047,707,166</u>	<u>5,996,476,566</u>

Financial liabilities

	Financial liabilities at amortised cost
	HK\$
Clients' monies held on trust	383,304,389
Accounts payable	7,128,142
Margin loans payable	351,609,630
Financial liabilities included in other payables and accruals	6,516,678
Due to fellow subsidiaries	853,123,095
Due to immediate holding company	1,640,450,071
	<u>3,242,132,005</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

25. 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

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Mandatorily required to be measured at fair value	cost	HK\$
	HK\$	HK\$	HK\$
Accounts receivable	—	161,093,054	161,093,054
Financial assets included in prepayment, other receivables and other assets	—	6,042,605	6,042,605
Due from a related company	—	4,085,019	4,085,019
Due from immediate holding company	—	66,141,756	66,141,756
Due from fellow subsidiaries	—	2,596,118,859	2,596,118,859
Financial assets at fair value through profit or loss	1,953,078,309	—	1,953,078,309
Stock loan	1,535,679,600	—	1,535,679,600
Cash and bank balances—general accounts	—	126,855,518	126,855,518
Bank balances—segregated accounts	—	615,491,200	615,491,200
	<u>3,488,757,909</u>	<u>3,575,828,011</u>	<u>7,064,585,920</u>

Financial liabilities

	Financial liabilities at amortised cost
	HK\$
Clients' monies held on trust	586,891,255
Accounts payable	15,310,871
Margin loans payable	321,999,549
Financial liabilities included in other payables and accruals	25,011,870
Due to fellow subsidiaries	574,202,907
Due to immediate holding company	2,145,792,209
	<u>3,669,208,661</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

25. 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 30 September 2019

Financial assets

	Financial assets at fair value through profit or loss		
	Mandatorily required to be measured at fair value	Financial assets at amortised cost	Total
	HK\$	HK\$	HK\$
Accounts receivable	—	170,601,380	170,601,380
Financial assets included in prepayment, other receivables and other assets	—	10,460,739	10,460,739
Due from a related company	—	4,085,019	4,085,019
Due from immediate holding company	—	1,951,534,980	1,951,534,980
Financial assets at fair value through profit or loss	1,750,862,599	—	1,750,862,599
Stock loan	1,376,205,180	—	1,376,205,180
Derivative financial instrument	807,618,000	—	807,618,000
Cash and bank balances—general accounts	—	669,130,849	669,130,849
Bank balances—segregated accounts	—	287,968,500	287,968,500
	<u>3,934,685,779</u>	<u>3,093,781,467</u>	<u>7,028,467,246</u>

Financial liabilities

	Financial liabilities at amortised cost
	HK\$
Clients' monies held on trust	300,429,276
Accounts payable	6,725,012
Margin loans payable	321,775,552
Financial liabilities included in other payables and accruals	28,722,438
	<u>657,652,278</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts			Fair values		
	31 December		30 September	31 December		30 September
	2017	2018	2019	2017	2018	2019
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Financial assets						
Financial assets at fair value through profit or loss	745,629,400	1,953,078,309	1,750,862,599	745,629,400	1,953,078,309	1,750,862,599
Derivative financial instrument	—	—	807,618,000	—	—	809,156,635
Stock loan	<u>2,203,140,000</u>	<u>1,535,679,600</u>	<u>1,376,205,180</u>	<u>2,203,140,000</u>	<u>1,535,679,600</u>	<u>1,376,205,180</u>
	<u>2,948,769,400</u>	<u>3,488,757,909</u>	<u>3,934,685,779</u>	<u>2,948,769,400</u>	<u>3,488,757,909</u>	<u>3,936,224,414</u>

Management has assessed that the fair values of cash and cash balances, accounts receivable, financial assets included in prepayments, other receivables and other assets, accounts payable, financial liabilities included in other payables and accruals, clients' monies held on trust, margin loans payable, and balances with a related company, fellow subsidiaries and immediate holding company, approximate to their carrying amounts largely due to the short-term maturities of these instruments or repayable on demand.

The Group's finance department headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance director reports directly to the chief financial officer. At each reporting date, finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The valuation procedures applied include consideration of recent transactions in the same security or financial instrument, recent financing of the investee companies, economic and market conditions, current and projected financial performance of the investee companies, and the investee companies' management team as well as potential future strategies to realize the investments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

As at 31 December 2017 and 2018 and 30 September 2019, the fair values of listed equity investments, including the stock loan, were based on quoted market prices.

As at 31 December 2018 and 30 September 2019, the fair values of unlisted debt and equity investments- Investment C and Investment E were based on the prices of recent transactions of the same instruments with the same rights of the same issuers that occurred within 12 months without adjustment.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

As at 31 December 2017, the fair value of unlisted equity investment-Investment D was based on the prices of recent transactions occurred within 12 months without adjustment. As at 31 December 2018, the fair value of unlisted equity investment-Investment D has been estimated using an EVA valuation technique based on assumptions that are supported by observable recent transactions with similar risk characteristics. The valuation requires management to estimate the expected equity volatility and hence they are subject to uncertainty.

As at 30 September 2019, the fair value of the unlisted equity investment-Investment D was estimated using an EVA valuation technique relying on the hybrid method, considering two scenarios in a probability weighted expected return method (“PWERM”) framework, and using the option pricing method (“OPM”) to allocate value in one of the scenarios. The valuation requires the management to consider two scenarios in its PWERM analysis which was non-IPO exit event and IPO exit event and hence they were subject to uncertainty. The input of the equity value of unlisted equity investment-Investment D was estimated using market approach.

The fair value of the warrants was estimated using binomial option pricing model which requires the management to estimate the volatility of the fair value of the equity securities.

The fair value of the derivative financial instrument was estimated using the MCS and was determined based on significant observable and unobservable inputs including the current stock price, dividend yield, risk-free rate, volatility of the underlying equity securities and the credit rating of the counterparty on the valuation date. MCS is a financial model that is commonly used to simulate variables that are highly unpredictable. The valuations performed using the MCS require management to estimate the volatility of the underlying equity securities and the credit rating of the counterparty and hence the valuations are subject to estimation uncertainty. The Group classifies the fair value of derivative financial instrument as Level 3. The management believed that the estimated fair values resulting from the valuation technique were reasonable. The accounting policy of the day 1 profit or loss arising from the difference between the transaction price and the fair value upon initial recognition is disclosed in Note 2.3 to the consolidated financial statements.

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 investments	EVA	Equity volatility	56.72%	5% increase/ decrease in volatility results in decrease/ increase in fair value by 0.27%/0.15%

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

26. 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 30 September 2019:

	Valuation technique	Significant unobservable input	Range	Sensitivity of value to the input
Unlisted equity investment	Multiple/ EVA	Equity volatility	32.78%	5% increase/ decrease in volatility results in decrease/ increase in fair value by 0.03%-0.17%/ 0.00%-0.09%
Warrants	Binominal option pricing model	Equity volatility	47.56%-48.37%	10% increase/ decrease in volatility results in decrease/ increase in fair value by 2.49%-3.46%/ 2.03%-3.46%
Derivative financial instrument	MCS	Calculated volatility of underlying Assets	41.13%-45.46%	5% increase/ decrease in volatility results in increase/ decrease in fair value by 1.02%/1.24%
		Credit rating	BB	One rank level increase in credit rating of Company from BB to BBB results in increase in fair value by 0.01%
				One rank level decrease in credit rating of Company from BB to B results in decrease in fair value by 0.28%

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair Value Hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$	HK\$	HK\$	
<u>As at 31 December 2017</u>				
Financial assets at fair value through profit or loss	730,000,000	—	15,629,400	745,629,400
Stock loan	<u>2,203,140,000</u>	—	—	<u>2,203,140,000</u>
	<u>2,933,140,000</u>	<u>—</u>	<u>15,629,400</u>	<u>2,948,769,400</u>
<u>As at 31 December 2018</u>				
Financial assets at fair value through profit or loss	1,671,836,400	—	281,241,909	1,953,078,309
Stock loan	<u>1,535,679,600</u>	—	—	<u>1,535,679,600</u>
	<u>3,207,516,000</u>	<u>—</u>	<u>281,241,909</u>	<u>3,488,757,909</u>
<u>As at 30 September 2019</u>				
Financial assets at fair value through profit or loss	1,432,376,820	—	318,485,861	1,750,862,681
Stock loan	1,376,205,180	—	—	1,376,205,180
Derivative financial instrument	—	—	807,618,000	807,618,000
	<u>2,808,582,000</u>	<u>—</u>	<u>1,126,103,861</u>	<u>3,934,685,861</u>

During the years ended 31 December 2017 and 2018 and 30 September 2019, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The movements in fair value measurements within Level 3 during the years/period are as follow:

	Year ended 31 December		Nine months ended
	2017	2018	30 September
	HK\$	HK\$	2019 HK\$
Unlisted debt securities and unlisted equity shares at fair value through profit or loss:			
At 1 January	—	15,629,400	281,241,909
Total unrealized gain recognised in profit or loss	18,600	54,156,295	37,243,870
Purchase	<u>15,610,800</u>	<u>211,456,214</u>	—
At 31 December/30 September	<u>15,629,400</u>	<u>281,241,909</u>	<u>318,485,779</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The movements in fair value measurements within Level 3 during the years/period are as follow (continued):

	Nine months ended 30 September 2019
	HK\$
Warrants at fair value through profit or loss:	
At 1 January	—
Issued	15,699,600
Exercised	(15,699,600)
At 30 September	—
	Nine months ended 30 September 2019
	HK\$
Derivative financial instrument:	
At 1 January	—
Recognition of day 1 profit generated on 1 April 2019	Note 14 355,294,216
Recognition of day 1 profit generated on 1 July 2019	Note 14 115,758,384
Other fair value gains recognised in profit or loss	Note 14 336,565,400
At 30 September	807,618,000

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and liabilities such as financial assets at fair value through profit or loss, stock loan, accounts receivable, accounts payable, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, clients' monies held on trust, margin loans payable, amounts with a related company, fellow subsidiaries and immediate holding company which primarily arise directly from its operations.

The main risks arising from the Group's financial instruments are price risk, foreign currency risk, credit risk and liquidity risk. Management manages and monitors these risks to ensure appropriate measures are implemented on a timely and effective manner.

Price risk

Equity price risk is the risk that the fair values of equity investments decrease as a result of changes in the levels of equity indices and the value of individual securities.

The Group is exposed to equity securities price risk because certain investments held by the Group are classified in the consolidated statements of financial position as financial assets at fair value through profit or loss. Result for the year would increase/decrease as a result of gains/losses on equity securities classified as financial assets at fair value through profit or loss.

At 31 December 2017 and 2018 and 30 September 2019, if there had been a 5% increase/decrease in the market value of financial assets at fair value through profit or loss and stock loan with all other variables held constant, the Group's profit before tax would have been approximately HK\$146,657,000, HK\$160,375,800 and HK\$140,429,100 higher/lower.

The Group had concentration risk in its strategic investments segment as 25%, 46% and 46% of financial assets at fair values through profit or loss at 31 December 2017 and 2018 and 30 September 2019, respectively, and 100% of stock loan at 31 December 2017 and 2018 and 30 September 2019 were investments in listed equity shares in Investment A.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Price risk (continued)

On 1 April 2019, the Group entered Agreements with the counterparty in relation to the movement of the share price of the entirety of the listed shares of Investment A the Group owns ("Underlying Assets") to reduce the changes in fair value of financial assets of the Group. The Agreements were modified and renewed several times as disclosed in Note 14. The derivative financial instrument is initially recognised at fair value and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair value of derivative financial instrument are taken directly to profit or loss. During the nine months ended 30 September 2019, changes in the fair value of the derivative financial instrument of HK\$807,618,000, were charged to profit or loss.

Foreign currency risk

Certain transactions of the Group are denominated in foreign currencies which are different from the functional currency of the Group, i.e. HK\$, and therefore the Group is exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. As HK\$ is currently pegged to United States dollars ("US\$"), management considers that there is no significant foreign currency risk arising from the Group's monetary assets and the liability denominated in US\$.

The Group's key currency risk exposure primarily arises from accounts receivable and bank balances denominated in Australian Dollar ("AUD"), Euro ("EUR"), Renminbi ("RMB") and New Taiwan Dollar ("NTD"). The sensitivity at the end of the reporting period to a reasonably possible change in the AUD, EUR, RMB and NTD exchange rate, with all other variables held constant, of the Group's profit before tax is as follows:

Foreign currency sensitivity

If AUD had appreciated/depreciated by 5% with all other variables held constant, the impact on the Group's profit before tax would be HK\$84,996, HK\$3,536, nil and HK\$3,402 for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019, respectively.

If EUR had appreciated/depreciated by 5% with all other variables held constant, the impact on the Group's profit before tax for the year would be HK\$4,903 for the year ended 31 December 2017.

If RMB had appreciated/depreciated by 5% with all other variables held constant, the impact on the Group's profit before tax would be HK\$13,163, HK\$12,405, HK\$12,723 and HK\$12,978 for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019, respectively.

If NTD had appreciated/depreciated by 5% with all other variables held constant, the impact on the Group's profit before tax would be HK\$277,654, HK\$74,959, HK\$60,258 and HK\$287,051 for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019, respectively.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk during the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2018 and 2019.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. 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 management periodically.

The Group has credit risk exposure in relation the Agreements entered into with a counterparty amounting to HK\$807,618,000 as at 30 September 2019 (Note 14). On 20 December 2019, the Group entered into a pledge agreement with the same counterparty pursuant to which the counterparty pledged certain listed securities to the Group as collateral (Note 28).

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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and staging as at 31 December 2017 and 2018 and 30 September 2019

The table below shows the credit quality and the maximum exposure to expected credit loss (“ECL”) based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and the staging classification as at 31 December 2017 and 2018 and 30 September 2019. The amounts presented are gross carrying amounts for financial assets at amortised cost.

As at 31 December 2017

	<u>12-month</u>		<u>Lifetime ECLs</u>			<u>HK\$</u>
	<u>ECLs</u>		<u>Stage 2</u>	<u>Stage 3</u>	<u>Simplified approach</u>	
	<u>Stage 1</u>	<u>Stage 2</u>				
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Accounts receivable*	—	—	—		93,172,716	93,172,716
Financial assets included in prepayments, other receivables and other assets						
—Normal**	1,832,109	—	—		—	1,832,109
—Doubtful**	—	—	—		—	—
Due from a related company						
—Normal**	4,092,519	—	—		—	4,092,519
—Doubtful**	—	—	—		—	—
Due from fellow subsidiaries						
—Normal**	2,458,702,841	—	—		—	2,458,702,841
—Doubtful**	—	—	—		—	—
Bank balances-segregated accounts						
—Not yet past due	403,491,699	—	—		—	403,491,699
Cash and bank balances-general accounts						
—Not yet past due	86,415,282	—	—		—	86,415,282
	<u>2,954,534,450</u>	<u>—</u>	<u>—</u>		<u>93,172,716</u>	<u>3,047,707,166</u>

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 11 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets, due from a related company and due from fellow subsidiaries 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".

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and staging as at 31 December 2017 and 2018 and 30 September 2019 (continued)

As at 31 December 2018

	12-month ECLs		Lifetime ECLs		HK\$
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	
Accounts receivable*	—	—	—	158,518,003	158,518,003
Accounts receivable					
—Normal**	2,575,051	—	—	—	2,575,051
—Doubtful**	—	—	—	—	—
Financial assets included in prepayments, other receivables and other assets					
—Normal**	6,042,605	—	—	—	6,042,605
—Doubtful**	—	—	—	—	—
Due from a related company					
—Normal**	4,085,019	—	—	—	4,085,019
—Doubtful**	—	—	—	—	—
Due from immediate holding company					
—Normal**	66,141,756	—	—	—	66,141,756
—Doubtful**	—	—	—	—	—
Due from fellow subsidiaries					
—Normal**	2,596,118,859	—	—	—	2,596,118,859
—Doubtful**	—	—	—	—	—
Bank balances-segregated accounts					
—Not yet past due	615,491,200	—	—	—	615,491,200
Cash and bank balances-general accounts					
—Not yet past due	<u>126,855,518</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>126,855,518</u>
	<u>3,417,310,008</u>	<u>—</u>	<u>—</u>	<u>158,518,003</u>	<u>3,575,828,011</u>

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 11 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets, due from a related company, due from immediate holding company and due from fellow subsidiaries 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".

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and staging as at 31 December 2017 and 2018 and 30 September 2019 (continued)

As at 30 September 2019

	9-month		Lifetime ECLs			HK\$
	ECLs					
	Stage 1	Stage 2	Stage 3	Simplified approach		
	HK\$	HK\$	HK\$	HK\$		
Accounts receivable*	—	—	—	170,601,380		170,601,380
Financial assets included in prepayments, other receivables and other assets						
—Normal**	10,460,739	—	—	—		10,460,739
—Doubtful**	—	—	—	—		—
Due from a related company						
—Normal**	4,085,019	—	—	—		4,085,019
—Doubtful**	—	—	—	—		—
Due from immediate holding company						
—Normal**	1,951,534,980	—	—	—		1,951,534,980
—Doubtful**	—	—	—	—		—
Bank balances-segregated accounts						
—Not yet past due	669,130,849	—	—	—		669,130,849
Cash and bank balances-general accounts						
—Not yet past due	<u>287,968,500</u>	<u>—</u>	<u>—</u>	<u>—</u>		<u>287,968,500</u>
	<u>2,923,180,087</u>	<u>—</u>	<u>—</u>	<u>170,601,380</u>		<u>3,093,781,467</u>

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 11 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets, due from a related company and due from immediate holding company is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group aims to maintain cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, loans and equity financing.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

31 December 2017					
	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total
	%	HK\$	HK\$	HK\$	HK\$
Accounts payable	N/A	7,128,142	—	—	7,128,142
Margin loans payable	5.25%	351,609,630	—	—	351,609,630
Clients' monies held on trust	N/A	383,304,389	—	—	383,304,389
Financial liabilities included in other payables and accruals	N/A	6,516,678	—	—	6,516,678
Due to fellow subsidiaries	N/A	853,123,095	—	—	853,123,095
Due to immediate holding company	N/A	1,640,450,071	—	—	1,640,450,071
		<u>3,242,132,005</u>	<u>—</u>	<u>—</u>	<u>3,242,132,005</u>
31 December 2018					
	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total
	%	HK\$	HK\$	HK\$	HK\$
Accounts payable	N/A	15,310,871	—	—	15,310,871
Margin loans payable	6.75%	321,999,549	—	—	321,999,549
Clients' monies held on trust	N/A	586,891,255	—	—	586,891,255
Financial liabilities included in other payables and accruals	N/A	25,011,870	—	—	25,011,870
Due to fellow subsidiaries	N/A	574,202,907	—	—	574,202,907
Due to immediate holding company	N/A	2,145,792,209	—	—	2,145,792,209
		<u>3,669,208,661</u>	<u>—</u>	<u>—</u>	<u>3,669,208,661</u>
30 September 2019					
	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total
	%	HK\$	HK\$	HK\$	HK\$
Accounts payable	N/A	6,725,012	—	—	6,725,012
Margin loans payable	6.75%	321,775,552	—	—	321,775,552
Clients' monies held on trust	N/A	300,429,276	—	—	300,429,276
Financial liabilities included in other payables and accruals	N/A	28,722,438	—	—	28,722,438
		<u>657,652,278</u>	<u>—</u>	<u>—</u>	<u>657,652,278</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. 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 the immediate holding company, equity attributable to equity holders of the Group, comprising issued share capital, retained profits and capital reserves, as disclosed in consolidated statements of changes in equity.

As AMTD GM and AMTD AAAPL are licensed corporations under the Hong Kong Securities and Futures Ordinances, the Group is subject to statutory capital requirement and is required to maintain adequate financial resources to support its business. The Securities and Futures (Financial Resources) Rules require a licensed corporation to maintain liquid capital which is not less than its required liquid capital.

In addition, AMTD GM is a member of the Hong Kong Confederation of Insurance Brokers, which is required to maintain a minimum capital and net assets value of not less than HK\$100,000.

There were no changes on the Group's approach to capital risk management during the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2019.

28. SUBSEQUENT EVENTS

In December 2019, the Company issued (i) an aggregate of 7,307,692 Class A ordinary shares and 4,526,627 Class B ordinary shares, both with par value US\$0.0001 per share, for an aggregate amount of US\$100 million (representing a per share price of US\$8.45) to Value Partners Greater China High Yield Income Fund, Ariana Capital Investment Limited and Infinity Power Investments Limited, and (ii) convertible note due 2023 in an aggregate principal amount of US\$15 million to Value Partners Greater China High Yield Income Fund, each in the form of private placement. Infinity Power Investments Limited is a British Virgin Islands company wholly owned by Mr. Calvin Choi, Chairman and Chief Executive Officer of the Company.

On 20 December 2019, the Founder and Executive Chairman of the counterparty with which the Group has entered into the Agreement (Note 14), was appointed as a Director and Vice Chairman to the Board of Directors of the Company.

On 20 December 2019, the Group entered into a pledge agreement with the counterparty with which the Group has entered into the Agreement (Note 14). Pursuant to the pledge agreement, the counterparty pledged certain listed securities to the Group as collateral. As at 20 December 2019, the market value of the listed securities pledged to the Group amounted to approximately HK\$957,828,792 (Note 27).

On 31 December 2019, the Agreements were extended for an additional three-month period ending on 31 March 2020 (Note 14).

The emergence and wide spread of the novel Coronavirus ("COVID-19") in China since the beginning of 2020 has affected business and economic activities in Mainland China and the rest of the world. The Group will monitor the developments of the COVID-19 situation closely, assess and respond proactively to minimize any adverse impacts on the financial position and operating results of the Group. The situation is fluid and challenging facing all the industries of the society and therefore an estimate of its financial effect on the Group cannot be made at this stage.

In preparing the consolidated financial statements, the Group has evaluated events and transactions for potential recognition and disclosure through 27 March 2020, the date of the consolidated financial statements were available to be issued.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

29. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2020.

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The materials relating to the offering of securities to which this Listing Memorandum 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 Listing Memorandum) in such jurisdiction.

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Listing Memorandum dated 2 April 2020



AMTD INTERNATIONAL INC.

(incorporated under the laws of the Cayman Islands with limited liability)
(as Issuer)

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

Medium Term Note Programme

This Listing Memorandum is supplemental to and should be read in conjunction with the Offering Circular dated 30 March 2020 relating to the Programme (as defined below) and the Securities (as defined below).

Under the U.S.\$1,000,000,000 Medium Term Note Programme described in this Listing Memorandum (the “**Programme**”), AMTD International Inc (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 Listing Memorandum 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**” or “**SEHK**”) 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.

Application will be made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of each series of the Securities on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Listing Information Memorandum. Admission of the Securities to the Official List of the SGX-ST and quotation of the Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Programme or the Securities. Each Series of the Securities will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies) for so long as any of the Securities of such series remain listed on the SGX-ST.

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 or SGX-ST, will be delivered to the Hong Kong Stock Exchange or SGX-ST (as applicable), 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, the SGX-ST 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 depository (“**Common Depository**”) 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. The Securities may not be offered, sold, or, in the case of Bearer Securities, delivered within the United States or, in the case of Securities offered or sold outside the United States in reliance on Category 2 of Regulation S, to or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except pursuant to an exemption from the registration requirements of the Securities Act. 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 Listing Memorandum, 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 Listing Memorandum 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.

Arrangers

AMTD	The Bank of East Asia, Limited			
<i>Dealers</i>				
AMTD	Admiralty Harbour	Cathay United Bank	Everbright Sun Hung Kai	China Minsheng Banking Corp., Ltd., Hong Kong Branch
GF Securities	ICBC (Asia)	KEB Hana Global Finance Limited	Nanyang Commercial Bank	
Shanghai Pudong Development Bank Hong Kong Branch	The Bank of East Asia, Limited		Zhongtai International	

(Arranged alphabetically)

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Listing Memorandum, 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 Listing Memorandum.

This Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum.

Each Tranche (as defined herein) of Securities 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 Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum are required by the Issuer, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. None of the Issuer, the Arrangers or the Dealers represents that this Listing Memorandum 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 Arrangers or the Dealers which would permit a public offering of any Securities or distribution of this Listing Memorandum 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 Listing Memorandum, 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 Cayman 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. The Securities may not be offered, sold or, in the case of Bearer Securities, delivered within the United States or, in the case of Securities offered or sold outside the United States in reliance on Category 2 of Regulation S, to or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except pursuant to an exemption from the registration requirements of the Securities Act. 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 Listing Memorandum, 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 Arrangers 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 AND UK RETAIL INVESTORS — If the Pricing Supplement in respect of any Securities includes a legend entitled “Prohibition of Sales to EEA and UK 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**”) or in the United Kingdom (the “**UK**”). 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 (EU) 2016/97 (the “**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; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). 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 or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK 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 Securities pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the “**SFA**”).

The Issuer will make a determination and provide the appropriate written notification to “relevant persons” in relation to each issue about the classification of the Securities being offered for purposes of section 309B(1)(a) and section 309(1)(c) of the SFA.

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

Listing of the Securities on the Hong Kong Stock Exchange or the SGX-ST 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 Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum is true subsequent to the date hereof or the date upon which this Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum 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 Arrangers, the Dealers, or any director, officer, employee, agent or affiliate of any such person or any of them that any recipient of this Listing Memorandum or any Pricing Supplement should subscribe for or purchase any Securities. Each recipient of this Listing Memorandum 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 STABILISATION MANAGER(S) (THE "STABILISATION MANAGER") (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION 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 STABILISATION ACTION MAY BEGIN ON THE 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 STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

The Arrangers and the Dealers have not separately verified the information contained in this Listing Memorandum. To the fullest extent permitted by law, neither any of the Arrangers 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 Listing Memorandum. To the fullest extent permitted by law, neither the Arrangers nor the Dealers, or any director, officer, employee, agent or affiliate of any such person accepts any responsibility for the contents of this Listing Memorandum 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 Listing Memorandum or any such statement.

This Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum and its purchase of Securities should be based upon such investigation as it deems necessary. Neither the Arrangers 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 Listing Memorandum nor to advise any investor or potential investor in the Securities of any information coming to the attention of any of the Arrangers or the Dealers or any of them.

In this Listing Memorandum, 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 Listing Memorandum, 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 “S\$” refer to Singapore dollars; all references to “sterling” and “£” are to the lawful currency of the United Kingdom; 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 Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum, 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 Listing Memorandum 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 2017 and 2018 and for the nine months ended 30 September 2019 (the “Audited Financial Statements of the Group”) included in this Listing Memorandum 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”).

In this Listing Memorandum, 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 Listing Memorandum should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published annual financial statements and any audited or unaudited interim financial statements published subsequently to such annual financial statements of the Issuer from time to time (if any), in each case with the report of the auditors in connection therewith (if any), and all amendments and supplements from time to time to this Listing Memorandum, which shall be incorporated in, and to form part of, this Listing Memorandum and which shall be deemed to modify or supersede the contents of this Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum (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	38
CLEARANCE AND SETTLEMENT	39
TERMS AND CONDITIONS OF THE NOTES	41
TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES.....	68
FORM OF PRICING SUPPLEMENT IN RELATION TO THE NOTES	97
FORM OF PRICING SUPPLEMENT IN RELATION TO THE PERPETUAL SECURITIES	107
SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM.....	116
CAPITALISATION.....	121
DESCRIPTION OF THE GROUP	122
DIRECTORS AND EXECUTIVE OFFICERS.....	143
TAXATION	151
SUBSCRIPTION AND SALE	153
GENERAL INFORMATION	159
INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS	F-1

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Listing Memorandum and any decision to invest in the Securities should be based on a consideration of the Listing Memorandum 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 Listing Memorandum have the same meanings in this summary.

Issuer	AMTD International Inc.
Legal Entity Identifier Code	549300KHWP26J8NTV43.
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.
Arrangers	AMTD Global Markets Limited and The Bank of East Asia, Limited.
Dealers	AMTD Global Markets Limited, Admiralty Harbour Capital Limited, Cathay United Bank Co., Ltd., China Everbright Securities (HK) Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, GF Securities (Hong Kong) Brokerage Limited, Industrial and Commercial Bank of China (Asia) Limited, KEB Hana Global Finance Limited, Nanyang Commercial Bank, Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, The Bank of East Asia, 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, Issuing and Paying Agent and Calculation 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 “— <i>Selling Restrictions</i> ” 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 Service 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 Depository or deposited with a sub-custodian for the CMU Service. 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 “ <i>Terms and Conditions of the Notes — Negative Pledge</i> ”.
Cross Acceleration	See “ <i>Terms and Conditions of the Notes — Events of Default</i> ”.
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 “ <i>Terms and Conditions of the Notes — Redemption, Purchase and Options</i> ”.
Withholding Tax	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Cayman 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 “ <i>Terms and Conditions of the Notes — Taxation</i> ”.
Governing Law	English law.
<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	<p>Floating Rate Perpetual Securities will bear distribution determined separately for each Series as follows:</p> <ul style="list-style-type: none"> (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, <p>(or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.</p> <p>Distribution periods will be specified in the relevant Pricing Supplement.</p>
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.

	<p>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 “<i>Terms and Conditions of the Perpetual Securities — Distributions and other Calculations — Distribution Discretion</i>”.</p>
Non-Cumulative Deferral and Cumulative Deferral	<p>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.</p> <p>If Cumulative-Deferral is specified in the relevant Pricing Supplement, any deferred distribution shall constitute Arrears of Distribution.</p>
Restrictions in the case of Non-Payment	<p>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).</p>
Status of the Senior Perpetual Securities	<p>All Senior Perpetual Securities will, upon issue, constitute unsecured obligations of the Issuer as described in “<i>Terms and Conditions of the Perpetual Securities — Status — Status of Senior Perpetual Securities</i>”.</p>
Status of the Subordinated Perpetual Securities	<p>All Subordinated Perpetual Securities will, upon issue, constitute unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves, and <i>pari passu</i> 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 “<i>Terms and Conditions of the Perpetual Securities — Status — Status of Subordinated Perpetual Securities</i>”.</p>
Subordination of Subordinated Perpetual Securities	<p>Subject to the insolvency laws of the Cayman 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.</p>
No set-off in relation to Subordinated Perpetual Securities	<p>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.</p>
Optional Redemption	<p>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.</p>

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 Cayman 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 Cayman 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.

Application will be made to the SGX-ST for permission to deal in and for the listing and quotation of Securities that may be issued pursuant to the Program and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. The Securities may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series. Unlisted Series of Securities may also be issued pursuant to the Program. The relevant Pricing Supplement in respect of any Series of the Securities will specify whether or not such Securities will be listed and, if so, on which exchange(s) the Securities are to be listed. There is no assurance that an application to the Official List of the SGX-ST for the listing of the Securities of any Series will be approved. If approval in principle is received from the SGX-ST in relation to the Securities of any Series to be listed on the SGX-ST, such Securities will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies) following listing, for so long as such Securities are listed on the Official List of the SGX-ST and the rules of the SGX-ST so require.

For so long as any Securities are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Securities may be presented or surrendered for payment or redemption, in the event that the Global Securities representing such Securities are exchanged for definitive Securities. In addition, in the event that the Global Securities are exchanged for Definitive Securities, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Securities, including details of the paying agent in Singapore.

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, the United Kingdom, the PRC, Hong Kong, Japan, Singapore and the Cayman Islands, see “*Subscription and Sale*” below.

Category 1 or 2 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 (i) the Group's audited consolidated financial statements for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019 and (ii) the Group's unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2018. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the Group's audited consolidated financial statements and include all adjustments, consisting only of normal and recurring adjustments, that the Group considers necessary for a fair presentation of its financial position and results of operations for the periods presented. This "Summary Financial Information" section should be read together with the Group's consolidated financial statements and the related notes and "Description of the Group" included elsewhere in this Listing Memorandum. The Group's consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards, or IFRS, issued by the International Accounting Standard Board, or IASB. The Group's historical results of operations are not necessarily indicative of results of operations expected for future periods.

The following table presents the Group's summary consolidated statements of profit or loss and other comprehensive income data for the periods indicated.

SELECTED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME DATA

	For the Year Ended 31 December				For the Nine Months Ended 30 September			
	2017 (audited)		2018 (audited)		2018 (unaudited)		2019 (audited)	
	HK\$	%	HK\$	%	HK\$	%	HK\$	%
	<i>(in thousands, except for percentages and per share data)</i>							
Revenue								
Fee and commission income	278,976	27.0	367,538	50.8	246,623	(172.4)	422,052	40.5
Dividend and gain related to disposed investment	69,509	6.7	99,228	13.7	99,228	(69.4)	100,552	9.6
Sub-total	348,485	33.7	466,766	64.5	345,851	(241.8)	522,604	50.1
Net fair value changes on financial assets at fair value through profit or loss and stock loan	684,679	66.3	256,460	35.5	(488,891)	341.8	(288,214)	(27.7)
Net fair value change on derivative financial instrument.	—	—	—	—	—	—	807,618	77.6
Total revenue	1,033,164	100.0	723,226	100.0	(143,040)	100.0	1,042,008	100.0
Other income	17,915	1.7	15,393	2.1	15,387	(10.8)	7,466	0.7
Operating expenses, net	(111,563)	(10.8)	(52,582)	(7.2)	(47,046)	32.9	(74,137)	(7.1)
Staff costs	(102,205)	(9.9)	(68,025)	(9.4)	(60,973)	42.6	(78,102)	(7.5)
Finance costs	(28,725)	(2.8)	(9,047)	(1.3)	(6,547)	4.6	(16,162)	(1.6)
Profit/(Loss) before tax	808,586	78.2	608,965	84.2	(242,219)	169.3	881,073	84.5
Income Tax (expense)/credit	(135,214)	(13.1)	(83,840)	(11.6)	51,595	(36.1)	(139,731)	(13.4)
Profit/(Loss) for the year and for the period and total comprehensive income/(loss) for the year and for the period	673,372	65.1	525,125	72.6	(190,624)	133.2	741,342	71.1
Attributable to:								
Owners of the parent	568,266	55.0	468,061	64.7	(116,643)	81.5	848,711	81.4
Non-controlling interests	105,106	10.1	57,064	7.9	(73,981)	51.7	(107,369)	(10.3)
	673,372	65.1	525,125	72.6	(190,624)	133.2	741,342	71.1
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT								
Class A ordinary shares:								
Basic, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent.	—		—		—		4.04	
Diluted, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent.	—		—		—		4.04	
Class B ordinary shares:								
Basic, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent.	2.84		2.34		(0.58)		4.04	
Diluted, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent.	2.84		2.34		(0.58)		4.04	

After the completion of the restructuring in April 2019, AMTD International Inc. became the holding company of the Group's businesses, which had previously been operated under the common control of its Controlling Shareholder. Accordingly, the Group's financial statements were prepared on a consolidated basis.

The following table presents the Group's summary consolidated statements of financial position data as of the dates indicated.

SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA

	As of 31 December		As of
	2017	2018	30 September
	(audited)	(audited)	2019
	HK\$	HK\$	HK\$
		(in thousands)	
Total non-current assets	15,623	15,302	15,217
Total current assets ⁽¹⁾	6,025,994	7,091,887	7,071,518
Total assets	6,041,617	7,107,189	7,086,735
Total non-current liabilities	130,209	163,357	242,914
Total current liabilities	3,242,132	3,749,430	887,282
Total liabilities	3,372,341	3,912,787	1,130,196
Share capital			
Class A ordinary shares (par value of US\$0.0001 per share as at 31 December 2017 and 2018 and 30 September 2019; nil, nil and 8,000,000,000 shares authorized as at 31 December 2017 and 2018 and 30 September 2019, respectively; nil, nil and 33,777,159 shares as at 31 December 2017 and 2018 and 30 September 2019, respectively)	—	—	26
Class B ordinary shares (par value of US\$0.0001 per share as at 31 December 2017 and 2018 and 30 September 2019; nil, nil and 2,000,000,000 shares authorized as at 31 December 2017 and 2018 and 30 September 2019, respectively; nil, nil and 200,000,001 shares as at 31 December 2017 and 2018 and 30 September 2019, respectively)	157	157	157
Capital reserve	1,312,803	1,312,803	3,768,803
Retained profits	870,781	1,338,842	2,187,553
Total ordinary share holders' equity	2,183,741	2,651,802	5,956,539
Non-controlling interests	485,535	542,600	—
Total equity	2,669,276	3,194,402	5,956,539
Total liabilities and equity	6,041,617	7,107,189	7,086,735

⁽¹⁾ The Group's total current assets include, among others, bank balances held under segregated accounts in trust custody on behalf of its asset management clients of HK\$288.0 million as of 30 September 2019. These segregated bank balances will be removed together with the corresponding client money held on trust recorded in total current liabilities after clients execute trades or make withdrawals.

SELECTED CONSOLIDATED CASH FLOW DATA

The following table presents our selected consolidated cash flows data for the periods indicated.

	For the Year Ended 31 December		For the Nine Months Ended 30 September	
	2017 (audited)	2018 (audited)	2018 (unaudited)	2019 (audited)
	HK\$	HK\$	HK\$	HK\$
	<i>(in thousands)</i>			
Net cash flows generated from operating activities	84,327	79,112	393,730	541,254
Net cash flows used in investing activities	(139)	(14)	(14)	(2,003,387)
Net cash flows (used in)/generated from financing activities	(67,283)	(38,657)	(358,156)	2,004,408
Net increase in cash and cash equivalents	16,905	40,441	35,560	542,275
Cash and cash equivalents at the beginning of year/period	69,510	86,415	86,415	126,856
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	86,415	126,856	121,975	669,131

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 Listing Memorandum, 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 Listing Memorandum (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP'S BUSINESS AND INDUSTRY

The Group has a relatively short operating history of its current businesses compared to some of its globally established competitors and face significant risks and challenges in a rapidly evolving market, which makes it difficult to effectively assess its future prospects

The Group has a relatively short operating history of its current businesses compared to some of its globally established competitors. The Group launched its investment banking business in 2015, after which it introduced its institutional asset management business and strategic investment business.

Consideration of the Group's business and prospects should be made in light of the risks and challenges the Group encounters or may encounter given the rapidly evolving market in which it operates and its relatively short operating history. These risks and challenges include the Group's ability to, among other things:

- build a well-recognised and respected brand;
- establish and expand the Group's client base, win capital markets and advisory mandates and increase its assets under management ("AUM");
- maintain and enhance the Group's relationships with its business partners;
- attract, retain, and motivate talented employees;
- anticipate and adapt to changing market conditions and competitive landscape;
- manage the Group's future growth;
- ensure that the performance of the Group's products and services meets client expectations;
- maintain or improve the Group's operational efficiency;
- navigate a complex and evolving regulatory environment;
- defend the Group in any legal or regulatory actions;
- enhance the Group's technology infrastructure and maintain the security of the Group's system and the confidentiality of the information provided and utilised across its system;
- avoid and remedy operating errors as a result of human or system errors;
- identify and address conflicts of interest;
- manage the Group's strategic investments; and
- identify and appropriately manage the Group's related party transactions.

If the Group fails to address any or all of these risks and challenges, its business may be materially and adversely affected.

The Group has a relatively short history in serving its current institutional client base. As the Group's business develops and as it responds to competition, the Group may continue to introduce new service offerings, make adjustments to its existing services, or make adjustments to the Group's business operations in general. Any significant change to the Group's business model that does not achieve expected results could have a material and adverse impact on its financial condition and results of operations. It is therefore difficult to effectively assess the future prospects of the Group.

Unfavourable financial market and economic conditions in Hong Kong, China, and elsewhere in the world could materially and adversely affect the Group's business, financial condition, and results of operations

As a financial services firm based in Hong Kong, the Group's businesses are materially affected by conditions in the financial markets and economic conditions in Hong Kong, China, and elsewhere in the world. Financial markets and economic conditions could be negatively impacted by many factors beyond the Group's control, such as inability to access capital markets, control of foreign exchange, changes in exchange rates, rising interest rates or inflation, slowing or negative growth rate, government involvement in allocation of resources, inability to meet financial commitments in a timely manner, terrorism, political uncertainty, civil unrest, fiscal or other economic policy of Hong Kong or other governments, and the timing and nature of any regulatory reform.

Political unrest such as protests or demonstrations could disrupt economic activities and adversely affect the Group's business. The recent unrest in Hong Kong has led to a decrease in inbound tourism to Hong Kong, decreased consumer spending and an overall negative impact on the domestic economy. There can be no assurance that these protests and other economic, social or political unrest in the future will not have a material adverse effect on the Group's financial conditions and results of operations. The current trade frictions between the United States and China may also give rise to uncertainties in global economic conditions and adversely affect general investor confidence.

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

Revenue generated by the Group's investment banking business is directly related to the volume and value of the transactions in which it is involved. The Group's investment bankers primarily serve clients in raising capital through initial public offerings ("IPOs") and debt offerings. During periods of unfavourable market and economic conditions, the Group's results of operations may be adversely affected by a decrease in the number and value of the IPOs and debt offerings that it underwrites.

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

The financial services industry is intensely competitive. If the Group is unable to compete effectively, it may lose its market share and the Group's results of operations and financial condition may be materially and adversely affected

The financial services industry is intensely competitive, highly fragmented, and subject to rapid change, and it is expected to remain so. The Group competes both in Hong Kong and globally, and on the basis of a number of factors, including its ability to adapt to evolving financial needs of a broad spectrum of clients, its ability to identify market demands and business opportunities to win client mandates, the quality of its advice, its employees, and deal execution, the range and price of its products and services, its innovation, reputation, and the strength of its relationships. The Group expects to continue to invest

capital and resources in its businesses in order to grow and develop them to a size where they are able to compete effectively in their markets, have economies of scale, and are themselves able to produce or consolidate significant revenue and profit. The Group cannot assure that the planned and anticipated growth of its businesses will be achieved or in what timescale. There may be difficulties securing financing for investment for growth and in recruiting and retaining the skilled human resources required to compete effectively. If the Group fails to compete effectively against its competitors, its business, financial conditions, results of operations, and prospects will be materially and adversely affected.

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

The Group primarily competes with other investment banking firms. It has experienced and may continue to experience intense competition over obtaining investment banking service mandates. The Group may face pricing pressure as some of its competitors may seek to obtain higher market share by reducing fees and commissions. Some of the Group's competitors include large global financial institutions or state-owned PRC financial institutions operating or headquartered in Hong Kong, many of which have longer operating histories, far broader financial and other resources, and significantly greater name recognition than the Group and have the ability to offer a wider range of products, which may enhance their competitive position. They also regularly support services the Group does not provide, such as commercial lending, margin lending and other financial services and products, which puts the Group at a competitive disadvantage and could result in pricing pressures or lost opportunities, which in turn could materially and adversely affect its results of operations. In addition, the Group may be at a competitive disadvantage with regard to some of its competitors that have larger customer bases, more professionals, and the ability to provide financing that are often a crucial component of investment banking deals on which the Group advises.

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

The Group's businesses depend on key management executives and professional staff, and its business may suffer if it is unable to recruit and retain them

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

Moreover, the Group's business operations depend on its professional staff, the Group's most valuable assets. Their skills, reputation, professional experience, and client relationships are critical elements in obtaining and executing client engagements. The Group devotes considerable resources and incentives to recruiting and retaining these personnel. However, the market for quality professional staff is increasingly competitive. The Group expects to face significant competition in hiring such personnel. Additionally, as the Group matures, current compensations scheme to attract employees may not be as effective as in the past. The intense competition may require the Group to offer more competitive compensation and other incentives to its talent, which could materially and adversely affect the Group's financial condition and results of operations. As a result, the Group may find it difficult to retain and motivate these employees, and this could affect their decisions about whether or not they continue to work for the Group. If the Group does not succeed in attracting, hiring and integrating quality professional staff, or retaining and motivating existing personnel, it may be unable to grow effectively.

The Group makes strategic investments using its own capital, and may not be able to realize any profits from these investments for a considerable period of time, or may lose some or all of the principal amounts of these investments

The Group derived a significant portion of its revenue from its strategic investment business. The Group's dividend and gain related to disposed investment accounted for 6.7 per cent., 13.7 per cent., and 9.61 per cent. of its total revenue for the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2019, respectively, and the Group's net fair value changes on stock loan, derivative financial instrument and financial assets at fair value through profit or loss accounted for 66.3 per cent., 35.5 per cent., and 49.9 per cent. of its total revenue for the corresponding periods, respectively. The Group's strategic investment portfolio primarily consist of investments in equity and equity-linked securities of public and private companies. Making a sound investment decision requires the Group to carefully identify and select a target company based on its business, financial condition, operations, and the industry in which it operates. In general, this process involves analytical assessment and estimation of the target company's profitability and sustainability. The Group may make unsound investment decisions due to fraudulent and concealed, inaccurate or misleading statements from a target company in the course of its due diligence, which could lead the Group to mistakenly estimate the value of the target company and affect its ability to derive profit from such investments. In addition, the Group's understanding of and judgment on the target company's business and prospects, and the industry in which the target company operates may deviate and result in inaccurate investment decisions.

The Group makes strategic investments in financial and new economy sectors in Asia and are subject to concentration risks. The Group's investment portfolio may be concentrated in certain sectors, geographic regions, individual investments, or types of securities that may or may not be listed. As of the date of this Listing Memorandum, the Group holds investments primarily in four companies under its strategic investment business. Any significant decline in the value of its investment portfolio may therefore adversely impact the Group's business, results of operations, and financial condition.

The Group also makes strategic investments in the highly regulated banking sector in China. Any change in PRC laws, regulations, or policies may adversely affect the Group's equity holding as a foreign investor, its ability to exit from the investment, or the fair value of its equity investment.

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

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

The Group's strategic investment business is subject to liquidity risks

Some of the Group's strategic investments are in the form of securities that are not publicly traded. In many cases, there may be prohibition by contract or by applicable laws from selling such securities for a period of time or there may not be a public market for such securities. Even if the securities are publicly traded, large holdings of securities can often be disposed of only over a substantial length of time, exposing the investment returns to risks of downward movement in market prices during the disposition period. Accordingly, under certain conditions, the Group may be forced to either sell securities at lower prices than the Group had expected to realize or defer, potentially for a considerable

period of time, sales that the Group had planned to make. Investing in these securities can involve a high degree of risk, and the Group may lose some or all of the principal amount of such strategic investments.

The Group's results of operations and financial condition may be materially affected by fluctuations in the fair value of the Group's equity investments in its investee companies

The Group's investments are long-term, strategic in nature to reinforce its ecosystem. The Group has made significant equity investments in public and private companies and recognise dividend and gain related to disposed investment and net fair value changes on financial assets at fair value through profit or loss on its consolidated statements of profit or loss and other comprehensive income. For the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2019, dividend and gain related to disposed investment accounted for 6.7 per cent., 13.7 per cent., and 9.6 per cent., and net fair value changes on stock loan, derivative financial instrument and financial assets at fair value through profit or loss accounted for 66.3 per cent., 35.5 per cent., and 49.9 per cent., of the Group's total revenue, respectively. Since the Group intends to hold its investments on a long-term basis, fair value of the Group's equity investments is subject to market fluctuations due to changes in the market prices of securities, interest rates, or other market factors, such as liquidity, or regulatory factors, such as changes in policies affecting the businesses of the Group's investee companies. Technology has been one of the Group's key sectors of focus and the fair value of the Group's investments in technology companies may be subject to significant valuation fluctuations. For the Group's equity investments in private companies, it measures their fair value based on an assessment of each underlying security, considering rounds of financing, third-party transactions, and market-based information, including comparable company transactions, trading multiples, and changes in market outlook. As of 30 September 2019, the aggregate fair value of the Group's strategic investment portfolio was HK\$3.9 billion. Although the Group does not intend to make frequent trades on investments for profit, the nature of investment and significance of its investment holdings could adversely affect the Group's results of operations and financial condition.

The Group's investment in the Bank of Qingdao is subject to liquidity, concentration, and regulatory risks

As of 30 September 2019, the Group's strategic investment portfolio reached an aggregate fair value of HK\$3.9 billion, of which its investment in the Hong Kong- and Shenzhen-listed Bank of Qingdao Co Ltd. (the "**Bank of Qingdao**") accounted for 91.9 per cent. As of 30 September 2019, the Group holds an approximate 8.91 per cent interest in the Bank of Qingdao and expects it to be a long-term investment, and the chairman of the board of directors and chief executive officer of the Issuer also serves as a director of the Bank of Qingdao. Given the Group's significant stake in, and affiliation with, the Bank of Qingdao, its investment in the Bank of Qingdao is subject to liquidity and concentration risk. There may not be a readily available market to sell the shares of the Bank of Qingdao. The Group will need to gradually sell down its holdings subject to market conditions, if the Group wants to liquidate its position in the Bank of Qingdao. In addition, the banking sector in China is highly regulated and any change in PRC laws, regulations, or policies may adversely affect the Group's holding in the Bank of Qingdao as a foreign investor, the Group's ability to exit from the investment, or the fair value of its equity investment in the Bank of Qingdao. Any adverse impact on the Group's investment in the Bank of Qingdao could materially and adversely affect its business, results of operations, and financial condition.

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

The Group historically has earned a substantial portion of its revenue from fees and commissions paid by its investment banking clients, which usually are payable upon the successful completion of particular transactions. Revenue derived from the Group's investment banking business accounted for 20.1 per cent., 39.9 per cent., and 31.7 per cent. of its total revenue for the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2019, respectively. The Group expects that it will continue to rely on its investment banking business for a substantial portion of its revenue for the foreseeable future, and a decline in the Group's engagements could materially and adversely affect its financial condition and results of operations.

In addition, investment banking business typically is not a long-term contracted source of revenue. Each revenue-generating engagement typically is separately awarded and negotiated. Furthermore, many of the Group's clients do not routinely require its services. As a consequence, the Group's engagements with many clients are not likely to be predictable. The Group may also lose clients each year, including

as a result of the sale or merger of a client, or due to a change in a client's senior management and competition from other investment banking firms. As a result, the Group's engagements with clients are constantly changing and its total revenue could fluctuate or decline quickly due to these factors.

The Group's investment banking business depends on its ability to identify, execute, and complete projects successfully and is subject to various risks associated with underwriting and financial advisory services. The Group cannot assure that the income level of its investment banking business can be sustained

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

Market fluctuations and changes in regulatory policies may adversely affect the Group's investment banking business. Negative market and economic conditions may adversely affect investor confidence, resulting in significant industry-wide declines in the size and number of securities offerings, and market volatility may cause delays to, or even termination of, securities offerings that the Group underwrites, either of which could adversely affect the Group's revenue from its investment banking business.

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

As a result, the Group cannot assure that the income level of its investment banking business can be sustained.

If the Group cannot identify or effectively control the various risks involved in the asset management products that it offers or manages under its asset management business or otherwise achieves expected investment returns for its asset management clients, the Group's reputation, client relationships, and asset management business will be adversely affected

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

For discretionary account service the Group offers to its clients, it has a higher level of discretion in making investments. If the Group is unable to generate sufficient returns from its investments, including managing leverage risks on behalf of its clients, or even incurs losses, the Group's clients may become unwilling to continue to use its services, and the Group's reputation, client relationship, business, and prospects will be materially and adversely affected.

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

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

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

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

The Group's revenue and profits are highly volatile, and fluctuate significantly from quarter to quarter

The Group's revenue and profits are highly volatile and could fluctuate significantly. For example, the revenue generated from investment banking business is highly dependent on market conditions, the regulatory environment and policies, and the decisions and actions of the Group's clients and interested third parties. As a result, the Group's results of operations will likely fluctuate from quarter to quarter based on the timing of when fees from its investment banking business are earned. It may be difficult for the Group to achieve steady earnings growth on a quarterly basis.

The due diligence that the Group undertakes in the course of its business operations is inherently limited and may not reveal all facts and issues that may be relevant in connection with such businesses

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

The Group faces additional risks as it offers new products and services, transacts with a broader array of clients and counterparties and exposes itself to new asset classes and geographical markets

The Group is committed to providing new products and services in order to strengthen its market position in the financial services industry and client relationships. The Group expects to expand its product and service offerings as permitted by relevant regulatory authorities, transact with new clients not in the Group's traditional client base and enter into new markets. For further details, see "*Business — The Group's Growth Strategies.*" These activities expose the Group to new and increasingly challenging risks, including, but not limited to the following:

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

If the Group is unable to achieve the expected 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.

In addition, the Group also intends to further expand its business geographically through establishing branch offices in key financial centres in the United States and Southeast Asia, such as New York City and Singapore. See “*Business — The Group’s Growth Strategies — Expand the Group’s footprint in major capital markets globally.*” Operating business internationally may expose the Group to additional risks and uncertainties. As the Group has limited experience in operating its business in the United States and other overseas markets, it may be unable to attract a sufficient number of clients, fail to anticipate competitive conditions, or face difficulties in operating effectively in these markets. The Group may also fail to adapt its business models to the local market due to various legal requirements and market conditions. Compliance with applicable foreign laws and regulations, especially financial regulations, increases the costs and risk exposure of doing business in foreign jurisdictions. In addition, in some cases, compliance with the laws and regulations of one country could nevertheless violate the laws and regulations of another country. Violations of these laws and regulations could materially and adversely affect the Group’s brand, international growth efforts, and business.

The Group may undertake acquisitions, investments, joint ventures, or other strategic alliances, which could present unforeseen integration difficulties or costs and may not enhance its business as per expectations

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

Volatile securities market may result in margin sales under the Group’s margin loan arrangements for its strategic investment business, which could materially and adversely affect the financial condition and results of operations

The Group maintains certain margin loans to finance some of its investments. These margin loan arrangements contain provisions that may not work to the advantage of the Group when it encounters difficulties in certain circumstances. For example, these margin loans allow lenders to dispose of the securities at a margin price to stop their losses when the price of the securities the Group purchased declined to the margin price. Selling the securities at the margin price typically causes significant loss to the Group’s investment as the margin price is generally lower than the security price it paid and the Group no longer has the chance to profit from future rises of security prices. As of 30 September 2019, the aggregate amount of the Group’s outstanding margin loans was HK\$321.8 million. The securities market in Hong Kong and the United States have been volatile recently, which has heightened risk associated with the Group’s margin loan arrangements. Under certain circumstances, the Group may attempt to renegotiate the terms and conditions of its existing margin loans or to obtain additional financing. The Group cannot assure that its renegotiation efforts would be successful or timely or that it would be able to refinance its obligations on acceptable terms or at all. If margin sales happen, the Group’s financial condition and results of operations could be materially and adversely affected.

Any negative publicity with respect to the Group, its directors, officers, employees, shareholders, or other beneficial owners, its peers, business partners, or its industry in general, may materially and adversely affect the Group’s reputation, business, and results of operations

The Group’s reputation and brand recognition plays an important role in earning and maintaining the trust and confidence of its existing and prospective clients. The Group’s reputation and brand are vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Negative publicity about the Group, such as alleged misconduct, other improper activities, or negative rumours relating to its business, shareholders, or other beneficial owners, affiliates, directors, officers, or other employees, can harm the Group’s reputation, business, and results of operations, even

if they are baseless or satisfactorily addressed. For example, a number of media reported that during his previous employment at a global investment banking firm, the chairman of the board of directors of the Issuer and chief executive officer of the Group was alleged to have not adhered to such firm's internal policies concerning the disclosure of potential conflicts of interest. The Group believes that these allegations are based on inaccurate facts and are unfounded and meritless. These allegations, even if unproven or meritless, may lead to inquiries, investigations, and/or other legal actions against the Group by any regulatory or government authorities. Any regulatory inquiries or investigations and lawsuits against the Group, and perceptions of conflicts of interest, inappropriate business conduct by the Group or perceived wrongdoing by any key member of its management team, among other things, could substantially damage the Group's reputation regardless of their merits, and cause the Group to incur significant costs to defend itself. As the Group reinforces its ecosystem and stays close to its clients and other "AMTD SpiderNet" stakeholders, any negative market perception or publicity on the Group's business partners that it closely cooperates with, or any regulatory inquiries or investigations and lawsuits initiated against them, may also have an impact on the Group's brand and reputation, or subject the Group to regulatory inquiries or investigations or lawsuits. Moreover, any negative media publicity about the financial services industry in general or product or service quality problems of other firms in the industry in which the Group operates, including its competitors, may also negatively impact the Group's reputation and brand. If the Group is unable to maintain a good reputation or further enhance its brand recognition, its ability to attract and retain clients, third-party partners, and key employees could be harmed and, as a result, the Group's business, financial position, and results of operations would be materially and adversely affected.

The Group's operations may be subject to transfer pricing adjustments by competent authorities

The Group may use transfer pricing arrangements to account for business activities between itself and AMTD Group Company Limited ("**AMTD Group**" or the "**Controlling Shareholder**"), the different entities within its consolidated group, or other related parties. The Group cannot assure that the tax authorities in the jurisdictions in which it operates would not subsequently challenge the appropriateness of its transfer pricing arrangements or that the relevant regulations or standards governing such arrangements will not be subject to future changes. If a competent tax authority later finds that the transfer prices and the terms that the Group has applied are not appropriate, such authority may require the Group or any of its subsidiaries to re-assess the transfer prices and re-allocate the income or adjust the taxable income. Any such reallocation or adjustment could result in a higher overall tax liability for the Group and may adversely affect its business, financial condition, and results of operations.

The Group's risk management and internal control systems, as well as the risk management tools available to it, may not fully protect it against various risks inherent in its business

The Group follows its comprehensive internal risk management framework and procedures to manage its risks, including, but not limited to, reputational, legal, regulatory, compliance, operational, market, liquidity, and credit risks. The Group has in place various guidelines, policies and procedures which form the basis of its risk management framework, including its Code of Business Conducts and Ethics, Insider Trading Policy, Anti-Corruption Compliance Policy, Policy and Procedures in relation to Related Persons Transactions and Disclosure Controls and Procedures. Such guidelines, policies and procedures set out the required standards which the Group expects its employees to adhere to. However, there can be no assurance that the Group's risk management policies, procedures, and internal controls are adequate or effective in mitigating its risks or protecting the Group against unidentified or unanticipated risks. In particular, some methods of managing risks are based upon observed historical market behaviour and the Group's experience in the financial industry. These methods may fail to predict future risk exposures, which could be significantly greater than those indicated by the Group's historical measures. Other risk management methods depend upon an evaluation of available information regarding operating and market conditions and other matters, which may not be accurate, complete, up-to-date, or properly evaluated. In addition, the capital markets are constantly developing, the information and experience that the Group relies on for its risk management methods may become quickly outdated as capital markets and regulatory environment continue to evolve. If the Group experiences any material deficiencies or failure in its risk management and internal control systems and procedures in the future, such deficiencies or failure may adversely affect its ability to identify or report its deficiencies or non-compliance. Further, if the Group fails to maintain an effective system of internal control over financial reporting, the Group may be unable to accurately report its results of operations, meet its reporting obligations, or prevent fraud. In addition, failure of the Group's employees to effectively comply with or enforce such risk management and internal controls procedures, or any of the foregoing risks, may have a material and adverse effect on the Group's business, financial condition and operating results.

The Group's business is subject to various cyber-security and other operational risks

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

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

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

The Group operates in businesses that are highly dependent on proper processing of financial transactions. In its asset management business, the Group is required to reliably obtain securities and other pricing information, properly execute and process client transactions, and provide reports and other customer service to its clients. The occurrence of trade or other operational errors or the failure to keep accurate books and records can render the Group liable to disciplinary action by regulatory authorities, as well as to claims by its clients. The Group also relies on third-party service providers for certain aspects of its business. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair the Group's operations, affect its reputation, and adversely affect its businesses.

Fraud or misconduct by the Group's directors, officers, employees, agents, clients, or other third parties could harm its reputation and business and may be difficult to detect and deter

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

The Group is subject to a number of obligations and standards arising from its businesses. The violation of these obligations and standards by any of the Group's directors, officers, employees, agents, clients, or other third parties could materially and adversely affect the Group and its investors. For example, the Group's businesses require that the Group properly handle confidential information. If the Group's directors, officers, employees, agents, clients, or other third parties were to improperly use or disclose confidential information, the Group could suffer serious harm to its reputation, financial position, and existing and future business relationships. Although the Group has not identified any material fraud or misconduct by its directors, officers, employees, agents, clients, or other third parties since it

commenced its current businesses in 2015, if any of these persons or entities were to engage in fraud or misconduct or were to be accused of such fraud or misconduct, the Group's business and reputation could be materially and adversely affected.

The Group may be subject to litigation and regulatory investigations and proceedings and may not always be successful in defending itself against such claims or proceedings

Although the Group has not been subject to any lawsuits and arbitration claims in relation to its current business since its commencement in 2015, operating in the financial services industry may subject it to significant risks, including the risk of lawsuits and other legal actions relating to compliance with regulatory requirements in areas such as information disclosure, sales or underwriting practices, product design, fraud and misconduct, and protection of sensitive and confidential client information. From time to time the Group may be subject to lawsuits and arbitration claims in the ordinary course of its business brought by external parties or disgruntled current or former employees, inquiries, investigations, and proceedings by regulatory and other governmental agencies. Any such claims brought against the Group, with or without merits, may result in administrative measures, settlements, injunctions, fines, penalties, negative publicity, or other results adverse to it that could have a material adverse effect on the Group's reputation, business, financial condition, results of operations, and prospects. Even if the Group is successful in defending itself against these actions, the costs of such defence may be significant.

In market downturns, the number of legal claims and amount of damages sought in litigation and regulatory proceedings may increase. In addition, the Group's affiliates may also encounter litigation, regulatory investigations, and proceedings for the practices in their business operations. The Group's clients may also be involved in litigation, investigation, or other legal proceedings, some of which may relate to transactions that it has advised, whether or not there has been any fault on its part.

The Group may not be able to fully detect money laundering and other illegal or improper activities in its business operations on a timely basis or at all, which could subject it to liabilities and penalties

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

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

The Group faces the possibility of actual, potential, or perceived conflicts of interest in the ordinary course of its business operations. Conflicts of interest may exist between (i) the Group and its clients; (ii) its clients; (iii) the Group and its employees; (iv) the Group's clients and its employees, or (v) the Group and its Controlling Shareholder and other beneficial owners. As the Group expands the scope of its business and its client base, it is critical for the Group to be able to timely address potential conflicts of interest, including situations where two or more interests within its 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 reputation of the Group and its clients' confidence in the Group could be damaged if it 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 its business in a number of ways, including a

reluctance of some potential clients and counterparties to do business with it. Any of the foregoing could materially and adversely affect the Group's reputation, business, financial condition, and results of operations.

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

Recently there have been heightened tensions in international economic relations, such as the relationship between the United States and China. Amid these tensions, the U.S. government has imposed and may impose additional measures on entities in China, including sanctions. In January 2020, the United States and China entered into a phase one trade deal. However, the implementation and effect of this trade deal cannot be predicted. As a financial services firm based in Hong Kong, the Group's businesses are materially affected by the financial markets and economic conditions in Hong Kong, China, and elsewhere in the world. Escalations of the tensions that affect trade relations may lead to slower growth in the global economy in general, which in turn could negatively affect the Group's clients' businesses and materially reduce demand for its services, thus potentially negatively affect the Group's business, financial condition, and results of operations.

The Group may be subject to legal and financial liabilities in connection with the retail financial advisory and insurance brokerage businesses it engaged in previously

Prior to 2015, the Group engaged in retail financial advisory and insurance brokerage businesses, which were regulated by the Hong Kong Confederation of Insurance Brokers and the HKSFC. On 23 September 2019, the Hong Kong Insurance Authority took over the regulation of insurance intermediaries from the Hong Kong Confederation of Insurance Brokers. The majority of the operations under such legacy businesses began to terminate in 2015 and the businesses were ultimately disposed of in 2018. Although the Group no longer engages in retail financial advisory and insurance brokerage businesses, it may be subject to regulatory complaints or claims lodged against it by previous clients in relation to the past services provided by it under the legacy businesses as the Issuer was the named insurance broker in certain insurance arrangements between its previous clients and the insurance company under these past businesses. Any action brought against the Group, with or without merit, may result in administrative measures, settlements, injunctions, fines, penalties, negative publicity, or other results adverse to it, which could have a material adverse effect on the Group's reputation, business, financial condition, results of operations, and prospects. Even if the Group is successful in defending itself against such actions, the costs of such defence may be significant. See "Description of the Group — Other Matters".

The Group may need additional funding but may not be able to obtain it on favourable terms or at all

The Group may require additional funding for the further growth and development of its business, including any investments or acquisitions it may decide to pursue. If the existing resources of the Group are insufficient to satisfy its requirements, the Group may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. The Group's ability to obtain external financing in the future is subject to a variety of uncertainties, including its future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets, and the Hong Kong financial industry. Pursuant to the terms of the medium term notes issued by the Group's Controlling Shareholder, so long as any notes remain outstanding, the Controlling Shareholder will not and will ensure that none of its subsidiaries, including the Issuer, 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 to secure any indebtedness in the form of bonds, notes, debentures, loan stock, or other securities that are, or are intended to be, listed or traded on any stock exchange or over-the-counter or other securities market. This provision may affect the Group's ability to obtain external financing through the issuance of debt securities in the public market. In addition, incurring indebtedness would subject the Group to increased debt service obligations and could result in operating and financing covenants that would restrict its operations. The Group cannot assure that it will be able to secure financing in a timely manner or in amounts or on terms favourable to it, or at all. Any failure to raise needed funds on terms favourable to it, or at all, could severely restrict the Group's liquidity as well as have a material adverse effect on the Group's business, financial condition, and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to its existing shareholders.

The Group may be exposed to legal or regulatory liabilities if it is unable to protect the personal and sensitive data and confidential information of its clients

The Group collects, stores, and processes certain personal and sensitive data from its clients, particularly under its asset management business. The Group is required to protect the personal and sensitive data and confidential information of its clients under applicable laws, rules, and regulations. While it has taken steps to protect its clients' personal and sensitive data and confidential information that the Group has access to, the Group's security measures could be breached. The relevant authorities may impose sanctions or issue orders against the Group if it fails to protect the personal and sensitive data and confidential information of its clients, and the Group may have to compensate its clients if it fails to do so. The Group routinely transmits and receives personal and sensitive data and confidential information of its clients through the internet and other electronic means. Any misuse or mishandling of such personal and sensitive data and confidential information could result in legal liabilities, regulatory actions, reputational damage to the Group, which could in turn materially and adversely affect its business prospects and results of operation.

If the Group's insurance coverage is insufficient, it may be subject to significant costs and business disruption

Although the Group carries office, computer, and vehicle insurance for its properties, professional indemnity insurance for certain of its regulated activities, directors and officers insurance, employee compensation insurance, and license holders insurance in connection with its securities dealing business covered by the Type 1 license granted by the HKSFC against fidelity and crime risks, the Group cannot assure that it has sufficient insurance to cover all aspects of its business operations. The Group is in the process of purchasing key-man insurance coverage, and it considers its insurance coverage to be reasonable in light of the nature of its business, but the Group cannot assure that its insurance coverage is sufficient to prevent it from any loss or that it will be able to successfully claim its losses under its current insurance policies on a timely basis, or at all. If the Group incurs any loss that is not covered by its insurance policies, or the compensated amount is significantly less than its actual loss, its business, financial condition, and results of operations could be materially and adversely affected.

If the Group fails to maintain an effective system of internal control over financial reporting, it may be unable to accurately report its results of operations, meet its reporting obligations, or prevent fraud

The Issuer is a public company in the United States and is subject to the reporting requirements under the Exchange Act, the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**") and the rules and regulations of the New York Stock Exchange. Section 404 of the Sarbanes-Oxley Act ("**Section 404**") requires the Issuer to include a report from management on the effectiveness of its internal control over financial reporting in its annual report on Form 20-F beginning with its annual report for the fiscal year ending 31 December 2020.

In addition, once the Issuer ceases to be an "emerging growth company" as such term is defined in the Jumpstart Our Business Startups Act of 2012, as amended (the "**JOBS Act**"), the Issuer's independent registered public accounting firm must attest to and report on the effectiveness of the Issuer's internal control over financial reporting. The Issuer's management may conclude that its internal control over financial reporting is not effective. Moreover, even if the Issuer's management concludes that its internal control over financial reporting is effective, the Issuer's independent registered public accounting firm, after conducting its own independent testing, may issue an adverse report if it is not satisfied with the Issuer's internal control or the level at which the Issuer's control is documented, designed, operated, or reviewed, or if it interprets relevant requirements differently from the Issuer.

In addition, the Group's internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

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

Although the Group has not been subject to any litigation, pending or threatened, alleging infringement of third parties' intellectual property rights, it cannot assure that such infringement claims will not be asserted against the Group in the future. Third parties may own copyrights, trademarks, trade secrets, ticker symbols, internet content, and other intellectual properties that are similar to those used by the Group in jurisdictions where the Group currently has no active operations. If the Group expands its

business to or engage in other commercial activities in those jurisdictions using its own copyrights, trademarks, trade secrets, and internet content, the Group may not be able to use these intellectual properties or face potential lawsuits from those third parties and incur substantial losses if it fails to defend itself in such lawsuits. The Group has policies and procedures in place to reduce the likelihood that it or its employees may use, develop, or make available any content or applications without the proper licenses or necessary third-party consents. However, these policies and procedures may not be effective in completely preventing the unauthorised posting or use of copyrighted material or the infringement of other rights of third parties.

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

Any failure to protect the Group's intellectual property could harm its business and competitive position

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

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

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

The Group may be affected by the currency peg system in Hong Kong

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

The Group may incur losses or experience disruption of its operations as a result of unforeseen or catastrophic events, including the emergence of an epidemic, a pandemic, terrorist attacks, or natural disasters

The Group's business could be materially and adversely affected by catastrophic events or other business continuity problems, including but not limited to natural or man-made disasters, epidemics or pandemics, war, riots, terrorist attacks, or other public safety concerns. If the Group were to experience a natural or man-made disaster, disruption due to civil or political unrest, or disruption involving electronic communications or other services used by the Group or third parties with which it conducts business, the continuity of its operations will partially depend on the availability of its employees and office facilities and the proper functioning of its computer, software, telecommunications, transaction processing, and other related systems. A disaster or a disruption in the infrastructure that supports the Group's businesses, a disruption involving electronic communications or other services used by the Group or third parties with whom the Group conducts business, or a disruption that directly affects the Group's headquarters in Hong Kong, could have a material adverse impact on the Group's ability to continue to operate its business without interruption. The Group's business and operations could also be adversely affected if its employees are adversely affected by epidemics, pandemics, natural or man-made disasters, disruptions due to civil or political unrest or disruption involving electronic communications. Epidemics and pandemics could include various outbreaks of various local and global public health outbreaks. If any of the Group's employees is suspected of having contracted a contagious disease, the Group may be required to apply quarantines or suspend its operations. Furthermore, any future outbreak may restrict economic activities in affected regions, resulting in reduced business volume, temporary closure of the Group's offices or otherwise disrupt the Group's business operations and adversely affect its results of operations. In addition, the Group's results of operations could also be adversely affected to the extent that any epidemic or pandemic harms the PRC, Hong Kong or global economy in general. The incidence, duration and severity of any such disasters, epidemics or pandemics or other business continuity problems are unpredictable, and the Group's inability to timely and successfully recover could materially disrupt the Group's businesses and potentially cause material financial loss, regulatory actions, reputational harm, or legal liability.

RISKS RELATING TO THE ISSUER'S RELATIONSHIP WITH THE CONTROLLING SHAREHOLDER

The Issuer has a relatively short operating history as a stand-alone public company

AMTD International Inc. was incorporated on 4 February 2019 as a wholly-owned subsidiary of its Controlling Shareholder. Its Controlling Shareholder provides it with financial, administrative, human resources, and legal services, and also provides it with the services of a number of its executives and employees. If the Controlling Shareholder stops providing the Issuer with such support services, the Issuer will need to establish its own support system. The Issuer may encounter operational, administrative, and strategic difficulties as it adjusts. This may cause the Issuer to react more slowly than its competitors to industry changes and may divert its management's attention from running its business or otherwise harm its operations.

In addition, since the Issuer became a public company, its management team has been developing the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards and securities and investor relationships issues. As a stand-alone public company, the Issuer's management has had to evaluate its internal controls system with new thresholds of materiality, and implement necessary changes to its internal controls system. The Issuer cannot guarantee that it will continue to be able to do so in a timely and effective manner.

The Issuer's financial information included in this Listing Memorandum may not be representative of its financial condition and results of operations had the Issuer been operating historically as a stand-alone company

Prior to its establishment, the operations of the Group's investment banking, asset management, and strategic investments businesses were carried out by companies owned or controlled by its Controlling Shareholder. For all periods presented, the Issuer's consolidated financial statements include all assets, liabilities, revenues, expenses, and cash flows that were directly attributable to the Group's investment banking, asset management, and strategic investment businesses whether held or incurred by the Group's Controlling Shareholder or by it. Only those assets and liabilities that are specifically identifiable to the Issuer's businesses are included in its consolidated statements of financial position. With respect to costs of operations of its investment banking, asset management, and strategic investment businesses, an allocation of certain costs and expenses of its Controlling Shareholder have also been also included. Prior to 20 June 2019, these allocations were made using a proportional cost

allocation method by considering the proportion of revenues and actual usage metrics, among other things attributable to the Group for all respective accounting periods. Since 20 June 2019, the Issuer entered into a transition services agreement with its Controlling Shareholder (the “**Transition Services Agreement**”) and received administrative support, marketing and branding support and other services from its Controlling Shareholder at a fixed cost of HK\$24 million per annum plus other actual costs incurred arising from the services rendered. The Issuer made numerous estimates, assumptions, and allocations in its historical financial statements because its Controlling Shareholder did not account for its, and the Issuer did not operate as a stand-alone company for any period prior to NYSE IPO. Although the Issuer’s management believes the assumptions underlying its financial statements and the above allocations are reasonable, the Group’s financial statements may not necessarily reflect its results of operations, financial position, and cash flows as if it operated as a stand-alone public company during the periods presented. See the notes to its consolidated financial statements included elsewhere in this Listing Memorandum for its historical cost allocation. In addition, further to the Issuer becoming a stand-alone public company, the Issuer is gradually establishing its own financial, administrative, and other support systems to replace its Controlling Shareholder’s systems, the cost of which could be significantly different from the cost under the Transition Services Agreement for the same services. In addition, the Issuer’s consolidated financial statements for the two years ended 31 December 2017 and 31 December 2018 and the nine months ended 30 September 2019 are the only consolidated financial statements that the Group has prepared in accordance with IFRS. Therefore, Issuer’s historical results should not be viewed as indicators of its future performance.

The Group may not continue to receive the same level of support from its Controlling Shareholder

The Group has benefitted significantly from its Controlling Shareholder’s strong market position and brand recognition, as well as its expertise in investment banking, asset management, and strategic investment businesses. Although the Group entered into a series of agreements with its Controlling Shareholder relating to its ongoing business operations and service arrangements with its Controlling Shareholder, it cannot assure that it will continue to receive the same level of support from its Controlling Shareholder in the future.

The Group’s agreements with its Controlling Shareholders or any of its controlling shareholders may be less favourable to it than similar agreements negotiated between unaffiliated third parties. In particular, the Group’s non-competition agreement with its Controlling Shareholder limits the scope of business that the Group is allowed to conduct

The Group entered into a series of agreements with its Controlling Shareholder and the terms of such agreements may be less favourable to it than would be the case if they were negotiated with unaffiliated third parties. In particular, under the non-competition agreement the Group entered into with its Controlling Shareholder, the Group agrees during the non-competition period (which will end on the later of (1) two years after the first date when its Controlling Shareholder ceases to own in aggregate at least 20 per cent. of the voting power of the Group’s then outstanding securities; and (2) the fifth anniversary of 5 August 2019, being the date of the completion of the NYSE IPO (as defined elsewhere in this Listing Memorandum), not to compete with the Group’s Controlling Shareholder in the businesses currently conducted by its Controlling Shareholder, except that the Group may: (i) continue to provide to its existing individual clients investment banking and asset management products and services; and (ii) own non-controlling equity interest (i.e. an equity interest below 50 per cent.) in any company competing with the Group Controlling Shareholder. Such contractual limitations significantly affect the Group’s ability to diversify its revenue sources and may materially and adversely impact its business and prospects should the growth of its businesses slow down. In addition, pursuant to the Group’s master transaction agreement with its Controlling Shareholder, the Group has agreed to indemnify the Group’s Controlling Shareholder for liabilities arising from litigation and other contingencies related to its business and assumed certain liabilities. The allocation of assets and liabilities between the Group’s Controlling Shareholder and the Group may not reflect the allocation that would have been reached by two unaffiliated parties. Moreover, so long as the Group’s Controlling Shareholder continues to control the Group, it may not be able to bring a legal claim against its Controlling Shareholder or its controlling shareholders in the event of contractual breach, notwithstanding its contractual rights under the agreements described above and other inter-company agreements entered into from time to time.

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 Listing Memorandum, any applicable supplement to the Listing Memorandum 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 their own 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 their 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 Terms and 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 Terms and 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 30 March 2020 if such modification and/or waiver or authorisation of breach or proposed breach 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 Terms and 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 the CMU Service (each of Euroclear, Clearstream, Luxembourg, and the CMU Service, 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 Service, to the persons 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 Issuer in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other notification by the CMU Service. 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 Cayman 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 instalment 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 Securities 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 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 Securities 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 and the SGX-ST (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:

- (i) the Investor's Currency equivalent yield on the Securities;
- (ii) the Investor's Currency equivalent value of the principal payable on the Securities; and
- (iii) 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. Rating agencies may also revise or replace entirely the methodology applied to derive credit ratings. Moreover, no assurance can be given that a credit rating will remain for any given period of time or that a credit rating will not be lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances in the future so warrant or if a different methodology is applied to derive such credit ratings. This could affect the market price and the liquidity of the Securities.

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.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with the relevant authorities on a case-by-case basis 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.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. 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 its obligations under Renminbi Securities, and its ability to do so will be subject to the overall availability of Renminbi 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.

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. While the People's Bank of China (“**PBoC**”) has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the “**Renminbi Clearing Banks**”), including but not limited to Hong Kong

and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”), the current size of Renminbi denominated financial assets outside the PRC remains limited.

There are restrictions imposed by the 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 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 Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. 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 its 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. In August 2015, the PBoC implemented changes to the way it calculated the Renminbi’s daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. 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 its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC laws and regulations and prevailing market conditions.

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 they have 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 deposited with a sub-custodian for the CMU Service, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures;

- (ii) when Renminbi Securities are represented by Global Securities or Global Certificates held with the common depository, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures; or
- (iii) when Renminbi Securities are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, 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 notes, 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 Notes under the Programme will be used for capital expenditure, investments, 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 Service (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 Service

The CMU Service is a central depository 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 Service.

The CMU Service 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 Service 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 Service 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 Service will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

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 Service. 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 depository for Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU Service 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 Service, 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 Service, 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 Service. Each Global Certificate deposited with a Common Depository will, where applicable have an ISIN and/or a Common Code or, if lodged with a sub-custodian for the CMU Service, 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 Service, as the case may be.

Individual Definitive Securities

Registration of title to Registered Securities in a name other than a depository or its nominee for Euroclear and Clearstream, Luxembourg or the CMU Service 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 a fiscal agency agreement dated 30 March 2020 (as amended or supplemented as at the Issue Date, together, and the “**Fiscal Agency Agreement**”) between AMTD International Inc. (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 Service**”) and the other agents named in it and with the benefit of a deed of covenant dated 30 March 2020 (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)**”, and together, the “**Agents**”. 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 Service, 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 the Fiscal Agent during normal business hours (being 9:00a.m to 3:00p.m.) upon prior written request and satisfactory proof of holding.

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, other than in respect of Notes cleared through the CMU Service, 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 for inspection 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 Principal 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) **Definitions:** In these Conditions:
 - (i) **“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; and
 - (ii) **“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:**
 - (iii) 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
 - (iv) 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
 - (v) 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, subsequently notified by the Issuer to 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) **Benchmark Discontinuation:** this Condition 5(k) shall apply to only those Notes for which this Condition 5(k) is specified as “*Applicable*” in the applicable Pricing Supplement.
- (i) *Independent Adviser:* If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 5(k)(ii)) and, in either case, an Adjustment Spread (if any, in accordance with Condition 5(k)(iii)) and any Benchmark Amendments (in accordance with Condition 5(k)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(k) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Noteholders or the Couponholders for any determination made by it, pursuant to this Condition 5(k).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 5(k) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. 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 shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(k)(i).

- (ii) *Successor Rate or Alternative Rate:* If the Independent Adviser determines that:
 - (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(k)); or
 - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(k)).
- (iii) *Adjustment Spread:* The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

- (iv) *Benchmark Amendments:*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(k) and the Independent Adviser (in consultation with the Issuer) determines:

- (A) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”); and
- (B) the terms of the Benchmark Amendments,

then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(k)(v), without any requirement for the consent or approval of Noteholders or Couponholders, vary these Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 5(k), no Agent is obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(k), if in the sole opinion of such Agent doing so, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to such Agent in these Conditions or the Fiscal Agency Agreement (including, for the avoidance of doubt, any supplemental fiscal agency agreement).

In connection with any such variation in accordance with this Condition 5(k), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

- (v) *Notices:* Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(k) will be notified promptly by the Issuer to the Agents and, in accordance with Condition 14, the Noteholders or the Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Agents of the same, the Issuer shall deliver to the Agents a certificate signed by two Authorised Signatories of the Issuer:

(A) confirming:

- (i) that a Benchmark Event has occurred;
- (ii) the Successor Rate or, as the case may be, the Alternative Rate;
- (iii) the applicable Adjustment Spread; and
- (iv) the specific terms of the Benchmark Amendments (if any),

in each case as determined in accordance with the provisions of this Condition 5(k); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Fiscal Agent shall make available such certificate at its specified office, for inspection by the Noteholders at all reasonable times during normal business hours (being 9:00am to 3:00pm) upon prior written notice and satisfactory proof of holding.

Each of the Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) and without prejudice to each Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agents, the Noteholders and Couponholders.

Notwithstanding any other provision of this Condition 5(k), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(k), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

(vi) *Survival of Original Reference Rate*: Without prejudice to the obligations of the Issuer under Conditions 5(k)(i), 5(k)(ii), 5(k)(iii) and 5(k)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(ii), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions*: As used in this Condition 5(k):

“**Adjustment Spread**” means either:

- (a) a spread (which may be positive, negative or zero); or
- (b) a formula or methodology for calculating a spread,

in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied)
- (iii) the Independent Adviser (in consultation with the Issuer) determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by 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 Condition 5(k)(ii) as being customarily applied in market usage in the international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“**Benchmark Amendments**” has the meaning given to it in Condition 5(k)(iv).

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist;
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued;
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes;
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, with effect from a date after 31 December 2021, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

“**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 Calculation Agent.

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(k)(i).

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (i) 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
- (ii) 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.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

- (l) **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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” 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

“**D₂**” 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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” 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

“**D₂**” 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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” 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

“**D₂**” 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

- (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.

- (m) **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.

- (n) **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 Cayman 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. The Fiscal Agent shall be protected and shall have no liability to the Issuer, any holder or any other person for so accepting and relying on such certificate and/or opinion.
- (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 Fiscal Agent and 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 Agents 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;

"**Controlling Shareholder**" means AMTD Group Company Limited or any other entity directly or indirectly controlling, controlled by, or under direct or indirect common control with, AMTD Group Company 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 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 Service 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 Service 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 Service in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (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 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 Service 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 Service 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 Service in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (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 Service, (v) one or more Calculation Agent(s) where the Conditions so require, and (vi) 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 Cayman 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 Cayman 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.

None of the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any holder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

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.\$50,000,000 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 their 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 these Conditions:

“**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; and
- (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 Service, 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 Service 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 a fiscal agency agreement dated 30 March 2020 (as amended or supplemented as at the Issue Date, the “**Fiscal Agency Agreement**”) between AMTD International Inc. (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 Service**”) and the other agents named in it and with the benefit of a deed of covenant (as amended or supplemented as at the Issue Date, the “**Deed of Covenant**”) dated 30 March 2020 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)**”, and together, the “**Agents**”. 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 the Fiscal Agent during normal business hours (being 9:00a.m. to 3:00p.m.) upon prior written request and satisfactory proof of holding.

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, other than in respect of Perpetual Securities cleared through the CMU Service, 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 for inspection 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, (ii) 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 Cayman 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 Principal 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) **Definitions:** In these Conditions:

(i) **“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; and

(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.

- (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; and
- (iii) **"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 to, 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) 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, subsequently notified by the Issuer to 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.
- (d) **Benchmark Discontinuation:** this Condition 5(III) shall apply to only those Perpetual Securities for which this Condition 5(III) is specified as “*Applicable*” in the applicable Pricing Supplement.
- (i) *Independent Adviser:* If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Distribution (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 5(III)(d)(ii)) and, in either case, an Adjustment Spread (if any, in accordance with Condition 5(III)(d)(iii)) and any Benchmark Amendments (in accordance with Condition 5(III)(d)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(III)(d) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Perpetual Securityholders or the Couponholders for any determination made by it, pursuant to this Condition 5(III)(d).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 5(III)(d)(i) prior to the relevant Distribution Determination Date, the Rate of Distribution applicable to the next succeeding Distribution Accrual Period shall be equal to the Rate of

Distribution last determined in relation to the Perpetual Securities in respect of the immediately preceding Distribution Accrual Period. If there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution. Where a different Margin or Maximum or Minimum Rate of Distribution 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 Rate of Distribution relating to the relevant Distribution Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Distribution Accrual Period only and any subsequent Distribution Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(III)(d)(i).

- (i) *Successor Rate or Alternative Rate:* If the Independent Adviser determines that:
 - (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 5(III)(d)); or
 - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 5(III)(d)).
- (ii) *Adjustment Spread:* The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.
- (iii) *Benchmark Amendments:*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(III)(d) and the Independent Adviser (in consultation with the Issuer) determines:

- (A) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”); and
- (B) the terms of the Benchmark Amendments,

then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(III)(d)(v), without any requirement for the consent or approval of Perpetual Securityholders or Couponholders, vary these Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 5(III)(d), no Agent is obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(III)(d), if in the sole opinion of such Agent doing so, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to such Agent in these Conditions or the Fiscal Agency Agreement (including, for the avoidance of doubt, any supplemental fiscal agency agreement).

In connection with any such variation in accordance with this Condition 5(III)(d), 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.

- (iv) *Notices:* Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(III)(d) will be notified promptly by the Issuer to the Agents and, in accordance with Condition 14, the Perpetual Securityholders or the Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Agents of the same, the Issuer shall deliver to the Agents a certificate signed by two Authorised Signatories of the Issuer:

(A) confirming:

- (i) that a Benchmark Event has occurred;
- (ii) the Successor Rate or, as the case may be, the Alternative Rate;
- (iii) the applicable Adjustment Spread; and
- (iv) the specific terms of the Benchmark Amendments (if any),

in each case as determined in accordance with the provisions of this Condition 5(III)(d); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Fiscal Agent shall make available such certificate at its specified office, for inspection by the Noteholders at all reasonable times during normal business hours (being 9:00am to 3:00pm) upon prior written notice and satisfactory proof of holding.

Each of the Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) and without prejudice to each Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agents, the Perpetual Securityholders and Couponholders.

Notwithstanding any other provision of this Condition 5(III)(d), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(III)(d), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

- (v) *Survival of Original Reference Rate:* Without prejudice to the obligations of the Issuer under Conditions 5(III)(d)(i), 5(III)(d)(ii), 5(III)(d)(iii) and 5(III)(d)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(II)(b)(B), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

(vi) *Definitions*: As used in this Condition 5(III)(d):

“Adjustment Spread” means either:

- (a) a spread (which may be positive, negative or zero); or
- (b) a formula or methodology for calculating a spread,

in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied)
- (iii) the Independent Adviser (in consultation with the Issuer) determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by 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 Condition 5(III)(d)(ii) as being customarily applied in market usage in the international debt capital markets transactions for the purposes of determining rates of distribution (or the relevant component part thereof) in the same Specified Currency as the Perpetual Securities.

“Benchmark Amendments” has the meaning given to it in Condition 5(III)(d)(iv).

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist;
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued;
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Perpetual Securities;
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, with effect from a date after 31 December 2021, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

- (vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Perpetual Securityholder or Couponholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

“**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 Calculation Agent.

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(III)(d)(i).

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Distribution (or any component part thereof) on the Perpetual Securities.

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (i) 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
- (ii) 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.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(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:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” 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

“D₂” 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:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” 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

“D₂” 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:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” 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

“**D₂**” 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 Cayman 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 issued by the International Accounting Standards Board, 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. The Fiscal Agent shall be entitled to accept and rely on such certificate and opinion as sufficient evidence (without further investigation or query and without liability to the holders or any other person) of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the holders. None of the Agents shall have any obligation to ascertain, monitor or investigate whether any Accounting Event has occurred.

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)(v)) or Coupons (in the case of Distribution, save as specified in Condition 7(f)(v)), 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 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 Service 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 Service 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 Service in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other

relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (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 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 Service 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 Service 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 Service in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (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 Service, (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 unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing 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, unmaturing 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 unmaturing Coupons are to become void upon the due date for redemption of those Perpetual Securities is presented for redemption without all unmaturing 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 Cayman 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 Cayman 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.

None of the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any holder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Perpetual Securities without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

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 Service, 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 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.

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 Cayman 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 AND 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 European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). 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 (EU) 2016/97 (the "**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; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK 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**"), 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"/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]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.**

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This document includes particulars given in compliance with the Rules Governing the Listing of 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 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 International Inc.

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 30 March 2020 [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 30 March 2020. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular dated 30 March 2020 [and the supplemental Offering Circular dated [date]], save in respect of the Conditions which are extracted from the Offering Circular dated 30 March 2020 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 International Inc.
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]

¹ 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).

² 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].

³ 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). Notes to be listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) are required to be traded in a minimum board lot size of at least S\$200,000 (or its equivalent in other countries).

⁴ 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/SGX-ST/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 Amount⁵
- (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*]
17. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

⁵ 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”.

⁶ Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi-denominated Fixed Rate Notes.

- (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: [•]
- (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) Benchmark discontinuation and fall back provisions: [•]
- Benchmark Discontinuation (Condition [5(k)]) [Applicable/Not Applicable]

- 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):
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [[•] per Calculation Amount] *[specify other]*
 - (b) Maximum Redemption Amount [•] per Calculation 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: [•]⁸
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): [•]

⁷ 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.

⁸ 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.

24. **Final Redemption Amount of each Note** [•] per Calculation Amount
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, renominisation 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) Stabilisation 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) 549300KHWPN26J8NTV43.

42. Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU Service 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 and 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.)

48. Rating

[Not Applicable/The Notes are expected to be rated “[•]” by [•]]

[STABILISATION]

In connection with this issue, [insert name of Stabilisation Manager] (the “**Stabilisation Manager**”) (or persons acting on behalf of any Stabilisation Manager) may over-allot the 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 for a limited period after the date of this Pricing Supplement. However, stabilisation may not necessarily occur. Any stabilisation action may begin on the date on which adequate public disclosure of the terms of the offer of the Notes 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 Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

[PURPOSE OF PRICING SUPPLEMENT]

This Pricing Supplement comprises the final terms required for issue and admission to trading on the [Hong Kong Stock Exchange/SGX-ST] 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.

[The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. The approval in-principle from, and the admission of the Notes to the Official List of, the SGX-ST are not to be taken as indications of the merits of the Issuer, the Programme or the Notes.]

Signed on behalf of AMTD International Inc.:

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 AND 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 European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). 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 (EU) 2016/97 (as amended or superseded, the "**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; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). 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 or 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 EEA or in the UK 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**"), 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"]/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]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 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 Perpetual Securities pursuant to Section 309B of the SFA prior to the launch of the offer.

Pricing Supplement dated [•]

AMTD International Inc.

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 30 March 2020 [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 30 March 2020. This Pricing Supplement contains the final terms of the Perpetual Securities and must be read in conjunction with such Offering Circular dated 30 March 2020 [and the supplemental Offering Circular dated [date]], save in respect of the Conditions which are extracted from the Offering Circular dated 30 March 2020 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 International Inc. |
| 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]]].

<i>(If fungible with an existing Series, details of that Series, including the date on which the Perpetual Securities become fungible).</i> |
| 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: | [•] <i>(Required only for listed issues)</i> |

6. (i) Specified Denominations:^{9 10 11} [•]
(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]¹²*
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 [•]

⁹ 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).

¹⁰ 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].

¹¹ 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). Perpetual Securities to be listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST") are required to be traded in a minimum board lot size of at least S\$200,000 (or its equivalent in other countries).

¹² 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.

- (iv) Date of [Board] approval for issuance of Perpetual Securities obtained: [•]
13. Listing: [Hong Kong/SGX-ST/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)¹³/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)*

¹³ Applicable to Hong Kong dollar denominated Fixed Rate Perpetual Securities and Renminbi-denominated Fixed Rate Perpetual Securities.

- (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: [•]
- (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) Benchmark discontinuation and fall back provisions: [•]
- Benchmark Discontinuation (Condition [5(III)(d)]) [Applicable/Not Applicable]

	<ul style="list-style-type: none"> • 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	[•]
18.	Other provisions relating to Interest	[Applicable/Not Applicable]
	(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]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Rate of Exchange/method of calculating Rate of Exchange:	<i>[give details]</i>
	(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]¹⁴
- [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]

¹⁴ 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.

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) Stabilisation 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) 549300KHWP26J8NTV43.
43. Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU Service 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 and 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.)

48. Rating

[Not Applicable/The Perpetual Securities are expected to be rated “[•]” by [•]]

[STABILISATION]

In connection with this issue, *[insert name of Stabilisation Manager]* (the “**Stabilisation Manager**”) (or persons acting on behalf of any Stabilisation 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 for a limited period after the date of this Pricing Supplement. However, stabilisation may not necessarily occur. 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 cease at any time, but it must end no later than the earlier of 30 days after the Issue Date of the Perpetual Securities and 60 days after the date of the allotment of the Perpetual Securities. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

[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.

[The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. The approval in-principle from, and the admission of the Perpetual Securities to the Official List of, the SGX-ST are not to be taken as indications of the merits of the Issuer, the Programme or the Perpetual Securities.]

Signed on behalf of AMTD International Inc.:

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 Listing Memorandum, “**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 Listing Memorandum. 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 Terms and 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 30 March 2020 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 Terms and 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 Listing Memorandum, 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 Service 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

The following table sets forth the Group's cash and cash equivalents, capitalisation and indebtedness as of 30 September 2019.

This table should be read together with the Group's consolidated financial statements and the related notes included elsewhere in this Listing Memorandum.

	As of 30 September 2019⁽¹⁾
	<i>HK\$</i>
	<i>(in thousands)</i>
Cash and bank balances	669,131
Current portion of loans and borrowings	321,776
Secured and guaranteed.	321,776
Unsecured and non-guaranteed	—
Non-current portion of loans and borrowings	—
Secured and guaranteed.	—
Unsecured and non-guaranteed	—
Total loans and borrowings	321,776
Share capital	183
Capital reserve	3,768,803
Retained profits	2,187,553
Total equity	5,956,539
Total capitalisation	6,278,315

Notes:

⁽¹⁾ Indebtedness includes indirect and contingent indebtedness.

Save for the private placements in December 2019 as disclosed in Note 28 (*Subsequent Events*) of the Issuer's consolidated financial statements for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019, there has been no material change in the capitalisation of the Issuer since 30 September 2019.

DESCRIPTION OF THE GROUP

Overview

The Group is a leading Hong Kong-headquartered comprehensive financial institution. According to an industry report titled “Financial Services Industry in Hong Kong”, which was commissioned by the Group and prepared by China Insights Industry Consultancy Limited, an independent research firm (the “CIC Report”), the Group is the No. 1 independent investment banking firm in Asia as measured by both the number and the aggregate offering size of Hong Kong and U.S. IPOs completed in each of 2018 and the nine months ended 30 September 2019, and the largest independent asset management firm in Asia in serving both PRC regional banks and new economy companies as measured by AUM as of 30 September 2019.

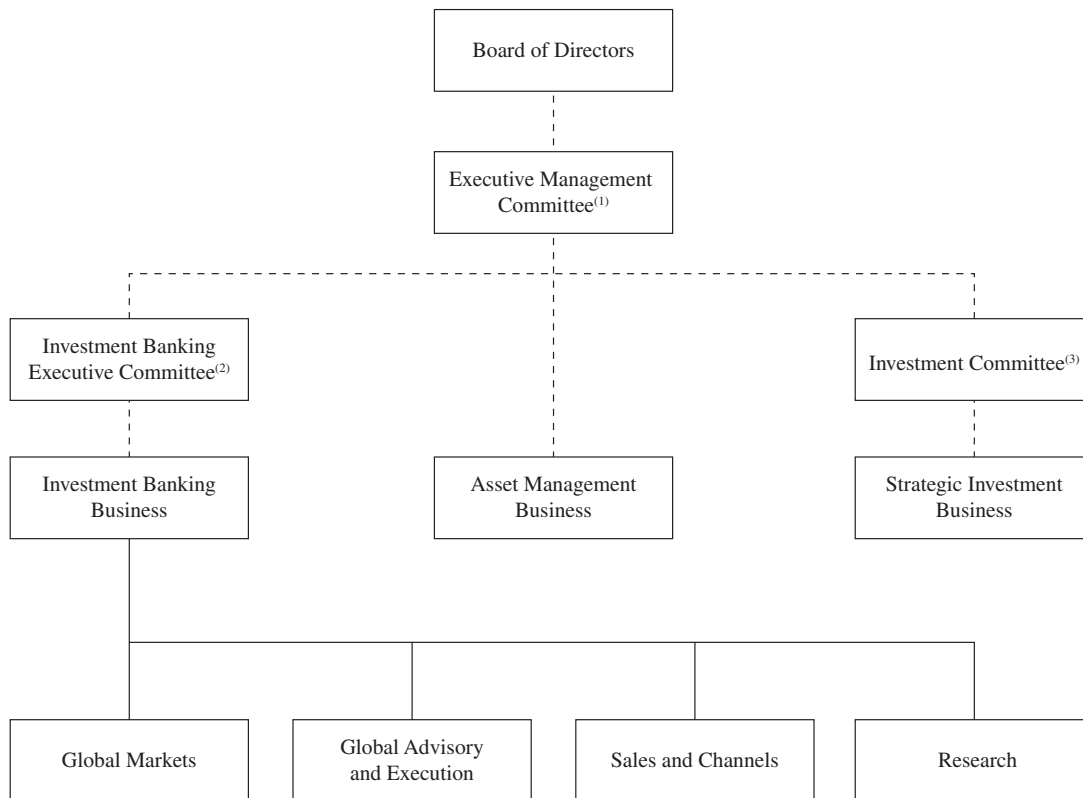
The Group is one of the few financial institutions with extensive financial industry knowledge and experience across Greater China that is majority-owned and managed by local Hong Kong entrepreneurs and professionals. This genuine “Hong Kong-owned” identity positions the Group to play an instrumental role in connecting local clients from Hong Kong and China with global capital markets. Compared to other global and Chinese market players in Hong Kong, the Group believes that it benefits from greater execution efficiency, supreme local market and industry know-how, and unparalleled access to the sizeable capital of Asia’s tycoon families.

The Group’s global capital markets expertise, coupled with deep roots in Asia, have propelled it to become one of the “go-to” financial institutions in Hong Kong, fulfilling the complex financial needs of its clients across all phases of their growth and development. The Group’s clientele includes PRC banks, privately-owned companies primarily in new economy sectors, and Hong Kong-based blue-chip conglomerates, among others.

The Group operates a full-service platform encompassing three business lines: investment banking, asset management, and strategic investment.

- **Leading Investment Banking Business.** The Group offers a broad range of investment banking services, including equity underwriting, debt underwriting, advisory (on credit rating, financing, and mergers and acquisitions transactions), securities brokerage, institutional sales and distribution, and research, among others. According to the CIC Report, the Group ranked first among all independent investment banking firms in Asia as measured by both the number and the aggregate offering size of Hong Kong and U.S. IPOs completed in each of 2018 and the nine months ended 30 September 2019, and ranked in the top ten as a bookrunner among all investment banking firms as measured by the number of Hong Kong IPOs priced in each of the two periods. The Group also ranked in the top ten among all global investment banking firms operating in Asia (excluding China-headquartered investment banking firms) as measured by the aggregate number of high-yield bond offerings by China-based companies and additional tier 1 (“AT1”) capital preferred share offerings by PRC regional banks in 2017, 2018 and the nine months ended 30 September 2019.
- **Top-tier Asset Management Services.** The Group provides professional investment management and advisory services primarily to corporate and other institutional clients. According to the CIC Report, the Group is one of the five largest HKSFC-licensed asset management firms headquartered in Hong Kong, and also the largest independent asset management firm in Asia in serving both PRC regional banks and new economy companies, in each case as measured by AUM as of 30 September 2019. The Group’s AUM was HK\$24.4 billion (U.S.\$3.1 billion) as of 30 September 2019, of which 15.8 per cent. is attributable to PRC regional banks and 80.5 per cent. is attributable to new economy companies.
- **Proven Strategic Investment Platform.** The Group makes long-term strategic investments focusing on Asia’s financial and new economy sectors. Through investing in market leaders and technological innovators, the Group gains access to unique opportunities and resources that complement its other businesses and augment its “AMTD SpiderNet” ecosystem. For the year ended 31 December 2018, the Group recorded dividend and gain related to disposed investment of HK\$99.2 million. For the nine months ended 30 September 2019, the Group recorded dividend and gain related to disposed investment of HK\$100.6 million. For the year ended 31 December 2018 and the nine months ended 30 September 2019, the Group recorded net fair value changes on stock loan, derivative financial instrument and financial assets at fair value through profit or loss of HK\$256.5 million and HK\$519.4 million, respectively, both from its strategic investment business.

The following diagram illustrates the Group’s business structure.



- (1) Executive management committee is responsible for (i) overseeing the Group’s operational and business activities, (ii) managing risks across all business units and mid-to-back office functions, and (iii) implementing and executing policies and strategies as determined by the Issuer’s board of directors.
- (2) Investment banking executive committee is responsible for (i) approving acceptance of new business mandates, (ii) the overall review and management of potential risks and conflicts that may arise from new business mandates, and (iii) reviewing and approving the execution of investment banking transactions.
- (3) Investment committee is responsible for (i) reviewing and approving the investment-related activities across asset classes, (ii) providing parameters and guidance to the investment team, and (iii) post-investment management.

The Group aligns itself with clients, shareholders, business partners, and investee companies to build an ever-extending, inter-connected network that creates value for all stakeholders, or otherwise referred to as the “AMTD SpiderNet” ecosystem. The Group believes that its “AMTD SpiderNet” ecosystem is the bedrock of its success. The Group actively helps stakeholders in its ecosystem to explore business collaboration opportunities among themselves and provide financial solutions or additional resources needed to facilitate such collaboration. This, in turn, results in enduring relationships within the network, and expands the network by attracting corporations, industry associations, and other institutions seeking business opportunities and efficient channels of resources. This unique “AMTD SpiderNet” ecosystem, coupled with the Group’s ability to provide innovative and bespoke solutions, is a key growth driver of its overall businesses.

Corporate History

In January 2003, AMTD Group Company Limited (“AMTD Group”) (formerly known as Allday Enterprises Limited), the Controlling Shareholder, was founded by CK Hutchison Holdings Limited (SEHK: 0001) under the laws of the British Virgin Islands to provide financial services. Subsequently in 2015, L.R. Capital Group became an indirect controlling shareholder of AMTD Group, and in the same year, the Group commenced its current investment banking, asset management, and strategic investment businesses.

In February 2019, AMTD International Inc. was incorporated under the laws of the Cayman Islands initially as a wholly-owned subsidiary of the Controlling Shareholder. AMTD International Inc. became the holding company of the Group’s businesses following the completion of a restructuring in April 2019. For further details, see “— Restructuring and Initial Public Offering.”

Restructuring and Initial Public Offering

On 5 August 2019, the Issuer completed an initial public offering of 20,759,700 American depositary shares (“ADSS”) on the New York Stock Exchange (the “NYSE IPO”). Each ADS represents one of the Issuer’s Class A ordinary shares with a par value U.S.\$0.0001 per share. As of 30 September 2019, the market capitalisation of the Issuer was approximately U.S.\$2.1 billion.

As part of the NYSE IPO, from February to April 2019, the Group carried out a restructuring to carve out its investment banking, asset management, and strategic investment businesses from the Controlling Shareholder.

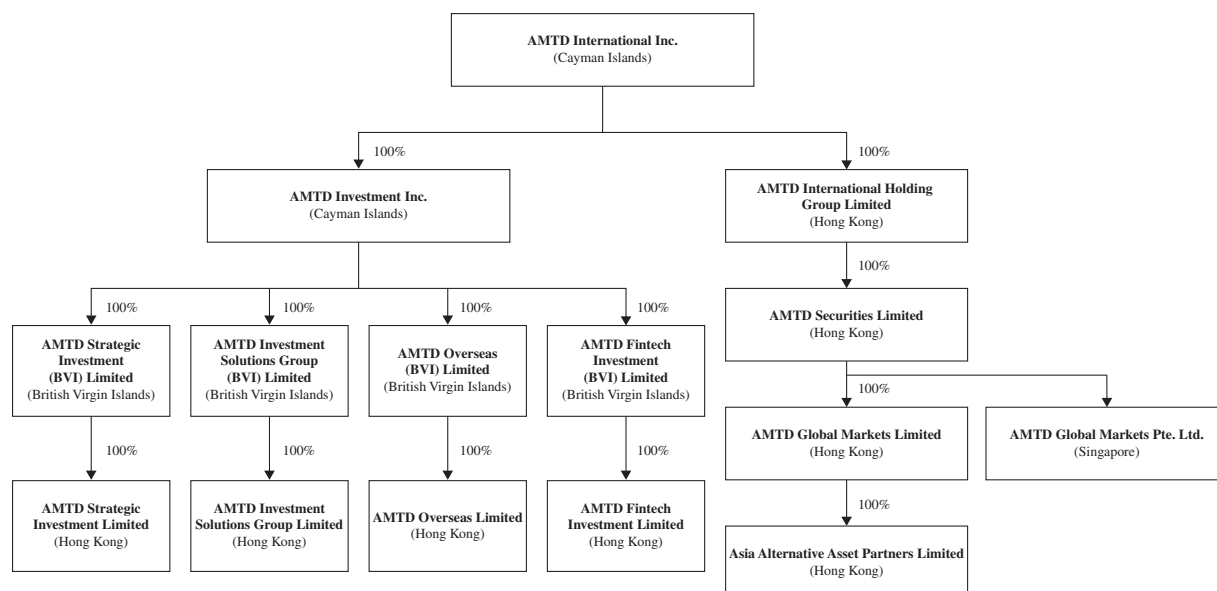
With respect to the Group’s strategic investment business, AMTD Investment Inc. was incorporated under the laws of the Cayman Islands as a wholly-owned subsidiary of the Issuer in February 2019, and the Group injected assets relating to certain strategic investments into AMTD Investment Inc. in March 2019, as a result of which AMTD Strategic Investment Limited, AMTD Investment Solutions Group Limited, AMTD Overseas Limited, and AMTD Fintech Investment Limited became wholly-owned subsidiaries of AMTD Investment Inc. With respect to the Group’s investment banking and asset management businesses, the Group submitted an application to the HKSFC in February 2019 for the Issuer to own 100 per cent. of the shares in AMTD International Holding Group Limited, which is the parent of AMTD Securities Limited, AMTD Global Markets Limited, and Asia Alternative Asset Partners Limited.

In March 2019, the Group incorporated AMTD Strategic Investment (BVI) Limited, AMTD Investment Solutions Group (BVI) Limited, AMTD Overseas (BVI) Limited, and AMTD Fintech Investment (BVI) Limited under the laws of the British Virgin Islands as wholly-owned subsidiaries of AMTD Investment Inc. and as the holding companies of AMTD Strategic Investment Limited, AMTD Investment Solutions Group Limited, AMTD Overseas Limited, and AMTD Fintech Investment Limited, respectively.

In April 2019, the HKSFC approved the Group’s application and the Group completed its restructuring. As a result, the Issuer became the holding company of the Group’s businesses.

Corporate Structure

The following diagram illustrates the Issuer and its subsidiaries in the Group’s corporate structure as of the date of this Listing Memorandum.



The Group’s Subsidiaries

Investment Banking and Asset Management

AMTD International Holding Group Limited 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 Holding Group Limited.

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 a member of the Hong Kong Confederation of Insurance Brokers.

AMTD International Holding Group Limited and AMTD Securities Limited. In June 2011, the Group incorporated AMTD Asset Management Limited and AMTD Securities Limited under the laws of Hong Kong as holding companies of AMTD Global Markets Limited. In December 2014, AMTD Asset Management Limited changed its name to AMTD Financial Planning Limited and, in March 2019, to AMTD International Holding Group Limited, the current name in use.

Asia Alternative Asset Partners Limited. In April 2016, AMTD Global Markets Limited acquired a 100 per cent. stake in Asia Alternative Asset Partners Limited, a company that was incorporated under the laws of Hong Kong in March 2003 under the name of Blooming Cape Limited. Blooming Cape Limited later changed its name to Harcourt Advisory Services Limited in July 2003 and changed its name again to Asia Alternative Asset Partners Limited in February 2007. Asia Alternative Asset Partners Limited currently holds Type 1 license, Type 4 license and Type 9 license granted by the HKSFC.

AMTD Global Markets Pte. Ltd. In January 2020, AMTD Global Markets Pte. Ltd. was established in Singapore as a wholly-owned subsidiary of AMTD Securities Limited. As at the date of this Listing Memorandum, AMTD Global Markets Pte. Ltd. is applying for licenses to carry out capital markets activities in Singapore.

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.

The Issuer's Relationship with the Controlling Shareholder

As of the date of this Listing Memorandum, the Controlling Shareholder beneficially owns 79.1 per cent. of the Issuer's outstanding ordinary shares, representing 96.6 per cent. of the total voting power in the Issuer. Historically, the Controlling Shareholder has provided the Group with business premises, financial, accounting, administrative, legal, and human resources services, as well as the services of a number of its executive officers and other employees, the costs of which were allocated to the Group based on actual usage or proportion of revenues and infrastructure usage attributable to its business, among other things. The Group has begun to invest in its own financial, accounting, and legal functions separate from those of its Controlling Shareholder, and the Group will further establish other support systems of its own or contract with third parties to provide them to the Group after the Group becomes a stand-alone public company. The Group entered into various agreements with its Controlling Shareholder with respect to its ongoing relationship in June 2019. These agreements include a master transaction agreement, a transitional services agreement, and a non-competition agreement.

The Group's Competitive Strengths

The Group believes that its proven track record of success and distinctive brand coupled with the following strengths give the Group a significant competitive advantage.

Premier investment banking and asset management platform in Asia

According to the CIC Report, the Group is the No. 1 independent investment banking firm in Asia as measured by both the number and the aggregate offering size of Hong Kong and U.S. IPOs completed in each of 2018 and the nine months ended 30 September 2019, and also ranked in the top ten as a

bookrunner among all investment banking firms as measured by the number of Hong Kong IPOs priced in each of the two periods. The Group ranked in the top ten among all global investment banking firms operating in Asia (excluding China-headquartered investment banking firms) as measured by the aggregate number of high-yield bonds issued by China-based companies and AT1 capital preferred share offerings completed by PRC regional banks in 2017, 2018 and the nine months ended 30 September 2019 combined. From the inception of the Group's investment banking business in October 2015 to February 2020, the Group completed 52 equity offerings in Hong Kong and the United States as an underwriter or financial advisor, with an aggregate transaction value of U.S.\$23.7 billion (which includes the exercise of over-allotment options). During the same period, the Group also completed 107 debt offerings, with an aggregate transaction value of U.S.\$41.8 billion.

The Group is the largest independent asset management firm in Asia serving both PRC regional banks and new economy companies in terms of AUM as of 30 September 2019, and one of the five largest HKSFC-licensed asset management firms headquartered in Hong Kong, in each case as measured by AUM as of 30 September 2019, according to the CIC Report. As of 30 September 2019, the Group's AUM was HK\$24.4 billion (U.S.\$3.1 billion), of which 15.8 per cent. is attributable to PRC regional banks and 80.5 per cent. is attributable to new economy companies.

The Group believes that it can expand its industry-leading positions by leveraging its "AMTD SpiderNet" ecosystem, high-calibre professionals, comprehensive business coverage, and unparalleled access to the sizable capital of Asia's tycoon families.

Fast-rising and active "super-connector" with unique brand identity

The Group believes that it has established a unique identity as an industry leader that is majority-owned and managed by Hong Kong entrepreneurs and professionals. This uniquely positions the Group as one of the most influential "super-connectors" in the region, bridging Hong Kong- and China-based corporate and other institutional clients with global markets. The Group has played a prominent role in numerous international events and initiatives to promote Hong Kong and "super-connect" China and the rest of the world through the Group's extensive "AMTD SpiderNet" ecosystem.

The Group is the only global strategic partner associate of the World Economic Forum among Hong Kong-headquartered financial institutions as of the date of this Listing Memorandum. In the 2018, 2019 and 2020 forums in Davos, Switzerland, the Group established the "AMTD House," which was the first corporate centre set up by a Hong Kong enterprise in its history, and further established "AMTD Hotel" at the World Economic Forum 50th Annual Meeting held in January 2020 in Davos (the "**World Economic Forum 50th AM**"). The Group also hosted various AMTD-branded industry initiatives and social events that were attended by many high-ranking government officials, renowned academics and prominent business leaders from around the world. The Group was also the sole strategic partner of and, together with the Hong Kong government, co-hosted the world's first cross-border financial technology conference, Hong Kong Fintech Week 2018 and 2019, which focused on Hong Kong's key role in the Greater Bay Area's financial technology industry.

Since 2017, the Group has strategically positioned itself in Asia to optimize its role as a "super-connector." For instance, the Group has acted as a grand sponsor and keynote speaker at the 2017, 2018 and 2019 Singapore Fintech Festivals, the world's then largest financial technology conference together with several other leading global enterprises. The chairman of the board of directors and chief executive officer of the Issuer, Calvin Choi, was invited as a guest speaker during the 10th anniversary celebration of Singapore Exchange Limited in Beijing, China. In early 2019, the Group was invited by the ASEAN Bankers Association, the Monetary Authority of Singapore, and the International Finance Corporation to become the first and one of the only two corporate founding members of the ASEAN Financial Innovation Network, which was founded primarily to foster financial technology development in ASEAN countries focusing on financial inclusion. In Indonesia, the Group introduced its Controlling Shareholder to invest in a fast-growing online consumer finance platform, Awan Tunai. Through these strategic collaborations, the Group has established regional footprints and connections across South East Asia, which creates new opportunities for all stakeholders in its "AMTD SpiderNet."

Unique "AMTD SpiderNet" ecosystem fostering rapid multi-dimensional expansion

The Group's diverse and enriching initiatives and network of connections, together with its large client base to whom the Group provides a broad range of financial services, have resulted in multi-faceted relationships and the formation of its "AMTD SpiderNet" ecosystem — 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 does not regard any single stakeholder, service, or sector as an individual and isolated opportunity. Rather, the Group strives to connect and

fulfil the needs and interests of multiple stakeholders in its ecosystem, especially those that might not be apparent or yield immediate returns in the first instance. By embracing the “AMTD SpiderNet” culture, the Group goes beyond servicing one client offering one product at a time. Instead, the Group empowers innovation and collaboration among multiple stakeholders by making full use of the uniqueness of its “AMTD SpiderNet,” and uncover and create value for everyone, resulting in greater synergies, stronger connections and economic benefits for the Group and all of its stakeholders.

For example, Xiaomi Corporation (i) engaged the Group as their joint bookrunner in its U.S.\$5.4 billion Hong Kong IPO in June 2018; (ii) Xiaomi Corporation’s wholly-owned subsidiary is a joint-venture partner of the Group’s Controlling Shareholder in establishing a financial platform, Gravitation Fintech HK Limited, which holds one of the only eight licensed virtual banks in Hong Kong as of the date of this Listing Memorandum; (iii) is a principal shareholder of Up Fintech Holding Limited, the parent company of Tiger Brokers, with whom the Group has a strategic partnership to expand its investment banking coverage network. As a result of the Group’s effort and overall coordination, Xiaomi Corporation placed a sole order through the Group to further invest in the U.S. IPO of Up Fintech Holding Limited, in which the Group acted as one of the lead banks and joint bookrunners; and (iv) Xiaomi Corporation became the Group’s shareholder. Furthermore, in January 2020, Xiaomi Finance, a subsidiary of Xiaomi Corporation and the Controlling Shareholder, together with SP Group and Funding Societies, jointly announced the formation of an exclusive strategic partnership and the submission of an application to the Monetary Authority of Singapore for digital wholesale banking licences on 31 December 2019. The digital banking licences are expected to allow the entities, including non-bank entities to conduct digital banking businesses in Singapore. In addition, Xiaomi Finance and the Controlling Shareholder, together with Singapore Management University and the Institute of Systems Science at the National University of Singapore signed a memorandum of understanding during the World Economic Forum 50th AM to form a long-term partnership to set up the “Singapore Digital Finance Leadership Programme”. For further details, see “— *The Group’s Partnership Approach — “AMTD SpiderNet” Empowered by One-Stop Solutions.*”

Comprehensive one-stop financial solutions platform with broad revenue mix

The Group operates a comprehensive platform providing one-stop financial solutions, including equity and debt underwriting, mergers and acquisitions as well as strategy advisory, asset management, investment advisory, research and corporate access, securities brokerage, and sales and trading support. The Group’s broad spectrum of financial services expertise and “total solutions” know-how position the Group well to better advise its clients through all phases of their financial and business life cycle and in any economic environment or market conditions. The Group’s broad range of services also enable it to create multiple touchpoints with the Group’s clients, which deepen its relationship with them and allow the Group to identify additional potential business opportunities for both itself and others in its “AMTD SpiderNet.” While the Group continues to offer multiple one-stop solutions to its clients, its client penetration, client retention, client loyalty, and lifetime client value will all be greatly enhanced.

The Group’s comprehensive services across a variety of sectors, product and service types, and client background increase diversity to its sources of revenue, which the Group believes provides it with greater financial stability throughout all phases of market cycles.

Market leadership in providing financial services to PRC regional banks and new economy companies

The Group is a leading financial services provider for PRC regional banks, helping them gain access to international capital markets and promote their internationalization strategy. Since the inception of the Group’s investment banking business in October 2015, the Group has participated in seven out of the thirteen Hong Kong IPOs of PRC regional banks, with an aggregate offering size of over U.S.\$6.2 billion. The Group also acted as joint global coordinators, a prominent and influential role, in the syndicate teams in six of the transactions. According to the CIC Report, the Group ranked fifth in terms of the number of IPOs of PRC regional banks completed during 2017, 2018 and the nine months ended 30 September 2019 combined, and was the only Hong Kong-headquartered investment banking firm among the top ten players. Since the inception of the Group’s investment banking business in October 2015, the Group has participated in five out of seven AT1 capital preferred share offerings of PRC regional banks, with an aggregate offering size of U.S.\$6.7 billion. According to the CIC report, the Group ranked first in terms of deal count and transaction value of AT1 capital preferred share offerings of PRC regional banks among all underwriters during 2017, 2018 and the nine months ended 30 September 2019 combined. Among these offerings, the Group acted as joint global coordinators, a prominent and influential role in the syndicate teams, for four out of five transactions.

Leveraging the Group's leading position, excellent track record, and in-depth professional knowledge in the sector, it has also secured asset management mandates from multiple PRC regional banks. The Group is the largest independent asset management firm in Asia for PRC regional banks as measured by AUM as of 30 September 2019 according to the CIC Report.

The Group is a principal shareholder of the Bank of Qingdao, which is dual-listed in Hong Kong and China. The chairman of the board of directors of the Issuer and chief executive officer of the Group, Calvin Choi, also serves as a director of Bank of Qingdao. In 2018, Mr. Choi led the establishment of Regional Banks+ Strategic Cooperation Alliance, with four PRC regional banks as founding members and were joined by three more regional banks across mainland China, Hong Kong and the United States in 2019, and was selected as chairman of this alliance by its founding members. Rooted in China, this alliance is dedicated to empowering traditional financial businesses with financial technology, and developing a unique model of technology finance, smart finance, inclusive finance, and green finance in a cooperative and innovative way.

In addition, the Group believes that it is one of the most active participants and promoters of the new economy sector. The Group acted as a joint bookrunner in the Hong Kong IPOs of Xiaomi Corporation and Meituan Dianping, the two largest IPOs in the technology sector globally from 2014 to 2018 as well as the first two Hong Kong IPOs in which the issuers adopted weighted voting right structures. The Group has since then participated actively in a number of IPOs of new economy companies, and ranked first among all investment banking firms as measured by the number of Hong Kong IPOs underwritten in the new economy sector in the nine months ended 30 September 2019, according to the CIC Report.

The Group has also made strategic investments in three pioneers in the new economy sector, namely Shenzhen Royole Technologies Co., Ltd., or Royole, a global leader in flexible displays, flexible sensors, and related smart devices, 58 Finance, a leading financial technology platform, and Assured Asset Management, a HKSFC-licensed asset management services provider specializing in fixed income, alternative, and private equity investments.

The Group actively promotes the development of the technology and financial technology sector. The Group acted as the sole strategic partner of the Hong Kong Fintech Week 2018 and 2019. In 2017, 2018 and 2019, the Group acted as a grand sponsor and keynote speaker at the Singapore Fintech Festival. In January 2020, the Group co-established the "Singapore Digital Finance Leadership Programme" to hone the management and leadership capabilities of aspiring digital finance leaders across Asia. In order to support incubating the next-generation of talent in the financial technology sector, the Group launched Hong Kong's first university-industry collaborative financial technology centre with Hong Kong Polytechnic University in 2018 to provide financial technology education and training programs to students and professionals. In 2017, the Group also established an innovation hub in Hong Kong with the University of Waterloo, which aims to bring together leading academic researchers and industry professionals to share their knowledge and experience on big data, blockchain, internet of things, smart cities, and financial technology to enhance education and innovation. For further details, see "*The Group's Partnership Approach — "AMTD SpiderNet" Enhanced by the Group's "Super-Connector" Role.*"

Seasoned management team backed by industry leaders and professional talents

The Group's management team is comprised of visionary executives with extensive experience in investment banking, financial, and professional services. The Group believes that the global vision, reputation, professional experience, and the deep connections of its management team bring it unparalleled competitive advantages in identifying business opportunities, providing innovative solutions, and securing prime investment opportunities. Calvin Choi, the chairman of the board of directors and chief executive officer of the Issuer, is a seasoned investment banker and was awarded "2019 Asia Fintech Leader" by the Singapore Fintech Association. He was also named as a "Young Global Leader" at the 2017 World Economic Forum and was selected by the *Institutional Investor* magazine as one of the "2016 Fintech Finance 35". The Group's vice chairman, Marcellus Wong, is a member of the Joint Liaison Committee on Taxation, who advises the Hong Kong government on taxation issues, was the former president of the Taxation Institute of Hong Kong, and had been consistently named by *Euromoney* as one of the "world's leading tax advisers" in Hong Kong and China. The Group's executive officers have on average 20 years of working experience in the investment banking and financial services industries. They form the backbone of the Group's talent pool and are the foundation upon which the Group has built its success.

The Group's management team receives strong support from a global advisory committee that comprises key executives from its shareholders, widely recognised entrepreneurial leaders, and leaders in the investment banking and financial industry and academia, many of whom have previously served

in banking, taxation, insurance sectors, world-class universities and government authorities. The global advisory committee advises on principal policies and strategies, and guides the Group to conduct its businesses adhering to strict legal and compliance standards and uphold industry best practices. The Group has a management team oversees and maintains a team of talented and experienced investment banking and financial services professionals, enabling it to provide seamless execution with in-depth sector knowledge and product expertise that is more commonly found in international investment banking firms and large financial institutions.

Under the guidance of the Group's senior management team, and benefiting from the expertise and extensive connections of the global advisory committee members and its committed professional team, the Group is growing rapidly while tapping into the extraordinary possibilities by fully engaging all members of its management, global advisory committee, and its professional team fully into the "AMTD SpiderNet" ecosystem.

The Group's Growth Strategies

The Group's business model and competitive strengths provide it with multiple avenues for growth. The Group intends to execute the following key strategies.

Expand the Group's footprint in major capital markets globally

The Group aspires to become a global provider of comprehensive financial services, and intend to expand its footprint to stay ahead of its clients' global ambition and financing needs. The Group plans to establish offices in key financial centres in the United States and Southeast Asia, such as New York City and Singapore, to reinforce its one-stop solutions strategy to target primarily corporate and institutional clients in need of global financial services. Meanwhile, the Group will continue to seek investment opportunities in selected markets globally to strengthen its access to cutting-edge technologies and financial solutions.

The Group plans to evaluate and selectively pursue strategic alliances, investments, and acquisition opportunities outside Hong Kong to optimise its talent pool, broaden its service offerings, expand its client reach, and strengthen relationships with its business partners. The Group may invest in or acquire businesses in overseas markets that hold licenses or permits in particular sectors of interest to it, in order to increase the Group's client base and enhance its service capabilities.

Diversify the mix of the Group's service capabilities

The Group seeks to remain ahead of the evolving and increasingly complex needs of its clients and continue to broaden its service capabilities. The Group plans to gain further access to the Singaporean and U.S. equity markets by establishing capabilities and obtaining requisite licenses in light of the continuing high demand from China-based companies for capital from the Singaporean and U.S. markets. The Group is in the process of applying for a capital markets services license for the conduct of certain regulated activities including dealing in capital markets, securities and units in a collective investment scheme, advising on corporate finance matters, fund management, providing custodial services and product financing. By selectively investing in additional capabilities, the Group will continue to serve clients' needs and create monetization opportunities within its ecosystem. In addition, a broadened mix of service capabilities will also help diversify its revenue sources to withstand market fluctuations.

Further strengthen the Group's "AMTD SpiderNet" ecosystem

The Group plans to further strengthen the depth and breadth of its "AMTD SpiderNet" ecosystem. The Group's proven track record across multiple businesses provides multifaceted benefits of the "AMTD SpiderNet" for its shareholders, business partners, clients, and investee, forming an ecosystem as strong as the quality and depth of its contributing stakeholders. The Group will continue to identify opportunities to drive the scale and reach of the ecosystem, facilitate cross-selling efforts, and exploit growth and cooperation possibilities. The Group will continue to increase its industry initiative and social efforts to ensure the healthy and sustainable development of its "AMTD SpiderNet."

Continue to invest in technology and people

The Group will continue to invest in technology that will benefit its business partners and clients, both to echo its endorsement and support for technological innovation and to facilitate the execution of its growth strategies. The Group believes that its people are its most valuable asset and form the cornerstone of its business, and the Group will continue to invest in attracting and retaining experienced and well-connected professionals at all levels and across all functions to support its growth

and ensure quality services to its clients. In particular, the Group is investing to grow its investment banking team to meet its intensifying business needs. At the same time, the Group plans to ensure that its compliance and risk management teams are adequately expanded to properly monitor and mitigate potential risks.

The Group’s Partnership Approach

“AMTD SpiderNet” Empowered by One-Stop Solutions

The Group discovers and selectively engages a broad range of promising clients with diverse backgrounds and at various stages of development. The Group offers comprehensive financial services to fulfil the needs of its clients throughout their lifecycles. The Group stays close to its clients to understand and anticipate their needs. The Group’s services are tailored with a collaborative overlay, providing clients with one-stop solutions.

With each business opportunity, the Group considers itself a business partner for the prospective client, rather than merely a service agency of a particular product or service. The Group strives to unlock and maximise the extraordinary value embedded in each relationship and to expand opportunities for collaboration and partnership both between the Group and its clients, as well as among clients. This forms the foundation of the Group’s “AMTD SpiderNet” ecosystem and defines its shared firm-wide core values and culture.

Case Study: Bank of Qingdao

The Bank of Qingdao is the largest regional bank in Shandong province of China, and is listed on the main board of the SEHK, and the small and medium enterprise board of the Shenzhen Stock Exchange, or the SZSE. The Group served the Bank of Qingdao in its Hong Kong IPO and offshore AT1 capital preferred share offering, and also provides it with discretionary asset management services. The Group later invested in the Bank of Qingdao and obtained a seat on its board of directors. It is also a business partner in the joint establishment of Regional Banks+ Strategic Cooperation Alliance.

#	One-stop Solution or Event	Role in AMTD SpiderNet
1	Joint global coordinator and joint bookrunner — U.S.\$580 million Hong Kong IPO.	Client
2	Joint global coordinator and joint bookrunner — U.S.\$1.2 billion AT1 capital preferred share offering	Client
3	Discretionary asset management services provider	Client
4	Strategic investment with a board seat.	Investee Company
5	Joint establishment of Regional Banks+ Strategic Cooperation Alliance.	Business Partner

Case Study: Zhongyuan Bank

The Zhongyuan Bank is listed on the SEHK and the largest regional bank in Henan province of China. After the Group served as the sole financial advisor in its July 2017 Hong Kong IPO, the Group maintained regular communication with the Zhongyuan Bank which led to a number of business opportunities. The Group was involved in the Zhongyuan Bank’s overseas business development and have built a strong relationship with the Zhongyuan Bank, which the Group believes led to subsequent service engagements and business introduction.

#	One-stop Solution or Event	Role in AMTD SpiderNet
1	Sole financial advisor — U.S.\$1.2 billion Hong Kong IPO	Client
2	Joint global coordinator and joint bookrunner — U.S.\$1.4 billion AT1 capital preferred share offering	Client
3	Introduced the Group to ZH International Holdings Limited; the Group acted as the sole placing agent in its U.S.\$200 million bond offering.	Business Partner
4	Introduced the Group to Zhengzhou Zhongrui Industrial Group Co., Ltd.; the Group acted as a joint global coordinator and joint bookrunner in its U.S.\$85 million bond offering	Business Partner
5	Introduced the Group to China Chunlai Education Group Co., Ltd.; the Group acted as a joint global coordinator and joint bookrunner in its U.S.\$79 million Hong Kong IPO	Business Partner
6	Introduced the Group to Tangshan Financial Holding Group; the Group acted as a joint placing agent in its U.S.\$50 million bond offering	Business Partner
7	The Group introduced its Controlling Shareholder to jointly establish Yuanyin International Limited, a financial services platform, together with a number of Zhongyuan Bank’s stakeholders.	Business Partner
8	Joint establishment of Regional Banks+ Strategic Cooperation Alliance.	Business Partner

Case Study: New World Development

New World Development is an SEHK-listed conglomerate focusing on real estate development, infrastructure, department stores, and hotel operations. The Group’s history of serving and doing business with New World Development also attests to its ability to offer one-stop financial solutions for Asia’s tycoon families.

#	One-stop Solution or Event	Role in AMTD SpiderNet
1	The Group, as a joint bookrunner of Meituan Dianping in its IPO project in September 2018, introduced New World Development’s affiliate to make an anchor investment in the transaction	Client and Business Partner
2	Joint bookrunner — U.S.\$310 million green bond of New World China Land, a subsidiary of New World Development, for which the Group was awarded “Best Green Bond — Real Estate” by The Asset Triple A in 2018	Client
3	New World Development introduced the Group to one of its investment portfolio companies DayDayCook, and its Controlling Shareholder and New World Development jointly participated in the later round of capital raising as investors	Business Partner

Case Study: Xiaomi Corporation

Xiaomi Corporation is an internet company with smartphones and smart hardware connected by an IoT platform as its core. After the Group’s engagement as a joint bookrunner in its Hong Kong IPO in June 2018, the Group has developed substantial business relationships with Xiaomi Corporation.

#	One-stop Solution or Event	Role in AMTD SpiderNet
1	Xiaomi Corporation’s wholly-owned subsidiary is a joint-venture partner of the Group’s Controlling Shareholder in jointly establishing a financial platform, Gravitation Fintech HK Limited, which holds one of the only eight licensed virtual banks in Hong Kong as of the date of this Listing Memorandum	Business Partner
2	Joint bookrunner — U.S.\$5.4 billion Hong Kong IPO in June 2018	Client

#	One-stop Solution or Event	Role in AMTD SpiderNet
3	Xiaomi Corporation is one of the principal shareholders of Tiger Brokers, with which the Group has a strategic partnership to expand its investment banking coverage network. As a result of the Group’s effort and overall coordination, Xiaomi Corporation placed a sole order through the Group to further invest in the U.S. IPO of the parent company of Tiger Brokers, in which the Group acted as one of the lead banks and joint bookrunners..	Client
4	Xiaomi Corporation became the Group’s shareholder	Shareholder
5	In January 2020, Xiaomi Finance, a subsidiary of Xiaomi Corporation and the Controlling Shareholder, together with SP Group and Funding Societies, jointly announced the formation of an exclusive strategic partnership and the submission of an application to the Monetary Authority of Singapore for digital wholesale banking licences on 31 December 2019	Business Partner
6	Xiaomi Finance and the Controlling Shareholder, together with Singapore Management University and the Institute of Systems Science at the National University of Singapore signed a memorandum of understanding during the World Economic Forum 50th AM to form a long-term partnership to set up the “Singapore Digital Finance Leadership Programme”	Business Partner

Case Study: China Minsheng Banking Corp., Ltd., Hong Kong Branch

China Minsheng Banking Corp., Ltd. is a PRC joint stock commercial bank. China Minsheng Banking Corp., Ltd., Hong Kong Branch is the Group’s long-term client and an active stakeholder in the “AMTD SpiderNet” ecosystem. Since the commencement of the Group’s investment banking business in 2015, the Group has participated in all of its offshore senior U.S. dollar-denominated bond issuances, and participated in the loan-backed note offering of Minsheng Financial Leasing Co., Ltd., a majority-owned subsidiary of China Minsheng Banking Co., Ltd.

#	One-stop Solution or Event	Role in AMTD SpiderNet
1	Joint bookrunner — U.S.\$500 million bond offering	Client
2	Joint bookrunner — U.S.\$450 million bond offering	Client
3	Joint bookrunner — U.S.\$350 million bond offering	Client
4	Joint bookrunner — U.S.\$450 million bond offering	Client
5	Joint bookrunner — U.S.\$250 million bond offering	Client
6	Joint bookrunner — U.S.\$400 million bond offering	Client
7	Joint bookrunner — U.S.\$600 million bond offering	Client
8	The Group entered into strategic cooperation agreement with China Minsheng Banking Corp., Ltd., Hong Kong Branch	Business Partner
9	The Group introduced its Controlling Shareholder to provide group medical and life insurance and wellness program to China Minsheng Banking Corp., Ltd., Hong Kong Branch in the capacity of its Hong Kong designated insurance broker.	Client
10	The Group introduced China Minsheng Banking Corp., Ltd., Hong Kong Branch to extend credit facility to its Controlling Shareholder.	Business Partner
11	The Group acted as an arranger of the first asset-backed securities offering in Hong Kong for China Minsheng Banking Corp., Ltd., Hong Kong Branch	Business Partner
12	The Group acted as a joint global coordinator and joint bookrunner in the U.S.\$450 million loan-backed note offering of Minsheng Financial Leasing Co., Ltd., a majority-owned subsidiary of China Minsheng Banking Corp., Ltd.	Business Partner

“AMTD SpiderNet” Enhanced by the Group’s “Super-Connector” Role

World Economic Forum Annual Meetings in 2018, 2019 and 2020

As the only Hong Kong-headquartered financial institution among the World Economic Forum’s global strategic partner associates, the Group established an “AMTD House” in its annual meeting in Davos, Switzerland in January 2018, making it the first Hong Kong company to establish a corporate centre at the World Economic Forum. The Group also held the first “Hong Kong Night” in Davos and invited the Chief Executive of the Hong Kong government to officiate and deliver a keynote speech. Over 300 global political, business, academic, and media representatives attended the event.

In January 2019, the Group organized the first “AMTD Greater Bay Night” in Davos which was officiated by government leaders from the PRC Government and the Hong Kong government. At the World Economic Forum 50th AM, the Group also hosted “Smart Asia: Connecting Greater Bay Area with ASEAN”, during which government leaders from Hong Kong, Singapore and Guangzhou delivered keynote speeches, and further established “AMTD Hotel”. The Group also hosted the “Greater Bay Entrepreneurship Day” for the second consecutive year during the World Economic Forum 50th AM, which is an annual event where the Group provides a platform for young entrepreneurs from the Greater Bay Area and ASEAN markets to collaborate with leaders and elites in political, business, academia, media from different countries and regions. The Group’s presence at the World Economic Forum has further added international richness into the “AMTD SpiderNet,” as it brings AMTD and the “AMTD SpiderNet” ecosystem to the international spotlight and connects the Group with prominent global business leaders.

Hong Kong Fintech Week in 2018 and 2019

Hong Kong Fintech Week is the world’s first cross-border financial technology event, taking place in Hong Kong and Shenzhen, China, attracting over 8,000 senior executives and over 200 speakers. The Group organised and participated in this event in both 2018 and 2019 as the sole strategic partner, together with the Hong Kong government, to showcase Hong Kong’s growing financial technology community. During this event in 2018, the Group announced the establishment of Regional Banks+ Strategic Cooperation Alliance with the goals of empowering traditional financial services with financial technology, and developing a unique model of financial services through technology, smart finance, inclusive finance, and green finance in a cooperative and innovative way.

This event enriched the “AMTD SpiderNet” with further resources from global financial technology industry especially corporates and investors that focus on investing in China and Hong Kong.

Singapore Fintech Festivals in 2017, 2018 and 2019

The Group acted as a grand sponsor and keynote speaker at the Singapore Fintech Festival in 2017, 2018 and 2019, which was the world’s largest financial technology conference attracting over 40,000 government officials, regulatory representatives, and representatives of financial institutions and technology companies from over 100 countries. The Singapore Fintech Festival adds to the Group’s “AMTD SpiderNet” insights and resources from stakeholders who focus on Southeast Asia financial technology developments.

Group’s Services

Investment Banking

Since October 2015, the Group has operated its investment banking business through one of the Issuer’s wholly-owned subsidiaries, AMTD Global Markets Limited, which is licensed by the HKSFSC to engage in certain activities regulated under the Securities and Futures Ordinance (Cap. 571) of Hong Kong, such as dealing in securities and future contracts, advising on securities and corporate finance, and providing asset management services. Under the Group’s investment banking business, the Group provides its clients with a full suite of corporate finance services, including underwriting equity and debt offerings, credit rating advisory, and advising on various financing and mergers and acquisitions transactions. the Group delivers its investment banking services with the following features.

- *Full service capabilities.* The Group offers its clients a full suite of services for capital markets transactions, covering equity and debt offerings, credit rating advisory, other financing transactions, and merger and acquisitions. Based on the Group’s full product coverage, it is able to serve clients and develop long-term relationships through multiple engagements.

- *Client focus.* The Group focuses on client needs and always strives to explore long-term business collaboration rather than completing individual transactions, because it recognises that its clients are the foundation of its “AMTD SpiderNet” ecosystem and its relationship with them is key to its sustainable development and success. Leveraging the Group’s strong client relationship and its unique “AMTD SpiderNet” ecosystem, the Group is able to create synergies and proactively develop innovative products and services based on specific client needs to be serviced by its own abilities or those of its partners in the “AMTD SpiderNet” ecosystem.
- *Industry expertise.* The Group’s services are enriched by its experience and expertise in certain important industries, allowing the Group to better understand and anticipate clients’ circumstances and needs. The Group has particular expertise in the PRC regional bank and new economy sectors.
- *Senior level participation.* In addition to managing and maintaining client relationships, the Group’s senior professionals also actively participate in deal execution to ensure seamless execution and satisfactory client experience.

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

Global Markets

The Group is licensed to provide underwriting services for equity and debt offerings in Hong Kong. For details of the Group’s various licenses relating to its underwriting services, see “— *Licenses.*” The Group’s underwriting capabilities have accelerated rapidly since October 2015.

From the inception of the Group’s investment banking business in October 2015 to February 2020, the Group completed 52 equity offerings in Hong Kong and the United States as an underwriter or financial advisor, with an aggregate transaction value of U.S.\$23.7 billion (which includes the exercise of over-allotment options). During the same period, the Group also completed 107 debt offerings, with an aggregate transaction value of U.S.\$41.8 billion.

The Group has quickly built up a solid track record and established its market position and brand recognition for China-based issuers in Hong Kong, the United States, and the other international capital markets. According to the CIC Report, the Group ranked first among all independent investment banking firms in Asia as measured by both the number and the aggregate offering size of Hong Kong and U.S. IPOs completed in each of 2018 and the nine months ended 30 September 2019, and ranked in the top ten as a bookrunner among all investment banking firms as measured by the number of Hong Kong IPOs priced in each of the two periods. The Group ranked in the top ten among international investment banking firms operating in Asia (excluding China-headquartered investment banking firms), as measured by the number of high-yield bond offerings by China-based issuers and AT1 capital preferred share offerings completed by PRC regional banks in 2017, 2018 and the nine months ended 30 September 2019.

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

The Group’s equity and debt product offerings are distributed through its sales and channels team. For further details, see “— *The Group’s Services — Sales and Channels.*”

Global Advisory and Execution

The Group advises on both public and private financing and mergers and acquisitions transactions, covering companies at all stages of development. Many of the Group’s advisory services involve tailored solutions in which the Group leverages its experience and the strength of its “AMTD SpiderNet” ecosystem to propose unique and innovative structures. The Group is able to introduce quality investors through its sales and channels team and potential strategic investors through its “AMTD SpiderNet” ecosystem.

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

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

	For the Year Ended 31 December				For the Nine Months Ended 30 September			
	2017		2018		2018		2019	
	HK\$	%	HK\$	%	HK\$	%	HK\$	%
	<i>(in thousands, except for percentages)</i>							
Investment Banking								
Revenue								
Underwriting commissions and brokerage fees	150,650	72.4	217,003	75.2	111,354	61.1	278,235	84.2
Financial advisory fees	57,513	27.6	71,588	24.8	70,988	38.9	52,382	15.8
Total	208,163	100.0	288,591	100.0	182,342	100.0	330,617	100.0

Sales and Channels

The Group has an experienced sales and channels team, which supports product distribution activities across its businesses. The sales and channels function focuses on institutional clients and is an important element of the Group's overall distribution capabilities. The Group's institutional sales team actively participates in its investment banking transactions by introducing institutional clients to the various products that the Group offers, and provides institutional investors with value-added corporate access services. In addition, the Group also provides a comprehensive trading platform for clients to trade various types of products available on the market, such as equity, fixed income, and mutual fund instruments.

Research

Research plays a critical part in defining the Group's professional standpoints and demonstrating its industry insights. The Group's research team presents original ideas on company-specific valuations and research analyses, as well as from industry and thematic perspectives. The Group's analysts hold an independent position on the research landscape, with coverage universe established through cooperation with key client-servicing businesses and utilising its firm-wide "AMTD SpiderNet."

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

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

Asset Management

Through its asset management business, the Group provides professional investment management, advisory, and brokerage services primarily to PRC banks, corporate and other institutional clients, and family offices. The Group helps manage offshore liquidity for many of its China-based clients, allowing them to tap the flexibility and diversity of investment products available only in the offshore markets. The Group's goal in the asset management business is to produce superior risk-adjusted investment returns and provide investment solutions customized for its clients' unique needs. The Group is one of the five largest HKSFC-licensed, Hong Kong-headquartered asset management firms, as measured by AUM as of 30 September 2019, according to the CIC Report. The Group is also the largest independent asset management firm in Asia in serving both PRC regional banks and new economy companies, in each case as measured by AUM as of 30 September 2019.

The Group's asset management services include discretionary account services and non-discretionary account services. As of the date of this Listing Memorandum, the Group's asset management services are conducted on a single client basis through their respective designated accounts. Through the Group's discretionary account services, it manages assets with diverse risk and return profiles, providing clients with comprehensive, customized investment strategies based on its understanding of their investment needs, risk tolerance, investment goals, and expected return. Non-discretionary account services are managed pursuant to clients' agreed methodology, conditions, requirements, and restrictions.

Where appropriate, the Group looks to deploy its synergies and introduce clients to the broader network and resources within its "AMTD SpiderNet" ecosystem. Based on their specific needs and risk tolerance levels, the Group's clients have exclusive access to products with tailor-made features to meet their financial and investment needs and optimize their asset allocation.

The Group's AUM increased by 23.6 per cent. from HK\$14.8 billion as of 31 December 2017 to HK\$18.3 billion as of 31 December 2018, and further increased by 33.8 per cent. to HK\$24.4 billion as of 30 September 2019. As of 30 September 2019, 49.5 per cent. of the AUM was invested in fixed income products, 46.2 per cent. in equity products, and 4.3 per cent. in other products. As of the same date, the Group's top ten clients accounted for 63.5 per cent. of the AUM; 96.3 per cent. of the AUM was managed on behalf of corporate and other institutional clients, including banks, pension funds, insurance companies, and family offices; and 3.7 per cent. of the AUM was managed on behalf of individual client relationships, which are principally with high-net worth individuals.

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

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

	For the Year Ended 31 December				For the Nine Months Ended 30 September			
	2017		2018		2018		2019	
	HK\$	%	HK\$	%	HK\$	%	HK\$	%
	<i>(in thousands, except for percentages)</i>							
Asset Management Revenue								
Management and performance fees	47,774	67.5	43,465	55.1	30,249	47.1	74,162	81.1
Brokerage, handling and other fees.	23,039	32.5	35,482	44.9	34,032	52.9	17,273	18.9
Total.	70,813	100.0	78,947	100.0	64,281	100.0	91,435	100.0

Strategic Investment

The Group commenced its strategic investment business in 2015. Its strategic investment business focuses on long-term equity investments using its own capital. The Group views it as a natural extension of the Group's other businesses, allowing it to deepen its relationship with clients by participating in their value creation and engaging them into the "AMTD SpiderNet."

Investment Approach

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

- *Leveraging "AMTD SpiderNet."* The Group leverages the "AMTD SpiderNet" throughout the investment process to source investments, evaluate opportunities, and provide value added solutions to the investees after its investment. The Group portfolio companies are its strategic partners.

- *Value investment.* The Group focuses on long-term value creation from its investment and how the investments can contribute to its stakeholder of the “AMTD SpiderNet,” rather than looking for short-term returns. Therefore, the Group does not trade its investments frequently in the secondary market for profit. The Group has not disposed of any portion of the strategic investments in its current portfolio since the acquisition.
- *Synergy with portfolio companies.* The Group has an experienced team for post-investment value creation. The Group has a board seat in most of its portfolio companies and the Group devotes a lot of its resources to work closely with their management to advise on their strategy, capital markets plan, and support them in their execution process.

Investment Process

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

Although the Group makes investment decisions on a case-by-case basis, it is 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 the Group’s existing businesses.

The Group makes strategic investment decisions through its investment committee, which consists of key management team members covering finance, operations, legal and compliance, investments, and examines and assesses investment proposals following consultations with senior management. All investment proposals will be presented to the Group’s investment committee following the satisfactory completion of assessment and due diligence investigation. The Group’s investment committee also assesses, reviews, and modifies its investment strategies from time to time based on accumulated deal execution experience and the latest developments in the financial market, economic conditions, and government policies.

The Group closely monitors its investee companies in accordance with the guidelines set by investment committee. Specifically, the Group tracks the business development, its holding positions, unrealized profit or loss, and its risk exposure of each investee. The Group will escalate any significant incidents in its investees to the investment committee and, for material incidents, to its board of directors.

Investment Portfolio

The Group’s strategic investment portfolio is comprised of Bank of Qingdao, Royole Corporation, 58 Finance, and Assured Asset Management.

As of 30 September 2019, the Group’s investment portfolio reached an aggregate fair value of HK\$3.9 billion, in which its strategic investment in the Hong Kong- and Shenzhen-listed Bank of Qingdao accounted for 91.9 per cent. and investment in other innovative and fintech companies accounted for 8.1 per cent.

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

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

Bank of Qingdao

The Bank of Qingdao is the largest city commercial bank in Shandong province and among the first batch of city commercial banks established in China. Its business covers three major areas including corporate banking, retail banking, and financial markets. Bank of Qingdao is headquartered in Qingdao, with 14 branches in major cities of Shandong Province such as Jinan, Yantai and Weihai. Bank of Qingdao is highly recognised by customers for its excellent professional and differentiated services. It won the “Banking Information Technology Risk Management Research Achievement Award” issued by China Banking and Insurance Regulatory Commission in the past four years. Meanwhile, it also obtained numerous awards, such as second prize of the 18th national business management modernization innovation achievement, “Best Small and Medium-sized Bank” (Golden Dragon Award), “Best Management Innovation Bank” (Golden Cicada Award), and “Best City Commercial Bank” (Golden Diamond Award). Moreover, the Bank of Qingdao is among China’s top 500 service enterprises.

Bank of Qingdao was listed on the main board of the Stock Exchange of Hong Kong Limited (SEHK: 3866) in December 2015 and completed its A share listing on the Shenzhen Stock Exchange in January 2019 (SZSE: 002948), being the second “A+H” dual-listed Chinese city commercial bank.

Royole

Royole is a world leader in flexible displays, flexible sensors, and related smart devices. It focuses on creating the next-generation human-computer interaction and product research, development, manufacturing, and sales. Royole began its operations in the Silicon Valley, Hong Kong, and Shenzhen. During the past six years it has obtained multiple rounds of investment from well-known domestic and foreign venture capital institutions. Royole has built an international team of over 2,000 talents from over 20 countries and regions around the world, and has become one of the fastest-growing technology unicorns in the world. Royole currently owns over 3,000 core technology intellectual property rights and sells products to over 20 countries and regions. In 2018, Royole launched the volume production of quasi-G6 for fully flexible displays and the world’s first commercial foldable smartphone with a fully flexible display, FlexPai.

58 Finance

58 Finance is a leading financial technology platform that was incubated by 58.com Inc. (NYSE: WUBA) and spun off in 2017. 58.com Inc. is currently the largest online classifieds platform in China as measured by traffic and revenues. Its ecosystem covers housing, cars, and other life services, and provides a rich client base and synergy for 58 Finance. Since its inception, 58 Finance’s car financing business has grown rapidly. Under the impetus of other internet giants in the financial sector, 58 Finance has been well received in the capital market. 58 Finance targets to extend the life cycle of customers using its full scope of capacities and to create a multi-scenario, multi-asset, as well as multi-product integrated financial services platform.

Assured Asset Management

Assured Asset Management is a HKSFC-licensed asset management services provider specializing in fixed income, alternative, and private equity investments. Its management team possesses extensive experience in risk management, private equity, asset management, and financial technology. It is amongst the first global tech-enabled asset management platforms connecting professional and institutional investors from Asia with global assets through innovative fintech. Assured Asset Management is headquartered in Hong Kong with representative offices in Singapore and Taiwan.

Risk Management

Committee Supervision

The Group has established a comprehensive and robust risk management system to manage risks across its business lines and ensure compliance with relevant laws and regulations.

Its executive management committee oversees risk management, and reports to the board of directors directly.

The investment committee formulates key policies and procedures in relation to the Group's strategic investments and investments made for and on behalf of its clients under its asset management business. The Group's investment committee authorises its investment team to execute these policies and procedures. The Group's investment committee meets regularly to evaluate the risks and merits of significant potential investments, provide feedback to the investment team, and issue final approval for the investments.

The investment banking executive committee reviews the terms and assesses the risks of the Group's investment banking business. The investment banking executive committee meets regularly to evaluate the risks and merits of significant potential business opportunities, provide comments to the investment banking team, and approve the acceptance of new business mandates and execution of investment banking transactions.

Both the investment committee and investment banking executive committee report to the executive management committee.

Conflicts of Interest Management

As a diversified financial institution, the Group may encounter situations in which it has conflicting legitimate interests. The Group recognises the importance of managing these conflicting interests to protect the interests of its clients as well as its directors, officers, and employees. The Group regularly implements Chinese walls to limit conflicts of interest by controlling the flow of material non-public information within its organisation. The Group has developed and implemented the following policies and procedures to safeguard material non-public information and prevent improper trading.

- The Group has established Chinese walls among its business functions, including investment banking, asset management, research, and strategic investments, to prevent the internal flow of material non-public information.
- The Group maintains segregated accounts to hold its clients' funds and its own funds and manage and settle these funds separately.
- The Group prohibits senior managers of its business departments from concurrently managing or participating in its back-office departments including operations, compliance, and control and finance departments.
- The Group has adopted security measures, including encryption technologies, to protect its client data, and has established physical segregation and password-protected access among departments to enforce its Chinese wall policies.

In order to minimize the risks for collusion and improper business activities, the Group has adopted the following policies.

- The Group's business departments, including investment banking, asset management, and strategic investment, operate independently. The Group does not allow any of its employees to work for multiple business departments, and any transfer or secondment of its employees among business departments must be justified with valid business reasons, and be reviewed and approved by the senior management team, or board of directors, depending on the seniority of the proposed transferee.
- The Group's employees in its back-office departments, including information technology, finance, compliance and control, and operations, are prohibited from working in any business departments.
- The Group manages its asset management business and strategic investments separately through different employees and maintain separate investment decision-making procedures, trading strategies, and segregated client and proprietary bank accounts.

Intellectual Property

As of the date of this Listing Memorandum, the Group is licensed by its Controlling Shareholder to use certain trademarks. It maintains seven registered domain names, including *amtdinc.com*.

Competition

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

With respect to the Group's investment banking and asset management businesses, the Group's competitors are other investment banking firms and financial advisory firms. The Group's primary competitors in these businesses are international investment banking firms and other large financial institutions, many of which have greater financial and other resources as well as scale and are capable of offering a wider range of products and services, such as loans, deposit-taking, and a full range of investment banking services. Some of the Group's competitors also have the ability to support investment banking (including financial advisory services) with revenues derived from commercial banking, insurance, and other financial services in an effort to gain market share. In addition, the Group operates these businesses in a highly competitive environment and the barriers to entry into these businesses are low. Nevertheless, the Group believes that it has a unique competitive edge and are capable of expanding rapidly by leveraging its "AMTD SpiderNet" network, relationships and comprehensive capabilities.

With respect to the Group's strategic investment business, the Group believes that it does not compete with other private equity funds, specialized investment funds, hedge fund sponsors, financial institutions and other players. The Group's investments have been made primarily for strategic reasons rather than for pure financial gain, and the funds for the investments are entirely its own.

The Group faces intense competition for the recruiting and retention of qualified, experienced professionals. The Group's ability to continue to compete effectively in its businesses will depend upon its ability to attract new employees and retain and motivate its existing employees.

Licenses

Due to the licensing requirements of the HKSFC, AMTD Global Markets Limited and Asia Alternative Asset Partners Limited are required to obtain necessary licenses to conduct their business in Hong Kong and their business and responsible personnel are subject to the relevant laws and regulations and the respective rules of the HKSFC. AMTD Global Markets Limited currently holds a Type 1 license for dealing in securities, a Type 2 license for dealing in futures contracts, a Type 4 license for advising on securities, a Type 6 license for advising on corporate finance, and a Type 9 license for asset management. Asia Alternative Asset Partners Limited currently holds a Type 1 license for dealing in securities, a Type 4 license for advising on securities, and a Type 9 license for asset management. These licenses have no expiry date and will remain valid unless they are suspended, revoked or cancelled by the HKSFC. The Group pays standard governmental annual fees to the HKSFC and are subject to continued regulatory obligations and requirements, including the maintenance of minimum paid-up share capital and liquid capital, maintenance of segregated accounts, and submission of audited accounts and other required documents, among others. All financial institutions regulated by the HKSFC are subject to regular and ad-hoc inspection by the HKSFC. The Group has not been the subject of any specific ad-hoc inspections during the track record period. The latest routine inspection conducted by the HKSFC in 2017 did not receive any adverse or negative findings. Based on HKSFC's public records, there has also been no disciplinary or enforcement actions against the Group in the past five (5) years. AMTD Global Markets Limited is also a SEHK participant.

AMTD Global Markets Limited is also licensed with Mandatory Provident Fund Schemes Authority as a principal intermediary for engaging in the business of the Group's Mandatory Provident Fund schemes in Hong Kong. As of the date of this Listing Memorandum, AMTD Global Markets Limited is the sponsor of AMTD MPF Scheme, which is a master trust scheme registered with the Mandatory Provident Fund Schemes Authority and authorised by the Securities and Futures Commission.

AMTD Global Markets Limited is also licensed with the Insurance Authority as an insurance broker company for which it may carry on general and long-term business (including linked long-term business).

Employees

The Issuer had 29, 31, 40 and 40 employees as of 31 December 2017, 2018, 2019 and 30 September 2019, respectively. All of the Issuer's employees are based in Hong Kong.

The following tables sets forth the number of employees by function as of 31 December 2019.

Function	Number of Employees	Percentage
Executive Officers	7	17.5%
Licensed Professionals	25	62.5%
Supporting Staff	8	20.0%
Total	40	100.0%

The Group's success depends on its ability to attract, retain, and motivate qualified employees. The Group offers employees competitive salaries, performance-based cash bonuses, comprehensive training and development programs, and other fringe benefits and incentives. The Group believes that it maintains a good working relationship with its employees, and it has not experienced any material labour disputes or work stoppages. None of the Group's employees are represented by labour unions, and no collective bargaining agreement has been put in place.

The Group does not experience any significant seasonal fluctuations in its number of employees. The Group does not employ a significant number of temporary employees.

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

The Group enters into standard employment agreements with its employees. The Group also enters into standard confidentiality and non-compete agreements with its senior management in accordance with market practice.

Facilities

The Group's principal executive offices are located on leased premises comprising approximately 18,260 square feet in Hong Kong. The Group leases its principal executive office in Hong Kong from the AMTD Group pursuant to the Transition Services Agreement. The Group plans to renew its lease from time to time as needed.

The Group intends to add new premises or expand its existing premises as it adds employees and expands its organisation. The Group believes that suitable additional or alternative space will be available in the future on commercially reasonable terms to accommodate its foreseeable future expansion.

Insurance

The Group contributes to Mandatory Provident Fund in Hong Kong and provides employee compensation, life, business travel, and medical insurance for its employees. The Group has also purchased office, computer, and vehicle insurance for its properties. In accordance with the Securities and Futures (Insurance) Rules of Hong Kong, the Group has purchased and maintained insurance for any loss incurred by it due to any loss to the Group's clients' assets in its custody that is caused by fraudulent conduct of its employees, robbery, theft or other misconduct. In accordance with the Code of Conduct for Licensed Brokers issued by the Insurance Authority, the Group has purchased and maintained insurance for professional indemnity arising from conducting of insurance brokerage business. The Group has also purchased director and officer's liability insurance for designated directors and officers, and it is in the process of purchasing key-man insurance.

The Group does not maintain general third-party liability insurance, nor does it maintain property insurance. The Group considers its insurance coverage to be adequate and in line with that of other companies in the same industry of similar size in Hong Kong. See "*Risk Factors — Risks Relating to the Group's Business and Industry — If the Group's insurance coverage is insufficient, it may be subject to significant costs and business disruption.*"

Legal Proceedings

The Group may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of its business. The Group is currently not a party to any material legal or administrative proceedings.

Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of the Group's resources, including its management's time and attention. For potential impact of legal or administrative proceedings on the Group, see "*Risk Factors — Risks Relating to the Group's Business and Industry — The Group may be subject to litigation and regulatory investigations and proceedings and may not always be successful in defending itself against such claims or proceedings*" and "*Risk Factors — Risks Relating to the Group's Business and Industry — The Group may face intellectual property infringement claims, which could be time-consuming and costly to defend and may result in the loss of significant rights by it.*"

Other Matters

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

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

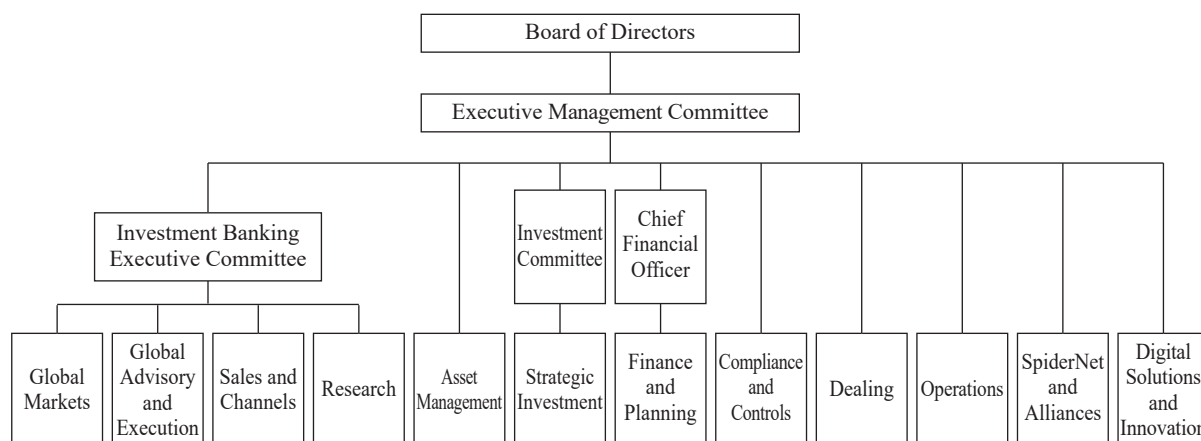
Three out of four of the cases for which AMTDGM had been penalised by HKCIB were in relation to matters of a similar nature whereby the previous management team and its insurance staff had not carried out their work in accordance with regulatory standards. These three separate cases occurred in 2011,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

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

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

DIRECTORS AND EXECUTIVE OFFICERS

Management Reporting Structure



Directors and Executive Officers

The following table sets forth information regarding the Issuer's directors and executive officers as of the date of this Listing Memorandum.

Name	Age	Occupation
Calvin Choi	41	Chairman and Executive Director of the Board of Directors and Chief Executive Officer
Marcellus Wong	66	Vice Chairman of the Board of Directors, Chairman of the Executive Management Committee
Andrew Chiu	31	Non-Executive Director, Vice Chairman of the Board of Directors
Raymond Yung	60	Non-Executive Director
Yu Gao	46	Independent Director
Feridun Hamdullahpur	65	Independent Director
William Fung	39	Chief Investment Officer and Head of Asset Management
Cliff Li	33	Chief Financial Officer and Assistant to the Chief Executive Officer
Derek Chung	38	Chief Strategy and Business Development Officer and Head of Investment Banking
Tim Fang	37	Head of Global Markets
Gabriel Ming Lin Cheung	33	Head of Advisory and Equity Capital Markets

Calvin Choi is the chairman of the board of directors and chief executive officer, and has nearly 20 years of experience in the investment banking, international capital markets, and professional auditing sectors. Since February 2016, Mr. Choi has served as the chairman of the board of directors and chief executive officer of the Controlling Shareholder. Since October 2016, Mr. Choi has been a non-executive director of Bank of Qingdao Co., Ltd. (SEHK: 3866 and SZSE: 002948), a company listed on the main board of the Stock Exchange of Hong Kong Limited and on the main board of the Shenzhen Stock Exchange. Mr. Choi worked at UBS from October 2010 to January 2016, his most recent role there being managing director of the investment bank division. From January 2009 to October 2010, Mr. Choi worked at PricewaterhouseCoopers Hong Kong, his most recent role there being director of corporate finance division. From July 2005 to December 2008, Mr. Choi worked at Citigroup, his most recent role there being China chief specialist and the head of China strategic alliance unit of Citi Corporate and Investment Bank. From 2001 to 2005, Mr. Choi worked at PricewaterhouseCoopers Hong Kong and Arthur Andersen & Co. (Hong Kong), his most recent position there being senior manager. In 2019, he was awarded “2019 Asia Fintech Leader” by the Singapore

Fintech Association. He was also named as a Young Global Leader by the World Economic Forum in 2017 and selected by the *Institutional Investor* magazine as one of the “2016 Fintech Finance 35” globally in 2016. Mr. Choi currently holds various positions with a range of organisations, including vice chairman of the Greater Bay Area Homeland Youth Community Foundation, member of the Cyberport Advisory Panel, member of Hong Kong SAR’s Prisoners’ Education Trust Fund Investment Advisory Committee, director of ASEAN Financial Innovation Network (AFIN), founder and chairman of Greater Bay Young Entrepreneurs Association, founder and chairman of the Regional Banks+ Strategic Cooperation Alliance, founder and chairman of AMTD Foundation, vice chairman of Hong Kong Federation of Professions, and board director of OneChild Network & Support Inc. Mr. Choi also holds directorships in several privately owned companies. Mr. Choi is currently a certified bank auditor and a certified public accountant in the United States. Mr. Choi graduated from the University of Waterloo in Canada in June 2001 with a bachelor of arts (honours) degree in chartered accountancy studies. Mr. Choi also completed the executive education-transformational leadership program at the Saïd Business School of the University of Oxford.

Marcellus Wong is the vice chairman of the board of directors, chairman of the executive management committee, and member of the investment committee, and has over 40 years of experience in accounting and taxation. Mr. Wong has been serving as the vice chairman of the board of directors of the Controlling Shareholder since October 2015. Mr. Wong holds a number of other positions including, since June 2015, independent non-executive director of SEHK-listed Xinte Energy Co., Ltd. (SEHK: 1799); since January 2015, senior advisor of L.R. Capital Group; from July 2012 to June 2017, senior advisor of PricewaterhouseCoopers; and, since November 2001, a member of the Joint Liaison Committee on Taxation that advises the government of Hong Kong on tax issues. Mr. Wong also holds directorships in several privately-owned companies. Meanwhile, Mr. Wong served as a council member of the Taxation Institute of Hong Kong from 1995 to 2017, president from 1996 to 1999, and has served as chairman of advisory board since 2017. He was the president of CPA Australia-Hong Kong China Division from 2004 to 2005 and has served as its honorary adviser of Greater China region since July 2014. Prior to joining the Controlling Shareholder, Mr. Wong served as a member of the Working Group on the Long-Term Fiscal Planning of the government of Hong Kong from June 2013 to January 2015. Mr. Wong joined PricewaterhouseCoopers in February 1990 and, prior to his retirement in June 2012, served as a partner and compliance leader in Hong Kong and China as well as risk and quality leader for its tax practice in the Asia Pacific region. From July 1977 to January 1990, Mr. Wong served as a tax assessor at the Inland Revenue Department of the government of Hong Kong. Between 1999 and 2012, Mr. Wong had been consistently named by *Euromoney* as one of the “world’s leading tax advisers” in Hong Kong and China. Mr. Wong graduated from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) with a higher diploma in accountancy in October 1977, and also obtained a bachelor of laws degree through the external program from the University of London in the United Kingdom in August 1989. Mr. Wong was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants in December 1987, an associate of the Hong Kong Institute of Chartered Secretaries in July 1996, a fellow of CPA Australia in October 2001, and a fellow of the Taxation Institute of Hong Kong in March 2004.

Andrew Chiu has been the vice chairman of the board of directors since December 2019. Mr. Chiu is the son of Tan Sri Dato’ David Chiu, chairman of Far East Consortium International Limited (SEHK: 35). Mr. Chiu is the founder and executive chairman of Land Pacific Limited, Deacon House International Limited, Ariana Capital Investment Limited and Ariana Social Community Limited, all of which operate property development, hotel businesses and proprietary investment. Mr. Chiu has served various positions since he joined Far East Consortium International Limited in 2009 and is currently assistant to the chairman. Mr. Chiu currently serves as a director in each of Ju Ching Chu English College Limited, i-Cable Communications Limited (SEHK: 1097), Malaysia Land Properties Sdn Bhd and Land & General Berhad, a company listed on the Bursa Malaysia. Mr. Chiu also holds directorships in several privately-owned companies. Mr. Chiu is a member of Hong Kong Beijing Association, vice chairman of Federation of HK Jiangsu Community Organizations, a member of Shenzhen Overseas Friendship Association, a member of The Real Estate Developers Association of Hong Kong and a member of Hong Kong General Chamber of Commerce.

Raymond Yung is a director, and has over 39 years of experience in advising financial institutions in Hong Kong and China. Mr. Yung has served as chief executive officer of L.R. Capital Group, an indirect controlling shareholder of the Controlling Shareholder, since 2016. Mr. Yung sits on the board of Citibank (Hong Kong) Limited. Mr. Yung has extensive experience in the operational, risk management, internal controls, and financial reform of many large-scale financial institutions. Prior to joining L.R. Capital Group, Mr. Yung headed PricewaterhouseCoopers’s financial services practice in China for over ten years. From September 1992 to June 2002, Mr. Yung led Arthur Andersen’s financial services group in Hong Kong. Mr. Yung was the lead engagement partner for the restructuring and IPO of eleven licensed banks which were merged to form the BOC Hong Kong (Holdings) Limited in 2002. Between 1991 and 1992, Mr. Yung was appointed as a special advisor to the deputy chief executive of

the Hong Kong Monetary Authority in relation to internal controls and accounting matters, and was subsequently appointed to serve on its banking advisory committee. Mr. Yung is a member of the Hong Kong Institute of Certified Public Accountants and a certified accountant registered with the UK Chartered Association of Certified Accountants and CPA Australia. Mr. Yung graduated from The Hong Kong Polytechnic University with a higher diploma in accountancy in November 1980.

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

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

William Fung is the chief investment officer and head of asset management, and has over 15 years of experience in global capital markets including investing, syndicating, and executing capital markets transactions for Asian as well as global issuers. Mr. Fung has served as the managing director of the chief investment office of AMTD Global Markets Limited since March 2016 and has served as the Group Vice President of the Controlling Shareholder since October 2019. From September 2009 to February 2016, Mr. Fung worked at UBS AG Hong Kong as an executive director. Prior to that, he worked at Nomura International (Hong Kong) Limited from September 2008 to September 2009. From January 2005 to September 2008, Mr. Fung worked at Lehman Brothers Asia Limited. Prior to that, Mr. Fung also practiced professional engineering in the United States for approximately one year. Mr. Fung received a bachelor of science degree in industrial engineering from Purdue University in May 2002 and a master of science degree in financial engineering from the University of Michigan in December 2004.

Cliff Li has served as the chief financial officer of the Group and assistant to the chief executive officer of the Controlling Shareholder since December 2019. Mr. Li is specialised in financial reporting and has more than nine years of external auditing experience focusing on financial institutions including investment banks, asset management companies and private equity funds. He joined the Group in August 2016 and was previously the Group financial controller before being promoted to his current management position. Prior to joining the Group, Mr. Li worked as an audit manager at Deloitte Touche Tohmatsu. Mr. Li is also a certified public accountant in Australia. He holds a bachelor of commerce degree in accounting and finance from the University of Melbourne.

Derek Chung has been the chief strategy and business development officer and head of investment banking since January 2020. Mr. Chung has over 15 years of experience in investment banking, including originating, advising and executing capital markets and M&A transactions for corporate clients across Asia. Prior to joining the Group, Mr. Chung was employed by Deutsche Bank between 2016 and 2019, and most recently serving as managing director, head of financial institutions group, Asia, where he was responsible for the coverage of traditional financial institution and financial technology corporate finance clients across Asia. Prior to his employment at Deutsche Bank, Mr. Chung worked in the investment banking division of Goldman Sachs between 2004 and 2016. Mr. Chung is a qualified principal for Hong Kong IPO sponsor work. He holds a bachelor of science degree in electrical and computer engineering and a master of engineering degree in financial engineering, both from Cornell University.

Tim Fang is the head of global markets, and has over 13 years of experience in global capital markets including originating, structuring, and executing capital markets transactions for financial institutions, corporates and sovereigns or quasi-sovereign clients across Asia Pacific and Australia. Mr. Fang has served as the managing director and the co-head of debt capital markets of AMTD Global Markets Limited since March 2018. From February 2010 to March 2018, he was an executive director and the head of financial institutions debt capital markets Asia at UBS AG Hong Kong. Prior to that, Mr. Fang was an associate director of debt capital markets at UBS AG Australia from February 2007 to February 2010. Mr. Fang received a bachelor degree of engineering (honours) and a bachelor degree of commerce from the University of Melbourne in March 2007.

Gabriel Ming Lin Cheung is the head of advisory and equity capital markets, and has more than nine years of experience in investment banking and equity capital markets. Since January 2017, Mr. Cheung has been serving as the head of advisory and equity capital markets of AMTD Global Markets Limited, where he served as vice president from December 2015 to December 2016. From September 2014 to December 2015, Mr. Cheung was an associate at Deutsche Bank AG Hong Kong branch. Prior to that, he worked at UBS AG Hong Kong branch with the latest position as associate director from July 2010 to September 2014. Mr. Cheung received a master degree in engineering, economics, and management from University of Oxford in July 2012.

Board of Directors

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

As the Issuer is listed on the New York Stock Exchange, all of the directors have experience as a director of at least one publicly listed company in the United States. In addition, Calvin Choi, Marcellus Wong, Andrew Chiu and Yu Gao are also a director of other publicly listed companies.

Committees of the Board of Directors

The directors recognise the importance of corporate governance and the maintenance of high standards of accountability to the Issuer's shareholders.

The board has established three committees: (i) the audit committee; (ii) the compensation committee and (iii) the nominating and corporate governance committee.

Audit Committee. The audit committee consists of Mr. Calvin Choi, Mr. Yu Gao, and Dr. Feridun Hamdullahpur, and is chaired by Mr. Yu Gao. Mr. Yu Gao and Dr. Feridun Hamdullahpur each satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange and meet the independence standards under Rule 10A-3 under the Exchange Act. The Issuer has determined that Mr. Yu Gao qualifies as an "audit committee financial expert." The audit committee oversees the Issuer's accounting and financial reporting processes and the audits of the financial statements of the Issuer. The audit committee will be responsible for, among other things:

- selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;

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

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

Apart from the duties listed above, the audit committee is required to discuss matters which may involve any suspected fraud or irregularity, or suspected infringement of any law, rule or regulation which has or is likely to have a material impact on the Group’s operating results or financial position with external auditors and report such matters to the board at an appropriate time.

The board, after making all reasonable enquiries, with the concurrence of the audit committee, is of the opinion that the Issuer’s internal controls and risks management systems are adequate and effective to address the financial, operational, compliance and information technology risks.

The audit committee has considered the suitability of Mr. Cliff Li for his role as Chief Financial Officer. The Audit committee, after having (a) conducted interviews and/or otherwise met the Group Chief Financial Officer over several occasions; (b) considered the qualifications and past working experience of the Group Chief Financial Officer (as described below); (c) noted the Group Chief Financial Officer’s abilities, familiarity and diligence in relation to the Group’s financial matters and information; (d) noted the absence of negative feedback on the Group Chief Financial Officer from his previous employers; (e) noted the team that supports and reports to him including their past working experience and qualifications and (d) made all reasonable enquiries, and to the best of its knowledge and belief, is of the view that the Group Chief Financial Officer has the competence, character and integrity expected of a chief financial officer of a listed issuer.

Mr. Cliff Li, the Group Chief Financial Officer, has confirmed that he is adequately familiar with the Group’s business and operations and is familiar with the Group’s accounting processes and policies. See *“Directors and Executive Officers — Directors and Executive Officers — Cliff Li”*.

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

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

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

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

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

Each member of the nominating and corporate governance committee is required to abstain from voting, approving or making a recommendation on any resolutions of the nominating and corporate governance committee in which he has a conflict of interest in the subject matter under consideration.

Dual appointments

Mr. Calvin Choi, chairman of the board of directors and chief executive officer of the Issuer, is also the chairman of the board of directors and chief executive officer of AMTD Group with similar responsibilities. The Issuer does not believe that there is a conflict of interest for his dual-appointment as the Issuer has in place the AMTD-SpiderNet ecosystem — which aligns the interests of the Issuer, shareholders, business partners and investee companies. The Issuer believes that Mr. Choi’s position as chairman and chief executive of both the Issuer and AMTD Group is beneficial for both companies as he will be able to consider the overall strategies on a consolidated basis and better utilise resources from both the Issuer and AMTD Group.

Mr. Cliff Li, the chief financial officer and assistant to the chief executive officer, is also the chief financial officer and assistant to the chief executive officer of AMTD Group. Separate records are maintained for AMTD Group and the Issuer, and separate teams are responsible for the preparation of the financial statements of both AMTD Group and the Issuer. In addition, the Issuer is the core revenue engine of AMTD Group, contributing over 50 per cent. of the total revenue of AMTD Group. The Issuer believes it is beneficial for both the Issuer and AMTD Group to have the same chief financial officer in order to achieve efficiency for financial reporting. The Issuer does not foresee any conflict of interest between Mr. Li’s roles in the Issuer and AMTD Group.

The nominating and corporate governance committee and the board of directors of the Issuer are of the view that the directors and executive officers who hold dual-appointments in both the Issuer and AMTD Group, namely, Mr. Calvin Choi, Mr. Marcellus Wong and Mr. Yu Gao are able to devote sufficient time to the management of the Issuer.

Duties of Directors

Under Cayman Islands law, the Issuer’s directors owe fiduciary duties to it, including a duty of loyalty, a duty to act honestly, in good faith and with a view to the Issuer’s best interests. The Issuer’s directors must also exercise their powers only for a proper purpose. The Issuer’s directors also owe to its company a duty to act with skill and care. English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to the Issuer, the Issuer’s directors must

ensure compliance with the Issuer's memorandum and articles of association and the class rights vested thereunder in the holders of the shares. A shareholder may in certain limited exceptional circumstances have the right to seek damages in the Issuer's name if a duty owed by the Issuer's directors is breached.

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

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

Terms of Directors and Officers

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

Service Agreements, Employment Agreements and Indemnification Agreements

None of the directors has entered, or proposes to enter, into service agreements with the Issuer or any subsidiary or subsidiary entity of the Group which provides for benefits upon termination of employment.

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

The Issuer has entered into indemnification agreements with each of the directors and executive officers. Under these agreements, the Issuer agrees to indemnify them against certain liabilities and expenses that they incur in connection with claims made by reason of their being a director or officer of the Issuer.

AMTD SpiderMan Share Incentive Plan

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

The following paragraphs summarize the principal terms of the Plan.

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

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

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

Eligibility. The Issuer may grant awards to its directors, employees and consultants.

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

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

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

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

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 Listing Memorandum 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, 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. 112) 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; or
- (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.

Cayman Islands

The Cayman Islands currently have no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the Issuer or any holder of the Securities.

Accordingly, payment of principal of (including any premium) and interest on, and any transfer of, the Securities will not be subject to taxation in the Cayman Islands. No Cayman Islands withholding tax will be required on such payments to any holder of the Securities. Gains derived from the sale of the Securities will not be subject to Cayman Islands capital gains tax.

No stamp duty is payable under the laws of the Cayman Islands in respect of the execution and issue of the Securities. However, an instrument of transfer in respect of the Securities is stampable if executed in or brought into the Cayman Islands.

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 may be a foreign financial institution for these purposes. A number of jurisdictions (including the Cayman 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, proposed regulations have been issued that provide that 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. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding. 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 Security or a Note.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 30 March 2020 (the “**Dealer Agreement**”) between the Issuer, the Dealers and the Arrangers, 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 Arrangers 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 Listing Memorandum) 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. The Securities may not be offered or sold or, in the case of Bearer Securities, delivered, within the United States or, in the case of Reg S Category 2 Securities (as defined below), to or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except pursuant to an exemption from the registration requirements of the Securities Act.

In the case of any Securities which are offered or sold outside the United States in reliance on the exemption from the registration requirements of the Securities Act provided under Category 1 of Regulation S, each Dealer represents and agrees that, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered or sold or, in the case of Bearer Securities, delivered, and shall not offer or sell or, in the case of Bearer Securities, deliver, any Securities constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Securities.

In the case of any Securities which are offered or sold outside the United States in reliance on the exemption from the registration requirements of the Securities Act provided under Category 2 of Regulation S ("**Reg S Category 2 Securities**"), each Dealer represents and agrees that, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered or sold or, in the case of Bearer Securities, delivered, and shall not offer or sell or, in the case of Bearer Securities, deliver, any Reg S Category 2 Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified as provided below, of all Securities of the Tranche of which such Reg S Category 2 Securities are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Securities, and it and they have complied and will comply with the offering restrictions requirements of Regulation S. Each Dealer who has subscribed for Securities of a Tranche of which such Reg S Category 2 Securities are a part (or in the case of a sale of a Tranche of Securities issued to or through more than one Dealer, each of such Dealers as to the Securities of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine and certify to the Issuing and Paying Agent the completion of the distribution of all Securities of such Tranche. Each Dealer and its affiliates also agree that, at or prior to confirmation of sale of Reg S Category 2 Securities, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Reg S Category 2 Securities from it during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Reg S Category 2 Securities within the United States or to, or for the account or benefit of U.S. persons.

Terms used in the paragraphs above have the meanings given to them by 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 Listing Memorandum 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 Listing Memorandum does not constitute an offer to any person in the United States. Distribution of this Listing Memorandum 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 Regulation

If the Pricing Supplement in respect of any Securities specifies the “Prohibition of Sale to EEA and UK Retail Investors” as “Not Applicable,” in relation to each Member State of the European Economic Area and the United Kingdom (each, a “**Relevant State**”), 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 Listing Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Securities to the public in that Relevant 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 1(4) of the Prospectus Regulation in that Relevant 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 State or, where appropriate, approved in another Member State and notified to the competent authority in that Relevant State, **provided that** any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, 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 Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), 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 1(4) of the 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 Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Securities to the public**” in relation to any Securities in any Relevant 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 “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

Prohibition of Sales to EEA and UK Retail Investors

Unless the Pricing Supplement in respect of any Securities specifies the “Prohibition of Sales to EEA and UK 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 Listing Memorandum as completed by the Pricing Supplement, in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. 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 (EU) 2016/97 (the “**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; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); 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 for 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 “**Financial Instruments and Exchange Act**”). Accordingly, 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, directly or indirectly, offered or sold and will not, directly and indirectly, offer or sell any 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 Financial Instruments and Exchange Act 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 Listing Memorandum 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 any Securities or cause the 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 Listing Memorandum 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 nine 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.

Cayman Islands

Each of the Dealers has represented, warranted and agreed that it has not made and will not make any invitation, whether directly or indirectly, to the public in the Cayman Islands to purchase the Securities.

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 Listing Memorandum.

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 Listing Memorandum 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 Listing Memorandum, 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 by way of debt issues to Professional Investors only during the 12-month period from the date of this Listing Memorandum 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.

Application will be made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing and quotation of each series of the Securities on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Listing Information Memorandum. Admission of the Securities to the Official List of the SGX-ST and quotation of the Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Programme or the Securities. Each Series of the Securities will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies) for so as long as any of the Securities of such series remain listed on the SGX-ST.

2. Authorisation

The Programme and the issue of Securities under the Programme were authorised by a resolution of the board of directors of the Issuer passed on 14 November 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 549300KHWP26J8NTV43.

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 Listing Memorandum, a material adverse effect on the financial position or profitability of the Issuer or the Group.

4. No Material Adverse Change

Since 30 September 2019, 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 years ended 31 December 2018 and 31 December 2017 and for the nine months ended 30 September 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 23/F, Nexxus Building, 41 Connaught Road Central, Hong Kong 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 2018;

- (iii) the audited consolidated financial statements for the nine months ended 30 September 2019;
- (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 Listing Memorandum together with any Supplement to this Listing Memorandum; 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 Service. 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 INTERNATIONAL INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Pages
INDEPENDENT AUDITOR'S REPORT	F-2 – 4
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019, and unaudited interim condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2018	F-5
Consolidated statements of financial position as at 31 December 2017 and 2018 and for the nine months ended 30 September 2019	F-6 – 7
Consolidated statements of changes in equity for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019, and unaudited interim condensed consolidated statement of changes in equity for the nine months ended 30 September 2018	F-8
Consolidated statements of cash flows for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019, and unaudited interim condensed consolidated statement of cash flows for the nine months ended 30 September 2018	F-9 – 10
Notes to the audited consolidated financial statements for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019, and the unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2018	F-11 – 76

Independent auditor's report
To the members of AMTD International Inc.

Opinion

We have audited the consolidated financial statements of AMTD International Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 4-75, which comprise the consolidated statements of financial position as at 31 December 2017 and 2018 and 30 September 2019, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019, 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 2018 and 30 September 2019, and of its consolidated financial performance and its consolidated cash flows for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019 in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board 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 International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. 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 *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, 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.

Other matter

Without modifying our opinion, we draw attention to the fact that the financial information for the nine months ended 30 September 2018 (the "Interim Comparative Information") is unaudited.

Other information included in the Offering Circular

The directors of the Company are responsible for the other information. The other information comprises the information included in the Offering Circular, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independent auditor's report (continued)
To the members of AMTD International Inc.

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 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.

The directors' responsibilities include 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 ISAs 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 ISAs, 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 (continued)
To the members of AMTD International Inc.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with the Audit Committee 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 the Audit Committee 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.

The engagement partner on the audit resulting in this independent auditor's report is George Chan.

Restriction on Distribution and Use

These consolidated financial statements are prepared for the purpose of preparation of financial information for the inclusion in the Offering Circular to be issued in connection with the establishment of Medium Term Note Programme of the Company on the The Stock Exchange of Hong Kong Limited and accordingly may not be suitable for another purpose.

Our report is intended solely for the information and use by the directors of the Company and should not be distributed to or used by parties other than the Company.

Certified Public Accountants
Hong Kong
27 March 2020

AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

	Notes	Year ended 31 December		Nine months ended 30 September	
		2017	2018	2018	2019
		HK\$	HK\$	HK\$	HK\$
REVENUE				(Unaudited)	
Fee and commission income		278,976,203	367,538,115	246,622,869	422,052,516
Dividend and gain related to disposed investment		69,508,298	99,227,724	99,227,724	100,551,728
		<u>348,484,501</u>	<u>466,765,839</u>	<u>345,850,593</u>	<u>522,604,244</u>
Net fair value change on financial assets at fair value through profit or loss and stock loan		684,679,252	256,460,295	(488,890,720)	(288,214,130)
Net fair value change on derivative financial instrument	14	—	—	—	807,618,000
	5	<u>1,033,163,753</u>	<u>723,226,134</u>	<u>(143,040,127)</u>	<u>1,042,008,114</u>
Other income	5	17,914,166	15,392,775	15,387,129	7,466,148
Operating expenses, net	6	(111,563,188)	(52,582,107)	(47,045,850)	(74,136,643)
Staff costs	7	(102,204,502)	(68,024,513)	(60,973,034)	(78,102,347)
Finance costs	8	(28,724,758)	(9,047,063)	(6,546,500)	(16,162,042)
PROFIT/(LOSS) BEFORE TAX		808,585,471	608,965,226	(242,218,382)	881,073,230
Income tax (expense)/credit	9	(135,213,625)	(83,839,597)	51,594,722	(139,730,587)
PROFIT/(LOSS) FOR THE YEAR AND FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR AND FOR THE PERIOD		<u>673,371,846</u>	<u>525,125,629</u>	<u>(190,623,660)</u>	<u>741,342,643</u>
Attributable to:					
Owners of the parent		568,266,428	468,061,079	(116,643,176)	848,711,074
Non-controlling interests		105,105,418	57,064,550	(73,980,484)	(107,368,431)
		<u>673,371,846</u>	<u>525,125,629</u>	<u>(190,623,660)</u>	<u>741,342,643</u>
EARNINGS/(LOSS) PER SHARE					
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Class A ordinary shares:					
Basic, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent	10	—	—	—	4.04
Diluted, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent	10	—	—	—	4.04
Class B ordinary shares:					
Basic, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent	10	2.84	2.34	(0.58)	4.04
Diluted, profit/(loss) for the year and for the period attributable to ordinary equity holders of the parent	10	2.84	2.34	(0.58)	4.04

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

AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	Notes	31 December		30 September
		2017	2018	2019
		HK\$	HK\$	HK\$
Assets				
Current assets				
Accounts receivable	11	93,172,716	161,093,054	170,601,380
Prepayments, other receivables and other assets	12	23,203,443	33,343,859	53,511,853
Due from a related company	24(b)(iii)	4,092,519	4,085,019	4,085,019
Due from immediate holding company	24(b)(i)	—	66,141,756	1,951,534,980
Due from fellow subsidiaries	24(b)(i)	2,458,702,841	2,596,118,859	—
Financial assets at fair value through profit or loss	13	745,629,400	1,953,078,309	1,750,862,599
Stock loan	13	2,203,140,000	1,535,679,600	1,376,205,180
Tax recoverable		8,146,249	—	—
Derivative financial instrument	14	—	—	807,618,000
Cash and bank balances—general accounts	15	86,415,282	126,855,518	669,130,849
Bank balances—segregated accounts	15	403,491,699	615,491,200	287,968,500
Total current assets		<u>6,025,994,149</u>	<u>7,091,887,174</u>	<u>7,071,518,360</u>
Non-current assets				
Property, plant and equipment	16	451,833	131,206	45,437
Intangible assets	17	15,171,170	15,171,170	15,171,170
Total non-current assets		<u>15,623,003</u>	<u>15,302,376</u>	<u>15,216,607</u>
Total assets		<u>6,041,617,152</u>	<u>7,107,189,550</u>	<u>7,086,734,967</u>
Equity and liabilities				
Current liabilities				
Clients' monies held on trust		383,304,389	586,891,255	300,429,276
Accounts payable	18	7,128,142	15,310,871	6,725,012
Margin loans payable	19	351,609,630	321,999,549	321,775,552
Other payables and accruals	20	6,516,678	80,123,688	182,275,576
Due to fellow subsidiaries	24(b)(i)	853,123,095	574,202,907	—
Due to immediate holding company	24(b)(i)	1,640,450,071	2,145,792,209	—
Tax payable		—	25,109,794	76,076,332
Total current liabilities		<u>3,242,132,005</u>	<u>3,749,430,273</u>	<u>887,281,748</u>
Non-current liabilities				
Deferred tax liabilities	21	130,208,677	163,357,177	242,913,577
Total liabilities		<u>3,372,340,682</u>	<u>3,912,787,450</u>	<u>1,130,195,325</u>
Equity				
Share capital				
Class A ordinary shares (par value of US\$0.0001 per share as at 31 December 2017 and 2018 and 30 September 2019; nil, nil and 8,000,000,000 shares authorized as at 31 December 2017 and 2018 and 30 September 2019, respectively; nil, nil and 33,777,159 shares as at 31 December 2017 and 2018 and 30 September 2019, respectively)				
	22	—	—	26,440

AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	<u>Notes</u>	<u>31 December</u>		<u>30 September</u>
		<u>2017</u>	<u>2018</u>	<u>2019</u>
		HK\$	HK\$	HK\$
Class B ordinary shares (par value of US\$0.0001 per share as at 31 December 2017 and 2018 and 30 September 2019; nil, nil and 2,000,000,000 shares authorized as at 31 December 2017 and 2018 and 30 September 2019, respectively; nil, nil and 200,000,001 shares as at 31 December 2017 and 2018 and 30 September 2019, respectively)	22	156,998	156,998	156,998
Capital reserve	22	1,312,802,675	1,312,802,676	3,768,803,001
Retained profits		<u>870,781,050</u>	<u>1,338,842,129</u>	<u>2,187,553,203</u>
Total ordinary shareholders' equity		2,183,740,723	2,651,801,803	5,956,539,642
Non-controlling interests		<u>485,535,747</u>	<u>542,600,297</u>	—
Total equity		<u>2,669,276,470</u>	<u>3,194,402,100</u>	<u>5,956,539,642</u>
Total liabilities and equity		<u>6,041,617,152</u>	<u>7,107,189,550</u>	<u>7,086,734,967</u>

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

AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

	Share capital	Capital reserve	Retained profits	Total	Non- controlling interests	Total equity
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 January 2017	156,998	33,333,003	302,514,622	336,004,623	—	336,004,623
Capital injection to a subsidiary	—	1	—	1	—	1
Deemed contributions	—	1,279,469,671	—	1,279,469,671	380,430,329	1,659,900,000
Profit for the year and total comprehensive income for the year	—	—	568,266,428	568,266,428	105,105,418	673,371,846
At 31 December 2017	156,998	1,312,802,675	870,781,050	2,183,740,723	485,535,747	2,669,276,470
At 1 January 2018	156,998	1,312,802,675	870,781,050	2,183,740,723	485,535,747	2,669,276,470
Capital injection to a subsidiary	—	1	—	1	—	1
Profit for the year and total comprehensive income for the year	—	—	468,061,079	468,061,079	57,064,550	525,125,629
At 31 December 2018	156,998	1,312,802,676	1,338,842,129	2,651,801,803	542,600,297	3,194,402,100
At 1 January 2018	156,998	1,312,802,675	870,781,050	2,183,740,723	485,535,747	2,669,276,470
Capital injection to a subsidiary	—	1	—	1	—	1
Loss for the period and total comprehensive income for the period (unaudited)	—	—	(116,643,176)	(116,643,176)	(73,980,484)	(190,623,660)
At 30 September 2018 (unaudited)	156,998	1,312,802,676	754,137,874	2,067,097,548	411,555,263	2,478,652,811
At 1 January 2019	156,998	1,312,802,676	1,338,842,129	2,651,801,803	542,600,297	3,194,402,100
Deemed disposal of non-controlling interest (i)	—	435,231,866	—	435,231,866	(435,231,866)	—
Exercise of warrants	1,308	94,196,292	—	94,197,600	—	94,197,600
Pre-IPO financing	6,451	419,375,698	—	419,382,149	—	419,382,149
Initial public offering	18,681	1,507,196,460	—	1,507,215,141	—	1,507,215,141
Capital injection to a subsidiary	—	9	—	9	—	9
Profit for the period and total comprehensive income for the period	—	—	848,711,074	848,711,074	(107,368,431)	741,342,643
At 30 September 2019	183,438	3,768,803,001	2,187,553,203	5,956,539,642	—	5,956,539,642

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

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

AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

	Notes	Year ended 31 December		Nine months ended 30 September	
		2017 HK\$	2018 HK\$	2018 HK\$ (Unaudited)	2019 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax		808,585,471	608,965,226	(242,218,382)	881,073,230
Adjustments for:					
Interest income	5	(158,863)	(7,681)	(2,127)	(6,633,304)
Finance costs	8	28,724,758	9,047,063	6,546,500	16,162,042
Depreciation	6	379,132	334,841	267,309	99,479
Dividend income	5	(22,564,600)	(99,227,724)	(99,227,724)	(92,316,548)
Gain related to disposed investment	5	(46,943,698)	—	—	(8,235,180)
Net fair value changes on financial assets at fair value through profit or loss and stock loan	5	(684,679,252)	(256,460,295)	488,890,720	288,214,130
Net fair value changes on derivative financial instrument	14	—	—	—	(807,618,000)
		83,342,948	262,651,430	154,256,296	270,745,849
Increase in accounts receivable		(169,351)	(67,920,338)	(268,676,845)	(9,508,326)
Increase in prepayments, other receivables and other assets		(3,769,215)	(10,140,416)	(1,214,710)	(20,167,994)
(Increase)/decrease in due from a related company		(2,104,418)	7,500	7,500	—
(Decrease)/increase in other payables and accruals		(3,063,112)	73,607,010	12,107,356	102,151,888
Increase/(decrease) in clients' monies held on trust		3,130,108	(8,412,635)	(2,075,542)	41,060,721
Increase/(decrease) in amount with immediate holding company		284,494,845	439,200,382	(351,779,064)	—
(Decrease)/increase in amount with fellow subsidiaries		(460,296,468)	(699,864,420)	542,222,835	—
Decrease in financial assets at fair value through profit or loss		199,909,698	—	—	81,711,180
Increase/(decrease) in accounts payables		4,714,789	8,182,729	219,574,676	(8,585,859)
Cash from/(used in) operations		106,189,824	(2,688,758)	304,422,502	457,407,459
Profits tax paid		(44,586,669)	(17,435,053)	(9,922,772)	(9,207,649)
Dividend received		22,564,600	99,227,724	99,227,724	92,316,548
Interest received		158,863	7,681	2,127	737,426
Net cash flows generated from operating activities		84,326,618	79,111,594	393,729,581	541,253,784
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of items of property, plant and equipment	16	(138,704)	(14,214)	(14,214)	(13,710)
Advance to immediate holding company		—	—	—	(2,003,373,593)
Net cash flows used in investing activities		(138,704)	(14,214)	(14,214)	(2,003,387,303)

AMTD INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
Notes	HK\$	HK\$	HK\$ (Unaudited)	HK\$
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	—	—	—	1,984,861,264
Share issue expenses	—	—	—	(58,263,975)
Proceeds from issue of warrants	—	—	—	94,197,600
Repayment of margin loans	(38,557,701)	(351,610,081)	(351,609,630)	(223,997)
Proceeds from margin loans	—	322,000,000	—	—
Financing costs paid	<u>(28,724,758)</u>	<u>(9,047,063)</u>	<u>(6,546,500)</u>	<u>(16,162,042)</u>
Net cash flows (used in)/generated from financing activities	<u>(67,282,459)</u>	<u>(38,657,144)</u>	<u>(358,156,130)</u>	<u>2,004,408,850</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS				
	16,905,455	40,440,236	35,559,237	542,275,331
Cash and cash equivalents at beginning of year/period	<u>69,509,827</u>	<u>86,415,282</u>	<u>86,415,282</u>	<u>126,855,518</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u><u>86,415,282</u></u>	<u><u>126,855,518</u></u>	<u><u>121,974,519</u></u>	<u><u>669,130,849</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	15 <u>86,415,282</u>	<u>126,855,518</u>	<u>121,974,519</u>	<u>669,130,849</u>

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

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

1.1 CORPORATE INFORMATION

AMTD International Inc. (the "Company") (formerly known as AMTD Inc.) is a limited liability company incorporated in Cayman Islands on 4 February 2019.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") is involved in investment banking, the provision of financial advisory services, assets management services and strategic investments.

The Company's immediate holding company is AMTD Group Company Limited ("AMTD Group"), a private company incorporated in the British Virgin Islands ("BVI"). The 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.

Information about subsidiaries

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

Name	Place of incorporation	Issued and registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
AMTD International Holding Group Limited (formerly known as AMTD Financial Planning Limited) ("AMTD IHG")	Hong Kong ("HK")	HK\$500,000	100%	-	Investment holding
AMTD Securities Limited	HK	HK\$1	-	100%	Investment holding
AMTD Global Markets Limited (formerly known as AMTD Asset Management Limited) ("AMTD GM")	HK	HK\$1,561,610,980	-	100%	Provision of investment banking, financial advisory services and asset management services
Asia Alternative Asset Partners Limited ("AMTD AAAPL")	HK	HK\$5,000,000	-	100%	Provision of investment advisory services
AMTD Strategic Investment Limited ("AMTD SI")	HK	HK\$1	-	100%	Provision of strategic investment
AMTD Investment Solutions Group Limited ("AMTD ISG")	HK	HK\$1	-	100%	Provision of strategic investment

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

1.1 CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows (continued):

Name	Place of incorporation	Issued and registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
AMTD Overseas Limited (formerly known as AMTD Europe Holdings Limited) ("AMTD Overseas")	HK	HK\$1	-	100%	Provision of strategic investment
AMTD Fintech Investment Limited ("AMTD FI")	HK	HK\$1	-	100%	Provision of strategic investment
AMTD Investment Inc. ("AMTD Investment")	Cayman Islands	US\$1	100%	-	Investment holding
AMTD Strategic Investment (BVI) Limited	BVI	US\$1	-	100%	Investment holding
AMTD Investment Solutions Group (BVI) Limited	BVI	US\$1	-	100%	Investment holding
AMTD Overseas (BVI) Limited	BVI	US\$1	-	100%	Investment holding
AMTD Fintech Investment (BVI) Limited	BVI	US\$1	-	100%	Investment holding

1.2 REORGANISATION

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

- On 8 February 2019, AMTD Investment was incorporated in Cayman Islands and directly held by the Company;
- From 12 March 2019 to 14 March 2019, four wholly-owned subsidiaries were incorporated in the BVI and were held indirectly by the Company through AMTD Investment;

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

1.2 REORGANISATION (CONTINUED)

- On 18 March 2019, the Company entered into sale and purchase agreements with AMTD Group and its subsidiaries which held the shares of AMTD ISG, AMTD SI, AMTD Overseas and AMTD FI (collectively referred to as the "transferred entities"), pursuant to which AMTD Group and its subsidiaries agreed to contribute 100% of the share capital of the transferred entities to the Company for a total of 199,990,000 newly issued Class B ordinary shares of the Company. For AMTD ISG and AMTD SI with non-controlling interests, all shareholders had passed a resolution to provide consent to enter the sale and purchase agreements that involved the two entities and agreed that shareholders other than AMTD Group would not receive any consideration from the disposal of the two entities. The Company issued 199,990,000 Class B ordinary shares and holds the equity interests of AMTD ISG, AMTD SI, AMTD Overseas and AMTD FI indirectly through the four newly set up BVI entities.
- On 11 April 2019, the Securities and Futures Commission ("SFC") approved the shareholder change of AMTD IHG, which holds two licensed subsidiaries (AMTD GM and AMTD AAAPL) governed by the SFC in Hong Kong, from AMTD Group to the Company. The sale and purchase agreement with respect to the transfer of AMTD IHG became effective automatically upon the approval from the SFC. AMTD Group transferred 100% of share capital of AMTD IHG to the Company. In return, the Company issued one Class B ordinary share to AMTD Group.

The Reorganisation was completed on 11 April 2019. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group. Accordingly, for the purpose of preparation of the consolidated financial statements of the Group, the Company is considered as the holding company of the companies now comprising the Group throughout the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2018 and 2019.

2.1 BASIS OF PRESENTATION

Basis of preparation and transition to IFRSs

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

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

The consolidated statements of financial position of the Group as at 31 December 2017 and 2018 and 30 September 2019 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholder's perspective. No adjustments are made to reflect fair values, or to recognise any new assets or liabilities as a result of the Reorganisation.

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

All intra-group transactions and balances have been eliminated on consolidation.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.1 BASIS OF PRESENTATION (CONTINUED)

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") of the International Accounting Standards Board ("IASB") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Group has applied IFRS for the first time to the consolidated financial statements for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019. All IFRSs issued by the IASB, effective at the time of preparing these consolidated financial statements have been applied.

The Group prepared the consolidated financial statements that comply with IFRS applicable as at 30 September 2019 and 31 December 2018, together with the comparatives for the year ended 31 December 2017, as described in the summary of significant accounting policies. The Group did not use any optional exemptions with regard to full retrospective application of IFRS set out within IFRS 1.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019. A subsidiary is an 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).

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 is 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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

New standards early adopted by the Group

Amendments to IFRS 3 *Definition of a Business*

In October 2018, IASB issued the amendment to IFRS 3, *Definition of a Business*, which is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Amendments to IFRS 3 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 has early adopted the amendments. The Company acquired the intangible assets included in the consolidated financial statements through the acquisition of a subsidiary in 2015. The acquisition was determined to be and accounted for as an asset acquisition as the intangible assets met the fair value concentration test.

New and revised IFRS not yet adopted by the Group

Amendments to IAS 1 and IAS 8

Amendments to IAS 1 and IAS 8 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 consolidated financial statements.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards and interpretations adopted by the Group

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 *Income Taxes* (often referred to as "uncertain tax positions"). It 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. (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.

An entity has to determine whether to consider each uncertain tax treatments separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to 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 has applied the interpretation from its effective date. The adoption of the interpretation did not have any material impact on the Company's consolidated financial statements.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations adopted by the Group (continued)

IFRS 16 Leases

IFRS 16, which supersedes IAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statements of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The adoption of IFRS 16 did not have any impact on the consolidated financial statements of the Group as the companies within the Group did not enter into any lease contracts under their name.

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.

Fair value measurement

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 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 Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's 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 profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 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 profit or loss in the year in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

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

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

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

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

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

Licenses

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

Investments and other financial assets

Initial recognition and measurement

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

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

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.

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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 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)

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognised in profit or loss.

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 other income in the consolidated statements of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

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

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

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

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

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 60-120 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.

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

- Stage 1 — Financial 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, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

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

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.

The Group's financial liabilities include clients' monies held on trust, accounts payable, margin loan payable, financial liabilities included in other payables and accruals, amount due to fellow subsidiaries and immediate holding company.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

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

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

Warrants

The warrants, as part of financial liabilities, are recognised initially at fair value. They are classified as financial liabilities at fair value through profit or loss as they are derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Gains or losses on liabilities at fair value through profit and loss are recognised in profit or loss.

Derivative financial instrument

Derivative financial instrument 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 instrument 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 instrument is taken directly to profit or loss.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instrument (continued)

Day 1 profit or loss

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

Cash and cash equivalents

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

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

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, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, 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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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

(a) *Investment banking fee and income*

Investment banking service income is composed of underwriting commission, brokerage fee and financial advisory fee. Underwriting commission earned from underwriting equity and debt securities is recognised at the point in time when the Group's performance under the terms of a contractual arrangement is completed, which is typically at the closing of a transaction if there is no uncertainty or contingency related to the amount to be paid. The normal credit term is 60 to 120 days upon the completion of performance.

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

Financial advisory fee is recognised 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.

For investment banking service, each contract contains only one performance obligation.

(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. For the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019, the Company did not have any revenue related to such variable consideration and recognised from performance obligations satisfied in previous periods.

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

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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from other sources

Fair value changes on financial assets at fair value through profit or loss and stock loan 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/loss related to disposed investment, whereas gain/loss recognised for those financial assets at fair value through profit or loss in the consolidated statements of financial position held at the end of the reporting period is defined as net fair value changes on financial assets at fair value through profit or loss and stock loan.

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

Contract liabilities

A contract liability is recognised when the a payment is made received or the 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 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 profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Foreign currencies

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

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.

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:

Income tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group 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.

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 on 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 and Note 27 to the consolidated financial statements.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimation uncertainty (continued)

Fair value of unlisted debt securities and unlisted equity investments

As at 31 December 2018 and 30 September 2019, the fair values of unlisted debt and equity investments-Investment C (Note 13) and Investment E were based on the prices of recent transactions of the same instruments with the same rights of the same issuers that occurred within 12 months without adjustment. The valuation relies on management's judgement about whether there have been any events occurred from the date of last transaction and the year end that could significantly affect the prices.

As at 31 December 2017, the fair value of unlisted equity investment-Investment D (Note 13) was based on the prices of recent transactions occurred within 12 months without adjustment. As at 31 December 2018, the fair value of unlisted equity investment-Investment D has been estimated using an equity value allocation ("EVA") valuation technique based on assumptions that are supported by observable recent transactions with similar risk characteristics. The valuation requires management to estimate the expected equity volatility and hence they are subject to uncertainty.

As at 30 September 2019, the fair value of the unlisted equity investment-Investment D was estimated using an EVA valuation technique relying on the hybrid method, considering two scenarios in a probability weighted expected return method ("PWERM") framework, and using the option pricing method ("OPM") to allocate value in one of the scenarios. The valuation requires the management to consider two scenarios in its PWERM analysis which was non-IPO exit event and IPO exit event and hence they were subject to uncertainty. The input of the equity value of unlisted equity investment-Investment D was estimated using market approach.

The Group classifies the fair value of these investments as Level 3.

Fair value of warrants

The fair value of the warrants was estimated using binomial option pricing model which requires the management to estimate volatility of the fair value of the equity securities. The Group classifies the fair value of warrants as Level 3.

Fair value of derivative financial instrument

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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment result, which is a measure of adjusted profit/loss before tax from operations. The adjusted result before tax from operations is measured after allocation of controllable costs of specialized staff, commission paid to asset management segment and finance costs to strategic investment segment consistently with the Group's profit before tax from operations. Other corporate income and expenses such as staff costs not directly attributable to segment, office rental and administrative expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, tax recoverable, amounts due from fellow subsidiaries and immediate holding company, prepayments, other receivables 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 amounts due to fellow subsidiaries and immediate holding company, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

Year ended 31 December 2017

	<u>Investment banking</u> HK\$	<u>Asset management</u> HK\$	<u>Strategic investment</u> HK\$	<u>Total</u> HK\$
Segment revenue (Note 5)				
Revenue				
—from external customers	208,162,829	70,813,374	—	278,976,203
—others	<u>—</u>	<u>—</u>	<u>754,187,550</u>	<u>754,187,550</u>
				1,033,163,753
Segment results	<u>197,333,389</u>	<u>48,059,488</u>	<u>739,674,246</u>	<u>985,067,123</u>
Other income				17,674,605
Unallocated finance costs				(15,285,311)
Corporate and other unallocated expenses				<u>(178,870,946)</u>
Profit before tax				<u>808,585,471</u>
Other segment information				
Depreciation				379,132
Capital expenditure*				<u>138,704</u>

* Capital expenditure consists of additions of property, plant and equipment.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

Year ended 31 December 2018

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

* Capital expenditure consists of additions of property, plant and equipment.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

Nine months ended 30 September 2019

	<u>Investment banking</u>	<u>Asset management</u>	<u>Strategic investment</u>	<u>Total</u>
	HK\$	HK\$	HK\$	HK\$
Segment revenue (Note 5)				
Revenue				
—from external customers	330,617,139	91,435,377	—	422,052,516
—others	—	—	619,955,598	619,955,598
	<u>330,617,139</u>	<u>91,435,377</u>	<u>619,955,598</u>	<u>1,042,008,114</u>
Segment results	<u>310,423,771</u>	<u>78,653,485</u>	<u>603,793,556</u>	<u>992,870,812</u>
Other income				7,466,148
Corporate and other unallocated expenses				<u>(119,263,730)</u>
Profit before tax				<u>881,073,230</u>
Other segment information				
Depreciation				99,479
Capital expenditure*				<u>13,710</u>

* Capital expenditure consists of additions to property, plant and equipment.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

Nine months ended 30 September 2018

	<u>Investment banking</u>	<u>Asset management</u>	<u>Strategic investment</u>	<u>Total</u>
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue (Note 5)				
Revenue				
—from external customers	182,342,155	64,280,714	—	246,622,869
—others	—	—	(389,662,996)	(389,662,996)
Intersegment	—	172,809	—	172,809
	<u>182,342,155</u>	<u>64,453,523</u>	<u>(389,662,996)</u>	<u>(142,867,318)</u>
<i>Reconciliation</i>				
Intersegment				<u>(172,809)</u>
				<u>(143,040,127)</u>
Segment results	<u>157,789,775</u>	<u>47,551,801</u>	<u>(392,543,456)</u>	<u>(187,201,880)</u>
Other income				15,367,411
Unallocated finance costs				(3,666,040)
Corporate and other unallocated expenses				<u>(66,717,873)</u>
Loss before tax				<u>(242,218,382)</u>
Other segment information				
Depreciation				267,309
Capital expenditure*				<u>14,214</u>

* Capital expenditure consists of additions to property, plant and equipment.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	31 December		30 September
	2017	2018	2019
	HK\$	HK\$	HK\$
Segment assets			
Investment banking	69,555,369	134,855,898	117,112,006
Asset management	443,470,928	712,011,344	491,589,546
Strategic investments	<u>2,948,769,400</u>	<u>3,494,527,773</u>	<u>3,934,685,779</u>
Total segment assets	3,461,795,697	4,341,395,015	4,543,387,331
Unallocated corporate assets	<u>2,579,821,455</u>	<u>2,765,794,535</u>	<u>2,543,347,636</u>
Total assets	<u><u>6,041,617,152</u></u>	<u><u>7,107,189,550</u></u>	<u><u>7,086,734,967</u></u>
Segment liabilities			
Investment banking	—	15,000,000	11,250,000
Asset management	393,269,077	663,698,964	426,407,124
Strategic investments	<u>351,609,630</u>	<u>321,999,549</u>	<u>321,775,552</u>
Total segment liabilities	744,878,707	1,000,698,513	759,432,676
Unallocated corporate liabilities	<u>2,627,461,975</u>	<u>2,912,088,937</u>	<u>370,762,649</u>
Total liabilities	<u><u>3,372,340,682</u></u>	<u><u>3,912,787,450</u></u>	<u><u>1,130,195,325</u></u>

The unallocated segment assets and liabilities mainly consist of amounts due from and due to related companies, respectively, which are not directly attributable to individual segments.

Geographical information

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

Year ended 31 December 2017

	Investment banking	Asset management	Total
	HK\$	HK\$	HK\$
Hong Kong	70,332,752	11,352,777	81,685,529
Mainland China	137,830,077	53,184,060	191,014,137
Others	—	6,276,537	6,276,537
	<u>208,162,829</u>	<u>70,813,374</u>	<u>278,976,203</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

Year ended 31 December 2018

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

Nine months ended 30 September 2019

	Investment banking	Asset management	Total
	HK\$	HK\$	HK\$
Hong Kong	109,689,692	26,481,786	136,171,478
Mainland China	183,136,933	58,136,906	241,273,839
United States	30,342,514	2,154,684	32,497,198
Others	7,448,000	4,662,001	12,110,001
	<u>330,617,139</u>	<u>91,435,377</u>	<u>422,052,516</u>

Nine months ended 30 September 2018

	Investment banking	Asset management	Total
	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong	128,233,538	34,425,300	162,658,838
Mainland China	53,178,199	27,649,208	80,827,407
Others	930,418	2,206,206	3,136,624
	<u>182,342,155</u>	<u>64,280,714</u>	<u>246,622,869</u>

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

As at 31 December 2017 and 2018 and 30 September 2019, 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 years ended 31 December 2017 and 2018 and the nine months ended 30 September 2018 and 2019, no revenue derived from a single external customer accounted for 10% or more of the total revenue of the Group.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	<u>Year ended 31 December</u>		<u>Nine months ended 30</u>	
	<u>2017</u>	<u>2018</u>	<u>2018</u>	<u>2019</u>
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
<u>Revenue from contracts with customers</u>				
<i>Investment banking</i>				
Investment banking fee and income	208,162,829	288,591,129	182,342,155	330,617,139
<i>Asset management</i>				
Management fee and performance-based incentive fee	47,774,685	43,465,186	30,249,000	74,161,842
Brokerage and handling fees	16,270,055	31,393,570	30,198,057	16,419,386
Others	6,768,634	4,088,230	3,833,657	854,149
	<u>70,813,374</u>	<u>78,946,986</u>	<u>64,280,714</u>	<u>91,435,377</u>
	<u>278,976,203</u>	<u>367,538,115</u>	<u>246,622,869</u>	<u>422,052,516</u>
<u>Revenue from other sources</u>				
<i>Strategic investment</i>				
Dividend income	22,564,600	99,227,724	99,227,724	92,316,548
Gain related to disposed investment	46,943,698	—	—	8,235,180
	<u>69,508,298</u>	<u>99,227,724</u>	<u>99,227,724</u>	<u>100,551,728</u>
Net fair value changes on financial assets at fair value through profit or loss and stock loan				
-from listed equity shares, at quoted price	684,660,652	202,304,000	(526,358,000)	(325,458,000)
-from unlisted debt securities	—	86,000	—	—
-from unlisted equity shares	18,600	54,070,295	37,467,280	37,243,870
	<u>684,679,252</u>	<u>256,460,295</u>	<u>(488,890,720)</u>	<u>(288,214,130)</u>
Net fair value changes on derivative financial instrument				
-from derivative financial instrument	—	—	—	807,618,000
	<u>—</u>	<u>—</u>	<u>—</u>	<u>807,618,000</u>
	<u>1,033,163,753</u>	<u>723,226,134</u>	<u>(143,040,127)</u>	<u>1,042,008,114</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information

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

Year ended 31 December 2017

<u>Segments</u>	<u>Investment banking</u> HK\$	<u>Asset management</u> HK\$	<u>Strategic investment</u> HK\$	<u>Total</u> HK\$
<i>Investment banking</i>				
Underwriting commission and brokerage fee	150,649,829	—	—	150,649,829
Financial advisory fee	57,513,000	—	—	57,513,000
<i>Asset management</i>				
Management fee and performance -based incentive fee	—	47,774,685	—	47,774,685
Brokerage and handling fee	—	16,270,055	—	16,270,055
<i>Strategic investment</i>				
Net fair value changes on financial assets at fair value through profit or loss and stock loan	—	—	684,679,252	684,679,252
Gain related to disposed investment	—	—	46,943,698	46,943,698
Dividend income	—	—	22,564,600	22,564,600
<i>Others</i>	—	6,768,634	—	6,768,634
Total	<u>208,162,829</u>	<u>70,813,374</u>	<u>754,187,550</u>	<u>1,033,163,753</u>

<u>Segments</u>	<u>Investment banking</u> HK\$	<u>Asset management</u> HK\$	<u>Total</u> HK\$
<u>Timing of revenue recognition</u>			
Services transferred at a point in time	150,649,829	23,038,689	173,688,518
Services transferred over time	57,513,000	47,774,685	105,287,685
Total revenue from contracts with customers	<u>208,162,829</u>	<u>70,813,374</u>	<u>278,976,203</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information (continued)

Year ended 31 December 2018

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

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

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information (continued)

Nine months ended 30 September 2019

<u>Segments</u>	<u>Investment banking</u> HK\$	<u>Asset management</u> HK\$	<u>Strategic investment</u> HK\$	<u>Total</u> HK\$
<i>Investment banking</i>				
Underwriting commission and brokerage	278,235,139	—	—	278,235,139
Financial advisory fee	52,382,000	—	—	52,382,000
<i>Asset management</i>				
Management fee and performance-based incentive fee	—	74,161,842	—	74,161,842
Brokerage and handling fees	—	16,419,386	—	16,419,386
<i>Strategic investment</i>				
Net fair value changes on financial assets at fair value through profit or loss and stock loan	—	—	(288,214,130)	(288,214,130)
Net fair value changes on derivative financial instruments	—	—	807,618,000	807,618,000
Gain related to disposed investment	—	—	8,235,180	8,235,180
Dividend income	—	—	92,316,548	92,316,548
<i>Others</i>	—	854,149	—	854,149
Total	<u>330,617,139</u>	<u>91,435,377</u>	<u>619,955,598</u>	<u>1,042,008,114</u>
<u>Segments</u>		<u>Investment banking</u> HK\$	<u>Asset management</u> HK\$	<u>Total</u> HK\$
<u>Timing of revenue recognition</u>				
Services transferred at a point in time		278,235,139	17,273,535	295,508,674
Services transferred over time		52,382,000	74,161,842	126,543,842
Total revenue from contracts with customers		<u>330,617,139</u>	<u>91,435,377</u>	<u>422,052,516</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information (continued)

Nine months ended 30 September 2018

<u>Segments</u>	<u>Investment banking</u>	<u>Asset management</u>	<u>Strategic investment</u>	<u>Total</u>
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Investment banking</i>				
Underwriting commission and brokerage	111,353,815	—	—	111,353,815
Financial advisory fee	70,988,340	—	—	70,988,340
<i>Asset management</i>				
Management fee and performance-based incentive fee	—	30,249,000	—	30,249,000
Brokerage and handling fees	—	30,198,057	—	30,198,057
<i>Strategic investment</i>				
Net fair value changes on financial assets at fair value through profit or loss and stock loan	—	—	(488,890,720)	(488,890,720)
Dividend income	—	—	99,227,724	99,227,724
<i>Others</i>	—	3,833,657	—	3,833,657
Total	<u>182,342,155</u>	<u>64,280,714</u>	<u>(389,662,996)</u>	<u>(143,040,127)</u>
<u>Segments</u>		<u>Investment banking</u>	<u>Asset management</u>	<u>Total</u>
		HK\$	HK\$	HK\$
		(Unaudited)	(Unaudited)	(Unaudited)
<u>Timing of revenue recognition</u>				
Services transferred at a point in time		111,353,815	34,031,714	145,385,529
Services transferred over time		70,988,340	30,249,000	101,237,340
Total revenue from contracts with customers		<u>182,342,155</u>	<u>64,280,714</u>	<u>246,622,869</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

5. REVENUE AND OTHER INCOME (CONTINUED)

(ii) Performance obligations

The Company started to receive advances from its customers of asset management in 2018. The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 and 30 September 2019 are as follows:

	31 December 2018	30 September 2019
	HK\$	HK\$
Within one year	37,165,868	73,779,383
More than one year	17,945,950	41,723,451
	<u>55,111,818</u>	<u>115,502,834</u>

The remaining performance obligations expected to be recognised in more than one year relate to upfront fee that are to be satisfied within two years. All the other remaining performance obligations are expected to be recognised within one year.

Other income

	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
Bank interest income	158,863	7,681	2,127	737,426
Interest income from the immediate holding company (Note 24(b)(i))	—	—	—	5,895,878
Other income from a fellow subsidiary (Note 24(b)(iv))	15,285,311	3,666,040	3,666,040	—
Management fee income from a fellow subsidiary	2,231,559	—	—	—
Others	238,433	11,719,054	11,718,962	832,844
	<u>17,914,166</u>	<u>15,392,775</u>	<u>15,387,129</u>	<u>7,466,148</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

6. OPERATING EXPENSES/(INCOME), NET

Operating expenses and foreign exchange differences included in the consolidated statement of profit or loss and other comprehensive income are as follows:

	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
Operating expenses				
Marketing and brand promotional expenses	26,207,524	11,864,097	14,694,557	10,677,201
Premises costs and office utilities				
—Premises costs	18,361,737	9,465,094	7,821,074	8,422,847
—Office utilities	7,421,124	6,117,640	6,212,803	7,461,439
	<u>25,782,861</u>	<u>15,582,734</u>	<u>14,033,877</u>	<u>15,884,286</u>
Traveling and business development expenses	18,460,191	10,860,318	6,653,571	10,083,324
Commissions and bank charges	7,978,311	5,197,984	2,944,456	6,690,988
Office renovation and maintenance expenses	15,880,216	1,603,484	1,957,100	1,325,184
Administrative service fee	—	—	—	6,000,000
Legal and professional fees				
—Auditor's remuneration	503,240	789,000	—	7,352,870
—Other legal and professional fees	5,268,795	1,650,070	1,617,375	6,901,625
	<u>5,772,035</u>	<u>2,439,070</u>	<u>1,617,375</u>	<u>14,254,495</u>
Staff welfare and staff recruitment expenses	7,637,277	3,659,523	2,528,294	2,214,834
Others				
—Depreciation	379,132	334,841	267,309	99,479
—Foreign exchange differences, net	(206,072)	382,757	1,888,077	—
—Other expenses	3,671,713	657,299	461,234	6,906,852
	<u>3,844,773</u>	<u>1,374,897</u>	<u>2,616,620</u>	<u>7,006,331</u>
	<u>111,563,188</u>	<u>52,582,107</u>	<u>47,045,850</u>	<u>74,136,643</u>

7. STAFF COSTS

	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
Salaries and bonuses	101,092,455	67,187,493	60,312,286	77,364,565
Pension scheme contributions (defined contribution schemes)	1,112,047	837,020	660,748	737,782
	<u>102,204,502</u>	<u>68,024,513</u>	<u>60,973,034</u>	<u>78,102,347</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

8. FINANCE COSTS

An analysis of finance costs from operations is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
Interests on margin loans payable	28,724,758	9,047,063	6,546,500	16,162,042

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%; 2017: 16.5%) on the estimated assessable profits arising in Hong Kong:

	Note	Year ended 31 December		Nine months ended 30 September	
		2017	2018	2018	2019
		HK\$	HK\$	HK\$	HK\$
				(Unaudited)	
Hong Kong profits tax					
Charge for the year/period		19,988,157	43,127,820	25,331,576	50,966,538
Overprovision in prior year		—	(2,359,495)	—	—
Deferred tax	21	112,969,008	33,148,500	(86,849,070)	79,556,400
The People's Republic of China withholding tax					
Charge for the year/period		2,256,460	9,922,772	9,922,772	9,207,649
		<u>135,213,625</u>	<u>83,839,597</u>	<u>(51,594,722)</u>	<u>139,730,587</u>

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:

	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
Profit/(loss) before tax	808,585,471	608,965,226	(242,218,382)	881,073,230
Tax at statutory tax rate of 16.5%	133,416,603	100,479,262	(39,966,033)	145,377,082
Tax effect of non-taxable income	(3,834,400)	(25,554,680)	(23,160,491)	(22,172,944)
Tax effect of non-deductible expenses	3,308,966	1,355,050	1,614,720	5,733,841
Tax effect of unrecognised temporary difference	13,522	16,553	17,722	218,134
Tax effect of tax loss not recognised	64,264	10,797	1,047	1,381,607
Overprovision in prior year	—	(2,359,495)		
Utilization of tax losses previously not recognised	(11,790)	(30,662)	(24,459)	(14,782)
Withholding tax on the dividend income	2,256,460	9,922,772	9,922,772	9,207,649
Income tax expense	<u>135,213,625</u>	<u>83,839,597</u>	<u>(51,594,722)</u>	<u>139,730,587</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic and diluted earnings/(loss) per share for each of the periods presented are calculated as follows:

	<u>Year ended 31 December</u>		<u>Nine months ended 30</u> <u>September</u>	
	<u>2017</u> <u>HK\$</u>	<u>2018</u> <u>HK\$</u>	<u>2018</u> <u>HK\$</u> (Unaudited)	<u>2019</u> <u>HK\$</u>
Basic earnings per share:				
<i>Numerator:</i>				
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation (HK\$)-basic Class A	—	—	—	39,793,383
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic earnings/(loss) per share calculation (HK\$)-basic Class B	568,266,428	468,061,079	(116,643,176)	808,917,691
<i>Denominator:</i>				
Weighted average number of Class A ordinary shares outstanding—basic	—	—	—	9,838,673
Weighted average number of Class B ordinary shares outstanding—basic	200,000,001	200,000,001	200,000,001	200,000,001
Basic earnings per share (HK\$) Class A	—	—	—	4.04
Basic earnings/(loss) per share (HK\$) Class B	2.84	2.34	(0.58)	4.04
Diluted earnings per share:				
<i>Numerator:</i>				
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculation (HK\$)-diluted Class A	—	—	—	39,793,383
Profit/(loss) attributable to ordinary equity holders of the parent used in the diluted earnings/(loss) per share calculation (HK\$)-diluted Class B	568,266,428	468,061,079	(116,643,176)	808,917,691
<i>Denominator:</i>				
Weighted average number of Class A ordinary shares outstanding—diluted	—	—	—	9,839,400
Weighted average number of Class B ordinary shares outstanding—diluted	200,000,001	200,000,001	200,000,001	200,014,772
Diluted earnings per share (HK\$) Class A	—	—	—	4.04
Diluted earnings/(loss) per share (HK\$) Class B	2.84	2.34	(0.58)	4.04

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

	Number of shares			
	Year ended 31 December		Nine months ended 30 September	
	2017	2018	2018	2019
	HK\$	HK\$	HK\$	HK\$
				(Unaudited)
<i>Shares:</i>				
Weighted average number of Class A ordinary shares in issue during the year used in the basic earnings per share calculation	—	—	—	9,838,673
Effect of dilution – weighted average number of ordinary shares:				
Warrants	—	—	—	727
	—	—	—	9,839,400
Weighted average number of Class B ordinary shares in issue during the year used in the basic earnings per share calculation	200,000,001	200,000,001	200,000,001	200,000,001
Effect of dilution – weighted average number of ordinary shares:				
Warrants	—	—	—	14,771
	200,000,001	200,000,001	200,000,001	200,014,772

The Company's ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote and is not convertible into Class B ordinary share under any circumstances. Each Class B ordinary share is entitled to twenty votes, subject to certain conditions, and is convertible into one Class A ordinary share at any time by the holder thereof.

The basic earnings per share attributable to Class B ordinary equity holders is calculated by dividing the profit for the year/period attributable to ordinary equity holders of the parent by the number of Class B ordinary shares after the Reorganisation as mentioned in Note 1.2.

The diluted earnings per share is based on the profit for the year/period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year/period, as used in the basic earnings per share calculation, and the weighted average number of warrants assumed to have been exercised at average market price of ordinary shares during the warrants existing period.

In addition to the transactions detailed elsewhere in the consolidated financial statements, there have been no other transactions involving Class A and Class B ordinary shares between the reporting date and the date of authorisation of these financial statements.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

11. ACCOUNTS RECEIVABLE

	Notes	31 December		30 September
		2017	2018	2019
		HK\$	HK\$	HK\$
Receivable from investment banking services	(i)	69,555,369	134,855,898	117,151,006
Receivable from brokers and clearing house	(ii)	7,869,727	10,813,497	43,323,624
Clients' receivables	(ii)	15,747,620	12,848,608	10,126,750
Margin loan receivable	(iii)	—	2,575,051	—
		<u>93,172,716</u>	<u>161,093,054</u>	<u>170,601,380</u>

Notes:

- (i) The normal settlement terms of receivables from investment banking services are specific terms mutually agreed between the contracting parties. Receivable from investing banking services is non-interest bearing.
- (ii) The normal settlement terms of clients' receivables 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. Overdue clients' receivable is interest-bearing. As at 30 September 2019, the Group's clients' receivables of HK\$281,285 are due from fellow subsidiaries, which are repayable on similar credit terms to those offered to the major customers of the Group. The Group did not have any clients' receivables due from fellow subsidiaries as at 31 December 2018.
- (iii) As at 31 December 2018, the Group had collateral of listed shares with fair value amounted to HK\$3,808,116 in margin financing business. Margin loan receivable is interest-bearing.

As at 31 December 2018 and 30 September 2019, the Group's receivable from investment banking services of HK\$70,875,980 and HK\$15,681,400, respectively, are due from fellow subsidiaries and its immediate holding company, which are repayable on similar credit terms to those offered to the major customers of the Group (Note 24(b)(ii)).

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. Except for the margin loan receivable, 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 periods, based on the invoice date, net of loss allowance is as follows:

	31 December		30 September
	2017	2018	2019
	HK\$	HK\$	HK\$
Not yet due	49,453,064	95,469,641	100,635,981
Past due			
Within 1 month	41,552,582	732,497	42,014,235
1 to 3 months	1,700,642	840,942	20,092,435
Over 3 months	466,428	64,049,974	7,858,729
	<u>93,172,716</u>	<u>161,093,054</u>	<u>170,601,380</u>

As at 31 December 2017 and 2018 and 30 September 2019, accounts receivable was due from a number of reputable corporate clients, brokers and individual clients.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

11. ACCOUNTS RECEIVABLE (CONTINUED)

Margin loan receivable are assessed for impairment under stage 1 of general approach. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. Their recoverability was assessed with reference to the credit status of the debtors. The expected credit losses as at 31 December 2017 and 2018 and 30 September 2019 are considered to be minimal and no loss allowance of margin loan receivable was provided.

An impairment analysis of clients' receivables, receivable from brokers and clearing house, and receivable from investment banking services is performed at each reporting date using 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.

	<u>Current</u>	<u>Past due</u>			<u>Total</u>
		<u>Less than 1 month</u>	<u>1 to 3 months</u>	<u>Over 3 months</u>	
<u>As at 31 Decemebr 2017</u>					
Expected credit loss rate	0.06%	0.08%	0.08%	0.06%	0.07%
Gross carrying amount (HK\$'000)	49,453	41,553	1,701	466	93,173

	<u>Current</u>	<u>Past due</u>			<u>Total</u>
		<u>Less than 1 month</u>	<u>1 to 3 months</u>	<u>Over 3 months</u>	
<u>As at 31 December 2018</u>					
Expected credit loss rate.	0.13%	—	0.10%	0.22%	0.17%
Gross carrying amount (HK\$'000)	95,470	719	828	61,501	158,518

	<u>Current</u>	<u>Past due</u>			<u>Total</u>
		<u>Less than 1 month</u>	<u>1 to 3 months</u>	<u>Over 3 months</u>	
<u>As at 30 September 2019</u>					
Expected credit loss rate.	0.11%	0.09%	0.09%	0.10%	0.10%
Gross carrying amount (HK\$'000)	100,636	42,014	20,092	7,859	170,601

The expected credit losses as at 31 December 2017 and 2018 and 30 September 2019 were immaterial and no loss allowance for account receivable was provided.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	31 December		30 September
	2017	2018	2019
	HK\$	HK\$	HK\$
Prepayments	21,371,334	27,301,254	43,051,114
Deposits	456,150	451,759	469,362
Other receivables	1,375,959	5,590,846	9,991,377
	<u>23,203,443</u>	<u>33,343,859</u>	<u>53,511,853</u>

Deposits and other receivables mainly represent rental deposits and deposits with event organisers. 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 2017 and 2018 and 30 September 2019, the probability of default applied ranged from 0.05% to 0.60% and the loss given default was estimated to be 45%. The recoverability was assessed with reference to the credit status of the debtors, and the expected credit loss as at 31 December 2017 and 2018 and 30 September 2019 is considered to be minimal.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND STOCK LOAN

	31 December		30 September
	2017	2018	2019
	HK\$	HK\$	HK\$
Financial assets at fair value through profit or loss	745,629,400	1,953,078,309	1,750,862,599
Stock loan	2,203,140,000	1,535,679,600	1,376,205,180
	<u>2,948,769,400</u>	<u>3,488,757,909</u>	<u>3,127,067,779</u>
Listed equity shares, at quoted price			
—Investment A	2,933,140,000	3,134,040,000	2,808,582,000
—Investment B	—	73,476,000	—
Total listed equity shares, at quoted price	<u>2,933,140,000</u>	<u>3,207,516,000</u>	<u>2,808,582,000</u>
Unlisted debt securities			
—Investment C	—	78,316,000	—
Unlisted equity shares			
—Investment C	—	—	75,755,550
—Investment D	15,629,400	47,417,581	47,472,679
—Investment E	—	155,508,328	195,257,550
Total unlisted equity shares	<u>15,629,400</u>	<u>202,925,909</u>	<u>318,485,779</u>
	<u>2,948,769,400</u>	<u>3,488,757,909</u>	<u>3,127,067,779</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND STOCK LOAN (CONTINUED)

The above unlisted investments at 31 December 2017 and 2018 and 30 September 2019 were equity shares investments and debt securities issued by enterprises. The Group has not elected to recognise equity share investments at the fair value gain or loss through other comprehensive income. Debt securities 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 or are managed on fair value basis. Financial assets at fair value through profit or loss are categorised into levels 1 and 3.

As at 31 December 2017 and 2018 and 30 September 2019, the Group's listed equity investments with a carrying amount of HK\$730,000,000, HK\$1,598,360,400 and HK\$1,432,376,820, respectively, were pledged against its margin loans payable.

On 17 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 investment in Investment A to the intermediate holding company. The stock loan is repayable on demand and interest free.

The intermediate holding company pledged the listed equity shares to a third party as collateral for loan facilities maturing in 2022. In November 2018, the Group demanded and partially recovered some of the listed equity investments with carrying amounts of HK\$660,983,400.

As at 31 December 2017 and 2018 and 30 September 2019, the fair values of the listed equity shares under the stock loan were HK\$2,203,140,000, HK\$1,535,679,600 and HK\$1,376,205,180, respectively. In addition, the unrealized gain on the stock loan were HK\$539,660,652 and HK\$98,441,000 for the years ended 31 December 2017 and 2018, respectively, and the unrealized loss on the stock loan was HK\$395,358,000 and HK\$159,474,420 for the nine months ended 30 September 2018 and 2019, respectively.

14. DERIVATIVE FINANCIAL INSTRUMENT

On 1 April 2019, two subsidiaries of the Group entered into "Upside Participation and Profit Distribution Agreements" (the "Agreements") with a counterparty in relation to the movement of the share price of the entirety of the listed shares of Investment A (Note 13) the Group owns ("Underlying Assets"). The Agreements have an original term of 12 months and can be extended for any further period or terminated at any time upon mutual agreement of the contracting parties. Pursuant to the Agreements:

- (a) The counterparty is entitled to 25% (the "Sharing Percentage") of the gain of the Underlying Assets if the quoted market price or disposal price of the Underlying Assets is higher than HK\$8.1 per share (the "Underlying Price");
- (b) The counterparty shall pay a sum equivalent to the loss if the quoted market price or disposal price of the Underlying Assets is lower than Underlying Price ("Participation Cost"); and
- (c) Dividend or cash distributions generated from the Underlying Assets during the term of the Agreements shall be received by AMTD for its sole benefit and shall not be included in the computation of the Profit or the Participation Cost.

Further addendums to the Agreements were entered into on 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 Price was modified from HK\$8.1 to HK\$9.0 and the Sharing Percentage was modified from 25% to 40%.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

14. DERIVATIVE FINANCIAL INSTRUMENT (CONTINUED)

- 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 28 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 instrument differed from the fair value at origination and the fair value was based on a valuation technique using inputs not observable, 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.

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	355,294,216	(355,294,216)	—	—
Recognised in profit and loss prior to contract renegotiation on 1 July 2019				
- Changes in fair value	106,129,339	—	106,129,339	106,129,339
- Recognition of day 1 profit or loss	—	88,338,180	88,338,180	88,338,180
As at 30 June 2019	461,423,555	(266,956,036)	194,467,519	194,467,519
Contract renegotiation on 1 July 2019	115,758,384	(115,758,384)	—	—
As at 1 July 2019	577,181,939	(382,714,420)	194,467,519	194,467,519
Recognised in profit and loss prior to contract renegotiation on 30 September 2019				
- Changes in fair value	230,436,061	—	230,436,061	230,436,061
- Recognition of day 1 profit or loss	—	382,714,420	382,714,420	382,714,420
As at 30 September 2019	807,618,000	—	807,618,000	807,618,000
Contract renegotiation on 30 September 2019	1,538,635	(1,538,635)	—	—
As at 30 September 2019	<u>809,156,635</u>	<u>(1,538,635)</u>	<u>807,618,000</u>	<u>807,618,000</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

15. CASH AND BANK BALANCES

	31 December		30 September
	2017	2018	2019
	HK\$	HK\$	HK\$
Cash and cash equivalents:			
- Cash on hand	31,031	31,031	31,031
- General bank accounts	86,384,251	126,824,487	669,099,818
Total cash and cash equivalents	86,415,282	126,855,518	669,130,849
Segregated clients' bank accounts balances:			
- Insurance brokerage business and others	20,568,024	29,395,158	19,457,606
- Asset management business	382,923,675	586,096,042	268,510,894
Total segregated clients' bank accounts balances	403,491,699	615,491,200	287,968,500
Total cash and bank balances	489,906,981	742,346,718	957,099,349

Cash at banks earns interest at floating rates based on daily bank deposit rates for all the periods. The bank balances are deposited with creditworthy banks with no recent history of default.

The Group maintains segregated bank accounts with corporate banks to hold clients' monies on trust under custody arising from its asset management and other business. The Group has classified the clients' monies as bank balances-segregated accounts under the assets section of the consolidated statements of financial position and recognised the corresponding amounts as clients' monies held on trust 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.

16. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	Computer equipment	Total
	HK\$	HK\$	HK\$
Cost:			
At 1 January 2017	11,090	3,907,006	3,918,096
Additions	-	138,704	138,704
At 31 December 2017 and 1 January 2018	11,090	4,045,710	4,056,800
Additions	-	14,214	14,214
At 31 December 2018 and 1 January 2019	11,090	4,059,924	4,071,014
Additions	-	13,710	13,710
At 30 September 2019	11,090	4,073,634	4,084,724
Accumulated depreciation:			
At 1 January 2017	1,842	3,223,993	3,225,835
Charge for the year	2,218	376,914	379,132
At 31 December 2017 and 1 January 2018	4,060	3,600,907	3,604,967
Charge for the year	2,218	332,623	334,841
At 31 December 2018 and 1 January 2019	6,278	3,933,530	3,939,808
Charge for the period	1,664	97,815	99,479
At 30 September 2019	7,942	4,031,345	4,039,287

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fixtures	Computer equipment	Total
	HK\$	HK\$	HK\$
Carrying amount:			
At 30 September 2019	3,148	42,289	45,437
At 31 December 2018	4,812	126,394	131,206
At 31 December 2017	7,030	444,803	451,833
At 1 January 2017	9,248	683,013	692,261

17. INTANGIBLE ASSETS

	HK\$
Net carrying amount as at 31 December 2017 and 2018 and 30 September 2019	15,171,170

The intangible assets represented securities trading licenses and trading right with indefinite useful lives because they are expected to contribute to the net cash flows of the Group indefinitely and therefore, are not amortized. The recoverable amount of the intangible assets is determined by reference to the market evidence of recent transaction prices for similar licensed corporations.

18. ACCOUNTS PAYABLE

	Notes	31 December		30 September
		2017	2018	2019
		HK\$	HK\$	HK\$
Payables to clearing house and brokers	(i)	2,857,658	3,153,820	648,649
Clients' payables	(i)	4,270,484	12,157,051	6,076,363
		7,128,142	15,310,871	6,725,012

Note:

- (i) As at 31 December 2017 and 2018 and 30 September 2019, payables to clearing house and brokers and clients' payable arising from assets management business are repayable 2 days after trade date or at pre-agreed specified terms.

An ageing analysis of the accounts payable as at the end of the reporting period is as follows:

	31 December		30 September
	2017	2018	2019
	HK\$	HK\$	HK\$
Within 1 month/repayable on demand	7,128,142	15,310,871	6,725,012

The balances of accounts payable are unsecured and non-interest-bearing.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

19. MARGIN LOANS PAYABLE

As at 31 December 2017 and 2018 and 30 September 2019, the balances are interest-bearing at a rate of 3.00% to 5.25% per annum (“p.a.”), 6.75% p.a. and 6.75% p.a., respectively, and secured by the Group’s financial assets at fair value through profit or loss of HK\$730,000,000, HK\$1,598,360,400, and HK\$1,432,376,820, respectively (Note 13).

20. OTHER PAYABLES AND ACCRUALS

	<u>Notes</u>	<u>31 December</u>		<u>30 September</u>
		<u>2017</u>	<u>2018</u>	<u>2019</u>
		<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Accruals and other payables		6,516,678	25,011,870	66,772,740
Contract liabilities	(i)	—	55,111,818	115,502,836
		<u>6,516,678</u>	<u>80,123,688</u>	<u>182,275,576</u>

Note:

- (i) Contract liabilities include upfront fees received to deliver asset management services. The Company started to receive advances from its customers of asset management services in 2018.

Movements in contract liabilities during the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2019 are as follows:

	<u>HK\$</u>
At 1 January 2017, 31 December 2017 and 1 January 2018	—
Deferred revenue received during the year	58,344,702
Revenue recognised during the year	<u>(3,232,884)</u>
At 31 December 2018	55,111,818
Deferred revenue received during the period	109,319,290
Revenue recognised during the period	<u>(48,928,272)</u>
At 30 September 2019	<u>115,502,836</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

21. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the years are as follows:

	Unrealized gain on investment HK\$
	HK\$
At 1 January 2017	17,239,669
Deferred tax charged to profit or loss during the year (Note 9)	112,969,008
At 31 December 2017 and 1 January 2018	130,208,677
Deferred tax charged to profit or loss during the year (Note 9)	33,148,500
At 31 December 2018 and 1 January 2019	163,357,177
Deferred tax charged to profit or loss during the period (Note 9)	79,556,400
At 30 September 2019	242,913,577

As at 31 December 2017 and 2018 and 30 September 2019, the Group had estimated tax losses arising in Hong Kong of HK\$1,196,380, HK\$1,041,831 and HK\$6,405,387 subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the unutilised tax losses arising in Hong Kong as it is not considered probable that taxable profits would be available against which the tax losses can be utilised.

22. SHARE CAPITAL AND CAPITAL RESERVE

Share Capital

Authorized

Class A ordinary shares	8,000,000,000
Class B ordinary shares	2,000,000,000

Issued and fully paid:

Class A ordinary shares	33,777,159
Class B ordinary shares	200,000,001

As described in Note 1.2, the issued capital of the Company is presented as if the shares after completion of the Reorganisation were issued since inception. The carrying amount of the issued capital of HK\$156,998 (equivalent to US\$20,000) represents nominal amount of the 200,000,001 Class B ordinary shares at US\$0.0001 per share issued by the Company.

All issued shares to the contributing shareholder of AMTD IHG, AMTD ISG, AMTD SI, AMTD Overseas and AMTD FI during the Reorganisation are Class B ordinary shares.

Between 26 April 2019 and 19 June 2019, the Company issued 8,236,838 Class A ordinary shares to third parties investors for an aggregate consideration of US\$53.5 million for the pre-IPO financing.

During the period, the Company issued a warrant for an aggregate consideration of US\$2 million. Each warrant entitles the holder thereof to subscribe for one ordinary share at a subscription price of US\$7.2. On 10 April 2019, the warrant holder exercised the warrants in full and paid an additional amount of US\$10 million for 1,666,666 Class A ordinary shares. At the end of the reporting period, the Company had no warrants outstanding.

On 5 August 2019, the Company completed its Initial Public Offering (“IPO”) on the New York Stock Exchange under the symbol of “HKIB”. The Company issued an aggregate 23,873,655 American Depositary Shares (“ADSs”), representing 23,873,655 Class A Ordinary Shares for total net proceeds of HK\$1,926.6 million.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

22. SHARE CAPITAL AND CAPITAL RESERVE (CONTINUED)

Each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to vote at general meetings of the Company, and each Class B ordinary share shall entitle the holder thereof to twenty votes on all matters subject to vote at general meetings of the Company. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Each Class A ordinary share is not convertible into Class B ordinary shares under any circumstances. Except for the voting rights and the conversion rights, the Class A ordinary shares and the Class B ordinary shares shall rank pari passu with one another and shall have the same rights, preferences, privileges and restrictions.

As at 30 September 2019, the Company had ordinary shares outstanding comprising of 33,777,159 Class A ordinary shares and 200,000,001 Class B ordinary shares, respectively. No Class B ordinary shares were converted into Class A ordinary shares during the nine months ended 30 September 2019.

Capital reserve

	Notes	HK\$
As at 1 January 2017	(i)	33,333,003
Capital injection to a subsidiary		1
Deemed contributions	(ii)	1,279,469,671
As at 31 December 2017		1,312,802,675
Capital injection to a subsidiary		1
As at 31 December 2018		1,312,802,676
Deemed disposal of non-controlling interests		435,231,866
Exercise of warrants	(iii)	94,196,292
Pre-IPO financing	(iv)	419,375,698
Initial public offering		1,507,196,460
Capital injection to subsidiaries		9
As at 30 September 2019		3,768,803,001

Notes:

- (i) In prior year, when the immediate holding company restructured its organization, the equity interest of AMTD GM was transferred between two companies within its group. The amount of consideration in excess of the net asset value of AMTD GM on the transaction date was recorded in capital reserve.
- (ii) For the year ended 31 December 2017, the intermediate holding company of AMTD ISG and AMTD SI issued new shares representing equity interest of 20.87% to independent investors. It was accounted for as an equity transaction with the non-controlling interests and a decrease in equity attributable to owners of the Company, and recorded in capital reserve, based on the proportionate share of the subsidiaries net assets of HK\$34,009,199 upon issuance of new shares.
- Besides, a balance of HK\$1,313,478,870 due to the former holding company of a subsidiary was waived and recorded as deemed contribution.
- (iii) The Company issued a warrant for an aggregate consideration of US\$2 million. Each warrant entitles the holder thereof to subscribe for one ordinary share at a subscription price of US\$7.2. On 10 April 2019, the warrant holder exercised the warrants in full and paid an additional amount of US\$10 million for 1,666,666 Class A ordinary shares.
- (iv) Between 26 April 2019 and 19 June 2019, the Company issued 8,236,838 Class A ordinary shares to third parties investors for an aggregate consideration of US\$53.5 million for the pre-IPO financing.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

23. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2018, the Group purchased financial assets at fair value through profit or loss of HK\$1,675,510,800 and HK\$203,607,914 and HK\$203,607,914, respectively, by way of current accounts with fellow subsidiaries. No such item occurred in the period ended 30 September 2019.

During the year ended 31 December 2017, 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.

(b) Changes in liabilities arising from financing activities

	Margin loans payable HK\$
	HK\$
At 1 January 2017	638,350,783
Cash flow changes from financing activities	(38,557,701)
Released from disposal of financial assets at fair value through profit or loss	(248,183,452)
Interest expenses	28,724,758
Interest paid	<u>(28,724,758)</u>
At 31 December 2017	351,609,630
Cash flow changes from financing activities	(29,610,081)
Interest expenses	9,047,063
Interest paid	<u>(9,047,063)</u>
At 31 December 2018	321,999,549
Cash flow changes from financing activities	(223,997)
Interest expense	16,162,042
Interest paid	<u>(16,162,042)</u>
At 30 September 2019	<u><u>321,775,552</u></u>
	Margin loans payable
	HK\$
At 31 December 2017	351,609,630
Repayment (unaudited)	(351,609,630)
Interest expenses (unaudited)	6,546,500
Interest paid (unaudited)	<u>(6,546,500)</u>
At 30 September 2018 (unaudited)	<u><u>—</u></u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

23. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(c) Changes in the movement of balances with related parties

	<u>Year ended 31 December 2017</u>		
	Related company HK\$	Fellow subsidiaries HK\$	Immediate holding company HK\$
Operating activities	(2,104,418)	(663,904,382)	284,494,845
Financing activities	—	203,607,914	—
Net cash (outflow)/inflow	<u>(2,104,418)</u>	<u>(460,296,468)</u>	<u>284,494,845</u>
	<u>Year ended 31 December 2018</u>		
	Related company HK\$	Fellow subsidiaries HK\$	Immediate holding company HK\$
Operating activities	7,500	(2,375,375,220)	439,200,382
Financing activities	—	1,675,510,800	—
Net cash inflow/(outflow)	<u>7,500</u>	<u>(699,864,420)</u>	<u>439,200,382</u>
	<u>Nine months ended 30 September 2019</u>		
	Related company HK\$	Fellow subsidiaries HK\$	Immediate holding company HK\$
Investing activities	—	—	(2,003,373,593)
Net cash outflow	<u>—</u>	<u>—</u>	<u>(2,003,373,593)</u>
	<u>Nine months ended 30 September 2018</u>		
	Related company HK\$	Fellow subsidiaries HK\$	Immediate holding company HK\$
	(Unaudited)	(Unaudited)	(Unaudited)
Operating activities	7,500	338,614,921	(351,779,064)
Financing activities	—	203,607,914	—
Net cash inflow/(outflow)	<u>7,500</u>	<u>542,222,835</u>	<u>(351,779,064)</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

24. 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/periods:

	Notes	Year ended 31 December		Nine months ended 30 September	
		2017 HK\$	2018 HK\$	2018 HK\$ (Unaudited)	2019 HK\$
Underwriting services rendered to immediate holding company	(i)	31,221,600	—	—	26,420,072
Financial advisory services rendered to fellow subsidiaries	(i)	—	70,988,340	70,988,340	15,691,000
Management fee income from a fellow subsidiary	(i)	2,231,559	—	—	—
Investment advisory fee paid to a fellow subsidiary	(i)	15,000	180,000	135,000	135,000
Insurance commission paid to a fellow subsidiary	(i)	81,606	57,063	—	50,478
Management services fee paid to immediate holding company	(i)	—	—	—	112,500
Asset management services rendered to a fellow subsidiary	(i)	—	5,784,775	5,743,276	457,431
Acquisition of investment from a fellow subsidiary	(ii)	—	72,072,000	—	—
Administrative service fee paid to immediate holding company	(iii)	—	—	—	6,000,000
Recharge from/(to) immediate holding company					
—Staff costs		66,163,850	11,678,050	18,760,329	17,936,752
—Premises cost		17,910,916	9,329,432	7,721,080	5,300,986
—Office renovation		14,118,570	1,250,906	1,676,425	869,214
—Other operating expenses / (income), net		10,512,120	(1,753,759)	4,723,794	9,798,649
	(iii)	108,705,456	20,504,629	32,881,628	33,905,601

Notes:

- (i) The terms of these services were comparable to the fee and conditions offered to the major customers of the Group.
- (ii) The transaction represented the transfer of 234,000 ordinary shares of a listed company from its fellow subsidiary based on the market price as at 12 December 2018.
- (iii) During the years ended 31 December 2017 and 2018, staff costs, office renovation and other operating expenses (e.g. advertisement and promotional expense) were recharged by the immediate holding company based on the proportion of the Company's revenue to the consolidated revenue of the immediate holding company, net of expenses incurred by the Group. Premises cost was recharged based on actual usage. Starting from the third quarter of year 2019, the immediate holding company charged a fixed service fee of HK\$6,000,000 per quarter in place of previous recharging arrangement.
- (iv) As at 30 June 2018, the Group transferred the retail insurance brokerage business to fellow subsidiaries at net asset value of HK\$775,955, including accounts and other receivables of HK\$1,366,402 and accounts and other payables of HK\$590,447 through current accounts. The fellow subsidiaries were disposed by the immediate holding company to a third party on the same date.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the years/periods (continued):

(v) Subsequent to 30 September 2019, the Founder and Executive Chairman of the counterparty with which the Group has entered into the Agreements (Note 14), was appointed as a Director and Vice Chairman to the Board of Directors of the Company (Note 28).

(b) Outstanding balances with related parties:

(i) As at 1 January 2017, the Group had an outstanding balance due from a fellow subsidiary of HK\$130,000,000 which was unsecured, bears interest of 2.5% per annum and repayable on demand. Interest receivable at 1 January 2017 amounted to HK\$3,223,360 was included in due from fellow subsidiaries. During the year ended 31 December 2017, the outstanding balance of HK\$130,000,000 became interest free. As at 31 December 2017, the outstanding balance of HK\$130,000,000 and interest receivable of HK\$3,223,360 were unsecured, interest free and repayable on demand and were included in amounts due from fellow subsidiaries. During the year ended 31 December 2018, the balances due from the fellow subsidiary were fully settled.

During the year ended 31 December 2017, the Group advanced HK\$70,332,300 (equivalent to US\$9,000,000), which was unsecured, interest free and repayable on demand, to a fellow subsidiary. At 31 December 2017, the outstanding balance of HK\$70,332,300 was included in amounts due from fellow subsidiaries. During the year ended 31 December 2018, such balance was fully settled.

As at 31 December 2017 and 2018, the Group's outstanding balances due from its fellow subsidiaries and immediate holding company arising from intercompany advances were unsecured, interest free and repayable on demand, except for the balances described above.

As at 31 December 2017 and 2018, the Group's outstanding balances due to its fellow subsidiaries and immediate holding company arising from intercompany advances were unsecured, interest free and repayable on demand.

As at 30 September 2019, the Group's outstanding balance with its immediate holding company carried an interest at 2% per annum and was repayable on demand. The Group did not have any outstanding balances with its fellow subsidiaries as at 30 September 2019. As at 31 December 2017 and 2018 and 30 September 2019, there was no provision of credit loss on amounts due from fellow subsidiaries and immediate holding company.

(ii) As at 31 December 2018 and 30 September 2019, the Group had an outstanding accounts receivable balance due from its fellow subsidiaries of HK\$70,875,980 and HK\$15,681,400, respectively. The balances arose from the provision of investment banking services and the balances were non-interest bearing with settlement terms mutually agreed by both parties.

As at 30 September 2019, the Group had an outstanding accounts receivable balance due from its fellow subsidiaries of HK\$281,285. The balances arose from the provision of asset management services and the overdue balance was interest bearing and repayable on similar credit terms to those offered to other customers of the Group.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties (continued):

- (iii) As at 31 December 2017 and 2018 and 30 September 2019, the Group had an outstanding balance due from a related company associated with a major shareholder of HK\$4,092,519, HK\$4,085,019 and HK\$4,085,019, respectively. This balance was unsecured, interest free and repayable on demand. As at 31 December 2017 and 2018 and 30 September 2019, there was no provision of credit loss on amount due from the related company.
- (iv) As at 31 December 2017, the Group held listed equity shares with fair value of HK\$489,600,000 through a share custody entrustment agreement with a fellow subsidiary. The fellow subsidiary was the beneficiary owner of the shares and therefore the fellow subsidiary recorded the listed equity shares as its financial assets. The listed equity shares were used to secure part of the Group's margin loans payable as at 31 December 2017.

The fellow subsidiary shall bear all costs and expenses in connection with the custody, acquisition and disposal of the listed equity shares. The Group recorded other income from a fellow subsidiary of HK\$15,285,311 and HK\$3,666,040 for the years ended 31 December 2017 and 2018, respectively, in connection with the reimbursement of interest expenses of the related margin loans payable. As at 31 December 2018 and 30 September 2019, the Group did not hold any listed equity shares through the share custody entrustment agreement.

(c) Compensation of key management personnel of the Group:

	Year ended 31 December		Nine months ended 30	
	2017	2018	September	
	HK\$	HK\$	2018	2019
			HK\$	
			(Unaudited)	
Short-term employee benefits	8,745,651	19,473,470	20,912,111	36,114,574
Other long-term benefit	53,624	61,428	54,426	72,000
	<u>8,799,275</u>	<u>19,534,898</u>	<u>20,966,537</u>	<u>36,186,574</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

25. 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 2017

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Mandatorily required to be measured at fair value	cost	cost
	HK\$	HK\$	HK\$
Accounts receivable	—	93,172,716	93,172,716
Financial assets included in prepayments, other receivables and other assets	—	1,832,109	1,832,109
Due from a related company	—	4,092,519	4,092,519
Due from fellow subsidiaries	—	2,458,702,841	2,458,702,841
Financial assets at fair value through profit or loss	745,629,400	—	745,629,400
Stock loan	2,203,140,000	—	2,203,140,000
Cash and bank balances—general accounts	—	86,415,282	86,415,282
Bank balances—segregated accounts	—	403,491,699	403,491,699
	<u>2,948,769,400</u>	<u>3,047,707,166</u>	<u>5,996,476,566</u>

Financial liabilities

	Financial liabilities at amortised cost
	HK\$
Clients' monies held on trust	383,304,389
Accounts payable	7,128,142
Margin loans payable	351,609,630
Financial liabilities included in other payables and accruals	6,516,678
Due to fellow subsidiaries	853,123,095
Due to immediate holding company	1,640,450,071
	<u>3,242,132,005</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

25. 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

Financial assets

	Financial assets at fair value through profit or loss		
	Mandatorily required to be measured at fair value	Financial assets at amortised cost	Total
	HK\$	HK\$	HK\$
Accounts receivable	—	161,093,054	161,093,054
Financial assets included in prepayment, other receivables and other assets	—	6,042,605	6,042,605
Due from a related company	—	4,085,019	4,085,019
Due from immediate holding company	—	66,141,756	66,141,756
Due from fellow subsidiaries	—	2,596,118,859	2,596,118,859
Financial assets at fair value through profit or loss	1,953,078,309	—	1,953,078,309
Stock loan	1,535,679,600	—	1,535,679,600
Cash and bank balances—general accounts	—	126,855,518	126,855,518
Bank balances—segregated accounts	—	615,491,200	615,491,200
	<u>3,488,757,909</u>	<u>3,575,828,011</u>	<u>7,064,585,920</u>

Financial liabilities

	Financial liabilities at amortised cost
	HK\$
Clients' monies held on trust	586,891,255
Accounts payable	15,310,871
Margin loans payable	321,999,549
Financial liabilities included in other payables and accruals	25,011,870
Due to fellow subsidiaries	574,202,907
Due to immediate holding company	2,145,792,209
	<u>3,669,208,661</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

25. 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 30 September 2019

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Mandatorily required to be measured at fair value		
	HK\$	HK\$	HK\$
Accounts receivable	—	170,601,380	170,601,380
Financial assets included in prepayment, other receivables and other assets	—	10,460,739	10,460,739
Due from a related company	—	4,085,019	4,085,019
Due from immediate holding company	—	1,951,534,980	1,951,534,980
Financial assets at fair value through profit or loss	1,750,862,599	—	1,750,862,599
Stock loan	1,376,205,180	—	1,376,205,180
Derivative financial instrument	807,618,000	—	807,618,000
Cash and bank balances—general accounts	—	669,130,849	669,130,849
Bank balances—segregated accounts	—	287,968,500	287,968,500
	<u>3,934,685,779</u>	<u>3,093,781,467</u>	<u>7,028,467,246</u>

Financial liabilities

	Financial liabilities at amortised cost
	HK\$
Clients' monies held on trust	300,429,276
Accounts payable	6,725,012
Margin loans payable	321,775,552
Financial liabilities included in other payables and accruals	28,722,438
	<u>657,652,278</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts			Fair values		
	31 December		30 September	31 December		30 September
	2017	2018	2019	2017	2018	2019
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Financial assets						
Financial assets at fair value through profit or loss	745,629,400	1,953,078,309	1,750,862,599	745,629,400	1,953,078,309	1,750,862,599
Derivative financial instrument	—	—	807,618,000	—	—	809,156,635
Stock loan	<u>2,203,140,000</u>	<u>1,535,679,600</u>	<u>1,376,205,180</u>	<u>2,203,140,000</u>	<u>1,535,679,600</u>	<u>1,376,205,180</u>
	<u>2,948,769,400</u>	<u>3,488,757,909</u>	<u>3,934,685,779</u>	<u>2,948,769,400</u>	<u>3,488,757,909</u>	<u>3,936,224,414</u>

Management has assessed that the fair values of cash and cash balances, accounts receivable, financial assets included in prepayments, other receivables and other assets, accounts payable, financial liabilities included in other payables and accruals, clients' monies held on trust, margin loans payable, and balances with a related company, fellow subsidiaries and immediate holding company, approximate to their carrying amounts largely due to the short-term maturities of these instruments or repayable on demand.

The Group's finance department headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance director reports directly to the chief financial officer. At each reporting date, finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The valuation procedures applied include consideration of recent transactions in the same security or financial instrument, recent financing of the investee companies, economic and market conditions, current and projected financial performance of the investee companies, and the investee companies' management team as well as potential future strategies to realize the investments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

As at 31 December 2017 and 2018 and 30 September 2019, the fair values of listed equity investments, including the stock loan, were based on quoted market prices.

As at 31 December 2018 and 30 September 2019, the fair values of unlisted debt and equity investments- Investment C and Investment E were based on the prices of recent transactions of the same instruments with the same rights of the same issuers that occurred within 12 months without adjustment.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

As at 31 December 2017, the fair value of unlisted equity investment-Investment D was based on the prices of recent transactions occurred within 12 months without adjustment. As at 31 December 2018, the fair value of unlisted equity investment-Investment D has been estimated using an EVA valuation technique based on assumptions that are supported by observable recent transactions with similar risk characteristics. The valuation requires management to estimate the expected equity volatility and hence they are subject to uncertainty.

As at 30 September 2019, the fair value of the unlisted equity investment-Investment D was estimated using an EVA valuation technique relying on the hybrid method, considering two scenarios in a probability weighted expected return method (“PWERM”) framework, and using the option pricing method (“OPM”) to allocate value in one of the scenarios. The valuation requires the management to consider two scenarios in its PWERM analysis which was non-IPO exit event and IPO exit event and hence they were subject to uncertainty. The input of the equity value of unlisted equity investment-Investment D was estimated using market approach.

The fair value of the warrants was estimated using binomial option pricing model which requires the management to estimate the volatility of the fair value of the equity securities.

The fair value of the derivative financial instrument was estimated using the MCS and was determined based on significant observable and unobservable inputs including the current stock price, dividend yield, risk-free rate, volatility of the underlying equity securities and the credit rating of the counterparty on the valuation date. MCS is a financial model that is commonly used to simulate variables that are highly unpredictable. The valuations performed using the MCS require management to estimate the volatility of the underlying equity securities and the credit rating of the counterparty and hence the valuations are subject to estimation uncertainty. The Group classifies the fair value of derivative financial instrument as Level 3. The management believed that the estimated fair values resulting from the valuation technique were reasonable. The accounting policy of the day 1 profit or loss arising from the difference between the transaction price and the fair value upon initial recognition is disclosed in Note 2.3 to the consolidated financial statements.

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 investments	EVA	Equity volatility	56.72%	5% increase/ decrease in volatility results in decrease/ increase in fair value by 0.27%/0.15%

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

26. 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 30 September 2019:

	Valuation technique	Significant unobservable input	Range	Sensitivity of value to the input
Unlisted equity investment	Multiple/ EVA	Equity volatility	32.78%	5% increase/ decrease in volatility results in decrease/ increase in fair value by 0.03%-0.17%/ 0.00%-0.09%
Warrants	Binominal option pricing model	Equity volatility	47.56%-48.37%	10% increase/ decrease in volatility results in decrease/ increase in fair value by 2.49%-3.46%/ 2.03%-3.46%
Derivative financial instrument	MCS	Calculated volatility of underlying Assets	41.13%-45.46%	5% increase/ decrease in volatility results in increase/ decrease in fair value by 1.02%/1.24%
		Credit rating	BB	One rank level increase in credit rating of Company from BB to BBB results in increase in fair value by 0.01%
				One rank level decrease in credit rating of Company from BB to B results in decrease in fair value by 0.28%

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair Value Hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$	HK\$	HK\$	
<u>As at 31 December 2017</u>				
Financial assets at fair value through profit or loss	730,000,000	—	15,629,400	745,629,400
Stock loan	2,203,140,000	—	—	2,203,140,000
	<u>2,933,140,000</u>	<u>—</u>	<u>15,629,400</u>	<u>2,948,769,400</u>
<u>As at 31 December 2018</u>				
Financial assets at fair value through profit or loss	1,671,836,400	—	281,241,909	1,953,078,309
Stock loan	1,535,679,600	—	—	1,535,679,600
	<u>3,207,516,000</u>	<u>—</u>	<u>281,241,909</u>	<u>3,488,757,909</u>
<u>As at 30 September 2019</u>				
Financial assets at fair value through profit or loss	1,432,376,820	—	318,485,861	1,750,862,681
Stock loan	1,376,205,180	—	—	1,376,205,180
Derivative financial instrument	—	—	807,618,000	807,618,000
	<u>2,808,582,000</u>	<u>—</u>	<u>1,126,103,861</u>	<u>3,934,685,861</u>

During the years ended 31 December 2017 and 2018 and 30 September 2019, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The movements in fair value measurements within Level 3 during the years/period are as follow:

	Year ended 31 December		Nine months ended
	2017	2018	30 September
	HK\$	HK\$	2019 HK\$
Unlisted debt securities and unlisted equity shares at fair value through profit or loss:			
At 1 January	—	15,629,400	281,241,909
Total unrealized gain recognised in profit or loss	18,600	54,156,295	37,243,870
Purchase	15,610,800	211,456,214	—
At 31 December/30 September	<u>15,629,400</u>	<u>281,241,909</u>	<u>318,485,779</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The movements in fair value measurements within Level 3 during the years/period are as follow (continued):

	Nine months ended 30 September 2019 HK\$
Warrants at fair value through profit or loss:	
At 1 January	—
Issued	15,699,600
Exercised	(15,699,600)
	—
At 30 September	—
	Nine months ended 30 September 2019 HK\$
Derivative financial instrument:	
At 1 January	—
Recognition of day 1 profit generated on 1 April 2019	Note 14 355,294,216
Recognition of day 1 profit generated on 1 July 2019	Note 14 115,758,384
Other fair value gains recognised in profit or loss	Note 14 336,565,400
	807,618,000
At 30 September	807,618,000

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and liabilities such as financial assets at fair value through profit or loss, stock loan, accounts receivable, accounts payable, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, clients' monies held on trust, margin loans payable, amounts with a related company, fellow subsidiaries and immediate holding company which primarily arise directly from its operations.

The main risks arising from the Group's financial instruments are price risk, foreign currency risk, credit risk and liquidity risk. Management manages and monitors these risks to ensure appropriate measures are implemented on a timely and effective manner.

Price risk

Equity price risk is the risk that the fair values of equity investments decrease as a result of changes in the levels of equity indices and the value of individual securities.

The Group is exposed to equity securities price risk because certain investments held by the Group are classified in the consolidated statements of financial position as financial assets at fair value through profit or loss. Result for the year would increase/decrease as a result of gains/losses on equity securities classified as financial assets at fair value through profit or loss.

At 31 December 2017 and 2018 and 30 September 2019, if there had been a 5% increase/decrease in the market value of financial assets at fair value through profit or loss and stock loan with all other variables held constant, the Group's profit before tax would have been approximately HK\$146,657,000, HK\$160,375,800 and HK\$140,429,100 higher/lower.

The Group had concentration risk in its strategic investments segment as 25%, 46% and 46% of financial assets at fair values through profit or loss at 31 December 2017 and 2018 and 30 September 2019, respectively, and 100% of stock loan at 31 December 2017 and 2018 and 30 September 2019 were investments in listed equity shares in Investment A.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Price risk (continued)

On 1 April 2019, the Group entered Agreements with the counterparty in relation to the movement of the share price of the entirety of the listed shares of Investment A the Group owns ("Underlying Assets") to reduce the changes in fair value of financial assets of the Group. The Agreements were modified and renewed several times as disclosed in Note 14. The derivative financial instrument is initially recognised at fair value and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair value of derivative financial instrument are taken directly to profit or loss. During the nine months ended 30 September 2019, changes in the fair value of the derivative financial instrument of HK\$807,618,000, were charged to profit or loss.

Foreign currency risk

Certain transactions of the Group are denominated in foreign currencies which are different from the functional currency of the Group, i.e. HK\$, and therefore the Group is exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. As HK\$ is currently pegged to United States dollars ("US\$"), management considers that there is no significant foreign currency risk arising from the Group's monetary assets and the liability denominated in US\$.

The Group's key currency risk exposure primarily arises from accounts receivable and bank balances denominated in Australian Dollar ("AUD"), Euro ("EUR"), Renminbi ("RMB") and New Taiwan Dollar ("NTD"). The sensitivity at the end of the reporting period to a reasonably possible change in the AUD, EUR, RMB and NTD exchange rate, with all other variables held constant, of the Group's profit before tax is as follows:

Foreign currency sensitivity

If AUD had appreciated/depreciated by 5% with all other variables held constant, the impact on the Group's profit before tax would be HK\$84,996, HK\$3,536, nil and HK\$3,402 for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019, respectively.

If EUR had appreciated/depreciated by 5% with all other variables held constant, the impact on the Group's profit before tax for the year would be HK\$4,903 for the year ended 31 December 2017.

If RMB had appreciated/depreciated by 5% with all other variables held constant, the impact on the Group's profit before tax would be HK\$13,163, HK\$12,405, HK\$12,723 and HK\$12,978 for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019, respectively.

If NTD had appreciated/depreciated by 5% with all other variables held constant, the impact on the Group's profit before tax would be HK\$277,654, HK\$74,959, HK\$60,258 and HK\$287,051 for the years ended 31 December 2017 and 2018 and for the nine months ended 30 September 2018 and 2019, respectively.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk during the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2018 and 2019.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. 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 management periodically.

The Group has credit risk exposure in relation the Agreements entered into with a counterparty amounting to HK\$807,618,000 as at 30 September 2019 (Note 14). On 20 December 2019, the Group entered into a pledge agreement with the same counterparty pursuant to which the counterparty pledged certain listed securities to the Group as collateral (Note 28).

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.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and staging as at 31 December 2017 and 2018 and 30 September 2019

The table below shows the credit quality and the maximum exposure to expected credit loss (“ECL”) based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and the staging classification as at 31 December 2017 and 2018 and 30 September 2019. The amounts presented are gross carrying amounts for financial assets at amortised cost.

As at 31 December 2017

	12-month ECLs		Lifetime ECLs		HK\$
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	
	HK\$	HK\$	HK\$	HK\$	
Accounts receivable*	—	—	—	93,172,716	93,172,716
Financial assets included in prepayments, other receivables and other assets					
—Normal**	1,832,109	—	—	—	1,832,109
—Doubtful**	—	—	—	—	—
Due from a related company					
—Normal**	4,092,519	—	—	—	4,092,519
—Doubtful**	—	—	—	—	—
Due from fellow subsidiaries					
—Normal**	2,458,702,841	—	—	—	2,458,702,841
—Doubtful**	—	—	—	—	—
Bank balances-segregated accounts					
—Not yet past due	403,491,699	—	—	—	403,491,699
Cash and bank balances-general accounts					
—Not yet past due	86,415,282	—	—	—	86,415,282
	<u>2,954,534,450</u>	<u>—</u>	<u>—</u>	<u>93,172,716</u>	<u>3,047,707,166</u>

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 11 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets, due from a related company and due from fellow subsidiaries 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".

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and staging as at 31 December 2017 and 2018 and 30 September 2019 (continued)

As at 31 December 2018

	12-month		Lifetime ECLs			HK\$
	ECLs		ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach		
	HK\$	HK\$	HK\$	HK\$		
Accounts receivable*	—	—	—	158,518,003		158,518,003
Accounts receivable						
—Normal**	2,575,051	—	—	—		2,575,051
—Doubtful**	—	—	—	—		—
Financial assets included in prepayments, other receivables and other assets						
—Normal**	6,042,605	—	—	—		6,042,605
—Doubtful**	—	—	—	—		—
Due from a related company						
—Normal**	4,085,019	—	—	—		4,085,019
—Doubtful**	—	—	—	—		—
Due from immediate holding company						
—Normal**	66,141,756	—	—	—		66,141,756
—Doubtful**	—	—	—	—		—
Due from fellow subsidiaries						
—Normal**	2,596,118,859	—	—	—		2,596,118,859
—Doubtful**	—	—	—	—		—
Bank balances-segregated accounts						
—Not yet past due	615,491,200	—	—	—		615,491,200
Cash and bank balances-general accounts						
—Not yet past due	<u>126,855,518</u>	<u>—</u>	<u>—</u>	<u>—</u>		<u>126,855,518</u>
	<u>3,417,310,008</u>	<u>—</u>	<u>—</u>	<u>158,518,003</u>		<u>3,575,828,011</u>

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 11 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets, due from a related company, due from immediate holding company and due from fellow subsidiaries 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".

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and staging as at 31 December 2017 and 2018 and 30 September 2019 (continued)

As at 30 September 2019

	9-month ECLs		Lifetime ECLs		HK\$
	Stage 1	Stage 2	Stage 3	Simplified approach	
	HK\$	HK\$	HK\$	HK\$	
Accounts receivable*	—	—	—	170,601,380	170,601,380
Financial assets included in prepayments, other receivables and other assets					
—Normal**	10,460,739	—	—	—	10,460,739
—Doubtful**	—	—	—	—	—
Due from a related company					
—Normal**	4,085,019	—	—	—	4,085,019
—Doubtful**	—	—	—	—	—
Due from immediate holding company					
—Normal**	1,951,534,980	—	—	—	1,951,534,980
—Doubtful**	—	—	—	—	—
Bank balances-segregated accounts					
—Not yet past due	669,130,849	—	—	—	669,130,849
Cash and bank balances-general accounts					
—Not yet past due	<u>287,968,500</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>287,968,500</u>
	<u>2,923,180,087</u>	<u>—</u>	<u>—</u>	<u>170,601,380</u>	<u>3,093,781,467</u>

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 11 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets, due from a related company and due from immediate holding company is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group aims to maintain cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, loans and equity financing.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

31 December 2017					
	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total
	%	HK\$	HK\$	HK\$	HK\$
Accounts payable	N/A	7,128,142	—	—	7,128,142
Margin loans payable	5.25%	351,609,630	—	—	351,609,630
Clients' monies held on trust	N/A	383,304,389	—	—	383,304,389
Financial liabilities included in other payables and accruals	N/A	6,516,678	—	—	6,516,678
Due to fellow subsidiaries	N/A	853,123,095	—	—	853,123,095
Due to immediate holding company	N/A	1,640,450,071	—	—	1,640,450,071
		<u>3,242,132,005</u>	<u>—</u>	<u>—</u>	<u>3,242,132,005</u>
31 December 2018					
	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total
	%	HK\$	HK\$	HK\$	HK\$
Accounts payable	N/A	15,310,871	—	—	15,310,871
Margin loans payable	6.75%	321,999,549	—	—	321,999,549
Clients' monies held on trust	N/A	586,891,255	—	—	586,891,255
Financial liabilities included in other payables and accruals	N/A	25,011,870	—	—	25,011,870
Due to fellow subsidiaries	N/A	574,202,907	—	—	574,202,907
Due to immediate holding company	N/A	2,145,792,209	—	—	2,145,792,209
		<u>3,669,208,661</u>	<u>—</u>	<u>—</u>	<u>3,669,208,661</u>
30 September 2019					
	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total
	%	HK\$	HK\$	HK\$	HK\$
Accounts payable	N/A	6,725,012	—	—	6,725,012
Margin loans payable	6.75%	321,775,552	—	—	321,775,552
Clients' monies held on trust	N/A	300,429,276	—	—	300,429,276
Financial liabilities included in other payables and accruals	N/A	28,722,438	—	—	28,722,438
		<u>657,652,278</u>	<u>—</u>	<u>—</u>	<u>657,652,278</u>

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

27. 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 the immediate holding company, equity attributable to equity holders of the Group, comprising issued share capital, retained profits and capital reserves, as disclosed in consolidated statements of changes in equity.

As AMTD GM and AMTD AAAPL are licensed corporations under the Hong Kong Securities and Futures Ordinances, the Group is subject to statutory capital requirement and is required to maintain adequate financial resources to support its business. The Securities and Futures (Financial Resources) Rules require a licensed corporation to maintain liquid capital which is not less than its required liquid capital.

In addition, AMTD GM is a member of the Hong Kong Confederation of Insurance Brokers, which is required to maintain a minimum capital and net assets value of not less than HK\$100,000.

There were no changes on the Group's approach to capital risk management during the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2019.

28. SUBSEQUENT EVENTS

In December 2019, the Company issued (i) an aggregate of 7,307,692 Class A ordinary shares and 4,526,627 Class B ordinary shares, both with par value US\$0.0001 per share, for an aggregate amount of US\$100 million (representing a per share price of US\$8.45) to Value Partners Greater China High Yield Income Fund, Ariana Capital Investment Limited and Infinity Power Investments Limited, and (ii) convertible note due 2023 in an aggregate principal amount of US\$15 million to Value Partners Greater China High Yield Income Fund, each in the form of private placement. Infinity Power Investments Limited is a British Virgin Islands company wholly owned by Mr. Calvin Choi, Chairman and Chief Executive Officer of the Company.

On 20 December 2019, the Founder and Executive Chairman of the counterparty with which the Group has entered into the Agreement (Note 14), was appointed as a Director and Vice Chairman to the Board of Directors of the Company.

On 20 December 2019, the Group entered into a pledge agreement with the counterparty with which the Group has entered into the Agreement (Note 14). Pursuant to the pledge agreement, the counterparty pledged certain listed securities to the Group as collateral. As at 20 December 2019, the market value of the listed securities pledged to the Group amounted to approximately HK\$957,828,792 (Note 27).

On 31 December 2019, the Agreements were extended for an additional three-month period ending on 31 March 2020 (Note 14).

The emergence and wide spread of the novel Coronavirus ("COVID-19") in China since the beginning of 2020 has affected business and economic activities in Mainland China and the rest of the world. The Group will monitor the developments of the COVID-19 situation closely, assess and respond proactively to minimize any adverse impacts on the financial position and operating results of the Group. The situation is fluid and challenging facing all the industries of the society and therefore an estimate of its financial effect on the Group cannot be made at this stage.

In preparing the consolidated financial statements, the Group has evaluated events and transactions for potential recognition and disclosure through 27 March 2020, the date of the consolidated financial statements were available to be issued.

AMTD INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 AND 2019

29. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2020.

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AMTD IDEA GROUP
(formerly known as AMTD International Inc.)
(incorporated under the laws of the Cayman 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 Listing Memorandum (the "**Programme**"), AMTD IDEA Group (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 AMTD Wealth Management Solutions Group Limited (the "**Lead Arranger**") or 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 Listing Memorandum 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**" or "**SEHK**") 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) ("**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 each Tranche (as defined under "*Terms and Conditions of the Notes*" or "*Terms and Conditions of the Perpetual Securities*", as applicable) of Securities to be issued under the Programme is intended for purchase by Professional Investors only, and the Programme and the Securities, to the extent such Securities are to be listed on the Hong Kong Stock Exchange, 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 Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Securities, 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.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in connection with the Programme and application will be made to the SGX-ST for permission to deal in, and for the listing and quotation of any Securities to be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Listing Information Memorandum. Approval in-principle from the SGX-ST and the admission of the Securities to the Official List of the SGX-ST and quotation of any Securities on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Securities. Each Series of the Securities will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies) for so as long as any of the Securities of such series remain listed on the SGX-ST.

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 or SGX-ST, will be delivered to the Hong Kong Stock Exchange or the SGX-ST (as applicable), 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, the SGX-ST 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 depository ("**Common Depository**") 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 Money Markets 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. The Securities may not be offered, sold, or, in the case of Bearer Securities, delivered within the United States or, in the case of Securities offered or sold outside the United States in reliance on Category 2 of Regulation S, to or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except pursuant to an exemption from the registration requirements of the Securities Act. 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 Listing Memorandum, 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 Listing Memorandum 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. **In particular, investors should be aware that the Notes may include complex features such as interest rates linked to an index or formula – such associated risks are set out more fully on page 12 of this document. Perpetual Securities may also be subordinated and are perpetual with no fixed maturity date, and the Issuer may elect to defer or cancel Distribution payments under the Perpetual Securities – see "*Risks Relating to Perpetual Securities*" beginning on page 33 of this document. There are various other risks relating to the Securities, the Issuer and the Group (as defined herein), as well as the business and jurisdictions in which they operate, of which investors should be aware before making an investment in the Securities. See "*Risk Factors*" beginning on page 12 of this document.**

Lead Arranger

AMTD Wealth Management Solutions Group Limited

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Listing Memorandum, 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 Listing Memorandum.

This Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum.

Each Tranche (as defined herein) of Securities 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 Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum are required by the Issuer to inform themselves about and to observe any such restrictions. The Issuer makes no representation that this Listing Memorandum 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 which would permit a public offering of any Securities or distribution of this Listing Memorandum 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 Listing Memorandum, 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 Cayman 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. The Securities may not be offered, sold or, in the case of Bearer Securities, delivered within the United States or, in the case of Securities offered or sold outside the United States in reliance on Category 2 of Regulation S, to or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except pursuant to an exemption from the registration requirements of the Securities Act. 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 Listing Memorandum, 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 none of the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU 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, "**EU 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 none of 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 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 Directive 2014/65/EU (as amended, "**EU 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 EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (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.

IMPORTANT - UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Securities includes a legend entitled "Prohibition of Sales to UK 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 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**"); 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; 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 EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities 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 2001

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 2001 (2020 Revised Edition) of Singapore (the "SFA"). The Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Securities being offered for the purposes of Section 309B(1)(a) and Section 309B(1)(c) of the SFA.

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

Listing of the Securities on the Hong Kong Stock Exchange or the SGX-ST 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 Listing Memorandum 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.

Neither the delivery of this Listing Memorandum 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 Listing Memorandum is true subsequent to the date hereof or the date upon which this Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum 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 or any director, officer, employee, agent or affiliate of any such person or any of them that any recipient of this Listing Memorandum or any Pricing Supplement should subscribe for or purchase any Securities. Each recipient of this Listing Memorandum 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 STABILISATION MANAGER(S) (THE "STABILISATION MANAGER") (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION 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 STABILISATION ACTION MAY BEGIN ON THE 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 STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

This Listing Memorandum 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 Listing Memorandum 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.

In this Listing Memorandum, 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 Listing Memorandum, 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 "S\$" refer to Singapore dollars; all references to "sterling" and "£" are to the lawful currency of the United Kingdom; 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 Listing Memorandum 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 "Macao" 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 Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum, 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 Listing Memorandum 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 2021 and 2020 (the "**Audited Financial Statements of the Group**") and the unaudited interim condensed consolidated financial information for the six months ended 30 June 2022 (the "**Interim Financial Statements of the Group**") included in this Listing Memorandum have been prepared and presented in accordance with International Financial Reporting Standards ("**IFRS**") and have been (in the case of the Audited Financial Statements of the Group) audited or (in the case of the Interim Financial Statements of the Group) reviewed, in each case by Deloitte Touche Tohmatsu ("**Deloitte**").

In this Listing Memorandum, 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 Listing Memorandum should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published annual financial statements and any audited or unaudited interim financial statements published subsequently to such annual financial statements of the Issuer from time to time (if any), in each case with the report of the auditors in connection therewith (if any), and all amendments and supplements from time to time to this Listing Memorandum, which shall be incorporated in, and to form part of, this Listing Memorandum and which shall be deemed to modify or supersede the contents of this Listing Memorandum 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 Listing Memorandum 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 Listing Memorandum (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	41
CLEARANCE AND SETTLEMENT	42
TERMS AND CONDITIONS OF THE NOTES	44
TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES	73
FORM OF PRICING SUPPLEMENT IN RELATION TO THE NOTES	106
FORM OF PRICING SUPPLEMENT IN RELATION TO THE PERPETUAL SECURITIES	118
SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM ...	130
CAPITALISATION	136
DESCRIPTION OF THE GROUP.....	137
DIRECTORS AND EXECUTIVE OFFICERS	152
TAXATION	158
SUBSCRIPTION AND SALE	161
GENERAL INFORMATION	167
AMTD IDEA GROUP INDEX TO CONSOLIDATED FINANCIAL STATEMENTS.....	B-1

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Listing Memorandum and any decision to invest in the Securities should be based on a consideration of the Listing Memorandum 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 Listing Memorandum have the same meanings in this summary.

Issuer	AMTD IDEA Group (formerly known as AMTD International Inc.)
Legal Entity Identifier Code ...	549300KHWP26J8NTV43.
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 " <i>Risk Factors</i> " below.
Fiscal Agent, 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 Service 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 Depository or deposited with a sub-custodian for the CMU Service. 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 such 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 " <i>Terms and Conditions of the Notes</i> ").
Status of Notes	The Notes will constitute unsecured obligations of the Issuer as described in " <i>Terms and Conditions of the Notes — Status</i> ".
Negative Pledge	See " <i>Terms and Conditions of the Notes — Negative Pledge</i> ".
Cross Acceleration	See " <i>Terms and Conditions of the Notes — Events of Default</i> ".
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 " <i>Terms and Conditions of the Notes — Redemption, Purchase and Options</i> ".
Withholding Tax	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Cayman 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 law.

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 such 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	<p>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.</p> <p>If Cumulative-Deferral is specified in the relevant Pricing Supplement, any deferred distribution shall constitute Arrears of Distribution.</p>
Restrictions in the case of Non-Payment	<p>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).</p>
Status of the Senior Perpetual Securities	<p>All Senior Perpetual Securities will, upon issue, constitute unsecured obligations of the Issuer as described in "<i>Terms and Conditions of the Perpetual Securities — Status — Status of Senior Perpetual Securities</i>".</p>
Status of the Subordinated Perpetual Securities	<p>All Subordinated Perpetual Securities will, upon issue, constitute unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves, and <i>pari passu</i> 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 "<i>Terms and Conditions of the Perpetual Securities — Status — Status of Subordinated Perpetual Securities</i>".</p>
Subordination of Subordinated Perpetual Securities	<p>Subject to the insolvency laws of the Cayman 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.</p>
No set-off in relation to Subordinated Perpetual Securities	<p>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.</p>
Optional Redemption	<p>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.</p>
Tax Redemption	<p>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</p>

Distribution and any Additional Distribution Amount), in the event of certain changes affecting the taxes of the Cayman 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 Cayman 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 after the date of this document on the Hong Kong Stock Exchange.

Approval in-principle has been obtained from the SGX-ST in connection with the Programme and application will be made to the SGX-ST for permission to deal in, and for the listing and quotation of any Securities to be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Listing Information Memorandum. There is no assurance that an

application to the Official List of the SGX-ST for the listing of the Securities of any Series will be approved. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST.

For as long as any Securities are listed on the SGX-ST in relation and the rules of the SGX-ST so require, such Securities will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).

For so long as any Securities are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Securities may be presented or surrendered for payment or redemption, in the event that the Global Securities representing such Securities are exchanged for definitive Securities. In addition, in the event that the Global Securities are exchanged for Definitive Securities, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Securities, including details of the paying agent in Singapore.

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, the United Kingdom, the PRC, Hong Kong, Japan, Singapore and the Cayman Islands, see "*Subscription and Sale*" below.

Category 1 or 2 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 (i) the Group's audited consolidated financial statements for the years ended 31 December 2020 and 2021 and (ii) the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2022 and 2021. The unaudited condensed consolidated interim financial statements have been prepared on the same basis as the Group's audited consolidated financial statements and include all adjustments, consisting only of normal and recurring adjustments, that the Group considers necessary for a fair presentation of its financial position and results of operations for the periods presented. This "Summary Financial Information" section should be read together with the Group's consolidated financial statements and the related notes and "Description of the Group" included elsewhere in this Listing Memorandum. The Group's consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards, or IFRS, issued by the International Accounting Standard Board, or IASB. The Group's historical results of operations are not necessarily indicative of results of operations expected for future periods.

The following table presents the Group's summary consolidated statements of profit or loss and other comprehensive income data for the periods indicated.

SELECTED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME DATA

	Year ended 31 December		Six months ended 30 June	
	2020	2021	2021	2022
	HK\$	HK\$	HK\$	HK\$
REVENUE				
Fee and commission income (including income generated from related parties of HK\$128,419,020 and HK\$105,448,459 for the years ended 31 December 2020 and 2021, respectively).....	607,263,125	680,477,636	351,522,552	474,800,943
Digital solutions and other services	—	—	—	56,018,141
Fashion and luxury media advertising and marketing services.....	—	—	—	7,667,252
Dividend and gain related to disposed financial assets at fair value through profit or loss (including net disposal gain generated from related parties of HK\$82,948,508 and HK\$125,112,176 for the years ended 31 December 2020 and 2021, respectively).....	171,026,667	173,823,384	167,824,938	50,213,509
	<u>778,289,792</u>	<u>854,301,020</u>	<u>519,347,490</u>	<u>588,699,845</u>
Net fair value changes on financial assets at fair value through profit or loss (except derivative financial assets) and stock loan.....	(31,054,945)	597,551,244	240,006,805	(141,508,552)
Net fair value changes on derivative financial asset.....	371,305,326	(54,008,047)	(36,005,365)	475,415,376
	<u>1,118,540,173</u>	<u>1,397,844,217</u>	<u>723,348,930</u>	<u>922,606,669</u>
Other income.....	111,867,468	125,538,171	71,500,916	57,603,453
Impairment losses under expected credit loss model on financial assets.....	(17,109,001)	—	—	—
Other operating expenses	(103,723,211)	(83,794,012)	(41,768,252)	(60,621,102)
Staff costs.....	(94,410,281)	(95,585,898)	(43,133,986)	(59,046,165)
Share of profit or losses of associates.....	—	—	—	(88,450)
Finance costs.....	(21,510,079)	(12,825,923)	(6,401,352)	(2,494,024)
Net fair value changes on derivative financial liability.....	7,765,148	—	(742,618)	13,347,266
PROFIT BEFORE TAX.....	<u>1,001,420,217</u>	<u>1,331,176,555</u>	<u>702,803,638</u>	<u>871,307,647</u>
Income tax (expense)/credit	137,540,767	(109,295,037)	(73,116,457)	(69,912,890)
PROFIT FOR THE YEAR/PERIOD	<u>1,138,960,984</u>	<u>1,221,881,518</u>	<u>629,687,181</u>	<u>801,394,757</u>
Attributable to:				
Owners of the parent:				
- Ordinary shareholders	1,059,973,270	1,096,452,084	567,049,552	741,618,999
- Holders of perpetual securities	78,987,714	125,742,843	62,771,749	61,212,612
Non-controlling interests.....	—	(313,409)	(134,120)	(1,436,854)
	<u>1,138,960,984</u>	<u>1,221,881,518</u>	<u>629,687,181</u>	<u>801,394,757</u>

	Year ended 31 December		Six months ended 30 June	
	2020	2021	2021	2022
	HK\$	HK\$	HK\$	HK\$
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Class A ordinary shares:				
Basic (HK\$ per share)	<u>4.34</u>	<u>4.81</u>	<u>2.31</u>	<u>2.55</u>
Diluted (HK\$ per share)	<u>4.22</u>	<u>4.81</u>	<u>2.31</u>	<u>2.55</u>
Class B ordinary shares:				
Basic (HK\$ per share)	<u>4.34</u>	<u>4.81</u>	<u>2.31</u>	<u>2.55</u>
Diluted (HK\$ per share)	<u>4.34</u>	<u>4.81</u>	<u>2.31</u>	<u>2.55</u>
PROFIT FOR THE YEAR/PERIOD	1,138,960,984	1,221,881,518	629,687,181	801,394,757
OTHER COMPREHENSIVE INCOME				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	1,022,840	738,972	(189,648)	1,456,648
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	1,022,840	738,972	(189,648)	1,456,648
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>1,139,983,824</u>	<u>1,222,620,490</u>	<u>629,497,533</u>	<u>802,851,405</u>
Attributable to:				
Owners of the parent:				
- Ordinary shareholders	1,060,996,110	1,096,896,235	566,880,751	741,945,678
- Holders of perpetual securities	78,987,714	125,742,843	62,771,749	61,212,612
Non-controlling interests	—	(18,588)	(154,967)	(306,885)
	<u>1,139,983,824</u>	<u>1,222,620,490</u>	<u>628,497,533</u>	<u>802,851,405</u>

SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	31 December 2020	31 December 2021	30 June 2022
	HK\$	HK\$	HK\$
Assets			
Current assets			
Accounts receivable	77,350,250	86,514,680	604,275,555
Prepayments, deposits and other receivables	24,872,391	21,916,382	332,946,735
Due from immediate holding company	6,477,266,499	2,144,975,230	4,554,755,078
Financial assets at fair value through profit or loss	62,519,937	—	—
Derivative financial asset	1,023,902,566	969,894,519	1,445,309,895
Other assets	197,309,175	136,065,738	97,482,172
Cash and bank balances	453,966,764	526,206,108	140,261,201
Total current assets	8,317,187,582	3,885,572,657	7,175,030,636
Non-current assets			
Property, plant and equipment	111,357	67,131	1,720,726
Right of use assets	—	—	2,061,690
Investment in associates	—	—	15,291,327
Goodwill	—	—	58,675,041
Intangible assets	15,171,170	15,171,170	737,726,551
Financial assets at fair value through profit or loss	1,315,336,778	2,574,695,685	1,436,656,772
Stock loan	878,483,400	211,331,400	284,939,600
Total non-current assets	2,209,102,705	2,801,265,386	2,537,071,707
Total assets	10,526,290,287	6,686,838,043	9,712,102,343
Equity and liabilities			
Current liabilities			
Accounts payable	201,986,202	155,020,918	282,463,255
Bank borrowings	232,280,000	388,870,500	161,132,094
Other payables and accruals	128,325,893	92,225,549	185,784,757
Lease Liabilities	—	—	2,778,798
Provision	—	—	31,814,184
Tax payable	123,289,855	136,124,845	127,928,437
Total current liabilities	685,881,950	772,241,812	791,901,525
Non-current liabilities			
Referred tax liabilities	—	—	76,716,735
Derivative financial liability	12,954,313	13,752,673	—
Convertible bond	103,278,429	111,970,384	—
Total non-current liabilities	116,232,742	125,723,057	76,716,735
Total liabilities	802,114,692	897,964,869	868,618,260
Equity			
Class A ordinary shares (par value of U.S.\$0.0001 as of 31 December 2020 and 2021 and 30 June 2022; 8,000,000,000 shares authorized as of 31 December 2020 and 2021 and 30 June 2022; 62,327,851 shares as of 31 December 2020 and 2021 and 144,077,210 shares as of 30 June 2022)	48,838	48,838	92,706
Class B ordinary shares (par value of U.S.\$0.0001 as of 31 December 2020 and 2021 and 30 June 2022; 2,000,000,000 shares authorized as of 31 December 2020 and 2021 and 30 June 2022; 183,283,628 shares as of 31 December 2020 and 2021 and 233,526,979 shares as of 30 June 2022)	143,864	143,864	203,154
Treasury shares	—	(5,000,000,000)	(5,000,000,000)
Capital reserve	4,551,187,228	4,551,183,728	6,774,769,610
Exchange reserve	1,022,840	1,466,991	1,794,046
Retained profits	3,337,088,284	4,449,489,995	5,191,108,994
Total equity attributable to ordinary shareholders of the Company	7,889,491,054	4,002,333,416	6,967,968,510
Non-controlling interests	—	15,496,320	105,084,217
Perpetual securities	1,834,684,541	1,771,043,438	1,770,431,356
Total equity	9,724,175,595	5,788,873,174	8,843,484,083
Total liabilities and equity	10,526,290,287	6,686,838,043	9,712,102,343

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 Listing Memorandum, 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 Listing Memorandum (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

RISKS RELATING TO DOING BUSINESS IN MAINLAND CHINA AND HONG KONG

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

The Issuer's business, prospects, financial condition, and results of operations may be influenced to a significant degree by political, economic, and social conditions in Mainland China and in Hong Kong generally. The PRC government has significant authority to intervene or influence the Mainland China operations of an offshore holding company at any time, as the government deems appropriate to advance regulatory and social objectives and policy positions. For instance, the PRC government has recently published new policies that significantly affected certain industries. The Issuer cannot assure you that the oversight of the PRC government will not be extended to companies operating in Hong Kong like it or that new policies will not be introduced to regulate the Issuer's industry. The PRC government may also prevent the Issuer from transferring the cash it maintains in Hong Kong outside of PRC, or restrict the Issuer's ability to deploy its cash into business or to pay dividends. Any such action could materially and adversely limit the Issuer's ability to grow, make investments or acquisitions that could be beneficial to its business, pay dividends, or otherwise fund and conduct the Issuer's business, and could result in a material adverse change to the Issuer's business operations, including its Hong Kong operations, prospects, financial condition, and results of operations, require the Issuer to seek additional permission to continue its operations and damage its reputation.

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

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

New laws and regulations may be enacted from time to time and substantial uncertainties exist regarding the interpretation and implementation of current and any future PRC laws and regulations applicable to the Issuer's operations, including its Hong Kong operations. In particular, the PRC government authorities may continue to promulgate new laws, regulations, rules and guidelines governing new economy companies with respect to a wide range of issues, such as intellectual property, unfair competition and antitrust, privacy and data protection, and other matters. Compliance with these laws, regulations, rules, guidelines, and implementations may be costly, and any incompliance or associated inquiries, investigations, and other governmental actions may divert significant management time and attention and the Issuer's financial resources, bring negative publicity, subject the Issuer to liabilities or administrative penalties, or materially and adversely affect its business, financial condition, results of operations, and the value of the Securities.

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

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

Risks Relating to the Issuer's Business and Industry

The Issuer has a relatively short operating history of its current businesses compared to some of its globally established competitors and face numerous risks and challenges as the Issuer continues to expand its business in a rapidly evolving market, which makes it difficult to effectively assess its future prospects.

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

You should consider the Issuer's business and prospects in light of the risks and challenges it encounters or may encounter given the rapidly evolving market in which the Issuer operates and its relatively short operating history. These risks and challenges include the Issuer's ability to, among other things:

- build and maintain a well-recognised and respected brand domestically and globally;
- establish and expand its client base, win capital markets and advisory mandates, and increase its assets under management, or AUM;
- maintain and enhance the Issuer's relationships with its business partners;
- attract, retain, and motivate talented employees;
- anticipate and adapt to changing market conditions and competitive landscape;
- manage its future growth and business and geographic expansion;
- ensure that the performance of the Issuer's products and services meets client expectations;
- maintain or improve its operational efficiency;

- navigate a complex and evolving regulatory environment;
- defend the Issuer in any legal or regulatory actions against it;
- enhance the Issuer's technology infrastructure and maintain the security of its system and the confidentiality of the information provided and utilised across its system;
- identify operational system or infrastructure inefficiency or those of third parties, avoid and remedy operating errors as a result of human or system errors or other misconduct;
- identify and address conflicts of interest;
- manage the Issuer's strategic investments (including but not limited to monitoring of market risks and operating performance of its investments and derivatives); and
- identify, account for and appropriately manage its related party transactions.

If the Issuer fails to address any or all of these risks and challenges, its business may be materially and adversely affected.

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

Unfavourable financial markets and economic conditions in Asia and elsewhere in the world could materially and adversely affect the Issuer's business, financial condition, and results of operations.

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

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

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

Unfavourable financial markets and economic conditions in Asia and elsewhere in the world could negatively affect the Issuer's clients' business and materially reduce demand for the Issuer's services and

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

Revenue generated by the Issuer's investment banking business is directly related to the volume and value of the transactions in which it is involved. The Issuer's investment bankers primarily serve clients in raising capital through IPOs and debt offerings. During periods of unfavourable market and economic conditions, the Issuer's results of operations may be adversely affected by a decrease in the number and value of the IPOs and debt offerings that it underwrites.

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

The financial services industry is intensely competitive. If the Issuer is unable to compete effectively, it may lose its market share and its results of operations and financial condition may be materially and adversely affected.

The financial services industry is intensely competitive, highly fragmented, and subject to rapid change, and the Issuer expect it to remain so. The Issuer compete both in Asia and globally, and on the basis of a number of factors, including the ability to adapt to evolving financial needs of a broad spectrum of clients, the Issuer's ability to identify market demands and business opportunities to win client mandates, the quality of the Issuer's advice, its employees, and deal execution, the range and price of the Issuer's products and services, its innovation, reputation, and the strength of the Issuer's relationships. The Issuer expects to continue to invest capital and resources in its businesses in order to grow and develop them to a size where they are able to compete effectively in their markets, have economies of scale, and are themselves able to produce or consolidate significant revenue and profit. The Issuer cannot assure you that the planned and anticipated growth of its businesses will be achieved or in what timescale. There may be difficulties securing financing for investment for growth and in recruiting and retaining the skilled human resources required to compete effectively. If the Issuer fail to compete effectively against its competitors, business, financial conditions, results of operations, and prospects will be materially and adversely affected.

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

The Issuer primarily competes with other investment banking firms. The Issuer has experienced and may continue to experience intense competition over obtaining investment banking service mandates. The Issuer may face pricing pressure as some of its competitors may seek to obtain higher market share by reducing fees and commissions. Some of the Issuer's competitors include large global financial institutions or state-owned PRC financial institutions operating or headquartered in Hong Kong, many of which have longer operating histories, far broader financial and other resources, and significantly greater name recognition than the Issuer and have the ability to offer a wider range of products, which may enhance their competitive position. They also regularly support services the Issuer do not provide, such as commercial lending, margin lending and other financial services and products, which puts the Issuer at a competitive disadvantage and could result in pricing pressures or lost opportunities, which in turn could materially and adversely affect the Issuer's results of operations. In addition, the Issuer may be at a competitive disadvantage with regard to some of its competitors that have larger customer bases, more professionals, and the ability to provide financing that are often a crucial component of investment banking deals on which the Issuer advises.

Historically, competition in the asset management market has been fierce. In recent years, the asset management market in Hong Kong had become more saturated. Banks and brokerage firms have offered low management fees, prolonged commission-free concessions, or extra-low fixed commissions as incentives to attract clients, thus further intensifying the competition in this market. The Issuer expect that competition in Hong Kong's asset management market will continue to be intense. The Issuer cannot assure you that it 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 Issuer's business objectives would become impractical or impossible. Under the foregoing circumstances, the Issuer's business and financial condition would be adversely affected.

The Issuer's businesses depend on key management executives and professional staff, and its business may suffer if the Issuer are unable to recruit and retain them.

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

Moreover, the Issuer's business operations depend on its professional staff, the Issuer's most valuable assets. Their skills, reputation, professional experience, and client relationships are critical elements in obtaining and executing client engagements. The Issuer devotes considerable resources and incentives to recruiting and retaining these personnel.

However, the market for quality professional staff is increasingly competitive. The Issuer expects to face significant competition in hiring such personnel.

Additionally, as the Issuer matures, current compensation schemes to attract employees may not be as effective as in the past. The intense competition may require the Issuer to offer more competitive compensation and other incentives to its talent, which could materially and adversely affect the Issuer's financial condition and results of operations. As a result, the Issuer may find it difficult to retain and motivate these employees, and this could affect their decisions about whether or not they will continue to work for the Issuer. If the Issuer do not succeed in attracting, hiring and integrating quality professional staff, or retaining and motivating existing personnel, it may be unable to grow effectively.

The Issuer makes strategic investments using its own capital, and may not be able to realise any profits from these investments for a considerable period of time, or may lose some or all of the principal amounts of these investments.

The Issuer derived a significant portion of its revenue from its strategic investment business. The Issuer's dividend and gain related to disposed investment accounted for 15.3% and 12.4% of its total revenue for the years ended 31 December 2020, and 2021, respectively, and the Issuer's net fair value changes on stock loan, derivative financial asset and financial assets at fair value through profit or loss accounted for 43.5%, 30.4% and 38.9% of the Issuer's total revenue for the corresponding periods, respectively. The Issuer's strategic investment portfolio primarily consists of investments in equity and equity-linked securities of public and private companies. Making a sound investment decision requires the Issuer to carefully identify and select a target company based on its business, financial condition, operations, and the industry in which it operates. In general, this process involves analytical assessment and estimation of the target company's profitability and sustainability. The Issuer may make unsound investment decisions due to fraudulent and concealed, inaccurate or misleading statements from a target company in the course of its due diligence, which could lead the Issuer to mistakenly estimate the value of the target company and affect its ability to derive profit from such investments. In addition, its understanding of and judgment on the target company's business and prospects, and the industry in which the target company operates may deviate and result in inaccurate investment decisions.

The Issuer makes strategic investments in financial and new economy sectors globally and are subject to concentration risks. The Issuer's investment portfolio may be concentrated in certain sectors, geographic regions, individual investments, or types of securities that may or may not be listed. As of the date of this

Offering Circular, the Issuer holds investments primarily under its strategic investment business. Any significant decline in the value of the Issuer's investment portfolio may therefore adversely impact its business, results of operations, and financial condition.

The Issuer also makes strategic investments in the highly regulated banking sector in China. Any change in PRC laws, regulations, or policies may adversely affect the Issuer's equity holding as a foreign investor, its ability to exit from the investment, or the fair value of its equity investment.

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

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

The Issuer's strategic investment business is subject to liquidity risks.

Some of the Issuer's strategic investments are in the form of securities that are not publicly traded. In many cases, there may be prohibition by contract or by applicable laws from selling such securities for a period of time or there may not be a public market for such securities. Even if the securities are publicly traded, large holdings of securities can often be disposed of only over a substantial length of time, exposing the investment returns to risks of downward movement in market prices during the disposition period. Accordingly, under certain conditions, the Issuer may be forced to either sell securities at lower prices than it had expected to realise or defer, potentially for a considerable period of time, sales that the Issuer had planned to make. Investing in these securities can involve a high degree of risk, and the Issuer may lose some or all of the principal amount of such strategic investments.

The Issuer's results of operations and financial condition may be materially affected by fluctuations in the fair value of its equity investments in its investee companies.

The Issuer's investments are long-term, strategic in nature to reinforce its ecosystem. The Issuer has made significant equity investments in public and private companies and recognise dividend and gain related to disposed investment and net fair value changes on investments and derivatives on the Issuer's consolidated statements of profit or loss and other comprehensive income. For the years ended 31 December 2020, and 2021 dividend and gain related to disposed investment accounted for 15.3% and 12.4%, and net fair value changes on stock loan, derivative financial asset and financial assets at fair value through profit or loss accounted for 43.5%, 30.4% and 38.9% of the Issuer's total revenue, respectively. Since the Issuer intends to hold its investments on a long-term basis, fair value of its equity investments is subject to market fluctuations due to changes in the market prices of securities, interest rates, or other market factors, such as liquidity, or regulatory factors, such as changes in policies affecting the businesses of the Issuer's investee companies. Technology has been one of the Issuer's key sectors of focus and the fair value of its investments in technology companies may be subject to significant valuation fluctuations. For the Issuer's equity investments in private companies, they measure their fair value based on an assessment of each underlying security, considering rounds of financing, third-party transactions, and market-based information, including comparable company transactions, trading multiples, and changes in market outlook. As of 31 December 2021, the aggregate fair value of the Issuer's strategic investment portfolio was HK\$3.8 billion. Although they do not intend to make frequent trades on investments for profit, the nature of investment and

significance of its investment holdings could adversely affect the Issuer's results of operations and financial condition.

The Issuer's investments are subject to liquidity, concentration, regulatory, credit and other risks.

The Issuer's portfolio is concentrated in a limited number of portfolio companies, industries and/or sectors. As of 31 December 2021, the Issuer's strategic investment portfolio reached an aggregate fair value of HK\$3.8 billion, of which their investment in the Hong Kong- and Shenzhen-listed Bank of Qingdao accounted for 28.1%, the investment in AMTD Digital Inc. accounted for 29.8% and the investment in AMTD Assets Alpha Group accounted for 12.8%. As a result, the aggregate returns the Issuer's realise may be significantly affected adversely if any of these investments perform poorly or if they need to write down the value of any of these investments. Additionally, the Issuer's investments are concentrated in relatively few industries or sectors. As a result, a downturn in any particular industry or sector in which the Issuer has invested, such as the banking sector that Bank of Qingdao operates in, the digital financial service, digital media, content, and marketing, and digital investment sectors that AMTD Digital Inc. operates in, and the hotel hospitality sector, property development and investment that AMTD Assets Alpha Group operates in could significantly impact the aggregate returns the Issuer realise and therefore materially and adversely affect its results of operations and financial condition.

As of 31 December 2021, the Issuer's derivatives financial asset amounted to HK\$969.9 million, representing 25.8% of its strategic investment portfolio. The Issuer has entered into derivative contracts of "Upside Participation and Profit Distribution Agreements" with a counterparty in order to hedge against adverse movement in the share price of its investment in Bank of Qingdao. Consequently, the fair value of the derivative financial asset is inversely correlated to the movement in the share price of Bank of Qingdao and is subject to concentration risk. Moreover, there are no public markets for trading this kind of derivative contracts. The Issuer faces liquidity risk in this regard. There is also credit risk associated with the counterparty's ability to settle upon maturity of the derivative contracts.

Investments in private businesses involve a high degree of business and financial risk. Investments in private businesses, such as AMTD Digital Inc. and AMTD Assets Alpha Group are illiquid. The Issuer may have no or limited ability to dispose of these investments at times when it may be otherwise advantageous for them to liquidate such investments. In addition, if the Issuer was forced to immediately liquidate some or all of the investments in a portfolio company, the proceeds of such liquidation could be significantly less than the current value thereof. Furthermore, there is generally no publicly available information about the companies in which the Issuer invests. If the Issuer is unable to identify all material information about these companies, among other factors, it may fail to receive the expected return on investment or lose some or all of the money invested in these companies. In addition, these businesses may have shorter operating histories, narrower product lines, smaller market shares and less experienced management than their larger competitors and may be more vulnerable to customer preferences, market conditions, and loss of key personnel, or economic downturns, which may adversely affect the return on, or the recovery of, investments in such businesses.

As of 31 December 2021, the Issuer held an approximate 4.9% interest in the Bank of Qingdao and expects it to be a long-term investment, and the Issuer's founder also serves as a director of Bank of Qingdao. Given their significant stake in, and affiliation with, Bank of Qingdao, its investment in Bank of Qingdao is also subject to liquidity and concentration risk. There may not be a readily available market to sell the shares of Bank of Qingdao. The Issuer will need to gradually sell down its holdings subject to market conditions, if the Issuer wants to liquidate its position in Bank of Qingdao. In addition, the banking sector in China is highly regulated and any change in PRC laws, regulations, or policies may adversely affect the Issuer's holding in Bank of Qingdao as a foreign investor, its ability to exit from the investment, or the fair value of its equity investment in Bank of Qingdao. Any adverse impact on the Issuer's investment in Bank of Qingdao could materially and adversely affect its business, results of operations, and financial condition.

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

The Issuer historically has earned a substantial portion of its revenue from fees and commissions paid by its investment banking clients, which usually are payable upon the successful completion of particular transactions. Revenue derived from the Issuer's investment banking business accounted for 33.6% and

42.7% of its total revenue for the years ended 31 December 2020, and 2021, respectively. The Issuer expects that it will continue to rely on investment banking business for a substantial portion of its revenue for the foreseeable future, and a decline in the Issuer's engagements could materially and adversely affect its financial condition and results of operations.

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

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

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

Market fluctuations and changes in regulatory policies may adversely affect the Issuer's investment banking business. Negative market and economic conditions may adversely affect investor confidence, resulting in significant industry-wide declines in the size and number of securities offerings, and market volatility may cause delays to, or even termination of, securities offerings that the Issuer underwrites, either of which could adversely affect its revenue from the investment banking business.

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

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

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

The Issuer offers its asset management clients a broad selection of third-party products, including fixed income products, equity products and structured products, for which the Issuer derives revenue through management fees and performance fees. These products often have complex structures and involve various risks, including default risks, interest rate risks, liquidity risks, market volatility and other market risks. In addition, the Issuer is subject to risks arising from any potential misconduct or violation of law by the product providers or corporate borrowers. Although the product providers or corporate borrowers of the asset management products the Issuer offers are typically directly liable to its clients in the event of a product default, these incidences could adversely affect the performance of the applicable products that the Issuer distributes and its reputation. The Issuer's success in maintaining its brand image depends, in part, on its ability to effectively control the risks associated with these products. The Issuer's asset management

team not only need to understand the nature of the products but also need to accurately describe the products to, and evaluate them for, their clients. Although the Issuer enforces and implements strict risk management policies and procedures, it may not be fully effective in mitigating the risk exposure of its clients in all market environments or against all types of risks. If the Issuer fails to identify and effectively control the risks associated with the products that it offers or manages, or fails to disclose such risks to their clients in a sufficiently clear and timely manner, or to dispose timely of such investments in the clients' investment portfolios, the Issuer's clients may suffer financial loss or other damages. Poor performance of these products and services, negative perceptions of the institutions offering these products and services or failure to achieve expected investment return may impact client confidence in the products the Issuer offers them, impede the capital-raising activities in connection with its asset management business, and reduce the Issuer's asset under management and revenue generated under this segment.

For discretionary account services the Issuer offers to clients, it has a higher level of discretion in making investments. If the Issuer is unable to generate sufficient returns from its investments, including managing leverage risks on behalf of its clients, or even incur losses, the Issuer's clients may become unwilling to continue to use its services, and its reputation, client relationship, business, and prospects will be materially and adversely affected.

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

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

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

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

In the course of providing investment banking services, asset management services, and making strategic investments, the Issuer endeavours to conduct due diligence reviews that it deems reasonable and appropriate based on relevant regulatory expertise and market standards as well as the facts and circumstances applicable to each deal. When conducting due diligence, the Issuer is often required to evaluate critical and complex business, financial, tax, accounting, environmental, regulatory, and legal issues. Outside consultants, such as legal advisors, and accountants may be involved in the due diligence process in varying degrees depending on the transaction type. Nevertheless, when conducting due diligence work and making an assessment, the Issuer is limited to the resources available, including information provided by the target company or the Issuer and, in some circumstances, third party investigations. The due diligence work that the Issuer conducts with respect to any investment opportunity may not reveal or

highlight all relevant facts that may be necessary, helpful, or accurate in evaluating potential risks, which may subject the Issuer to potential penalties in the case of securities underwriting, or failure of investment in the case of strategic investment. The Issuer may be provided with information that is misleading, false, or inaccurate as a result of mistake, misconduct, or fraud of its employees or third parties. Moreover, such due diligence work will not necessarily result in the successful completion of a transaction, which may adversely affect the performance of the Issuer's business.

The Issuer faces additional risks as it offers new products and services, transact with a broader array of clients and counterparties, and expose the Issuer to new asset classes and geographical markets.

The Issuer is committed to providing new products and services in order to strengthen its market position in the financial services industry and client relationships. The Issuer expects to expand its product and service offerings as permitted by relevant regulatory authorities, transact with new clients not in its traditional client base and enter into new markets. These activities expose the Issuer to new and challenging risks, including, but not limited to:

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

If the Issuer is unable to achieve the expected 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.

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

The Issuer may undertake acquisitions, investments, joint ventures, or other strategic alliances, which could present unforeseen integration difficulties or costs and may not enhance its business as the Issuer expects.

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

commercially acceptable to it. Even when acquisitions are completed, the Issuer may encounter difficulties in integrating the acquired entities and businesses, such as difficulties in retention of clients and personnel, challenge of integration and effective deployment of operations or technologies, and assumption of unforeseen or hidden material liabilities or regulatory non-compliance issues. Any of these events could disrupt the Issuer's business plans and strategies, which in turn could have a material adverse effect on its financial condition and results of operations. Such risks could also result in the Issuer's failure to derive the intended benefits of the acquisitions, strategic investments, joint ventures, or strategic alliances, and it may be unable to recover the investment in such initiatives. The Issuer cannot assure you that it could successfully mitigate or overcome these risks.

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

The Issuer's reputation and brand recognition play an important role in earning and maintaining the trust and confidence of its existing and prospective clients. The Issuer's reputation and brand are vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Negative publicity about the Issuer, such as alleged misconduct, other improper activities, or negative rumours relating to the business, shareholders, or other beneficial owners, founder, affiliates, directors, officers, or other employees, can harm the Issuer's reputation, business, and results of operations, even if they are baseless or satisfactorily addressed. These allegations, even if unproven or meritless, may lead to inquiries, investigations, or other legal actions against the Issuer by any regulatory or government authorities. Any regulatory inquiries or investigations and lawsuits against it, and perceptions of conflicts of interest, inappropriate business conduct by the Issuer or perceived wrongdoing by any key member of its management team, board of directors or founder, among other things, could substantially damage the Issuer's reputation regardless of their merits, and cause it to incur significant costs to defend against. As the Issuer reinforces its ecosystem and stays close to its clients and other "AMTD SpiderNet" stakeholders, any negative market perception or publicity on the Issuer's business partners that it closely cooperates with, or any regulatory inquiries or investigations and lawsuits initiated against them, may also have an impact on the Issuer's brand and reputation, or subject it to regulatory inquiries or investigations or lawsuits. Moreover, any negative media publicity about the financial services industry in general or product or service quality problems of other firms in the industry in which the Issuer operates, including its competitors, may also negatively impact the Issuer's reputation and brand. If the Issuer is unable to maintain a good reputation or further enhance its brand recognition, its ability to attract and retain clients, third-party partners, and key employees could be harmed and, as a result, its business, financial position, and results of operations would be materially and adversely affected.

The Issuer's operations may be subject to transfer pricing adjustments by competent authorities.

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

The Issuer's risk management and internal control systems, as well as the risk management tools available to it, may not fully protect the Issuer against various risks inherent in its business.

The Issuer follows its comprehensive internal risk management framework and procedures to manage its risks, including, but not limited to, reputational, legal, regulatory, compliance, operational, market, liquidity, and credit risks. However, the Issuer's risk management policies, procedures, and internal controls may not be adequate or effective in mitigating its risks or protecting it against unidentified or unanticipated risks. In particular, some methods of managing risks are based upon observed historical market behaviour and the Issuer's experience in the financial industry. These methods may fail to predict future risk exposures, which could be significantly greater than those indicated by the Issuer's historical measures. Other risk management methods depend upon an evaluation of available information regarding operating and market

conditions and other matters, which may not be accurate, complete, up-to-date, or properly evaluated. In addition, the capital markets are constantly developing, the information and experience that the Issuer relies on for its risk management methods may become quickly outdated as capital markets and regulatory environment continue to evolve. Although the Issuer has not experienced any material deficiencies or failure in its risk management and internal control systems and procedures since commencing its current businesses in 2015 other than certain material weaknesses in its internal control over financial reporting identified as of 31 December 2019, which had been remediated in 2020, any such deficiencies or failure in the Issuer's risk management and internal control systems and procedures may adversely affect its ability to identify or report its deficiencies or non-compliance. In addition, failure of the Issuer's employees to effectively enforce such risk management and internal controls procedures, or any of the foregoing risks, may have a material and adverse effect on its business, financial condition and operating results.

The Issuer's business is subject to various cyber-security and other operational risks.

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

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

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

The Issuer operates in businesses that are highly dependent on proper processing of financial transactions. In its asset management business, the Issuer has to reliably obtain securities and other pricing information, properly execute and process client transactions, and provide reports and other customer service to its clients. The occurrence of trade or other operational errors or the failure to keep accurate books and records can render the Issuer liable to disciplinary action by regulatory authorities, as well as to claims by its clients. The Issuer also relies on third-party service providers for certain aspects of its business. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair the Issuer's operations, affect its reputation, and adversely affect its businesses.

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

It is not always possible to detect and deter fraud or misconduct by the Issuer's directors, officers, employees, agents, clients, business partners, or other third parties. The precautions that the Issuer takes to detect and prevent such activity may not be effective in all cases. Fraud or misconduct by any of these

persons or entities may cause us to suffer significant reputational harm and financial loss or result in regulatory disciplinary actions. The potential harm to the Issuer's reputation and to its business caused by such fraud or misconduct is impossible to quantify.

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

The Issuer may be subject to litigation and regulatory investigations and proceedings and may not always be successful in defending the Issuer against such claims or proceedings.

Although the Issuer has not been the direct subject to lawsuits and arbitration claims towards its company since the commencement of its operations in 2015, operating in the financial services industry may subject it to significant risks, including the risk of lawsuits and other legal exposures relating to compliance with regulatory requirements and industry practices in areas such as information disclosure, sales or underwriting practices, fraud and misconduct, and protection of sensitive and confidential client information. From time to time the Issuer may be subject to lawsuits and arbitration claims in the ordinary course of its business brought by external parties or disgruntled current or former employees, inquiries, investigations, and proceedings by regulatory and other governmental agencies. Any such claims brought against the Issuer, with or without merits, may result in administrative measures, settlements, injunctions, fines, penalties, negative publicities, or other results adverse to us that could have material adverse effect on its reputation, business, financial condition, results of operations, and prospects. Even if the Issuer is successful in defending itself against these actions, the costs of such defence may be significant.

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

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

The Issuer is required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in the jurisdictions where the Issuer operates. Although the Issuer have adopted policies and procedures aimed at detecting, and preventing being used for, money-laundering activities by criminals or terrorist-related organisations and individuals or improper activities (including but not limited to market manipulation and aiding and abetting tax evasion), such policies and procedures may not completely eliminate instances where its networks may be used by other parties to engage in money laundering and other illegal or improper activities. Furthermore, the Issuer primarily complies with applicable anti-money laundering laws and regulations in Hong Kong and the Issuer may not fully detect violations of anti-money laundering regulations in other jurisdictions or be fully compliant with the anti-money laundering laws and regulations in other jurisdictions to which the Issuer are required. As a publicly listed company in the United

States, the Issuer are subject to the U.S. Foreign Corrupt Practices Act of 1977 and other laws and regulations in the United States, including regulations administered by the U.S. Department of Treasury's Office of Foreign Asset Control. Although the Issuer has not identified any failure to detect material money laundering activities since commencing its current businesses in 2015, if the Issuer fails to fully comply with applicable laws and regulations, the relevant government agencies may impose fines and other penalties on it, which may adversely affect its business.

The Issuer regularly encounters potential conflicts of interest, and failure to identify and address such conflicts of interest could adversely affect its business.

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

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

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

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

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

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

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

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

The Issuer may need additional funding but may not be able to obtain it on favourable terms or at all.

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

The Issuer may be exposed to legal or regulatory liabilities if it is unable to protect the personal and sensitive data and confidential information of its clients.

The Issuer collects, stores, and processes certain personal and sensitive data from its clients, particularly under its asset management business. The Issuer is required to protect the personal and sensitive data and confidential information of its clients under applicable laws, rules, and regulations. While the Issuer has taken steps to protect the personal and sensitive data and confidential information of clients that the Issuer has access to, its security measures could be breached. The relevant authorities may impose sanctions or issue orders against it if the Issuer fails to protect the personal and sensitive data and confidential information of its clients, and the Issuer may have to compensate its clients if the Issuer fails to do so. The Issuer routinely transmits and receives personal and sensitive data and confidential information of its clients through the internet and other electronic means. Any misuse or mishandling of such personal and sensitive data and confidential information could result in legal liabilities, regulatory actions, reputational damage to

the Issuer, which could in turn materially and adversely affect its business prospects and results of operation.

If its insurance coverage is insufficient, the Issuer may be subject to significant costs and business disruption.

Although the Issuer carries office, computer, and vehicle insurance for its properties, professional indemnity insurance for certain of its regulated activities, directors and officers insurance, employee compensation insurance, the Issuer cannot assure you that it has sufficient insurance to cover all aspects of its business operations. The Issuer does not have key-man insurance for any of its executive officers or other key personnel. However, the Issuer considers its insurance coverage to be reasonable in light of the nature of its business, but the Issuer cannot assure you that its insurance coverage is sufficient to prevent it from any loss or that the Issuer will be able to successfully claim its losses under its current insurance policies on a timely basis, or at all. If the Issuer incurs any losses that are not covered by its insurance policies, or the compensated amount is significantly less than its actual loss, the business, financial condition, and results of operations could be materially and adversely affected.

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

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

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

Any failure to protect the Issuer's intellectual property could harm its business and competitive position.

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

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

Many of its clients are Chinese nationals, institutions, or corporates, and they are subject to the relevant controls of the PRC government as well as risks relating to foreign currency exchange rate fluctuations. The change in value of Renminbi against Hong Kong dollars and other currencies is affected by various

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

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

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

Increases in labour costs may adversely affect the Issuer's business and results of operations.

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

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

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

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

Risks Relating to the Issuer's Relationship with the Controlling Shareholder

The Issuer has limited experience operating as a stand-alone public company.

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

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

Its financial information included in this Offering Circular may not be representative of its financial condition and results of operations if the Issuer had been operating as a stand-alone company.

Prior to the Issuer's establishment, the operations of its investment banking, asset management, and strategic investments businesses were carried out by companies owned or controlled by its Controlling Shareholder. For all periods presented, the Issuer's consolidated financial statements include all assets, liabilities, revenues, expenses, and cash flows that were directly attributable to its investment banking, asset management, and strategic investment businesses whether held or incurred by its Controlling Shareholder or by the Issuer. Only those assets and liabilities that are specifically identifiable to its businesses are included in the consolidated statements of financial position. With respect to costs of operations of the investment banking, asset management, and strategic investment businesses, an allocation of certain costs and expenses of the Issuer's Controlling Shareholder were also included. These allocations were made using a proportional cost allocation method by considering the proportion of revenues and actual usage metrics, among other things, attributable to us for all respective accounting periods. Since the Issuer entered into a transition services agreement with its Controlling Shareholder, the Issuer received administrative support, marketing and branding support, and other services from its Controlling Shareholder at a fixed cost of HK\$24 million per annum plus other actual costs incurred arising from the services rendered. The Issuer made numerous estimates, assumptions, and allocations in its historical financial statements because its Controlling Shareholder did not account for the Issuer, and the Issuer did not operate as a stand-alone company for any period prior to its initial public offering. Although the Issuer's management believes the assumptions underlying its financial statements and the above allocations are reasonable, its financial statements may not necessarily reflect its results of operations, financial position, and cash flows as if the Issuer operated as a stand-alone public company during the periods presented. In addition, upon becoming a stand-alone public company, the Issuer is gradually establishing its own financial, administrative, and

other support systems to replace its Controlling Shareholder's systems, the cost of which could be significantly different from cost allocation with the Issuer's Controlling Shareholder for the same services. Therefore, you should not view the Issuer's historical results as indicators of its future performance.

The Issuer may not continue to receive the same level of support from its Controlling Shareholder.

The Issuer has benefitted significantly from its Controlling Shareholder's strong market position and brand recognition, as well as its expertise in investment banking, asset management, and strategic investment businesses. Although the Issuer entered into a series of agreements with its Controlling Shareholder relating to its ongoing business operations and service arrangements with the Controlling Shareholder, the Issuer cannot assure you it will continue to receive the same level of support from the Controlling Shareholder as it now operates as a stand-alone public company. This effort may not be successful, which could materially and adversely affect its business, financial condition, and results of operations.

The Issuer's agreements with its Controlling Shareholders or any of its controlling shareholders may be less favourable to the Issuer than similar agreements negotiated between unaffiliated third parties. In particular, its non-competition agreement with its Controlling Shareholder limits the scope of business that the Issuer is allowed to conduct.

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

The Issuer may have conflicts of interest with its Controlling Shareholders or any of its controlling shareholders and, because of its Controlling Shareholder's controlling ownership interest in its company, the Issuer may not be able to resolve such conflicts on terms favourable to us.

As of 31 December 2021, the Issuer's Controlling Shareholder beneficially owned 45.4% of its outstanding ordinary shares, representing 95.1% of its total voting power. Accordingly, the Issuer's Controlling Shareholder continues to be its controlling shareholder and may have significant influence in determining the outcome of any corporate actions or other matters that require shareholder approval, such as mergers, consolidations, change of the Issuer's name, and amendments of its memorandum and articles of association.

Conflicts of interest may arise between the Issuer's Controlling Shareholder or any of its controlling shareholders and the Issuer in a number of areas relating to its past and ongoing relationships.

Although its company has become a stand-alone public company, the Issuer expects to operate, for as long as its Controlling Shareholder is the controlling shareholder, as an affiliate of its Controlling Shareholder. The Controlling Shareholder may from time to time make strategic decisions that it believes are in the best interests of its business as a whole, including the Issuer's company. These decisions may be different from the decision that the Issuer would have made on its own. The Controlling Shareholder's decisions with respect to the Issuer or its business may be resolved in ways that favour the Controlling Shareholder and therefore the Issuer's Controlling Shareholder's own shareholders, which may not coincide with the interests

of its other shareholders. The Issuer may not be able to resolve any potential conflicts, and even if it does so, the resolution may be less favourable than if the Issuer were dealing with a non-controlling shareholder. Even if both parties seek to transact business on terms intended to approximate those that could have been achieved among unaffiliated parties, this may not succeed in practice.

RISKS RELATING TO THE 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 Listing Memorandum, any applicable supplement to the Listing Memorandum 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 their own 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 their 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 Terms and 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 Terms and 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 30 March 2020 if such modification and/or waiver or authorisation of breach or proposed breach 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 Terms and 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 depository for Euroclear and Clearstream, Luxembourg, or lodged with the CMU Service (each of Euroclear, Clearstream, Luxembourg, and the CMU Service, 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 Service, to the persons 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 Issuer in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other notification by the CMU Service. 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 Securities. 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 Cayman 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 instalment 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 Securities 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 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 Securities 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 and the SGX-ST (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:

- (i) the Investor's Currency equivalent yield on the Securities;
- (ii) the Investor's Currency equivalent value of the principal payable on the Securities; and
- (iii) 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. Rating agencies may also revise or replace entirely the methodology applied to derive credit ratings. Moreover, no assurance can be given that a credit rating will remain for any given period of time or that a credit rating will not be lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances in the future so warrant or if a different methodology is applied to derive such credit ratings. This could affect the market price and the liquidity of the Securities.

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.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with the relevant authorities on a case-by-case basis

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.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. 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 its obligations under Renminbi Securities, and its ability to do so will be subject to the overall availability of Renminbi 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.

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. While the People's Bank of China ("PBoC") has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC remains limited.

There are restrictions imposed by the 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 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 Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. 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 its 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. In August 2015, the PBoC implemented changes to the way it calculated the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. 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 its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC laws and regulations and prevailing market conditions.

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 they have 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 deposited with a sub-custodian for the CMU Service, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures;
- (ii) when Renminbi Securities are represented by Global Securities or Global Certificates held with the common depositary, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures; or
- (iii) when Renminbi Securities are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, 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 notes, 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 Notes under the Programme will be used for capital expenditure, investments, 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 Service (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 none of the Issuer or any Agent or 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 Service

The CMU Service is a central depository 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 Service.

The CMU Service 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 Service 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 Service 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 Service will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

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 Service. 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 depository for Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU Service 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 Service, 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 Service, 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 Service. Each Global Certificate deposited with a Common Depository will, where applicable have an ISIN and/or a Common Code or, if lodged with a sub-custodian for the CMU Service, 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 Service, as the case may be.

Individual Definitive Securities

Registration of title to Registered Securities in a name other than a depository or its nominee for Euroclear and Clearstream, Luxembourg or the CMU Service 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 a fiscal agency agreement dated 30 March 2020 (as amended or supplemented as at the Issue Date, together, and the "**Fiscal Agency Agreement**") between AMTD IDEA Group (the "**Issuer**"), The Bank of New York Mellon, London Branch as fiscal agent, issuing and paying 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 Service**") and the other agents named in it and with the benefit of a deed of covenant dated 30 March 2020 (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 and the paying agents 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 together, the "**Agents**". 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 Service, 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 the Fiscal Agent during normal business hours (being 9:00a.m to 3:00p.m.) upon prior written request and satisfactory proof of holding.

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, other than in respect of Notes cleared through the CMU Service, 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 for inspection 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 Principal 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) **Definitions:** In these Conditions:
 - (i) "**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; and
 - (ii) "**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 the Relevant Time 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.

- (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 principal Relevant Financial Centre 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, at approximately the Relevant 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, at approximately the Relevant 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 the Relevant Financial Centre inter-bank market 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, at approximately the Relevant 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 the Relevant Financial Centre inter-bank market, **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, subsequently notified by the Issuer to 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) **Benchmark Discontinuation:** this Condition 5(k) shall apply to only those Notes for which this Condition 5(k) is specified as "*Applicable*" in the applicable Pricing Supplement.
 - (i) *Independent Adviser:* If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as

reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 5(k)(ii)) and, in either case, an Adjustment Spread (if any, in accordance with Condition 5(k)(iii)) and any Benchmark Amendments (in accordance with Condition 5(k)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(k) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Noteholders or the Couponholders for any determination made by it, pursuant to this Condition 5(k).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 5(k) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. 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 shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(k)(i).

- (ii) *Successor Rate or Alternative Rate:* If the Independent Adviser determines that:
 - (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(k)); or
 - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(k)).
- (iii) *Adjustment Spread:* The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.
- (iv) *Benchmark Amendments:*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(k) and the Independent Adviser (in consultation with the Issuer) determines:

- (A) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable

Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and

(B) the terms of the Benchmark Amendments,

then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(k)(v), without any requirement for the consent or approval of Noteholders or Couponholders, vary these Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 5(k), no Agent is obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(k), if in the sole opinion of such Agent doing so, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to such Agent in these Conditions or the Fiscal Agency Agreement (including, for the avoidance of doubt, any supplemental fiscal agency agreement).

In connection with any such variation in accordance with this Condition 5(k), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices:* Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(k) will be notified promptly by the Issuer to the Agents and, in accordance with Condition 14, the Noteholders or the Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Agents of the same, the Issuer shall deliver to the Agents a certificate signed by two Authorised Signatories of the Issuer:

(A) confirming:

- (i) that a Benchmark Event has occurred;
- (ii) the Successor Rate or, as the case may be, the Alternative Rate;
- (iii) the applicable Adjustment Spread; and
- (iv) the specific terms of the Benchmark Amendments (if any),

in each case as determined in accordance with the provisions of this Condition 5(k); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Fiscal Agent shall make available such certificate at its specified office, for inspection by the Noteholders at all reasonable times during normal business hours (being 9:00am to 3:00pm) upon prior written notice and satisfactory proof of holding.

Each of the Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) and without prejudice to each Agent's

ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agents, the Noteholders and Couponholders.

Notwithstanding any other provision of this Condition 5(k), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(k), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

- (vi) *Survival of Original Reference Rate*: Without prejudice to the obligations of the Issuer under Conditions 5(k)(i), 5(k)(ii), 5(k)(iii) and 5(k)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(ii), as applicable, will continue to apply unless and until a Benchmark Event has occurred.
- (vii) *Definitions*: As used in this Condition 5(k):

"Adjustment Spread" means either:

- (a) a spread (which may be positive, negative or zero); or
- (b) a formula or methodology for calculating a spread,

in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied)
- (iii) the Independent Adviser (in consultation with the Issuer) determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by 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 Condition 5(k)(ii) as being customarily applied in market usage in the international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"Benchmark Amendments" has the meaning given to it in Condition 5(k)(iv).

"Benchmark Event" means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist;
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued;
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes;
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, with effect from a date after 31 December 2021, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

"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 Calculation Agent.

"Independent Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(k)(i).

"Original Reference Rate" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

"Relevant Nominating Body" means, in respect of a benchmark or screen rate (as applicable):

- (i) 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
- (ii) 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.

"Successor Rate" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

- (l) **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:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" 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

"**D₂**" 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:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" 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

"**D₂**" 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:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" 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

"**D₂**" 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

- (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 four major banks in the market that is most closely connected with the Reference Rate, in each case selected by the Issuer or as specified hereon

"Reference Rate" means the rate specified as such hereon

"Relevant Financial Centre" has the meaning specified as such hereon

"Relevant Time" has the meaning 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.

- (m) **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.
- (n) **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 Cayman 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. The Fiscal Agent shall be protected and shall have no liability to the Issuer, any holder or any other person for so accepting and relying on such certificate and/or opinion.

- (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 Fiscal Agent and 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 Agents 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;

"Controlling Shareholder" means AMTD Group Inc. (formerly known as AMTD Group Company Limited, or any other entity directly or indirectly controlling, controlled by, or under direct or indirect common control with, AMTD Group Inc.;

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 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 Service 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 Service 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 Service in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (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 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 Service 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 Service 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 Service in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (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 Service, (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 unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired 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 Cayman 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 Cayman 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.

None of the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any holder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

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.\$50,000,000 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 their 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 these Conditions:

"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; and
- (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 Service, 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 Service 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 a fiscal agency agreement dated 30 March 2020 (as amended or supplemented as at the Issue Date, the "**Fiscal Agency Agreement**") between AMTD IDEA Group (the "**Issuer**"), The Bank of New York Mellon, London Branch as fiscal agent, issuing and paying 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 Service**") and the other agents named in it and with the benefit of a deed of covenant (as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") dated 30 March 2020 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 and the paying agents 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 together, the "**Agents**". 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 the Fiscal Agent during normal business hours (being 9:00a.m. to 3:00p.m.) upon prior written request and satisfactory proof of holding.

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, other than in respect of Perpetual Securities cleared through the CMU Service, 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 for inspection 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, (ii) 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 Cayman 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 Principal 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) **Definitions:** In these Conditions:

(i) "**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; and
 - (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.

- (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; and
- (iii) **"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 to, 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) **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 the Relevant Time 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.

- (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 the principal Relevant Financial Centre 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, at approximately the Relevant 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, at approximately the Relevant 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 the Relevant Financial Centre inter-bank market, 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, at approximately the Relevant 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 the Relevant Financial Centre inter-bank market, **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, subsequently notified by the Issuer to 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.
- (d) **Benchmark Discontinuation:** this Condition 5(III) shall apply to only those Perpetual Securities for which this Condition 5(III) is specified as "*Applicable*" in the applicable Pricing Supplement.
- (i) *Independent Adviser:* If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Distribution (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 5(III)(d)(ii)) and, in either case, an Adjustment Spread (if any, in accordance with Condition 5(III)(d)(iii)) and any Benchmark Amendments (in accordance with Condition 5(III)(d)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(III)(d) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Perpetual Securityholders or the Couponholders for any determination made by it, pursuant to this Condition 5(III)(d).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 5(III)(d)(i) prior to the relevant Distribution Determination Date, the Rate of Distribution applicable to the next succeeding Distribution Accrual Period shall be equal to the Rate of Distribution last determined in relation to the Perpetual Securities in respect of the immediately preceding Distribution Accrual Period. If there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution. Where a different Margin or Maximum or Minimum Rate of Distribution 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 Rate of Distribution relating to the relevant Distribution Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Distribution Accrual Period only and any subsequent Distribution Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(III)(d)(i).

(ii) *Successor Rate or Alternative Rate:* If the Independent Adviser determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 5(III)(d)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 5(III)(d)).

(iii) *Adjustment Spread:* The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments:*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(III)(d) and the Independent Adviser (in consultation with the Issuer) determines:

(A) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and

(B) the terms of the Benchmark Amendments,

then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(III)(d)(v), without any requirement for the consent or approval of Perpetual Securityholders or Couponholders, vary these Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 5(III)(d), no Agent is obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(III)(d), if in the sole opinion of such Agent doing so, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to such Agent in these Conditions or the Fiscal Agency Agreement (including, for the avoidance of doubt, any supplemental fiscal agency agreement).

In connection with any such variation in accordance with this Condition 5(III)(d), 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.

(v) *Notices:* Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(III)(d) will be notified promptly by the Issuer to the Agents and, in accordance with Condition 14, the Perpetual Securityholders or the Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Agents of the same, the Issuer shall deliver to the Agents a certificate signed by two Authorised Signatories of the Issuer:

(A) confirming:

- (i) that a Benchmark Event has occurred;
- (ii) the Successor Rate or, as the case may be, the Alternative Rate;
- (iii) the applicable Adjustment Spread; and
- (iv) the specific terms of the Benchmark Amendments (if any),

in each case as determined in accordance with the provisions of this Condition 5(III)(d); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Fiscal Agent shall make available such certificate at its specified office, for inspection by the Noteholders at all reasonable times during normal business hours (being 9:00am to 3:00pm) upon prior written notice and satisfactory proof of holding.

Each of the Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) and without prejudice to each Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agents, the Perpetual Securityholders and Couponholders.

Notwithstanding any other provision of this Condition 5(III)(d), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(III)(d), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

(vi) *Survival of Original Reference Rate:* Without prejudice to the obligations of the Issuer under Conditions 5(III)(d)(i), 5(III)(d)(ii), 5(III)(d)(iii) and 5(III)(d)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(II)(b)(B), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions:* As used in this Condition 5(III)(d):

"Adjustment Spread" means either:

- (a) a spread (which may be positive, negative or zero); or
- (b) a formula or methodology for calculating a spread,

in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied)
- (iii) the Independent Adviser (in consultation with the Issuer) determines, is recognised or acknowledged as

being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by 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 Condition 5(III)(d)(ii) as being customarily applied in market usage in the international debt capital markets transactions for the purposes of determining rates of distribution (or the relevant component part thereof) in the same Specified Currency as the Perpetual Securities.

"**Benchmark Amendments**" has the meaning given to it in Condition 5(III)(d)(iv).

"**Benchmark Event**" means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist;
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued;
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Perpetual Securities;
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, with effect from a date after 31 December 2021, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Perpetual Securityholder or Couponholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the

Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

"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 Calculation Agent.

"Independent Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(III)(d)(i).

"Original Reference Rate" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Distribution (or any component part thereof) on the Perpetual Securities.

"Relevant Nominating Body" means, in respect of a benchmark or screen rate (as applicable):

- (i) 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
- (ii) 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.

"Successor Rate" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(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 here on 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:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" 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

"**D₂**" 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:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" 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

"D₂" 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:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" 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

"D₂" 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, the four major banks in the market that is most closely connected with the Reference Rate, in each case selected by the Issuer or as specified hereon

"Reference Rate" means the rate specified as such hereon

"Relevant Financial Centre" has the meaning specified as such hereon

"Relevant Time" has the meaning 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 Cayman 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 issued by the International Accounting Standards Board, 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. The Fiscal Agent shall be entitled to accept and rely on such certificate and opinion as sufficient evidence (without further investigation or query and without liability to the holders or any other person) of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the holders. None of the Agents shall have any obligation to ascertain, monitor or investigate whether any Accounting Event has occurred.

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)(v)) or Coupons (in the case

of Distribution, save as specified in Condition 7(f)(v)), 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 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 Service 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 Service 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 Service in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (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 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 Service 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 Service 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 Service in a relevant CMU Instrument Position Report (as defined in the Fiscal Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (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 Service, (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 unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired 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, unexpired

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 Cayman 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 Cayman 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.

None of the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any holder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Perpetual Securities without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

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 Service, 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 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.

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 Cayman 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 EU 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]; 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 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 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 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 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 2001 (2020 Revised Edition) of Singapore (the "SFA"), 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"/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

[This Pricing Supplement is intended for the sole use of the person to whom it is provided by the sender, and it is being distributed 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 "SEHK")) ("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 SEHK 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 SEHK has not reviewed the contents of this Pricing Supplement, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Pricing Supplement to Professional Investors only have been reproduced in this Pricing Supplement. Listing of the Programme and the Notes on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer or the Group or quality of disclosure in this Pricing Supplement. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Pricing Supplement, 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 Pricing Supplement.

This Pricing Supplement, together with the Offering Circular, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") 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 Pricing Supplement 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 IDEA Group (formerly known as AMTD International Inc.)

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 31 March 2023 [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 31 March 2023. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular dated 31 March 2023 [and the supplemental Offering Circular dated [date]], save in respect of the Conditions which are extracted from the Offering Circular dated 31 March 2023 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 IDEA Group
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)]

¹ 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).

² 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].

³ Notes to be listed on the Hong Kong Stock Exchange are freely transferable with a denomination of at least HK\$500,000 (or its equivalent in other currencies). Notes to be listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST") are required to be traded in a minimum board lot size of at least S\$200,000 (or its equivalent in other countries).

⁴ 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.

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/SGX-ST/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 subparagraphs 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 Amount⁵
- (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

⁵ 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".

⁶ Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi-denominated Fixed Rate Notes.

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 subparagraphs 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: [•]
- Relevant Time: [•]
- Relevant Financial Centre: [•]
- Interest Determination Date(s): [•]
- Relevant Screen Page: [•]

- (ix) ISDA Determination:
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (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) Benchmark discontinuation and fall back provisions: [•]
- Benchmark Discontinuation (Condition [5(k)]) [Applicable/Not Applicable]
 - 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 subparagraphs 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 subparagraphs 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):

- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [[•] per Calculation Amount] [*specify other*]
- (b) Maximum Redemption Amount [•] per Calculation Amount [•] per Calculation Amount
- (iv) Notice period: [•]⁷
22. **Put Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs 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: [•]⁸
23. **Change of Control Put Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs 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** [•]/[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

⁷ 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.

⁸ 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.

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/ <i>give details.</i>

<i>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]</i> |
| 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/ <i>give details.</i> |
| 30. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: | [Not Applicable/ <i>give details.</i> |
| 31. | Redenomination, renominisation and reconventioning provisions: | [Not Applicable/The provisions annexed to this Pricing Supplement apply] |
| 32. | Consolidation provisions: | The provisions [in Condition [13] (<i>Further Issues</i>)] [annexed to this Pricing Supplement] apply] |
| 33. | Other terms or special conditions: | [Not Applicable/ <i>give details]</i> |

DISTRIBUTION

34. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilisation 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) 549300KHWPN26J8NTV43.
42. Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU Service 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.)
48. Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
(If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a KID will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, "Applicable" should be specified.)
49. Rating [Not Applicable/The Notes are expected to be rated "[•]" by [•]]

[STABILISATION]

In connection with this issue, [insert name of Stabilisation Manager] (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot the 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 for a limited period after the date of this Pricing Supplement. However, stabilisation may not necessarily occur. Any stabilisation action may begin on the date on which adequate public disclosure of the terms of the offer of the Notes 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 Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

[PURPOSE OF PRICING SUPPLEMENT]

This Pricing Supplement comprises the final terms required for issue and admission to trading on the [Hong Kong Stock Exchange/SGX-ST] 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.

[The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, and the admission of the Notes to the Official List of, the SGX-ST are not to be taken as indications of the merits of the Issuer, the Programme or the Notes.]

Signed on behalf of AMTD IDEA Group:

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 EU 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]; 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")] 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 2001 (2020 Revised Edition) of Singapore (the "SFA"), 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"/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

[This Pricing Supplement is intended for the sole use of the person to whom it is provided by the sender, and it is being distributed 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 "SEHK")) ("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 SEHK 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 SEHK has not reviewed the contents of this Pricing Supplement, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Pricing Supplement to Professional Investors only have been reproduced in this Pricing Supplement. Listing of the Programme and the Perpetual Securities on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Perpetual Securities, the Issuer or the Group or quality of disclosure in this Pricing Supplement. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Pricing Supplement, 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 Pricing Supplement.

This Pricing Supplement, together with the Offering Circular, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") 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 Pricing Supplement 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 IDEA Group (formerly known as AMTD International Inc.)

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 31 March 2023 [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 31 March 2023. This Pricing Supplement contains the final terms of the Perpetual Securities and must be read in conjunction with such Offering Circular dated 31 March 2023 [and the supplemental Offering Circular dated [date]], save in respect of the Conditions which are extracted from the Offering Circular dated 31 March 2023 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 IDEA Group |
| 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]]].] |
| | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Perpetual Securities become fungible).</i> |
| 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:^{9, 10, 11} [•]
- (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]¹²*
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]

⁹ 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).

¹⁰ 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].

¹¹ Perpetual Securities to be listed on the Hong Kong Stock Exchange are freely transferable with a denomination of at least HK\$500,000 (or its equivalent in other currencies). Perpetual Securities to be listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST") are required to be traded in a minimum board lot size of at least S\$200,000 (or its equivalent in other countries).

¹² 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.

- [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: [•]
13. Listing: [Hong Kong/SGX-ST/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) ¹³ /Actual/365 (Sterling)/Actual/360/30E/360/30E/360 (ISDA)/other]
- (vi) First Reset Date: [•]
- (vii) Reset Date: [•]

¹³ Applicable to Hong Kong dollar denominated Fixed Rate Perpetual Securities and Renminbi-denominated Fixed Rate Perpetual Securities.

- (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 subparagraphs 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: [•]
 - Relevant Time: [•]
 - Relevant Financial Centre: [•]
 - Distribution Determination Date(s): [•]
 - Relevant Screen Page: [•]
- (ix) ISDA Determination:
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (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) Benchmark discontinuation and fall back provisions: [•]
- Benchmark Discontinuation (Condition [5(III)(d)]) [Applicable/Not Applicable]
 - 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** [•]

18. **Other provisions relating to Interest** [Applicable/Not Applicable]
- (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 subparagraphs 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 [Specify maximum and minimum number of days for notice period]
(Condition [6(b)])
21. Redemption at the Option of the Issuer [Yes/No]
- Issuer's Redemption Option Period [Specify maximum and minimum number of days for notice period]
(Condition [6(c)])
22. Redemption for Accounting Reasons [Yes/No]
- Issuer's Redemption Option Period [Specify maximum and minimum number of days for notice period]
(Condition [6(d)])

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]¹⁴
- [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]

¹⁴ 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.

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, renominatisation 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) Stabilisation 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) 549300KHWP26J8NTV43.
43. Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU Service 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, or the Perpetual Securities do constitute "packaged" products and a KID will be prepared in the UK, "Not Applicable" should be specified. If the Perpetual Securities may constitute "packaged" products, "Applicable" should be specified.)*
50. Rating [Not Applicable/The Perpetual Securities are expected to be rated "[•]" by [•]]

[STABILISATION

In connection with this issue, [*insert name of Stabilisation Manager*] (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation 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 for a limited period after the date of this Pricing Supplement. However, stabilisation may not necessarily occur. 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 cease at any time, but it must end no later than the earlier of 30 days after the Issue Date of the Perpetual Securities and 60 days after the date of the allotment of the Perpetual Securities. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

[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.

[The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, and the admission of the Perpetual Securities to the Official List of, the SGX-ST are not to be taken as indications of the merits of the Issuer, the Programme or the Perpetual Securities.]

Signed on behalf of AMTD IDEA Group:

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 Listing Memorandum, "**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 Listing Memorandum. 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 Terms and 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 30 March 2020 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 Terms and 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 Listing Memorandum, 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 Service 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

The following table sets forth the Group's cash and cash equivalents, capitalisation and indebtedness as of 30 June 2022.

This table should be read together with the Group's consolidated financial statements and the related notes included elsewhere in this Listing Memorandum.

	As of 30 June 2022⁽¹⁾
	<i>HK\$ (in thousands)</i>
Cash and bank balances.....	140,261
Current portion of loans and borrowings.....	161,132
Secured and guaranteed.....	—
Unsecured and non-guaranteed	—
Non-current portion of loans and borrowings.....	—
Secured and guaranteed.....	—
Unsecured and non-guaranteed	—
Total loans and borrowings	161,132
Share capital.....	296
Capital reserve.....	6,777,770
Retained profits.....	5,191,109
Total equity.....	11,966,175
Total capitalisation.....	12,267,568

⁽¹⁾ Indebtedness includes indirect and contingent indebtedness.

There has been no material change in the capitalisation of the Issuer since 30 June 2022.

DESCRIPTION OF THE GROUP

The Company

In 2015, the Issuer's Controlling Shareholder commenced the current investment banking, asset management, and strategic investment businesses. From February to April 2019, it carried out a restructuring to carve out its investment banking, asset management, and strategic investment businesses from the Controlling Shareholder.

As part of the restructuring, in February 2019, AMTD International Inc. was incorporated under the laws of the Cayman Islands initially as a wholly-owned subsidiary of the Controlling Shareholder. In April 2019, the Issuer completed its restructuring and AMTD International Inc. became the holding company of the Issuer's businesses. In March 2022, with the approval of its shareholders, the Issuer changed the company name from "AMTD International Inc." to "AMTD IDEA Group".

The Issuer is a holding company incorporated in the Cayman Islands and conducts its businesses through its subsidiaries.

On 5 August 2019, the Issuer's American depository shares ("ADSs") commenced trading on the NYSE. The Issuer issued and sold a total of 23,873,655 ADSs representing 23,873,655 Class A ordinary shares at an initial offering price of U.S.\$8.38 per ADS. The ADSs are currently traded under the ticker symbol "AMTD."

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

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

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

In September 2021, the Issuer repurchased approximately 69.1 million Class B ordinary shares from the Controlling Shareholder for HK\$5 billion.

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

In January 2022, the Issuer proposed the change of company's name from "AMTD International Inc. " to "AMTD IDEA Group" and also announced that the ticker symbol for the Company's ADSs would be changed to "AMTD" effective on 31 January 2022. AMTD IDEA Group's name was approved and adopted by way of extraordinary general meeting of shareholders on 1 March 2022.

In February 2022, the Issuer acquired a total of 31,732,000 Class A ordinary shares and 24,202,000 Class B ordinary shares of AMTD Digital Inc., priced at U.S.\$17.75 per share, from certain of its shareholders, including the Controlling Shareholder, for a total consideration of approximately U.S.\$992.6 million (HK\$7,742.2 million). The Issuer issued a total of 67,200,330 Class A ordinary shares and 51,253,702 Class B ordinary shares in settlement of the consideration payable for the acquisition. AMTD Digital Inc. is a comprehensive one-stop digital solutions platform in Asia and was a subsidiary of the Controlling Shareholder prior to the acquisition. AMTD Digital Inc. became the Issuer's consolidated subsidiary as a result of the acquisition.

Subsequently, on 15 July 2022, AMTD Digital completed its initial public offering and listing by way of issuance of its Class A ordinary shares on the New York Stock Exchange under the ticker symbol "HKD", which were presented by the ADSs (each representing 0.4 Class A ordinary shares of AMTD Digital). On 8 August 2022, the over-allotment option was fully exercised.

In April 2022, the Company completed the acquisition of all the equity interest of L'Officiel Inc. SAS ("L'Officiel"), a global fashion media group. L'Officiel serves as the operational holding company for the iconic French magazine L'Officiel, which recently celebrated its 101st anniversary, and the global L'Officiel network of fashion and luxury media brands including L'Officiel, L'Officiel Art, L'Officiel Hommes, etc., which is also a new operating segment to the Group.

In December 2022, the Issuer repurchased approximately 36.9 million Class B ordinary shares from the Controlling Shareholder for HK\$2.5 billion.

In February 2023, the Controlling Shareholder completed injection of 100% equity interest of AMTD Assets Group into the Issuer at a consideration of US\$268 million, and the consideration has been settled by the Issuer issuing 30,875,576 Class B ordinary shares to the Controlling Shareholder. On the same date, the Issuer completed injection of 100% equity interest of AMTD Assets Group into AMTD Digital at the same consideration, AMTD Digital has settled the consideration by issuing 515,385 Class B ordinary shares to the Issuer.

The Issuer's principal executive offices are located at 23/F Nexxus Building, 41 Connaught Road Central, Hong Kong. The telephone number at this address is +852 3163-3389. The Issuer's registered office in the Cayman Islands is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The agent for service of process in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, DE 19711.

B. *Business Overview*

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

The Issuer provides full spectrum intermediary services to its clients.

The Issuer is also the controlling shareholder of AMTD Digital, a comprehensive one-stop digital solutions platform in Asia, as well as the parent company of L'Officiel Inc. SAS, a global fashion media group.

The Issuer aligns itself with clients, shareholders, business partners, and investee companies to build an ever-extending, inter-connected network that creates value for all stakeholders, or the "AMTD SpiderNet" ecosystem.

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

The Partnership Approach

The Issuer discovers and selectively engages a broad range of promising clients with diverse backgrounds and at various stages of development. The Issuer offers comprehensive financial services to fulfil the needs of clients throughout their lifecycles. The Issuer stays close to clients to understand and anticipate their needs. Its services are tailored with a collaborative overlay, providing clients with one-stop solutions.

With each business opportunity, the Issuer considers itself a business partner for the prospective client, rather than merely a service agency of a particular product or service. The Issuer strives to unlock and maximise the extraordinary value embedded in each relationship and to expand opportunities for collaboration and partnership both between the Issuer and its clients, as well as among clients. This forms the foundation of the "AMTD SpiderNet" ecosystem and defines the Issuer's shared firm-wide core values and culture.

Issuer's Services

Intermediary Solutions

Since October 2015, the Issuer has operated its intermediary solutions business. Under its intermediary solutions business, the Issuer provides clients with solutions for a full suite of corporate finance activities, including equity and debt offerings, and financing and mergers and acquisitions transactions.

The Issuer's intermediary solutions business provides a one-stop solution for corporate and other institutional clients, both benefiting from and enhancing the synergies within the "AMTD SpiderNet" ecosystem. To this end, the Issuer delivers its intermediary solutions with the following features.

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

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

Strategic Investment

The Issuer commenced its strategic investment business in 2015. The strategic investment business focuses on long-term equity investments using its own capital. The Issuer views it as a natural extension of the other businesses, allowing it to deepen the relationship with clients by participating in their value creation and engaging them into the "AMTD SpiderNet".

Investment Approach

The Issuer typically sources investment opportunities identified through "AMTD SpiderNet" and focuses on investing in innovative digital platforms, financial technology companies, other new economy companies, and other financial institutions. Our buy-side resources allow us to stay close to the market and provide early access to leading players in key industries that benefit from China's globalisation developments and rapid growth in innovation industry.

- *Leveraging "AMTD SpiderNet."* The Issuer leverages "AMTD SpiderNet" throughout the investment process to source investments, evaluate opportunities, and provide value added solutions to the investees alongside the whole value chain of their businesses after the Issuer's investment. The Issuer's portfolio companies are its strategic partners.
- *Value investment.* The Issuer focuses on long-term value creation from its investment and how the investments can contribute to the stakeholder of the "AMTD SpiderNet," rather than looking for short-term returns. Therefore, the Issuer does not trade investments frequently in the secondary market for profit. The Issuer has not disposed of any portion of the strategic investments in the current portfolio since the acquisition.
- *Synergy with portfolio companies.* The Issuer has an experienced team for post-investment value creation. The Issuer has a board seat in most of its portfolio companies and the Issuer devotes a lot of its resources to work closely with their management to advise on their strategy, capital markets plan, and support them in their execution process.

Investment Process

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

Although the Issuer makes investment decisions on a case-by-case basis, the Issuer is 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.

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

The Issuer closely monitors the investee companies in accordance with the guidelines set by investment committee. Specifically, the Issuer tracks the business development, the holding positions, unrealised profit or loss, and the risk exposure of each investee. The Issuer will escalate any significant incidents in the investees to the investment committee and, for material incidents, to the board of directors.

Investment Portfolio

As of 31 December 2021, the investment portfolio reached an aggregate fair value of HK\$3.8 billion, in which (i) the strategic investment in the Hong Kong- and Shenzhen-listed Bank of Qingdao accounted for

28.1%, (ii) derivative assets and the investment in other companies accounted for 42.1%, and (iii) the investment in AMTD Digital Inc. accounted for 29.8%.

Through investment in financial institutions with stable annual dividend distribution, the Issuer is able to connect more business partners in this sector. Through the connection, the Issuer is able to provide the most efficient and effective professional financial solutions and promoting cooperation among them, which will in return contribute to growth and create value through synergies.

The Issuer also expands its investments in new economy sectors globally for the discovery and incubation of outstanding enterprises with innovative technology, committing to serving as a "super-connector" to connect different capital market participants, innovation companies, and to match their needs in the area of capital and technology.

Intellectual Property

As of the date of this Offering Circular, the Issuer owns numerous registered trademarks on a worldwide basis including trademarks with the word "L'Officiel". The Issuer is also licensed by the Controlling Shareholder to use certain trademarks which included the word "AMTD" or logo of "AMTD" or combination of word and logo.

The Issuer maintains various registered domain names, including amtdinc.com.

Competition

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

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

With respect to the strategic investment business, the Issuer believes that it does not compete with other private equity funds, specialised investment funds, hedge fund sponsors, financial institutions and other players. The investments have been made primarily for strategic reasons rather than for pure financial gain, and the funds for the investments are entirely the Issuer's own.

The Issuer faces intense competition for the recruiting and retention of qualified, experienced professionals. Its ability to continue to compete effectively in the businesses will depend upon its ability to attract new employees and retain and motivate existing employees.

Regulation

This section summarises all of the significant laws and regulations that materially affect the Issuer's business activities in Hong Kong.

Insurance Brokerage Regulatory Regime

Insurance Broker Licence

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

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

Appointment of Responsible Officer

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

The RO is expected to:

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

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

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

Financial and Other Requirements for Licensed Insurance Broker Companies

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

(A) Capital and Net Assets

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

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

For an existing licensed insurance broker company, there is a grace period to comply with the capital requirements under the new regime. For the period from the commencement date to 31 December 2023, the amount of paid-up share capital and net assets which a specified insurance broker company must maintain at all times respectively are for the period that begins on the

commencement date and ends on 31 December 2021, not less than \$100,000; and for the period that begins on 1 January 2022 and ends on 31 December 2023, not less than \$300,000.

(B) Professional Indemnity Insurance

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

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

(2) HK\$3,000,000.

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

(C) Keeping of Separate Client Accounts

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

(D) Keeping Proper Books and Accounts

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

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

Conduct requirements for licensed insurance broker companies

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

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

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

Guideline on continuing professional development for licensed insurance intermediaries

The Guideline on Continuing Professional Development for Licensed Insurance Intermediaries, or the CPD, applies to individual licensees and their principals (insurance agencies, broker companies and also insurers

that appoint individual insurance agents). It sets out the new CPD requirements under the new regime. To ensure continued professional competence in carrying out their regulated activities, individual licensees need to stay up-to-date on technical and regulatory knowledge and ethical standards. Failure to comply with the CPD Guideline may adversely affect the fitness and properness of that person and may potentially lead to disciplinary action by the HKIA.

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

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

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

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

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

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

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

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

Mandatory Provident Fund Scheme

Introduction

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

The MPFA

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

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

Licensing Regime Under the MPFSO

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

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

MPF Intermediaries and Regulated Activities

MPF Intermediaries

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

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

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

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

Regulated Activities

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

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

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

Approval Criteria for a Responsible Officer

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

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

As of the date of this Offering Circular, AMTD Risk Solutions Limited was licensed under the MPFSO as PI.

Anti-Money Laundering And Counter-Terrorist Financing

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

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

- take all reasonable measures to ensure that proper safeguards exist to mitigate the risks of money laundering and terrorism financing, or ML/TF, and to prevent a contravention of any requirement;
- establish and implement adequate and appropriate anti-money laundering and counter-financing of terrorism systems;
- consider the characteristics of the products and wits that it offers end the extent to which these are vulnerable to ML/TF abuse;
- consider its delivery/distribution chattels end the testing to which these are vulnerable to ML/TF abuse;
- when assessing the customer risk, consider who their customers are, when they do and any other information that may suggest the customer is of higher risk;

- be vigilant where the customer is of such a legal form that enables individuals to divest themselves of ownership of property whilst retaining an element of control over it or the business/industrial sector to which a customer has business connections is more vulnerable to corruption;
- consider risks inherent in the nature of the activity of the customer and the possibility that the transaction may itself be a criminal transaction; and

pay particular attention to countries or geographical locations of operation with which its customers and intermediaries are connected where they are subject to high levels of organised crime, increased vulnerabilities to corruption and inadequate systems to prevent and detect ML/TF.

Organisational Structure

Corporate Structure

The diagram on the following page illustrates the Group's corporate structure, including its subsidiaries as of the date of this Offering Circular.

Relationship with the Controlling Shareholder

As of the date of this Offering Circular, the company is 49.0%-owned by the Controlling Shareholder, representing 87.8% of the total voting power in the company. Historically, the Controlling Shareholder has provided the Issuer with business premises, financial, accounting, administrative, legal, and human resources services, as well as the services of a number of its executive officers and other employees, the costs of which were allocated based on actual usage or proportion of revenues and infrastructure usage attributable to the business, among other things. The Issuer has begun to invest in its own financial, accounting, and legal functions separate from those of the Controlling Shareholder, and the Issuer will further establish other support systems of its own or contract with third parties to provide them to after the Issuer becomes a stand-alone public company.

Treasury functions are conducted centrally under the Controlling Shareholder and intra-group treasury fund transfers were carried out among the entities within the Controlling Shareholder. The treasury function manages available funds at the Controlling Shareholder level and allocates the funds to various entities within the Controlling Shareholder for their operations. The Issuer may also leverage the Controlling Shareholder to settle receivables or payables arising from acquisitions or disposals of investments. As of 31 December 2021, the amount due from entities within the Controlling Shareholder in connection with intra-group treasury fund allocation was HK\$2.1 billion.

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

Master Transaction Agreement

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

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

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

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

Controlling Shareholder will abstain from participating in the investment decision-making and approval process.

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

Pursuant to the master transaction agreement, the Issuer is licensed by the Controlling Shareholder to use certain of its intellectual properties for free. The master transaction agreement will automatically terminate on the date that is two years after the first date upon which the Controlling Shareholder ceases to own in aggregate at least 20% of the voting power of the Issuer's then outstanding shares. This agreement can be terminated earlier or

extended by mutual written consent of the parties. The termination of this agreement will not affect the validity and effectiveness of the transitional services agreement and the non-competition agreement.

Transitional Services Agreement

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

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

The Controlling Shareholder may also provide the Issuer with additional services that the Issuer and the Controlling Shareholder may identify from time to time in the future.

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

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

Non-competition Agreement

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

The Controlling Shareholder has agreed not to compete with the Issuer during the non-competition period in the investment banking and asset management businesses that are both primarily targeting institutional and corporate clients, except for owning non-controlling equity interest in any company competing with us. The Issuer has agreed not to compete with the Controlling Shareholder during the non-competition

period in the businesses currently conducted by the Controlling Shareholder, except (i) for continuing to provide investment banking and asset management products and services to our existing individual clients, and (ii) for owning non-controlling equity interest in any company competing with the Controlling Shareholder.

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

D. *Property, Plants and Equipment*

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

The Issuer intends to add new premises or expand its existing premises as they add employees and expand the organisation. The Issuer believes that suitable additional or alternative space will be available in the future on commercially reasonable terms to accommodate its foreseeable future expansion.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information regarding the Issuer's directors and executive officers as of the date of this Offering Circular.

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

⁽¹⁾ Member of our audit committee.

⁽²⁾ Member of our compensation committee.

⁽³⁾ Member of our nominating and corporate governance committee.

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

Biographical Information

Dr. Feridun Hamdullahpur is the chairman of the board of directors and independent director. Dr. Hamdullahpur has served as a director of the Controlling Shareholder since January 2019. Dr. Hamdullahpur also served as an independent director of AMTD Digital since August 2022. Dr. Hamdullahpur has served as the sixth president and vice-chancellor of the University of Waterloo since 2010. Prior to that, he served as a vice-president academic and provost at the University of Waterloo from September 2009 to September 2010.

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

Dr. Timothy Wai Cheung Tong is an independent director of the Issuer, as well as the chairman of the board of AMTD Digital, and has been instrumental in the establishment of the Issuer's various initiatives with academic institutions and other industry association types to enhance and step up the Issuer's contributions and support to talents out of the AMTD SpiderNet ecosystem, such as the formation of AMTD FinTech Centre of PolyU Faculty of Business as one of the rare institutions across Asia to be able to award Ph.D. degrees in FinTech. Dr. Tong was appointed as the Issuer's independent director in February 2022. Dr. Tong is also the chairman and independent director of AMTD Digital Inc. Dr. Tong is the chief executive officer of AMTD Charity Foundation, and chairman of the Hong Kong Laureate Forum, which is an organization formed by distinguished personalities and academics of Hong Kong, with the full support of the Hong Kong SAR government. The mission is to connect the current and next generations of leaders in scientific pursuit, and to promote understanding and interests of the young generation in Hong Kong and around the world in various disciplines in science and technology. Dr. Tong is an internationally renowned educator and expert in heat transfer. He served as the President of The Hong Kong Polytechnic University from January 2009 to December 2018. He is also the former dean of the school of engineering and applied science at The George Washington University, the former chairman of the steering committee of the Pilot

Green Transport Fund of the Environmental Protection Department, a fellow of the American Society of Mechanical Engineers, and a fellow and former president of the Hong Kong Academy of Engineering Sciences. Dr. Tong currently serves as an independent non-executive director of Airstar Bank, an independent non-executive director of Xiaomi Corporation (SEHK: 1810); an independent non-executive director of Gold Peak Industries (Holdings) Limited (SEHK: 40); a non-executive director of Freetech Road Recycling Technology (Holdings) Limited (SEHK: 6888); and an independent non-executive director of Gold Peak Industries Limited (SGX: G20). Dr. Tong has been a member of the National Committee of the Chinese People's Political Consultative Conference since March 2013 to present and a Justice of the Peace in Hong Kong since July 2010. Dr. Tong received a Ph.D. degree in mechanical engineering from the University of California at Berkeley in December 1980. Dr. Tong received a master of science degree in engineering from University of California Berkeley in June 1978 and a bachelor degree of science in mechanical engineering from Oregon State University in June 1976.

Dr. Annie Koh has served as an independent director since June 2020. Dr. Koh is a renowned conference speaker, panel moderator, and commentator. Dr. Koh is Professor Emeritus of Finance (Practice) at Lee Kong Chian School of Business of Singapore Management University (SMU) and a Senior Advisor to its Business Families Institute. Her previous portfolios at SMU included positions as Vice President for Business Development; V3 Group Professor of Family Entrepreneurship; Academic Director of Business Families Institute and International Trading Institute; Associate Dean, Lee Kong Chian School of Business; and Dean, Office of Executive and Professional Education. Dr Koh is appointed as Chairman of Prime US REIT, in addition to being a member of the World Economic Forum Global Future Council on New Agenda for Work, Wages and Job Creation. She also chairs the Asian Bond Fund 2 supervisory committee of the Monetary Authority of Singapore, and a committee member of Singapore's Customs Advisory Council and HR Transformation Advisory Panel. She is currently an independent director of PBA Group, Prudential Assurance Company Singapore Pte Ltd and Yoma Strategic Holdings Ltd. She previously served on GovTech, Singapore's CPF, HMI and K1 Ventures boards. Professor Koh also advises privately owned enterprises such as Flexxon Pte Ltd, Hendricks Corp. Pte Ltd, TOP International, and startups such as AvePoint EduTech, Dedoco, Elevate Tech, RootAnt Global, StashAway, StaffOnDemand, SWAT Mobility, and non-profits such as Cyber Youth Singapore and WWF Singapore. She has been an investment committee member of iGlobe Partners since July 2010 and advisor to CUBE3 Ventures since October 2021. Dr Koh was awarded the bronze and silver Singapore Public Administration medal in 2010 and 2016, respectively, and the Adult Education Prism Award in 2017 for her contributions to the education and public sectors. Dr. Koh received a Ph.D. degree in international finance with a Fulbright scholarship from Stern School of Business, New York University in 1988.

Marcellus Wong is a director and has over 40 years of experience in accounting and taxation. Mr. Wong was chairman of the Issuer's executive management committee before he stepped from the position in November 2021. Since then, Mr. Wong has been a non-executive officer of the Issuer. Mr. Wong has been serving as the vice chairman of the board of directors of the Controlling Shareholder since October 2015, and a member of the Board of Supervisors of SEHK-listed Jiangxi Bank Co., Ltd. (SEHK: 1916) since December 2020. Mr. Wong served in a number of other positions including, from June 2015 to June 2021, independent non-executive director of SEHK-listed Xinte Energy Co., Ltd. (SEHK: 1799); from July 2012 to June 2017, senior advisor of PricewaterhouseCoopers; and, from November 2001 to October 2021, a member of the Joint Liaison Committee on Taxation that advises the government of Hong Kong on tax issues. Mr. Wong has also served as a council member of the Taxation Institute of Hong Kong from 1995 to 2017, president from 1996 to 1999, and chairman of advisory board since 2017. He was the president of CPA Australia-Hong Kong China Division from 2004 to 2005 and has served as its honorary adviser of Greater China region since July 2014. Mr. Wong joined PricewaterhouseCoopers in February 1990 and, prior to his retirement in June 2012, served as a partner and compliance leader in Hong Kong and Mainland China as well as risk and quality leader for its tax practice in the Asia Pacific region. Mr. Wong graduated from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) with a higher diploma in accountancy in October 1977, and also obtained a degree through the external program from the University of London in the United Kingdom in August 1989. Mr. Wong was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants in December 1987, a fellow of CPA Australia in October 2001, and a fellow of the Taxation Institute of Hong Kong in March 2004.

Raymond Yung is a director, and has over 40 years of experience in advising financial institutions in Hong Kong and Mainland China. Mr. Yung sits on the board of Citibank (Hong Kong) Limited as an independent non-executive director. Mr. Yung has extensive experience in the operational, risk management, internal controls, and financial reform of many large-scale financial institutions. Mr. Yung headed PricewaterhouseCoopers's financial services practice in China for over ten years, and has been serving on

PwC's China, Hong Kong and Singapore Firm's Board of Partners until his retirement in 2016. From September 1992 to June 2002, Mr. Yung led Arthur Andersen's financial services group in Hong Kong. Mr. Yung was the lead engagement partner for the restructuring and IPO of eleven licensed banks which were merged to form the BOC Hong Kong (Holdings) Limited in 2002. Between 1991 and 1992, Mr. Yung was appointed as a special advisor to the deputy chief executive of the Hong Kong Monetary Authority in relation to internal controls and accounting matters, and was subsequently appointed to serve on its banking advisory committee. Mr. Yung is a member of the Hong Kong Institute of Certified Public Accountants and a certified accountant registered with the UK Chartered Association of Certified Accountants and CPA Australia. Mr. Yung graduated from The Hong Kong Polytechnic University with a higher diploma in accountancy in November 1980.

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

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

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

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

Stock Incentive Plan

AMTD SpiderMan Share Incentive Plan

In June 2019, the Issuer's board of directors approved the AMTD SpiderMan Share Incentive Plan, or the 2019 Plan, to attract and retain the best available personnel, provide additional incentives to employees,

directors, and consultants, and promote the success of the Issuer's business. The maximum aggregate number of ordinary shares that may be issued under the Plan is initially 20,000,000 and on 1 January of each year after the effective date of the 2019 Plan, will automatically increase to the number of shares that is equal to ten percent (10%) of the total issued and outstanding share capital of the Issuer as of 31 December of the preceding year. In addition, on 1 January of each year after the effective date of the Plan, the aggregate number of shares that may be issued under the 2019 Plan will automatically increase by the number of shares representing 1.0% of the total issued and outstanding share capital of the Issuer as of 31 December of the preceding year, or such less number as the Issuer's board of directors may determine. As of the date of this Offering Circular, no awards have been granted under the Plan.

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

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

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

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

Eligibility. The Issuer may grant awards to the Issuer's directors, employees and consultants.

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

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

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

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

Board of Directors

The Issuer's board of directors consists of five directors. A director is not required to hold any shares in the Issuer to qualify to serve as a director.

Executive Management Committee of the Board of Directors

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

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

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

Other Committees of the Board of Directors

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

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

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

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

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

- reviewing the total compensation package for the Issuer's executive officers and making recommendations to the board with respect to it;
- reviewing the compensation of the Issuer's non-employee directors and making recommendations to the board with respect to it; and periodically reviewing and approving any long-term incentive

compensation or equity plans, programs or similar arrangements, annual bonuses, and employee pension and welfare benefit plans.

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

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

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

Employees

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

Function	Number of Employees	Percentage
Executive officers.....	5	4.3%
Licensed professionals	21	18.1%
Supporting staff.....	90	77.6%
Total	116	100.0%

The Issuer's success depends on its ability to attract, retain, and motivate qualified employees. The Issuer offers employees competitive salaries, performance- based cash bonuses, comprehensive training and development programs, and other fringe benefits and incentives. The Issuer believes that it maintains a good working relationship with the Issuer's employees, and it has not experienced any material labour disputes or work stoppages. None of the Issuer's employees are represented by labour unions, and no collective bargaining agreement has been put in place.

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

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 Listing Memorandum 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, 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. 112) 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; or
- (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 advisers 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.

Cayman Islands

The Cayman Islands currently have no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the Issuer or any holder of the Securities.

Accordingly, payment of principal of (including any premium) and interest on, and any transfer of, the Securities will not be subject to taxation in the Cayman Islands. No Cayman Islands withholding tax will be required on such payments to any holder of the Securities. Gains derived from the sale of the Securities will not be subject to Cayman Islands capital gains tax.

No stamp duty is payable under the laws of the Cayman Islands in respect of the execution and issue of the Securities. However, an instrument of transfer in respect of the Securities is stampable if executed in or brought into the Cayman Islands.

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 may be a foreign financial institution for these purposes. A number of jurisdictions (including the Cayman 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, proposed regulations have been issued that provide that 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. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Securities. In the event any withholding would be

required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding. 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 Security or a Note.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 30 March 2020 (the "**Dealer Agreement**") between the Issuer and the Dealers, 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 Dealers 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. 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 Listing Memorandum) 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. The Securities may not be offered or sold or, in the case of Bearer Securities, delivered, within the United States or, in the case of Reg S Category 2 Securities (as defined below), to or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

In the case of any Securities which are offered or sold outside the United States in reliance on the exemption from the registration requirements of the Securities Act provided under Category 1 of Regulation S, each Dealer represents and agrees that, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered or sold or, in the case of Bearer Securities, delivered, and shall not offer or sell or, in the case of Bearer Securities, deliver, any Securities constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Securities.

In the case of any Securities which are offered or sold outside the United States in reliance on the exemption from the registration requirements of the Securities Act provided under Category 2 of Regulation S ("**Reg S Category 2 Securities**"), each Dealer represents and agrees that, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered or sold or, in the case of Bearer Securities, delivered, and shall not offer or sell or, in the case of Bearer Securities, deliver, any Reg S Category 2 Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified as provided below, of all Securities of the Tranche of which such Reg S Category 2 Securities are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Securities, and it and they have complied and will comply with the offering restrictions requirements of Regulation S. Each Dealer who has subscribed for Securities of a Tranche of which such Reg S Category 2 Securities are a part (or in the case of a sale of a Tranche of Securities issued to or through more than one Dealer, each of such Dealers as to the Securities of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine and certify to the Issuing and Paying Agent the completion of the distribution of all Securities of such Tranche. Each Dealer and its affiliates also agree that, at or prior to confirmation of sale of Reg S Category 2 Securities, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Reg S Category 2 Securities from it during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Reg S Category 2 Securities within the United States or to, or for the account or benefit of U.S. persons.

Terms used in the paragraphs above have the meanings given to them by 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 Listing Memorandum 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 Listing Memorandum does not constitute an offer to any person in the United States. Distribution of this Listing Memorandum 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, and agreed 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 Listing Memorandum 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 EU 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 that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Listing Memorandum 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 (c) 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.

Prohibition of sales to UK Retail Investors

If the Pricing Supplement in respect of any Securities includes the legend "Prohibition of Sales to UK Retail Investors", each Dealer has represented and agreed 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 Listing Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (d) 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 that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Listing Memorandum 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 UK Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) 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 UK Prospectus Regulation.

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 that:

- (a) **No deposit-taking:** in relation to any Securities having 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:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

- (B) 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) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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) **General compliance:** 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(WUMPO)**") or which do not constitute an offer to the public within the meaning of the C(WUMPO); 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**"). Accordingly, 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, directly or indirectly, offered or sold and will not, directly and indirectly, offer or sell any Securities in Japan or to, or for the benefit of, any resident of Japan, or to others for re-offering or resale, directly or indirectly, in Japan or to 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. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Listing Memorandum 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 any Securities or cause the 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 Listing Memorandum 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 2001 (2020 Revised Edition) 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)(c)(ii) 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.

Cayman Islands

Each of the Dealers has represented, warranted and agreed that it has not made and will not make any invitation, whether directly or indirectly, to the public in the Cayman Islands to purchase the Securities.

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 Listing Memorandum.

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 Listing Memorandum 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 Listing Memorandum, 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 by way of debt issues to Professional Investors only during the 12-month period after the date of this Listing Memorandum 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. Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the "SGX-ST") in connection with the Programme and application will be made to the SGX-ST for permission to deal in, and for the listing and quotation of any Securities to be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Listing Information Memorandum. Approval in-principle from the SGX-ST and the admission of the Securities to the Official List of the SGX-ST and quotation of any Securities on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Securities. Each Series of the Securities will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies) for so long as any of the Securities of such series remain listed on the SGX-ST.

3. **Authorisation**

The Programme and the issue of Securities under the Programme were authorised by a resolution of the board of directors of the Issuer passed on 14 November 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 549300KHWP26J8NTV43.

4. **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 Listing Memorandum, a material adverse effect on the financial position or profitability of the Issuer or the Group.

5. **No Material Adverse Change**

Since 30 June 2022, 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.

6. **Auditor**

Deloitte, 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 2021 and 31 December 2020. Deloitte has also reviewed the unaudited interim condensed consolidated statements for the six months ended 30 June 2022.

7. **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 23/F, Nexxus Building, 41

Connaught Road Central, Hong Kong 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 2021;
- (iii) the audited consolidated financial statements for the six months ended 30 June 2022;
- (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 Listing Memorandum together with any Supplement to this Listing Memorandum; and
- (vii) copies of the Fiscal Agency Agreement and the Deed of Covenant.

8. **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 Service. 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.

9. **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 IDEA GROUP
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Pages</u>
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	F-2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2019, 2020 and 2021	F-4
Consolidated statements of financial position as of 31 December 2020 and 2021	F-6
Consolidated statements of changes in equity for the years ended 31 December 2019, 2020 and 2021	F-7
Consolidated statements of cash flows for the years ended 31 December 2019, 2020 and 2021	F-9
Notes to the audited consolidated financial statements for the years ended December 31, 2019, 2020 and 2021	F-10
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS	
Unaudited interim condensed consolidated statements of profit or loss for the six months ended June 30, 2021 and 2022	F-81
Unaudited interim condensed consolidated statements of financial position as at December 31, 2021 and June 30, 2022	F-82

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of AMTD IDEA Group

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of AMTD IDEA Group and subsidiaries (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the two years in the period ended December 31, 2021, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, the People’s Republic of China
April 18, 2022
We have served as the Company’s auditor since 2021.

Report of Independent Registered Public Accounting Firms

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

Opinion on the Financial Statements

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

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young

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

Hong Kong

April 30, 2020

AMTD IDEA GROUP
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 and 2021

	Notes	Year ended December 31,		
		2019 HK\$	2020 HK\$	2021 HK\$
REVENUE				
Fee and commission income (including income generated from related parties of HK\$46,046,698, HK\$128,419,020 and HK\$105,448,459 for the years ended December 31, 2019, 2020 and 2021, respectively)		580,006,276	607,263,125	680,477,636
Dividend and gain related to disposed financial assets at fair value through profit or loss (including net disposal gain generated from related parties of HK\$ Nil, HK\$82,948,508 and HK\$125,112,176 for the years ended December 31, 2019, 2020 and 2021, respectively)		100,551,728	171,026,667	173,823,384
		680,558,004	778,289,792	854,301,020
Net fair value changes on financial assets at fair value through profit or loss (except derivative financial assets) and stock loan	27(A) (ii)	(641,603,993)	(31,054,945)	597,551,244
Net fair value changes on derivative financial asset	14	1,165,220,000	371,305,326	(54,008,047)
	5	1,204,174,011	1,118,540,173	1,397,844,217
Other income	5	22,090,268	111,867,468	125,538,171
Impairment losses under expected credit loss model on financial assets	11	—	(17,109,001)	—
Other operating expenses	6	(114,696,855)	(103,723,211)	(83,794,012)
Staff costs	7	(94,607,497)	(94,410,281)	(95,585,898)
Finance costs	8	(27,705,955)	(21,510,079)	(12,825,923)
Net fair value changes on derivative financial liability	23	—	7,765,148	—
PROFIT BEFORE TAX		989,253,972	1,001,420,217	1,331,176,555
Income tax (expense)/credit	9	(158,349,518)	137,540,767	(109,295,037)
PROFIT FOR THE YEAR		<u>830,904,454</u>	<u>1,138,960,984</u>	<u>1,221,881,518</u>
Attributable to:				
Owners of the parent:				
- Ordinary shareholders		938,272,885	1,059,973,270	1,096,452,084
- Holders of perpetual securities	25	—	78,987,714	125,742,843
Non-controlling interests		(107,368,431)	—	(313,409)
		<u>830,904,454</u>	<u>1,138,960,984</u>	<u>1,221,881,518</u>

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

AMTD IDEA GROUP
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 and 2021

	Notes	Year ended December 31,		
		2019 HK\$	2020 HK\$	2021 HK\$
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Class A ordinary shares:				
Basic (HK\$ per share)	10	4.34	4.34	4.81
Diluted (HK\$ per share)	10	4.34	4.22	4.81
Class B ordinary shares:				
Basic (HK\$ per share)	10	4.34	4.34	4.81
Diluted (HK\$ per share)	10	4.34	4.34	4.81
PROFIT FOR THE YEAR		830,904,454	1,138,960,984	1,221,881,518
OTHER COMPREHENSIVE INCOME				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		—	1,022,840	738,972
OTHER COMPREHENSIVE INCOME FOR THE YEAR		—	1,022,840	738,972
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		830,904,454	1,139,983,824	1,222,620,490
Attributable to:				
Owners of the parent:				
- Ordinary shareholders		938,272,885	1,060,996,110	1,096,896,235
- Holders of perpetual securities	25	—	78,987,714	125,742,843
Non-controlling interests		(107,368,431)	—	(18,588)
		830,904,454	1,139,983,824	1,222,620,490

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

AMTD IDEA GROUP
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2021

	Notes	December 31,	
		2020 HK\$	2021 HK\$
Assets			
Current assets			
Accounts receivable	11	77,350,250	86,514,680
Prepayments, deposits and other receivables	12	24,872,391	21,916,382
Due from immediate holding company	27(B)(i)	6,477,266,499	2,144,975,230
Financial assets at fair value through profit or loss	13	62,519,937	—
Derivative financial asset	14	1,023,902,566	969,894,519
Other assets	15	197,309,175	136,065,738
Cash and bank balances	16	453,966,764	526,206,108
Total current assets		<u>8,317,187,582</u>	<u>3,885,572,657</u>
Non-current assets			
Property, plant and equipment	17	111,357	67,131
Intangible assets	18	15,171,170	15,171,170
Financial assets at fair value through profit or loss	13	1,315,336,778	2,574,695,685
Stock loan	13	878,483,400	211,331,400
Total non-current assets		<u>2,209,102,705</u>	<u>2,801,265,386</u>
Total assets		<u><u>10,526,290,287</u></u>	<u><u>6,686,838,043</u></u>
Equity and liabilities			
Current liabilities			
Accounts payable	19	201,986,202	155,020,918
Bank borrowings	20	232,280,000	388,870,500
Other payables and accruals	21	128,325,893	92,225,549
Tax payable		123,289,855	136,124,845
Total current liabilities		<u>685,881,950</u>	<u>772,241,812</u>
Non-current liabilities			
Derivative financial liability	23	12,954,313	13,752,673
Convertible bond	23	103,278,429	111,970,384
Total non-current liabilities		<u>116,232,742</u>	<u>125,723,057</u>
Total liabilities		<u>802,114,692</u>	<u>897,964,869</u>
Equity			
Class A ordinary shares (par value of US\$0.0001 as of December 31, 2020 and 2021; 8,000,000,000 shares authorized as of December 31, 2020 and 2021; 62,327,851 shares as of December 31, 2020 and 2021)	24	48,838	48,838
Class B ordinary shares (par value of US\$0.0001 as of December 31, 2020 and 2021; 2,000,000,000 shares authorized as of December 31, 2020 and 2021; 183,283,628 shares as of December 31, 2020 and 2021)	24	143,864	143,864
Treasury shares	24	—	(5,000,000,000)
Capital reserve		4,551,187,228	4,551,183,728
Exchange reserve		1,022,840	1,466,991
Retained profits		3,337,088,284	4,449,489,995
Total equity attributable to ordinary shareholders of the Company		<u>7,889,491,054</u>	<u>4,002,333,416</u>
Non-controlling interests		—	15,496,320
Perpetual securities	25	1,834,684,541	1,771,043,438
Total equity		<u>9,724,175,595</u>	<u>5,788,873,174</u>
Total liabilities and equity		<u><u>10,526,290,287</u></u>	<u><u>6,686,838,043</u></u>

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

AMTD IDEA GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

	Share capital HK\$	Capital reserve HK\$	Treasury shares HK\$	Exchange reserve HK\$	Retained profits HK\$	Equity attributable to ordinary shareholders of the Company HK\$	Equity attributable to holders of perpetual securities HK\$	Non-controlling interests HK\$	Total equity HK\$
As of January 1, 2019	156,998	1,312,802,676	—	—	1,338,842,129	2,651,801,803	—	542,600,297	3,194,402,100
Deemed disposal of non-controlling interest (Note)	—	435,231,866	—	—	—	435,231,866	—	(435,231,866)	—
Exercise of warrants	1,308	94,196,292	—	—	—	94,197,600	—	—	94,197,600
Pre-IPO financing	6,451	419,375,698	—	—	—	419,382,149	—	—	419,382,149
Initial public offering	18,681	1,507,196,460	—	—	—	1,507,215,141	—	—	1,507,215,141
Capital injection to a subsidiary	—	9	—	—	—	9	—	—	9
New issuance of shares	9,264	782,384,227	—	—	—	782,393,491	—	—	782,393,491
Profit for the year and total comprehensive income for the year	—	—	—	—	938,272,885	938,272,885	—	(107,368,431)	830,904,454
As of December 31, 2019	192,702	4,551,187,228	—	—	2,277,115,014	6,828,494,944	—	—	6,828,494,944
As of January 1, 2020	192,702	4,551,187,228	—	—	2,277,115,014	6,828,494,944	—	—	6,828,494,944
Profit for the year	—	—	—	—	1,059,973,270	1,059,973,270	78,987,714	—	1,138,960,984
Exchange differences on translation of foreign operations	—	—	—	1,022,840	—	1,022,840	—	—	1,022,840
Total comprehensive income for the year	—	—	—	1,022,840	1,059,973,270	1,060,996,110	78,987,714	—	1,139,983,824
Issuance of perpetual securities (Note 25)	—	—	—	—	—	—	1,818,450,452	—	1,818,450,452
Distribution to holders of perpetual securities (Note 25)	—	—	—	—	—	—	(62,753,625)	—	(62,753,625)
As of December 31, 2020	192,702	4,551,187,228	—	1,022,840	3,337,088,284	7,889,491,054	1,834,684,541	—	9,724,175,595

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

AMTD IDEA GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

	Share capital	Capital reserve	Treasury shares	Exchange reserve	Retained profits	Equity attributable to ordinary shareholders of the Company	Equity attributable to holders of perpetual securities	Non-controlling interests	Total equity
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
As of January 1, 2021	192,702	4,551,187,228	—	1,022,840	3,337,088,284	7,889,491,054	1,834,684,541	—	9,724,175,595
Profit for the year	—	—	—	—	1,096,452,084	1,096,452,084	125,742,843	(313,409)	1,221,881,518
Exchange differences on translation of foreign operations	—	—	—	444,151	—	444,151	—	294,821	738,972
Total comprehensive income for the year	—	—	—	444,151	1,096,452,084	1,096,896,235	125,742,843	(18,588)	1,222,620,490
Redemption of perpetual securities (Note 25)	—	—	—	—	15,949,627	15,949,627	(65,104,192)	—	(49,154,565)
Distribution to holders of perpetual securities (Note 25)	—	—	—	—	—	—	(124,279,754)	—	(124,279,754)
Capital injection by non-controlling interest	—	(3,500)	—	—	—	(3,500)	—	15,514,908	15,511,408
Repurchase of shares from a shareholder	—	—	(5,000,000,000)	—	—	(5,000,000,000)	—	—	(5,000,000,000)
As of December 31, 2021	<u>192,702</u>	<u>4,551,183,728</u>	<u>(5,000,000,000)</u>	<u>1,466,991</u>	<u>4,449,489,995</u>	<u>4,002,333,416</u>	<u>1,771,043,438</u>	<u>15,496,320</u>	<u>5,788,873,174</u>

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

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

AMTD IDEA GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

	Notes	Year ended December 31,		
		2019 HK\$	2020 HK\$	2021 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		989,253,972	1,001,420,217	1,331,176,555
Adjustments for:				
Interest income	5	(18,677,943)	(101,226,862)	(116,078,163)
Finance costs	8	27,705,955	21,510,079	12,825,923
Depreciation	6	113,919	30,374	44,226
Dividend income	5	(92,316,548)	(88,078,159)	(48,711,208)
Gain related to disposed investments	5	(8,235,180)	(82,948,508)	(125,112,176)
Net fair value changes on financial assets at fair value through profit or loss (except derivative financial assets) and stock loan	5	641,603,993	31,054,945	(597,551,244)
Net fair value changes on derivative financial asset	14	(1,165,220,000)	(371,305,326)	54,008,047
Net fair value changes on derivative financial liability	23	—	(7,765,148)	—
Impairment losses under expected credit loss model on financial asset	11	—	17,109,001	—
Operating cash flows before changes in working capital		374,228,168	419,800,613	510,601,960
(Increase)/decrease in accounts receivable		(185,286,520)	251,920,323	(9,164,430)
(Increase)/decrease in prepayments, deposits and other receivables		(3,097,113)	11,568,581	2,956,009
Increase/(decrease) in other payables and accruals		97,893,906	(49,718,674)	(36,178,634)
Decrease in financial assets at fair value through profit or loss		81,711,180	972,215,580	—
Decrease in derivative financial asset		—	618,682,641	—
Changes in accounts payable and other assets		259,825,630	(241,859,529)	14,278,153
Cash generated from operations		625,275,251	1,982,609,535	482,493,058
Profits tax paid		(9,207,649)	(76,778,218)	(96,460,047)
Dividend received		92,316,548	88,078,159	48,711,208
Interest received		1,115,839	67,783	15,379
Net cash generated from operating activities		709,499,989	1,993,977,259	434,759,598
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of items of property, plant and equipment	17	(13,710)	(110,734)	—
Purchase of financial assets at fair value through profit or loss		—	—	(9,968,000)
Increase in amount due from immediate holding company		(2,957,926,150)	(3,581,230,632)	(348,701,497)
Net cash used in investing activities		(2,957,939,860)	(3,581,341,366)	(358,669,497)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		2,767,254,756	—	—
Share issue expenses		(58,263,976)	—	—
Proceeds from issue of warrants		15,699,600	—	—
Exercise of warrants		78,498,000	—	—
Proceeds from issue of convertible bond		116,809,500	—	—
Repayment of margin loans		(4,277,101)	(317,722,438)	—
Redemption of perpetual securities		—	—	(49,154,565)
Proceeds from bank borrowings		—	232,280,000	155,926,000
Net proceeds from perpetual securities		—	1,436,368,339	—
Distribution to perpetual securities holders		—	(62,753,625)	(124,279,754)
Financing costs paid		(27,705,955)	(13,765,758)	(4,662,214)
Capital injection by non-controlling interest		—	—	15,511,408
Net cash flows generated from/(used in) financing activities		2,888,014,824	1,274,406,518	(6,659,125)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		639,574,953	(312,957,589)	69,430,976
Cash and cash equivalents at beginning of year		126,855,518	766,430,471	453,966,764
Effect of foreign exchange rate change, net		—	493,882	2,808,368
CASH AND CASH EQUIVALENTS AT END OF YEAR		766,430,471	453,966,764	526,206,108
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	16	766,430,471	453,966,764	526,206,108

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

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

1.1 CORPORATE INFORMATION

AMTD IDEA Group (the “Company”) (formerly known as AMTD International Inc. or AMTD Inc.) is a limited liability company incorporated in Cayman Islands on 4 February 2019. The Company completed its initial public offering on New York Stock Exchange on August 5, 2019 and its shares are listed through admission on Singapore Exchange on April 8, 2020.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are involved in investment banking, the provision of financial advisory services, assets management services and strategic investments.

The Company’s immediate holding company is AMTD Group Company Limited (“AMTD Group”), a private company incorporated in the British Virgin Islands (“BVI”).

The Company’s ultimate holding company was L.R. Capital Group Inc. (“L.R. Capital”), a private company incorporated in the Cayman Islands. On December 31, 2020, AMTD Group and L.R. Capital entered into a share repurchase agreement, where AMTD Group has repurchased certain shares previously allotted to L.R. Capital. From then onwards, AMTD Group became the ultimate holding company of the Group. The remaining shares held by L.R. Capital in AMTD Group were disposed to a third party on December 31, 2021. With effect from December 31, 2021, L.R. Capital ceased to be a shareholder of AMTD Group.

Information about principal subsidiaries

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

Name	Place of incorporation	Issued and registered share capital	Percentage of equity and voting rights attributable to the Company				Principal activities
			2020		2021		
			Direct	Indirect	Direct	Indirect	
AMTD International Holding Group Limited (formerly known as AMTD Financial Planning Limited) (“AMTD IHG”)	Hong Kong (“HK”)	HK\$ 500,000	100%	—	100%	—	Investment holding
AMTD Securities Limited	HK	HK\$ 1	—	100%	—	100%	Investment holding
AMTD Global Markets Limited (formerly known as AMTD Asset Management Limited) (“AMTD GM”)	HK	HK\$1,561,610,980	—	100%	—	100%	Provision of investment banking, financial advisory services and asset management services
AMTD Global Markets Pte. Ltd.	Singapore	SGD 5,000,000	—	100%	—	100%	Provision of investment banking, financial advisory services
Asia Alternative Asset Partners Limited (“AMTD AAAPL”)	HK	HK\$ 5,000,000	—	100%	—	100%	Provision of investment advisory services
AMTD Strategic Investment Limited (“AMTD SI”)	HK	HK\$ 1	—	100%	—	100%	Strategic investment
AMTD Investment Solutions Group Limited (“AMTD ISG”)	HK	HK\$ 1	—	100%	—	100%	Strategic investment

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

1.1 CORPORATE INFORMATION (CONTINUED)

Information about principal subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation	Issued and registered share capital	Percentage of equity and voting rights attributable to the Company				Principal activities
			2020		2021		
			Direct	Indirect	Direct	Indirect	
AMTD Overseas Limited (formerly known as AMTD Europe Holdings Limited) (“AMTD Overseas”)	HK	HK\$ 1	—	100%	—	100%	Strategic investment
AMTD Fintech Investment Limited (“AMTD FI”)	HK	HK\$ 1	—	100%	—	100%	Strategic investment
AMTD Investment Inc. (“AMTD Investment”)	Cayman Islands	US\$ 1	100%	—	100%	—	Investment holding
AMTD Strategic Investment (BVI) Limited	BVI	US\$ 1	—	100%	—	100%	Investment holding
AMTD Investment Solutions Group (BVI) Limited	BVI	US\$ 1	—	100%	—	100%	Investment holding
AMTD IDEA International Limited (formerly known as AMTD Overseas (BVI) Limited)	BVI	US\$ 1	—	100%	—	100%	Investment holding
AMTD Fintech Investment (BVI) Limited	BVI	US\$ 1	—	100%	—	100%	Investment holding
尚乘(珠海)股權投資基金管理有限公司	People's Republic of China	US\$ 3,990,000	—	100%	—	50.13%	Private fund management
AMTD Capital Co. Ltd*	People's Republic of China						

* The translation is for identification purpose only

1.2 REORGANIZATION

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

- On February 8, 2019, AMTD Investment was incorporated in Cayman Islands and directly held by the Company;
- From March 12, 2019 to March 14, 2019, four wholly-owned subsidiaries were incorporated in the BVI and were held indirectly by the Company through AMTD Investment;

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

1.2 REORGANIZATION (CONTINUED)

- On March 18, 2019, the Company entered into sale and purchase agreements with AMTD Group and its subsidiaries which held the shares of AMTD ISG, AMTD SI, AMTD Overseas and AMTD FI (collectively referred to as the “transferred entities”), pursuant to which AMTD Group and its subsidiaries agreed to contribute 100% of the share capital of the transferred entities to the Company for a total of 199,990,000 newly issued Class B ordinary shares of the Company. For AMTD ISG and AMTD SI with non-controlling interests, all shareholders had passed a resolution to provide consent to enter the sale and purchase agreements that involved the two entities and agreed that shareholders other than AMTD Group would not receive any consideration from the disposal of the two entities. The Company issued 199,990,000 Class B ordinary shares and holds the equity interests of AMTD ISG, AMTD SI, AMTD Overseas and AMTD FI indirectly through the four newly set up BVI entities.
- On April 1, 2019, the Securities and Futures Commission (“SFC”) approved the shareholder change of AMTD IHG, which holds two licensed subsidiaries (AMTD GM and AMTD AAAPL) governed by the SFC in Hong Kong, from AMTD Group to the Company. The sale and purchase agreement with respect to the transfer of AMTD IHG became effective automatically upon the approval from the SFC. AMTD Group transferred 100% of share capital of AMTD IHG to the Company. In return, the Company issued one Class B ordinary share to AMTD Group.

The Reorganization was completed on April 1, 2019. Through the Reorganization, the Company became the holding company of the companies now comprising the Group. Accordingly, for the purpose of preparation of the consolidated financial statements of the Group, the Company is considered as the holding company of the companies now comprising the Group throughout the years ended December 31, 2019, 2020 and 2021.

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

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

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

2.1 BASIS OF PRESENTATION

Basis of preparation

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

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.1 BASIS OF PRESENTATION (CONTINUED)

Basis of preparation (continued)

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

2.2 APPLICATION OF AMENDMENTS TO IFRSs

Amendments to IFRSs that are mandatorily effective for current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concession
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

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

Impacts on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying IFRS 7 “Financial Instruments: Disclosures” (“IFRS 7”).

As at January 1, 2021, the Group has outstanding bank borrowing denominated in US\$ at the carrying amount of HK\$116,280,000 with maturity date in March 2022, the interest rate of which is indexed to benchmark rate (London Interbank Offered Rate “LIBOR”), which is still available before the maturity date of the outstanding bank borrowing. Thus, it will not be subject to the interest rate benchmark reform.

The amendments have had no impact on the consolidated financial statements as none of the relevant contract has been transitioned to the relevant replacement rates during the year.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.2 APPLICATION OF AMENDMENTS TO IFRSs (CONTINUED)

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments ³
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to IAS 8	Definition of Accounting Estimate ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
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 IFRSs	Annual Improvements to IFRS Standards 2018-2020 ²

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

Except for the impact mentioned below, the directors of the Company anticipate that the application of the other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments:

- update a reference in IFRS 3 “Business Combinations” so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the “Conceptual Framework”) instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010);
- add a requirement that, for transactions and other events within the scope of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or IFRIC - Int 21 Levies, an acquirer applies IAS 37 or IFRIC - Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments provide clarification and additional guidance on 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; and
- 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 recognizes the option separately as an equity instrument applying IAS 32 “Financial Instruments: Presentation”.

Based on the Group’s outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Group’s liabilities as the convertible bond has been converted in January 2022.

Amendments to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies”

IAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies.

Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

Amendments to IAS 8 “Definition of Accounting Estimates” (continued)

In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the years ended December 31, 2019, 2020 and 2021. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group has power over investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

Profit or loss and each item of other comprehensive income, if any, is attributed to the owners of the parent of the Group (including ordinary shareholders and holders of perpetual securities) and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions among members of the Group are eliminated in full on consolidation.

Fair value measurement

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group 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

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Related parties

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

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

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

Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the year in which it is incurred. In situations

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (continued)

where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

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

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

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

Intangible assets (other than goodwill)

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

Licenses

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

Financial instruments — Investments and other financial assets

Initial recognition and measurement

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

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments — Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

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

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in profit or loss.

This category includes debt investments at fair value through profit or loss, derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividend income which is derived from Group’s ordinary course of business is recognized as revenue in the consolidated statements of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 derecognized (i.e., removed from the Group's consolidated statements of financial position) when:

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

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

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

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for debt instruments or financial assets at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

General approach (continued)

information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivable arising from IFRS 15 which apply the simplified approach as detailed below.

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Simplified approach

For accounts receivable arising from IFRS 15 that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Group's financial liabilities include accounts payable, bank borrowings, financial liabilities included in other payables and accruals, derivative financial liability and convertible bond.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Convertible bonds

If the conversion option of convertible bond exhibits characteristics of an embedded derivative (when the conversion option that will be settled other than by the exchange of a fixed amount of another financial asset for a fixed number of the Group's own equity instruments, it is a conversion option derivation), it is separated from its liability component. On initial recognition, the derivative component of the convertible bond is measured at fair value and presented separately as derivative financial instruments. Transaction costs are apportioned between the liability and derivative components of the convertible bond based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognized. The portion of the transaction costs relating to the liability component is recognized initially as part of the liability. The portion relating to the derivative component is recognized immediately in the statement of profit or loss.

Derecognition of financial liabilities

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

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

Derivative financial instruments

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

Day 1 profit or loss

If the fair value of the derivative financial instrument at initial recognition differs from the transaction price and the fair value is not evidenced by a quoted price in an active market for an identical asset or liability

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments (continued)

Day 1 profit or loss (continued)

(i.e. a Level 1 input) or a valuation technique that uses only data from observable markets, the difference between the fair value at initial recognition and the transaction price is deferred and is only recognized as a gain or loss during the term of the derivative financial instrument using a systematic basis that reflects a change in a factor (including time) that market participants would take into account when pricing the derivative financial instrument.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortized cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate. Such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents (continued)

amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits with original maturity within 3 months, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognized in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

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

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

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

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

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

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

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

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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

(a) *Investment banking fee and income*

Investment banking service income is composed of underwriting commission, brokerage fee and financial advisory fee. Underwriting commission earned from underwriting equity and debt securities is recognized at the point in time when the Group's performance under the terms of a contractual arrangement is completed, which is typically at the closing of a transaction if there is no uncertainty or contingency related to the amount to be paid. The normal credit term is 60 to 120 days upon the completion of performance.

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

Financial advisory fee is recognized as or when the services are rendered based on the contractual arrangement.

(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. Variable consideration is determined based on underlying assets under management, i.e. AUM, of a customer's account at a specified period end. At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period. Management fee is recognized when services are performed. Fixed consideration is recognized over the schedule period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Company. Performance-based 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 recognized at the point in time when the associated service is fulfilled, generally on the trade execution date.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from other sources

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

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

Contract liabilities

A contract liability is recognized when the payment is made and received or the payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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

Government Grant

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

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under other income.

Employee benefits

Retirement benefit cost

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

Retirement benefit cost (continued)

become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Foreign currencies

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in an exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Judgements

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

Deferred tax and current/non-current classification of investments

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

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

Estimation uncertainty

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

Fair value of unlisted equity investments

As of December 31, 2020 and 2021, the fair value of the unlisted equity investment-Investment B (Note 13) and Investment C (Note 13) were estimated using an equity valuation allocation ("EVA") valuation technique relying on the hybrid method, considering two scenarios in a probability weighted expected return method ("PWERM") framework, and using the option pricing method ("OPM") to allocate value in the IPO exit scenario. The valuation requires the management to consider two scenarios in its PWERM analysis which was non-IPO exit event and IPO exit event and hence they were subject to uncertainty. The input of

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimation uncertainty (continued)

Fair value of unlisted equity investments (continued)

the equity value of unlisted equity investment-Investment B and Investment C were estimated using forward price/earnings (“P/E”) ratio as the valuation multiple.

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

As of December 31, 2020, the fair value of unlisted equity investment-Investment E (Note 13) was based on the prices of recent transactions of the same instruments with the same rights of the same issuers. During the year ended December 31, 2021, the valuation technique for the fair value of Investment E has been changed due to the lack of recent transaction price. Thus, the instruments were transferred from Level 2 to Level 3 category. The fair value of this investment as at December 31, 2021 was measured using an EVA valuation technique relying on P/E ratio as the valuation multiple.

As of December 31, 2021, the fair value of unlisted equity investment-Investment G (Note 13) was estimated using an asset-based valuation. The asset-based approach measures the value of Investment G by making reference to the value of individual assets and liabilities. Adjustments are made to the balance sheet based on the differences between the fair value and book value of the assets and liabilities. The adjusted net asset value represents the fair value of Investment G.

As of December 31, 2021, the fair value of unlisted equity investment-Investment F (Note 13) and Investment H (Note 13) were determined by the recent transaction price.

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

Fair value of derivative financial instrument

The fair value of the derivative financial assets was estimated using the Geometric Brownian Motion and simulated using the Monte Carlo Simulation (“MCS”) and was determined based on significant observable and unobservable inputs including the current stock price, dividend yield, risk-free rate, volatility of the underlying equity securities and the credit rating of the counterparty on the valuation date. MCS is a financial model that is commonly used to simulate variables that are highly unpredictable. The valuations performed using the MCS require management to estimate the volatility of the underlying equity securities and the credit rating of the counterparty and hence the valuations are subject to estimation uncertainty. The Group classifies the fair value of derivative financial instrument as Level 3.

4. OPERATING SEGMENT INFORMATION

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

- (a) The investment banking segment assists customers in raising funds through equity and debt financing, providing underwriting for initial public offerings (“IPOs”), private placements and debt issuances and providing financial advisory services (including but not limited to domestic and cross border advisory services for merger and acquisitions).

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

4. OPERATING SEGMENT INFORMATION (CONTINUED)

- (b) The asset management segment provides a wide range of asset management products and services, including in relation to listed equity, fixed income securities, hedge funds, structured products, foreign exchange, private equities, alternative investments, discretionary account services, investment advisory services and external asset management services.
- (c) The strategic investment segment engages in proprietary investments and management of investment portfolio in Hong Kong, China and Singapore.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment result, which is a measure of profit before tax from operations. The profit before tax from operations is measured after allocation of ECL, attributable costs of specialized staff, commission paid to asset management segment and finance costs to strategic investment segment consistently with the Group's profit before tax from operations. Net fair value change on derivative financial liability, other income and corporate expenses such as staff costs not directly attributable to segment, office rental and administrative expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, amounts due from immediate holding company, prepayments, deposits and other receivables, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, convertible bond, derivative financial liability, bank borrowings and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Segment revenue and results

For the year ended December 31, 2019

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

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the year ended December 31, 2020

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

For the year ended December 31, 2021

	<u>Investment banking</u> HK\$	<u>Asset management</u> HK\$	<u>Strategic investment</u> HK\$	<u>Total</u> HK\$
Segment revenue (Note 5)				
Revenue				
—from contract with customers	597,097,663	83,379,973	—	680,477,636
—others	—	—	717,366,581	717,366,581
	<u>597,097,663</u>	<u>83,379,973</u>	<u>717,366,581</u>	<u>1,397,844,217</u>
Segment results	<u>580,773,498</u>	<u>77,730,949</u>	<u>717,366,581</u>	<u>1,375,871,028</u>
Unallocated other income				125,538,171
Unallocated finance costs				(12,825,923)
Corporate and other unallocated expenses				(157,406,721)
Profit before tax				<u>1,331,176,555</u>
Other segment information				
Depreciation				<u>44,226</u>

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	December 31,	
	2020	2021
	HK\$	HK\$
Segment assets		
Investment banking	21,976,920	54,763,265
Asset management	265,452,001	182,765,945
Strategic investment	3,280,242,681	3,755,921,604
Total segment assets	3,567,671,602	3,993,450,814
Unallocated corporate assets	6,958,618,685	2,693,387,229
Total assets	10,526,290,287	6,686,838,043
Segment liabilities		
Asset management	249,257,201	155,651,880
Unallocated corporate liabilities	552,857,491	742,312,989
Total liabilities	802,114,692	897,964,869

Geographical information

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

For the year ended December 31, 2019

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

For the year ended December 31, 2020

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

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

For the year ended December 31, 2021

	<u>Investment banking</u>	<u>Asset management</u>	<u>Total</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Hong Kong	567,806,733	13,407,540	581,214,273
Mainland China	29,290,930	66,206,429	95,497,359
Others	—	3,766,004	3,766,004
	<u>597,097,663</u>	<u>83,379,973</u>	<u>680,477,636</u>

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

As of December 31, 2020 and 2021, non-current assets, for the purpose of geographical information, consisting of property, plant and equipment and intangible assets, were all located in Hong Kong.

Information about major customers

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

During the year ended December 31, 2021, one of the customers contributed 19.7% of the revenue of the Group.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	For the year ended December 31,		
	2019	2020	2021
	HK\$	HK\$	HK\$
<u>Revenue from contracts with customers</u>			
<i>Investment banking</i>			
Investment banking fee and income	455,955,912	376,324,880	597,097,663
<i>Asset management</i>			
Management fee and performance-based incentive fee	103,509,196	196,352,216	57,230,194
Brokerage and handling fees	19,383,099	33,359,007	25,356,917
Others	1,158,069	1,227,022	792,862
	<u>124,050,364</u>	<u>230,938,245</u>	<u>83,379,973</u>
	<u>580,006,276</u>	<u>607,263,125</u>	<u>680,477,636</u>
<u>Revenue from other sources</u>			
<i>Strategic investments</i>			
Dividend income	92,316,548	88,078,159	48,711,208
Gain related to disposed investments	8,235,180	82,948,508	125,112,176
	<u>100,551,728</u>	<u>171,026,667</u>	<u>173,823,384</u>
Net fair value changes on financial assets at fair value through profit or loss and stock loan			
-from listed equity shares, at quoted price	(683,060,000)	(371,305,326)	54,008,047
-from unlisted equity shares (note a)	41,456,007	313,561,520	543,543,197
-from unlisted equity linked notes	—	26,688,861	—
Total net fair value changes on financial assets at fair value through profit or loss and stock loan	<u>(641,603,993)</u>	<u>(31,054,945)</u>	<u>597,551,244</u>
Net fair value changes on derivative financial asset	1,165,220,000	371,305,326	(54,008,047)
	<u>624,167,735</u>	<u>511,277,048</u>	<u>717,366,581</u>
Total revenue	<u><u>1,204,174,011</u></u>	<u><u>1,118,540,173</u></u>	<u><u>1,397,844,217</u></u>

Note:

- (a) For the year ended December 2019, 2020 and 2021, net fair value gain arising from investments in equity securities of related parties are HK\$ Nil, HK\$336,403,752 and HK\$545,199,207, respectively (Note 27(A)(ii)).

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information

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

For the year ended December 31, 2019

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

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

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information (continued)

For the year ended December 31, 2020

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

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

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

5. REVENUE AND OTHER INCOME (CONTINUED)

(i) Disaggregated revenue information (continued)

For the year ended December 31, 2021

<u>Segments</u>	<u>Investment banking</u> HK\$	<u>Asset management</u> HK\$	<u>Strategic investment</u> HK\$	<u>Total</u> HK\$
<i>Investment banking</i>				
Underwriting commission and brokerage fee	29,051,940	—	—	29,051,940
Financial advisory fee	568,045,723	—	—	568,045,723
<i>Asset management</i>				
Management fee and performance-based incentive fee	—	57,230,194	—	57,230,194
Brokerage and handling fee	—	25,356,917	—	25,356,917
<i>Strategic investment</i>				
Net fair value changes on financial assets at fair value through profit or loss and stock loan	—	—	597,551,244	597,551,244
Net fair value changes on derivative financial asset	—	—	(54,008,047)	(54,008,047)
Gain related to disposed investments	—	—	125,112,176	125,112,176
Dividend income	—	—	48,711,208	48,711,208
<i>Others</i>	—	792,862	—	792,862
Total	597,097,663	83,379,973	717,366,581	1,397,844,217

<u>Segments</u>	<u>Investment banking</u> HK\$	<u>Asset management</u> HK\$	<u>Total</u> HK\$
<u>Timing of revenue recognition</u>			
Services transferred at a point in time	596,858,673	26,149,779	623,008,452
Services transferred over time	238,990	57,230,194	57,469,184
Total revenue from contracts with customers	<u>597,097,663</u>	<u>83,379,973</u>	<u>680,477,636</u>

The following table shows the amount of revenue recognized in the current period that were included in the contract liabilities at the beginning of the reporting period:

	<u>As of December 31,</u>	
	<u>2020</u> HK\$	<u>2021</u> HK\$
Revenue recognized that was included in contract liabilities at the beginning of the reporting period		
Asset management	<u>94,328,532</u>	<u>46,640,036</u>

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

5. REVENUE AND OTHER INCOME (CONTINUED)

(ii) Performance obligations

The transaction prices allocated to the remaining performance obligations of asset management services (unsatisfied or partially unsatisfied) as of December 31, 2020 and 2021 are as follows:

	<u>As of December 31,</u>	
	<u>2020</u>	<u>2021</u>
	<u>HK\$</u>	<u>HK\$</u>
Within one year	35,716,912	630,962
More than one year	11,554,086	—
	<u>47,270,998</u>	<u>630,962</u>

The performance obligations expected to be recognized in more than one year relate to upfront fee that are to be satisfied within two years. All the other remaining performance obligations are expected to be recognized within one year. As of December 31, 2021, the decrease of upfront fees in the categories of “within one year” and “more than one year” was due to early termination of certain contracts of asset management services in the current year and the Group recognized revenue of HK\$15,563,437 for the non-refundable receipt in advance from the customer during the year ended December 31, 2021 in respect of such early terminated contracts.

Other income

	<u>For the year ended December 31,</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Bank interest income	1,115,839	67,783	15,174
Interest income from the immediate holding company (Note 27(A)(iv)) (Note 27(B)(i))	17,562,104	101,159,079	116,028,045
Government grant	—	3,061,665	—
Others	3,412,325	7,578,941	9,494,952
	<u>22,090,268</u>	<u>111,867,468</u>	<u>125,538,171</u>

During the year ended December 31, 2020, the Group recognized government grants of HK\$3,061,665 applicable to Covid-19 related subsidies in connection with the Employment Support Scheme provided by the Hong Kong Government.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

6. OTHER OPERATING EXPENSES

Other operating expenses included in the consolidated statements of profit or loss and other comprehensive income are as follows:

	For the year ended December 31,		
	2019 HK\$	2020 HK\$	2021 HK\$
Other operating expenses			
Marketing and brand promotional expenses	12,903,989	5,696,606	597,566
Premises costs and office utilities			
—Premises costs	11,965,344	14,244,127	14,226,081
—Office utilities	9,152,802	6,601,790	7,821,627
	<u>21,118,146</u>	<u>20,845,917</u>	<u>22,047,708</u>
Traveling and business development expenses	19,362,587	5,636,354	3,747,166
Commissions and bank charges	2,307,050	1,957,433	1,308,425
Office and maintenance expenses	1,430,834	175,348	55,192
Administrative service fee	12,000,000	24,330,000	24,330,000
Legal and professional fees			
—Auditor's remuneration	11,402,267	12,068,575	7,343,259
—Other legal and professional fees	11,776,501	12,434,767	8,636,734
—Professional indemnity expense	—	11,811,165	8,683,032
	<u>23,178,768</u>	<u>36,314,507</u>	<u>24,663,025</u>
Staff welfare and staff recruitment expenses	2,471,705	1,223,673	2,322,035
Others			
—Depreciation	113,919	30,374	44,226
—Foreign exchange differences, net	12,596,647	3,222,789	963,422
—Other expenses	7,213,210	4,290,210	3,715,247
	<u>19,923,776</u>	<u>7,543,373</u>	<u>4,722,895</u>
	<u><u>114,696,855</u></u>	<u><u>103,723,211</u></u>	<u><u>83,794,012</u></u>

7. STAFF COSTS

	For the year ended December 31,		
	2019 HK\$	2020 HK\$	2021 HK\$
Salaries and bonuses	93,703,848	93,660,617	94,776,416
Pension scheme contributions (defined contribution schemes)	903,649	749,664	809,482
	<u>94,607,497</u>	<u>94,410,281</u>	<u>95,585,898</u>

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

8. FINANCE COSTS

An analysis of finance costs is as follows:

	For the year ended December 31,		
	2019 HK\$	2020 HK\$	2021 HK\$
Interests on margin loans payable	27,705,955	12,475,296	—
Interests on convertible bond	—	7,717,348	8,085,419
Interests on bank borrowings	—	1,317,435	4,740,504
	<u>27,705,955</u>	<u>21,510,079</u>	<u>12,825,923</u>

9. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%; 2019: 16.5%) on the estimated assessable profits arising in Hong Kong:

	Note	For the year ended December 31,		
		2019 HK\$	2020 HK\$	2021 HK\$
Hong Kong profits tax				
Charge for the year		69,585,469	96,708,600	104,423,916
Overprovision in prior year		—	(143,606)	—
Deferred tax	3, 22	79,556,400	(242,913,577)	—
The People's Republic of China withholding tax				
Charge for the year		9,207,649	8,807,816	4,871,121
		<u>158,349,518</u>	<u>(137,540,767)</u>	<u>109,295,037</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended December 31, 2019. For the year ended December 31, 2020 and 2021, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

9. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

A reconciliation of tax expense/(credit) and profit before tax at the Hong Kong statutory tax rate in which the Group's major operating subsidiaries are domiciled is as follows:

	For the year ended December 31,		
	2019 HK\$	2020 HK\$	2021 HK\$
Profit before tax	989,253,972	1,001,420,217	1,331,176,555
Tax at statutory tax rate of 16.5%	163,226,906	165,234,336	219,644,132
Tax effect of two-tiered profit tax rate	—	(165,000)	(165,000)
Tax effect of non-taxable income	(23,255,305)	(79,190,106)	(95,836,917)
Tax effect of distribution to perpetual securities holders that are deductible for tax purpose	—	—	(20,747,569)
Tax effect of non-deductible expenses	8,952,076	10,887,971	1,566,657
Tax effect of unrecognized temporary difference	223,434	(25,011)	(4,075)
Tax effect of deferred tax liability reversed	—	(242,913,577)	—
Tax effect of tax loss not recognized	24,541	—	—
Overprovision in prior year	—	(143,606)	—
Utilization of tax losses previously not recognized	(29,783)	(33,590)	(33,312)
Withholding tax on the dividend income	9,207,649	8,807,816	4,871,121
Income tax expense/(credit)	158,349,518	(137,540,767)	109,295,037

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The Company's ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote and is not convertible into Class B ordinary share under any circumstances. Each Class B ordinary share is entitled to twenty votes and is convertible into one Class A ordinary share at any time by the holder thereof.

The basic earnings per share attributable to Class A ordinary equity holders and Class B ordinary equity holders are calculated by dividing the profit for the year attributable to Class A ordinary equity holders and Class B ordinary equity holders of the parent by the number of Class A ordinary shares and Class B ordinary shares, respectively, as if the Reorganization had taken place on January 1, 2019 as mentioned in Note 1.2.

For the year ended December 31, 2020, the diluted earnings per share attributable to Class A ordinary equity holders and Class B ordinary equity holders are based on the profit for the year attributable to Class A ordinary equity holders and Class B ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bond, net fair value change of derivative financial liability and the foreign exchange effect of the convertible bond and derivative financial liability of HK\$7,717,348, HK\$7,765,148 and HK\$528,958, respectively. The weighted average number of ordinary shares used in the calculation is the number of

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

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

ordinary shares in issue during the year, as used in the basic earnings per share calculation plus the weighted average number of ordinary shares assumed to have been issued on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares. For the year ended December 31, 2021, the computation of diluted earnings per share has not taken into account the effect of convertible bond which is anti-dilutive.

Basic and diluted earnings per share for each of the periods presented are calculated as follows:

	For the year ended December 31,		
	2019	2020	2021
Basic earnings per share:			
<i>Numerator:</i>			
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation (HK\$)-basic Class A	69,906,757	249,206,548	299,742,816
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation (HK\$)-basic Class B	868,366,128	810,766,722	796,709,268
<i>Denominator:</i>			
Weighted average number of Class A ordinary shares outstanding—basic	16,112,737	57,474,495	62,327,851
Weighted average number of Class B ordinary shares outstanding—basic	200,148,822	186,987,093	165,665,944
Basic earnings per share (HK\$) Class A	4.34	4.34	4.81
Basic earnings per share (HK\$) Class B	4.34	4.34	4.81
Diluted earnings per share:			
<i>Numerator:</i>			
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculation (HK\$)-diluted Class A	69,906,757	248,629,790	299,742,816
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculation (HK\$)-diluted Class B	868,366,128	810,766,722	796,709,268
<i>Denominator:</i>			
Weighted average number of Class A ordinary shares outstanding—diluted	16,117,254	58,966,142	62,327,851
Weighted average number of Class B ordinary shares outstanding—diluted	200,204,936	186,987,093	165,665,944
Diluted earnings per share (HK\$) Class A	4.34	4.22	4.81
Diluted earnings per share (HK\$) Class B	4.34	4.34	4.81

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

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

	Number of shares		
	For the year ended December 31,		
	2019	2020	2021
<i>Shares:</i>			
Weighted average number of Class A ordinary shares in issue during the year used in the basic earnings per share calculation	16,112,737	57,474,495	62,327,851
Effect of dilution – weighted average number of ordinary shares:			
Warrants	864	—	—
Convertible bond	3,653	1,491,647	—
	<u>16,117,254</u>	<u>58,966,142</u>	<u>62,327,851</u>
Weighted average number of Class B ordinary shares in issue during the year used in the basic earnings per share calculation	200,148,822	186,987,093	165,665,944
Effect of dilution – weighted average number of ordinary shares:			
Warrants	10,728	—	—
Convertible bond	45,386	—	—
	<u>200,204,936</u>	<u>186,987,093</u>	<u>165,665,944</u>

Other than disclosed above and disclosed elsewhere in these consolidated financial statements, there have been no other transactions involving Class A and Class B ordinary shares between the reporting date and the date of authorization of these financial statements and no other potential ordinary shares in issue.

11. ACCOUNTS RECEIVABLE

	Notes	As of December 31,	
		2020	2021
		HK\$	HK\$
Receivable from investment banking services	(i)	21,976,920	54,763,265
Receivable from brokers and clearing house	(ii)	19,864,662	21,406,257
Clients' receivables	(ii)	35,508,668	10,345,158
		<u>77,350,250</u>	<u>86,514,680</u>

Notes:

- (i) The normal settlement terms of receivables from investment banking services are specific terms mutually agreed between the contracting parties. Receivable from investing banking services is non-interest bearing. As of January 1, 2020, the Group has receivable arising from contracts with customers in investment banking services of HK\$66,740,188.
- (ii) As of January 1, 2020, the Group had receivables arising from contracts with customers in asset management service of HK\$3,197,245. As of December 31, 2021, included in the clients' receivables are non-interest bearing receivables arising from asset management service of HK\$2,765,965 (2020: HK\$34,208,077). There are normal settlement terms of those receivables which are specific terms mutually

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

11. ACCOUNTS RECEIVABLE (CONTINUED)

agreed between the contracting parties. The normal settlement terms of the remaining clients' receivables and receivable from brokers and clearing house arising from asset management services are 2 days after trade date or at specific terms agreed with brokers and clearing house. Overdue clients' receivable is interest-bearing.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control team to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral over its accounts receivable.

An aging analysis of the accounts receivable as of the end of the reporting periods, based on the invoice date, net of loss allowance is as follows:

	As of December 31,	
	2020	2021
	HK\$	HK\$
Not yet due	67,241,210	74,048,058
Past due		
Within 1 month	7,797,011	53,633
1 to 3 months	221,183	5,165,947
Over 3 months	2,090,846	7,247,042
	<u>77,350,250</u>	<u>86,514,680</u>

As of December 31, 2020 and 2021, accounts receivable was due from a number of reputable corporate clients, brokers and individual clients.

An impairment analysis of clients' receivables, receivable from brokers and clearing house, and receivable from investment banking services is performed at each reporting date using probability of default approach to measure expected credit losses. The probability of default and loss given default are estimated based on the Group's assessment on credit ratings of the accounts receivable and historical loss experience. The notion or categorization of credit risk rating is for internal risk management purposes and is not equivalent to the similar terms applied by other credit rating agencies. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The calculation of ECL considers forward looking information through the use of publicly available economic data and forecasts and management judgement to reflect the qualitative factors and through the use of multiple probability weighted scenarios.

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

As of December 31, 2020, the probability of default ranged from 0.11% to 30.91% and the loss given default was estimated to be 45%. As of December 31, 2021, the probability of default ranged from 0.12% to 4.98% and the loss given default was estimated to be 45%.

	Internal credit risk rating						Total
	AAA	AA	A	BBB	BB	CCC	
As of December 31, 2020							
Expected credit loss rate	—	—	0.07%	0.05%	—	0.56%	—
Gross carrying amount (HK\$'000)	—	—	21,977	52,723	—	2,650	77,350

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

11. ACCOUNTS RECEIVABLE (CONTINUED)

	Internal credit risk rating						Total
	AAA	AA	A	BBB	BB	CCC	
As of December 31, 2021							
Expected credit loss rate	—	—	0.10%	0.17%	—	0.10%	—
Gross carrying amount (HK\$'000)	—	—	54,763	24,218	—	7,534	86,515

The expected credit losses as of December 31, 2020 and 2021 were immaterial and no loss allowance for accounts receivable was provided.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As of December 31,	
	2020	2021
	HK\$	HK\$
Prepayments	23,221,564	20,720,272
Deposits	559,933	516,399
Other receivables	1,090,894	679,711
	<u>24,872,391</u>	<u>21,916,382</u>

Deposits and other receivables mainly represent deposits with the Hong Kong Stock Exchange. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings.

As of December 31, 2020 and 2021, the probability of default applied ranged from 0.09% to 0.44% and the loss given default was estimated to be 45%. The recoverability was assessed with reference to the credit status of the debtors, and the expected credit loss as of December 31, 2020 and 2021 is considered to be minimal.

None of the above assets is either past due or credit-impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND STOCK LOAN

	As of December 31,	
	2020 HK\$	2021 HK\$
Financial assets at fair value through profit or loss, other than stock loan	1,377,856,715	2,574,695,685
Stock loan	878,483,400	211,331,400
Total financial assets at fair value through profit or loss	2,256,340,115	2,786,027,085
Listed equity shares, at quoted price		
—Investment A	1,001,399,213	1,055,407,260
Total listed equity shares, at quoted price	1,001,399,213	1,055,407,260
Unlisted equity shares		
—Investment B	85,706,112	86,195,893
—Investment C	24,111,436	21,954,381
—Investment D	190,038,137	—
—Investment E (Note 27(A)(ii))	892,565,280	1,120,244,487
—Investment F	—	9,979,264
—Investment G (Note 27(A)(ii))	—	480,700,000
—Investment H	—	11,545,800
Total unlisted equity shares	1,192,420,965	1,730,619,825
Unlisted equity linked notes		
—Investment I	62,519,937	—
Total unlisted equity linked notes	62,519,937	—
	2,256,340,115	2,786,027,085

The above unlisted investments at December 31, 2020 and 2021 were equity shares investments issued by enterprises. Financial assets at fair value through profit or loss are categorized into levels 1 to 3. Refer to Note 29 for more information.

On September 17, 2017, the Group entered into certain stock lending agreements with a then shareholder of our immediate holding company, pursuant to which the Group lent certain listed equity shares of Investment A to the then shareholder, who further pledged the shares to a third party as collateral as of December 31, 2020 and these shares have been settled during the year ended December 31, 2021.

On May 1, 2020, the Group entered into a stock lending agreement with the then fellow subsidiary pursuant to which the Group lent certain listed equity shares of Investment A to the then fellow subsidiary and these shares have been returned during the year ended December 31, 2021.

On December 28, 2021, the Group entered into a stock lending agreement with a related company, pursuant to which the Group lent certain listed equity shares of Investment A to the related company, with an interest of 2% per annum based on market value of the listed equity shares of the previous month end.

As of December 31, 2020 and 2021, the fair values of the listed equity shares underlying the stock loan were HK\$878,483,400 and HK\$211,331,400 respectively. In addition, the net fair value changes on the stock loan were HK\$324,855,300 and HK\$47,378,880 for the years ended December 31, 2020 and 2021, respectively.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND STOCK LOAN (CONTINUED)

During the year ended December 31, 2020, the Group obtained certain ownership interest in Investment E (AMTD Digital Inc., a fellow subsidiary) in exchange for extinguishment of HK\$556,161,528 of current accounts due from the immediate holding company. The Group does not have right to participate in its policy-making processes, to appoint director nor management or to interchange managerial personnel; accordingly, the Group concluded that it does not have significant influence to direct the relevant activities of the investee and classified the investment as a financial asset at fair value through profit or loss.

During the year ended December 31, 2021, the Group obtained certain ownership interest in Investment G (AMTD Assets Alpha Group, a fellow subsidiary) in exchange for extinguishment of HK\$163,180,000 of current accounts due from the immediate holding company. The Group does not have right to participate in its policy-making processes, to appoint director nor management or to interchange managerial personnel; accordingly, the Group concluded that it does not have significant influence to direct the relevant activities of the investee and classified the investment as a financial asset at fair value through profit or loss.

During the year ended December 31, 2020, on the Group's periodic review, the Group re-evaluated the classification of these investments and reclassified these investments as non-current.

14. DERIVATIVE FINANCIAL ASSET

On April 1, 2019, two subsidiaries of the Group entered into "Upside Participation and Profit Distribution Agreements" (the "Agreements") with a counterparty in relation to the movement of the share price of the entirety of the listed shares of Investment A (Note 13) that the Group owns ("Underlying Assets"). The Agreements have an original term of 12 months and can be extended for any further period or terminated at any time upon mutual agreement of the contracting parties. Pursuant to the Agreements:

- (a) The counterparty is entitled to 25% (the "Sharing Percentage") of the gain of the Underlying Assets if the quoted market price or disposal price of the Underlying Assets is higher than HK\$8.1 per share (the "Underlying Price");
- (b) The counterparty shall pay a sum equivalent to the loss if the quoted market price or disposal price of the Underlying Assets is lower than Underlying Price ("Participation Cost"); and
- (c) Dividend or cash distributions generated from the Underlying Assets during the term of the Agreements shall be received by the Group for its sole benefit and shall not be included in the computation of the Profit or the Participation Cost.

Further addendums to the Agreements were entered into on June 30, July 1, September 30 and December 31, 2019, March 31, June 26, June 30, September 30 and December 31, 2020 (the "Addendums"), where:

- On June 30, 2019, the term of the Agreements was modified from 12 months to 3 months and could be roll-forward for an additional three-month period upon mutual agreement between the contracting parties provided that the Underlying Assets are not fully disposed by the Group on the termination date.
- On July 1, 2019, the Agreements were extended for a 3-month period to September 30, 2019 and the Underlying Price was modified from HK\$8.1 to HK\$9.0 and the Sharing Percentage was modified from 25% to 40%.
- On September 30 and December 31, 2019 and March 31, 2020, the Agreements were extended for another three-month period and thus lastly to June 30, 2020.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

14. DERIVATIVE FINANCIAL ASSET (CONTINUED)

- On June 26, 2020, the underlying listed shares have been partially sold, in which 176,766,469 underlying shares were sold to the counterparty at the disposal price of HK\$5.5 per share, and HK\$618,682,641 was paid by the counterparty to settle 176,766,469 notional of the derivatives reflecting the difference between disposal price and Underlying Price. Accordingly, corresponding revisions were made to the Agreements to reflect the reduction in the number of underlying listed shares.
- On June 30 and September 30, the Agreements were further extended for an additional three months period and thus till December 31, 2020.
- On October 27, 2020, the Agreements was novated by the original counterparty to an external third party.
- On December 31, 2020, March 31, 2021, June 30, 2021, September 30, 2021, December 31, 2021 and March 31, 2022, the Agreements were extended for an additional three month period in each case and thus cumulatively till June 30, 2022.

In December 2019, the controlling person of the original counterparty, with which the Group has entered into the Agreements, was appointed as a Director to the Board of Directors of the Company. Accordingly, the counterparty became a related party of the Company until October 27, 2020 when the Agreements were novated to an external party.

The Agreements together with the Addendums satisfied the definition of derivative financial asset in accordance with IFRS 9 and were stated at fair value with any subsequent changes recognized in profit or loss.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

14. DERIVATIVE FINANCIAL ASSET (CONTINUED)

The table below shows the movement of:

- (i) the profit or loss not recognized when the derivative financial asset was initially recognized (Day 1 profit or loss);
- (ii) net carrying amount presented in the consolidated statements of financial position; and
- (iii) net changes in fair value on derivative financial asset presented in the consolidated statements of profit or loss and other comprehensive income

	Fair value using valuation technique HK\$	Day 1 (profit)/loss HK\$	Net carrying amount HK\$	Net changes in fair value recognized in profit or loss HK\$
At January 1, 2020	1,147,372,779	17,847,221	1,165,220,000	—
Recognized in profit and loss prior to contract renegotiation on March 31, 2020				
- Changes in fair value	307,143,221	—	307,143,221	307,143,221
- Recognition of day 1 profit or loss	—	(17,847,221)	(17,847,221)	(17,847,221)
At March 31, 2020	1,454,516,000	—	1,454,516,000	289,296,000
Contract renegotiation on March 31, 2020	(17,215,921)	17,215,921	—	—
At March 31, 2020	1,437,300,079	17,215,921	1,454,516,000	289,296,000
Recognized in profit and loss prior to contract renegotiation on June 30, 2020				
- Changes in fair value	(13,291,518)	—	(13,291,518)	(13,291,518)
- Partial settlement on June 26, 2020	(618,682,641)	—	(618,682,641)	—
- Gain related to disposed investment	106,059,881	—	106,059,881	—
- Recognition of day 1 profit or loss	—	(17,215,921)	(17,215,921)	(17,215,921)
At June 30, 2020	911,385,801	—	911,385,801	258,788,561
Contract renegotiation on June 30, 2020	(3,679,712)	3,679,712	—	—
At June 30, 2020	907,706,089	3,679,712	911,385,801	258,788,561
Recognized in profit and loss prior to contract renegotiation on September 30, 2020				
- Changes in fair value	93,693,124	—	93,693,124	93,693,124
- Recognition of day 1 profit or loss	—	(3,679,712)	(3,679,712)	(3,679,712)
At September 30, 2020	1,001,399,213	—	1,001,399,213	348,801,973
Contract renegotiation on September 30, 2020	(3,040,097)	3,040,097	—	—
At September 30, 2020	998,359,116	3,040,097	1,001,399,213	348,801,973

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

14. DERIVATIVE FINANCIAL ASSET (CONTINUED)

	Fair value using valuation technique HK\$	Day 1 (profit)/loss HK\$	Net carrying amount HK\$	Net changes in fair value recognized in profit or loss HK\$
Recognized in profit and loss prior to contract renegotiation on December 31, 2020				
- Changes in fair value	25,543,450	—	25,543,450	25,543,450
- Recognition of day 1 profit or loss	—	(3,040,097)	(3,040,097)	(3,040,097)
At December 31, 2020	1,023,902,566	—	1,023,902,566	371,305,326
Contract renegotiation on December 31, 2020	12,266,453	(12,266,453)	—	—
At December 31, 2020	1,036,169,019	(12,266,453)	1,023,902,566	371,305,326
At December 31, 2020	1,036,169,019	(12,266,453)	1,023,902,566	—
Recognized in profit and loss prior to contract renegotiation on March 31, 2021				
- Changes in fair value	(12,266,453)	—	(12,266,453)	(12,266,453)
- Recognition of day 1 profit or loss	—	12,266,453	12,266,453	12,266,453
At March 31, 2021	1,023,902,566	—	1,023,902,566	—
Contract renegotiation on March 31, 2021	(1,678,713)	1,678,713	—	—
At March 31, 2021	1,022,223,853	1,678,713	1,023,902,566	—
Recognized in profit and loss prior to contract renegotiation on June 30, 2021				
- Changes in fair value	(34,326,652)	—	(34,326,652)	(34,326,652)
- Recognition of day 1 profit or loss	—	(1,678,713)	(1,678,713)	(1,678,713)
At June 30, 2021	987,897,201	—	987,897,201	(36,005,365)
Contract renegotiation on June 30, 2021	2,956,755	(2,956,755)	—	—
At June 30, 2021	990,853,956	(2,956,755)	987,897,201	(36,005,365)
Recognized in profit and loss prior to contract renegotiation on September 30, 2021				
- Changes in fair value	89,306,993	—	89,306,993	89,306,993
- Recognition of day 1 profit or loss	—	2,956,755	2,956,755	2,956,755
At September 30, 2021	1,080,160,949	—	1,080,160,949	56,258,383
Contract renegotiation on September 30, 2021	1,046,618	(1,046,618)	—	—
At September 30, 2021	1,081,207,567	(1,046,618)	1,080,160,949	56,258,383

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

14. DERIVATIVE FINANCIAL ASSET (CONTINUED)

	Fair value using valuation technique HK\$	Day 1 (profit)/loss HK\$	Net carrying amount HK\$	Net changes in fair value recognized in profit or loss HK\$
Recognized in profit and loss prior to contract renegotiation on December 31, 2021				
- Changes in fair value	(111,313,048)	—	(111,313,048)	(111,313,048)
- Recognition of day 1 profit or loss	—	1,046,618	1,046,618	1,046,618
At December 31, 2021	969,894,519	—	969,894,519	(54,008,047)
Contract renegotiation on December 31, 2021	(1,507,769)	1,507,769	—	—
At December 31, 2021	<u>968,386,750</u>	<u>1,507,769</u>	<u>969,894,519</u>	<u>(54,008,047)</u>

As of December 31, 2021, the counterparty of the derivative contracts pledged certain listed securities as collateral in favour of the Company which had a market value of HK\$3,089,570,978 (2020: HK\$2,860,797,360).

15. OTHER ASSETS

The Group maintains segregated bank accounts with corporate banks to hold clients' monies on trust under custody arising from its asset management and other business. The Group has classified the clients' monies as other assets under the assets section of the consolidated statements of financial position and recognized the corresponding amounts as clients' monies held on trust in accounts payable (Note 19) to respective clients on the basis that it is legally liable for any possible loss or misappropriation of the clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Hong Kong Securities and Futures Ordinance ("HKSF").

	As of December 31,	
	2020 HK\$	2021 HK\$
Segregated clients' bank accounts balances:		
- Asset management business	194,907,501	135,843,360
- Others	2,401,674	222,378
	<u>197,309,175</u>	<u>136,065,738</u>

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

16. CASH AND BANK BALANCES

	As of December 31,	
	2020 HK\$	2021 HK\$
Cash and cash equivalents:		
- Cash on hand	31,031	595,992
- General bank accounts	453,935,733	525,610,116
Total cash and cash equivalents	453,966,764	526,206,108

Cash at banks earns interest at floating rates based on daily bank deposit rates for all the periods. The bank balances are deposited with creditworthy banks with no recent history of default.

17. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Computer equipment HK\$	Total HK\$
Cost:			
At January 1, 2020	11,090	4,073,634	4,084,724
Additions	—	110,734	110,734
At December 31, 2020 and January 1, 2021 and December 31, 2021	11,090	4,184,368	4,195,458
Accumulated depreciation:			
At January 1, 2020	(8,496)	(4,045,231)	(4,053,727)
Charge for the year	(2,218)	(28,156)	(30,374)
At December 31, 2020 and January 1, 2021	(10,714)	(4,073,387)	(4,084,101)
Charge for the year	(376)	(43,850)	(44,226)
At December 31, 2021	(11,090)	(4,117,237)	(4,128,327)
Carrying amount:			
At January 1, 2020	2,594	28,403	30,997
At December 31, 2020	376	110,981	111,357
At December 31, 2021	—	67,131	67,131

18. INTANGIBLE ASSETS

	HK\$
Net carrying amount as of December 31, 2020 and December 31, 2021	15,171,170

The intangible assets represented securities trading licenses and trading right with indefinite useful lives because they are expected to contribute to the net cash flows of the Group indefinitely and therefore, are not amortized. The recoverable amount of the intangible assets is determined by reference to the market evidence of recent transaction prices for similar licensed corporations.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

19. ACCOUNTS PAYABLE

	Note	As of December 31,	
		2020	2021
		HK\$	HK\$
Clients' payables	(i)	138,747	146,917
Payables to clearing house and brokers	(i)	1,311,748	8,590,241
Clients' monies held on trust (Note 15)		200,535,707	146,283,760
		<u>201,986,202</u>	<u>155,020,918</u>

Note:

- (i) As of December 31, 2020 and 2021, payables to clearing house and brokers and clients' payable arising from assets management business are repayable 2 days after trade date or at pre-agreed specified terms.

An aging analysis of the accounts payable as of the end of the reporting period is as follows:

	As of December 31,	
	2020	2021
	HK\$	HK\$
Within 1 month	1,450,495	155,020,918
Repayable on demand	200,535,707	—
	<u>201,986,202</u>	<u>155,020,918</u>

The balances of accounts payable are unsecured and non-interest-bearing.

20. BANK BORROWINGS

A currency analysis of bank borrowings at the end of the reporting periods is as follows:

	As of December 31,	
	2020	2021
	HK\$	HK\$
Hong Kong dollars	116,000,000	116,000,000
United States dollars	116,280,000	272,870,500
	<u>232,280,000</u>	<u>388,870,500</u>

As of December 31, 2020 and 2021, the bank borrowings were unsecured, repayable in one year or on demand and bore average interest rate of 2.1% p.a..

As of December 31, 2020 and 2021, the Group's aggregate banking facilities amounted to US\$30,000,000 (equivalent to HK\$232,560,000) and US\$50,000,000 (equivalent to HK\$389,815,000) of which HK\$232,280,000 and HK\$388,870,500 were utilized.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

21. OTHER PAYABLES AND ACCRUALS

	Note	As of December 31,	
		2020	2021
		HKS	HKS
Accruals and other payables		81,054,895	91,594,587
Contract liabilities	(i)	47,270,998	630,962
		<u>128,325,893</u>	<u>92,225,549</u>

Note:

- (i) Contract liabilities include upfront fees received to deliver asset management services.

Movements in contract liabilities during the years ended December 31, 2020 and 2021 are as follows:

	HKS
At January 1, 2020	111,974,163
Upfront fee received during the year	38,201,342
Revenue recognized during the year	(102,904,507)
At December 31, 2020	47,270,998
Revenue recognized during the year	(46,640,036)
At December 31, 2021	<u>630,962</u>

22. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the years are as follows:

	Unrealized gain on investments HKS
At January 1, 2020	242,913,577
Deferred tax charged to profit or loss during the year (Note 9)	(242,913,577)
At December 31, 2020 and January 1, 2021 and December 31, 2021	<u>—</u>

During the year ended December 31, 2020, the Group had re-evaluated the temporary difference arising from unrealized gain on investment and considered it is probable that the investments are capital in nature and therefore not subjected to income tax under the relevant tax regulations based on the Group's intention to hold the investments for long term capital appreciation. Accordingly, HK\$242,913,577 of deferred tax liabilities were reversed and recognized as deferred tax credit.

As of December 31, 2020 and 2021, the Group had estimated tax losses arising in Hong Kong of HK\$550,615 and HK\$348,724 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 recognized in respect of the unutilized 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 utilized.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

23. CONVERTIBLE BOND AND DERIVATIVE FINANCIAL LIABILITY

On December 19, 2019, the Company issued 2% convertible bond with a principal amount of US\$15,000,000. There was no movement in the number of units of these convertible bonds during the year. The bond is convertible at the option of the bondholders into class A ordinary shares at any time after six months following the date of issuance of the bond and prior to the close of business on the second business day immediately preceding the maturity date of June, 30, 2023. The conversion rate is 99.44 American Depositary Shares (“ADSS”) per US\$1,000 principal. The conversion rate is subject to adjustment upon the occurrence of certain events that have an impact on the number of outstanding shares of the company. The bondholders can convert all or any portion of the bond that equals to or greater than US\$10,000,000. However, the bondholders can only exercise such right to convert no more than twice. Any convertible notes not converted, as well as the accrued interest, will be repaid on June 30, 2023. The convertible bond has been converted in January 2022.

On initial recognition, the derivative component of the convertible bond is measured at fair value and presented as a derivative financial liability.

The movement of convertible bond during the years ended December 31, 2020 and 2021 are as follows:

	Liability component	Derivative financial liability
	HKS	HKS
At January 1, 2020	95,995,690	20,813,810
Interest for the year	7,717,348	—
Fair value gain recognized in profit or loss	—	(7,765,148)
Exchange alignment	(434,609)	(94,349)
At December 31, 2020	<u>103,278,429</u>	<u>12,954,313</u>
Interest for the year	8,085,419	—
Exchange alignment	606,536	798,360
At December 31, 2021	<u><u>111,970,384</u></u>	<u><u>13,752,673</u></u>

24. SHARE CAPITAL, CAPITAL RESERVE AND TREASURY SHARES

Each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to vote at general meetings of the Company, and each Class B ordinary share shall entitle the holder thereof to twenty votes on all matters subject to vote at general meetings of the Company. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Each Class A ordinary share is not convertible into Class B ordinary shares under any circumstances. Except for the voting rights and the conversion rights, the Class A ordinary shares and the Class B ordinary shares shall rank pari passu with one another and shall have the same rights, preferences, privileges and restrictions.

As of December 31, 2021, the Company had ordinary shares outstanding comprising of 62,327,851 Class A ordinary shares and 183,283,628 Class B ordinary shares (including those repurchased), respectively. During the year ended December 31, 2020, 21,243,000 Class B ordinary shares held by the controlling shareholder were converted into Class A ordinary shares. No Class B ordinary shares were converted into Class A ordinary shares for the year ended December 31, 2019 and 2021.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

24. SHARE CAPITAL, CAPITAL RESERVE AND TREASURY SHARES (CONTINUED)

	Notes	Numbers of shares		
		Class A ordinary shares	Class B ordinary shares	Class B treasury shares
At January 1, 2019		—	200,000,001	—
Exercise of warrants	(i)	1,666,666	—	—
Pre-IPO financing	(ii)	8,236,838	—	—
Initial public offering	(iii)	23,873,655	—	—
New issuance of shares	(iv)	7,307,692	4,526,627	—
At December 31, 2019		41,084,851	204,526,628	—
Conversion of class B ordinary shares to class A ordinary shares		21,243,000	(21,243,000)	—
At December 31, 2020 and January 1, 2021		62,327,851	183,283,628	—
Repurchase of ordinary shares	(v)	—	(69,144,673)	69,144,673
As December 31, 2021		62,327,851	114,138,955	69,144,673

Notes:

- (i) On March 6, 2019, the Company issued warrants for an aggregate consideration of US\$2 million (equivalent to HK\$15,699,600). Each warrant entitles the holder thereof to subscribe for one ordinary share at a subscription price of US\$7.2. On April 10, 2019, the warrant holder exercised the warrants in full and paid an additional amount of US\$10 million for 1,666,666 Class A ordinary shares. As of December 31, 2019 and 2020, the Company had no warrants outstanding, respectively.
- (ii) Between April 26, 2019 and June 19, 2019, the Company issued 8,236,838 Class A ordinary shares to third parties investors for an aggregate consideration of US\$53.5 million for the pre-IPO financing.
- (iii) On August 5, 2019, the Company completed its Initial Public Offering (“IPO”) on the New York Stock Exchange under the symbol of “HKIB”. The Company issued an aggregate 23,873,655 ADSs, representing 23,873,655 Class A Ordinary Shares for total net proceeds of HK\$1,507.2 million after deducting listing expenses of HK\$58.3 million.
- (iv) In December 2019, the Company issued an aggregate of 7,307,692 Class A ordinary shares and 4,526,627 Class B ordinary shares, both with par value US\$0.0001 per share, for an aggregate amount of US\$100 million (representing a per share price of US\$8.45) to Value Partners Greater China High Yield Income Fund, Ariana Capital Investment Limited, and Infinity Power Investments Limited in the form of private placement. Infinity Power Investments Limited is a British Virgin Islands company wholly owned by Mr. Calvin Choi, founder of the Company.
- (v) On September 30, 2021, the Company repurchased 69,144,673 Class B ordinary shares from the immediate holding company, amounting to HK\$5,000,000,000.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

25. PERPETUAL SECURITIES

On May 14, 2020, the Company issued US\$200,000,000 (equivalent to HK\$1,550,020,000) and SGD50,000,000 (equivalent to HK\$272,890,845) of perpetual securities at initial distribution rate of 7.25% p.a. (the “Perpetual Securities I”) and 4.5% p.a. (the “Perpetual Securities II”) which are listed on Hong Kong Stock Exchange and Singapore Stock Exchange respectively (collectively the “Perpetual Securities”). Of which, US\$38,920,000 (equivalent to HK\$301,633,892) of Perpetual Securities I and SGD14,740,000 (equivalent to HK\$80,448,221) of Perpetual Securities II were issued in settlement for the redemption of Perpetual Securities issued by the immediate holding company in 2017. The consideration amounting to HK\$382,082,113 was settled through the current account with the immediate holding company during the year ended December 31, 2020.

The direct transaction costs attributable to the Perpetual Securities I and Perpetual Securities II in aggregate amounted to HK\$4,460,393.

Distributions of the Perpetual Securities I and Perpetual Securities II may be paid semi-annually in arrears on May 14 and November 14 in each year and may be deferred at the discretion of the Company unless a compulsory distribution payment event (including distributions to ordinary shareholders of the Company) has occurred. Following a deferral, arrears of distributions are cumulative.

The Perpetual Securities I are unsecured, have no fixed maturity date and are callable at the Company’s option in whole on May 14, 2023 (“First Reset Date”) or any Distribution Payment Date falling after the First Reset Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will reset, on First Reset Date and every three years after the First Reset Date, to the sum of the initial spread of 7.011% p.a., the Treasury Rate and a step-up margin of 5.00% p.a..

The Perpetual Securities II are unsecured, have no fixed maturity date and are callable at the Company’s option in whole on May 14, 2025, which is five years after the issue date or any Distribution Payment Date thereafter at their principal amounts together with any accrued, unpaid or deferred distributions.

On October 27, 2021, the Group has early redeemed principal amount of SGD11,188,000 (equivalent to HK\$65,104,192) of Perpetual Securities II at the redemption price equal to 75%. A gain of HK\$15,949,627 was recorded directly in the retained earnings.

The Perpetual Securities are included in equity in the Group’s consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the Perpetual Securities. For the year ended December 31, 2020 and 2021, the profit attributable to holders of Perpetual Securities based on the applicable distribution rate, was HK\$78,987,714 and HK\$125,742,843, respectively, where any distribution could be deferred at the discretion of the Company unless a compulsory distribution payment event (including distributions to ordinary shareholders of the Company) has occurred. The Company distributed HK\$62,753,625 and HK\$124,279,754 to the holders of perpetual securities during the year ended December 31, 2020 and 2021, respectively.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

26. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

Save as disclosed elsewhere in these consolidated financial statements, the following non-cash transactions were recorded.

On April 10, 2019, the warrant holder exercised the warrants in full and paid an additional amount of US\$10 million for 1,666,666 Class A ordinary shares which was an equity transaction, therefore, the warrant was derecognized as a financial liability and the Company recognized in equity the sum of the additional amount received from the warrant holder and the carrying amount of the warrant.

During the year ended December 31, 2020, the Group subscribed two equity linked notes for a consideration of HK\$148,671,602 issued by the two former subsidiaries. The underlying securities for an equity linked note were disposed by one of the former fellow subsidiaries, triggering a settlement of equity linked note for a consideration of HK\$195,789,033. The Group recognized a gain of HK\$82,948,667 from this transaction which was settled in 2020 through the current accounts with AMTD Group under the central treasury agreement.

During the year ended December 31, 2021, the underlying securities for the other equity linked note were disposed by one of the former fellow subsidiaries, triggering a settlement of equity linked note for a consideration of HK\$181,633,667. The Group recognized a gain related to the disposed investment of HK\$119,113,730 from this transaction which was settled through the current accounts with AMTD Group.

During the year ended December 31, 2021, the Group disposed financial assets at fair value through profit or loss of HK\$196,036,584 to a former fellow subsidiary. The Group recognized a gain related to the disposed investment of HK\$5,998,446. The consideration of HK\$196,036,584 was settled through the current account with AMTD Group.

During the year ended December 31, 2021, the Group purchased financial assets at fair value through profit or loss of HK\$163,180,000 from AMTD Group. The consideration was settled through the current accounts with AMTD Group.

During the year ended December 31, 2021, the Group repurchased 69,144,673 Class B ordinary shares from AMTD Group amounting to HK\$5,000,000,000. The consideration was settled through current account with AMTD Group.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

26. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities

	<u>Margin loans payable</u>	<u>Derivative financial liability</u>	<u>Convertible bond</u>	<u>Bank borrowings</u>	<u>Total</u>
	HK\$	HK\$	HK\$	HK\$	HK\$
At January 1, 2019	321,999,549	—	—	—	321,999,549
Cash flow from financing activities	(31,983,066)	20,813,810	95,995,690	—	84,826,434
Interest expenses	27,705,955	—	—	—	27,705,955
At December 31, 2019	317,722,438	20,813,810	95,995,690	—	434,531,938
Cash flow from financing activities	(330,197,734)	—	—	230,962,565	(99,235,169)
Interest expenses	12,475,296	—	7,717,348	1,317,435	21,510,079
Fair value gain recognized in profit or loss	—	(7,765,148)	—	—	(7,765,148)
Exchange alignment	—	(94,349)	(434,609)	—	(528,958)
At December 31, 2020	—	12,954,313	103,278,429	232,280,000	348,512,742
Cash flow from financing activities	—	—	—	151,263,786	151,263,786
Interest expenses	—	—	8,085,419	4,740,504	12,825,923
Exchange alignment	—	798,360	606,536	586,210	1,991,106
At December 31, 2021	—	13,752,673	111,970,384	388,870,500	514,593,557

(c) Changes in balances with related parties

	<u>For the year ended December 31, 2019</u>		
	<u>Related company HK\$</u>	<u>Fellow subsidiaries HK\$</u>	<u>Immediate holding company HK\$</u>
Investing activities	—	—	(2,957,926,150)
Net cash outflow	—	—	(2,957,926,150)
	<u>For the year ended December 31, 2020</u>		
	<u>Related company HK\$</u>	<u>Fellow subsidiaries HK\$</u>	<u>Immediate holding company HK\$</u>
Investing activities	—	—	(3,581,230,632)
Net cash outflow	—	—	(3,581,230,632)

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

26. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	For the year ended December 31, 2021		
	Related company HK\$	Fellow subsidiaries HK\$	Immediate holding company HK\$
Investing activities	—	—	(348,701,497)
Net cash outflow	—	—	(348,701,497)

27. RELATED PARTY TRANSACTIONS

(A) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the years:

	Notes	For the year ended December 31,		
		2019 HK\$	2020 HK\$	2021 HK\$
Underwriting services rendered to immediate holding company	(i)	26,420,072	—	—
Financial advisory services rendered to fellow subsidiaries	(i)	15,691,000	30,231,825	—
Financial advisory services rendered to related companies controlled by a director of the Company	(i)	—	95,513,306	—
Financial advisory services rendered to former fellow subsidiaries	(i)	—	—	104,300,690
Asset management service fee income from a related party controlled by a director of the Company	(i)	478,611	2,672,527	—
Investment banking service income from a related party controlled by a director of the Company	(i)	2,999,584	—	—
Management fee paid to immediate holding company	(i)	150,000	150,000	150,000
Investment advisory fee paid to a fellow subsidiary	(i)	180,000	180,000	180,000
Insurance commission paid to a fellow subsidiary	(i)	84,133	105,251	58,228
Asset management services rendered to fellow subsidiaries	(i)	457,431	1,362	1,147,769
Acquisition of investments from immediate holding company	(ii)(a)	—	556,161,528	163,180,000
Acquisition of investments from fellow subsidiaries	(ii)(b)	—	148,671,602	11,545,800
Disposal of an investment to a former fellow subsidiary	(ii)(c)	—	—	196,036,584

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

27. RELATED PARTY TRANSACTIONS (CONTINUED)

- (A) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the years: (continued)

	Notes	For the year ended December 31,		
		2019	2020	2021
		HK\$	HK\$	HK\$
Administrative service fee paid to immediate holding company	(iii)	12,000,000	24,000,000	24,000,000
Interest income from immediate holding company	(iv)	17,562,104	101,159,079	116,028,045
Stock loan interest income from a former fellow subsidiary	(i)	—	—	34,740
Recharge from/(to) immediate holding company				
—Staff costs		17,936,752	20,156,843	22,081,545
—Premises cost		5,300,986	14,010,263	13,964,993
—Office renovation		869,214	—	—
—Other operating expenses, net		9,798,649	—	—
	(iii)	33,905,601	34,167,106	36,046,538
Treasury shares repurchased from immediate holding company		—	—	5,000,000,000
Perpetual securities redeemed from a fellow subsidiary		—	—	4,648,331
Perpetual securities redeemed from a former fellow subsidiary		—	—	35,719,218
Net changes in fair value on derivative financial asset entered into with a related party	(v)	1,165,220,000	321,797,949	—
Consideration received for disposal of investments to a related party	(v)	—	972,215,580	—
Consideration received for settlement of derivatives contracts with a related party	(v)	—	618,682,641	—

Notes:

- (i) The terms of these services were comparable to the fee and conditions offered to the major customers of the Group.
- (ii) (a) In 2020, the transaction represented the acquisition of 14.4% interest in a fellow subsidiary, AMTD Digital Inc., from AMTD Group based on fair value at the date of acquisition. In 2021, the transaction represented the acquisition of 19.9% interest in another fellow subsidiary, AMTD Assets Alpha Group, from AMTD Group based on the investee's net asset value on the date of acquisition. The unrealized fair value gain on these two investments for the year ended December 31, 2021 amounted to HK\$545.2 million (2020: HK\$336.4 million). Also refer to note 32 for the subsequent event relating to the acquisition of further interest in AMTD Digital Inc.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

27. RELATED PARTY TRANSACTIONS (CONTINUED)

- (A) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the years: (continued)
- (i) (b) In 2020, the transactions represented the acquisition of equity linked notes from a former fellow subsidiaries based on the fair value as of the date of acquisition. In 2021, the transaction represented the acquisition of an unlisted equity investment from a fellow subsidiary. The related realized and unrealized fair value gain recognized for the year ended December 31, 2020 was HK\$82,948,508 and HK\$26,688,861, respectively. The related realized and unrealized fair value gain recognized for the year ended December 31, 2021 was HK\$119,113,730 and HK\$Nil, respectively.
 - (c) The transaction represented the disposal of unlisted equity investment to a related company based on the fair value as of the date of disposal. The gain on disposal amounted to HK\$5,998,446.
 - (iii) During the year ended December 31, 2019, staff costs, office renovation and other operating expenses (e.g. advertisement and promotional expense) were recharged by the immediate holding company based on the proportion of the Company's revenue to the consolidated revenue of the immediate holding company, net of expenses incurred by the Group. Premises cost was recharged based on actual usage. Starting from the third quarter of fiscal year 2019, the immediate holding company charged a fixed service fee of HK\$6,000,000 per quarter in place of recharging arrangement for certain operating expenses.
 - (iv) The transaction represented the interest income charged at 2% per annum (Note 5) on the outstanding amount due from the immediate holding company which was payable on demand.
 - (v) In December 2019, the controlling person of the counterparty, with which the Group has entered into the Agreements (Note 14), was appointed as a Director to the Board of Directors of the Company. Accordingly, the counterparty became a related party of the Company. On October 27, 2020, the Agreements were novated to an external party.
- (B) In addition to balances disclosed elsewhere in these consolidated financial statements, the Group had the following outstanding balances with related parties:
- (i) Treasury functions of the Group are conducted centrally under AMTD Group and inter-company fund transfers were carried out among the entities within AMTD Group. The treasury function manages available funds at AMTD Group level and allocates the funds to various entities within AMTD Group for their operations. On August 5, 2019, the Group entered into an intercompany financing agreement with its immediate holding company. Under such agreement, any intercompany receivables and payables balances with the immediate holding company and the fellow subsidiaries shall be settled on a net basis with the immediate holding company. As of December 31, 2020 and 2021, the net balance between the Group and the immediate holding company was an amount due from immediate holding company of HK\$6,477,266,499 and HK\$2,144,975,230 respectively, which bears interest at 2% per annum and are unsecured and repayable on demand. The Group did not have any outstanding balances with its fellow subsidiaries. For the years ended December 31, 2019, 2020 and 2021, there was no provision for credit loss on amounts due from immediate holding company.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(C) Compensation of key management personnel of the Group:

	For the year ended December 31,		
	2019	2020	2021
	HKS	HKS	HKS
Short-term employee benefits	43,062,534	32,692,568	22,426,846
Other long-term benefit	92,700	54,745	55,200
	<u>43,155,234</u>	<u>32,747,313</u>	<u>22,482,046</u>

28. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as of the end of the reporting period are as follows:

As of December 31, 2020Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	Mandatorily required to be measured at fair value		
	HKS	HKS	HKS
Accounts receivable	—	77,350,250	77,350,250
Financial assets included in prepayments, deposits and other receivables	—	1,650,827	1,650,827
Due from immediate holding company	—	6,477,266,499	6,477,266,499
Financial assets at fair value through profit or loss	1,377,856,715	—	1,377,856,715
Stock loan	878,483,400	—	878,483,400
Derivative financial asset	1,023,902,566	—	1,023,902,566
Other assets	—	197,309,175	197,309,175
Cash and bank balances	—	453,966,764	453,966,764
	<u>3,280,242,681</u>	<u>7,207,543,515</u>	<u>10,487,786,196</u>

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

28. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	HK\$	HK\$	HK\$
Accounts payable	—	201,986,202	201,986,202
Financial liabilities included in other payables and accruals	—	54,162,984	54,162,984
Bank borrowings	—	232,280,000	232,280,000
Derivative financial liability	12,954,313	—	12,954,313
Convertible bond	—	103,278,429	103,278,429
	<u>12,954,313</u>	<u>591,707,615</u>	<u>604,661,928</u>

As of December 31, 2021

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	Mandatorily required to be measured at fair value	HK\$	HK\$
	HK\$	HK\$	HK\$
Accounts receivable	—	86,514,680	86,514,680
Financial assets included in prepayments, deposits and other receivables	—	1,196,110	1,196,110
Due from immediate holding company	—	2,144,975,230	2,144,975,230
Financial assets at fair value through profit or loss	2,574,695,685	—	2,574,695,685
Stock loan	211,331,400	—	211,331,400
Derivative financial asset	969,894,519	—	969,894,519
Other assets	—	136,065,738	136,065,738
Cash and bank balances	—	526,206,108	526,206,108
	<u>3,755,921,604</u>	<u>2,894,957,866</u>	<u>6,650,879,470</u>

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

28. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	Financial liabilities at fair value through profit or loss HK\$	Financial liabilities at amortized cost HK\$	Total HK\$
Accounts payable	—	155,020,918	155,020,918
Financial liabilities included in other payables and accruals	—	72,107,680	72,107,680
Bank borrowings	—	388,870,500	388,870,500
Derivative financial liability	13,752,673	—	13,752,673
Convertible bond	—	111,970,384	111,970,384
	<u>13,752,673</u>	<u>727,969,482</u>	<u>741,722,155</u>

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments measured at fair value are as follows:

	Carrying amounts		Fair values	
	As of December 31,		As of December 31,	
	2020 HK\$	2021 HK\$	2020 HK\$	2021 HK\$
Financial assets				
Financial assets at fair value through profit or loss	1,377,856,715	2,574,695,685	1,377,856,715	2,574,695,685
Derivative financial asset	1,023,902,566	969,894,519	1,036,169,019	968,386,750
Stock loan	878,483,400	211,331,400	878,483,400	211,331,400
	<u>3,280,242,681</u>	<u>3,755,921,604</u>	<u>3,292,509,134</u>	<u>3,754,413,835</u>
Financial liabilities				
Derivative financial liability	12,954,313	13,752,673	12,954,313	13,752,673

Management has assessed that the fair values of cash and cash balances, accounts receivable, financial assets included in prepayments, deposits and other receivables, amount due from immediate holding company, other assets, accounts payable, financial liabilities included in other payables and accruals and convertible bond, approximate to their carrying amounts largely due to the short-term maturities of these instruments or repayable on demand, or that they are interest-bearing at market rates.

The Group's finance department headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance director reports directly to the chief financial officer. At each reporting date, finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The valuation procedures applied include consideration of recent transactions in the same security or financial instrument, recent financing of the investee companies, economic and market conditions, current

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

and projected financial performance of the investee companies, and the investee companies' management team as well as potential future strategies to realize the investments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

As of December 31, 2020 and 2021, the fair values of listed equity investments, including the stock loan, and an unlisted equity linked note were based on quoted market prices.

The valuation methodologies for material unlisted equity securities are set out in Note 3 to the consolidated financial statements.

The fair value of the derivative financial asset in relation the Agreements was estimated using the MCS and was determined based on significant observable and unobservable inputs including the current stock price, dividend yield, risk-free rate, volatility of the underlying equity securities and the credit rating of the counterparty on the valuation date. MCS is a financial model that is commonly used to simulate variables that are highly unpredictable. The valuations performed using the MCS require management to estimate the volatility of the underlying equity securities and the credit rating of the counterparty and hence the valuations are subject to estimation uncertainty. The Group classifies the fair value of derivative financial asset as Level 3. The management believed that the estimated fair values resulting from the valuation technique were reasonable. The accounting policy of the day 1 profit or loss arising from the difference between the transaction price and the fair value upon initial recognition is disclosed in Note 2.4 to the consolidated financial statements.

The fair value of the conversion option embedded in the convertible bond is calculated based on the difference of the fair value of convertible bond as a whole using binomial method, and the fair value of the loan using the discounted cash flow method. The valuation of the fair value of convertible bond as a whole requires the Group to determine credit spread, liquidity spread and volatility.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is summary of significant unobservable inputs to valuation of financial instruments together with a quantitative sensitivity analysis as of December 31, 2020:

	Valuation technique	Significant unobservable input	Range or estimate	Sensitivity of value to the input
Unlisted equity investment Investment B	Multiple/EVA	Equity volatility	63.61%	5% increase/decrease in volatility results in decrease/increase in fair value by 3.5%/3.3%
Unlisted equity investment Investment C	Multiple/EVA	Equity volatility	39.64%	5% increase/decrease in volatility results in decrease/increase in fair value by 0.9%/0.9%
		Average P/E multiple of peers	10.4	5% increase/decrease in P/E multiple results in increase/decrease in fair value by 4.7%/4.7%
Derivative financial asset	MCS	Volatility of Underlying Assets	46.03%	5% increase/decrease in volatility results in increase/decrease in fair value by 0.23%/0.11%
		Credit rating	BB	One rank level increase in credit rating of counterparty from BB to BBB results in increase in fair value by 0.02%
				One rank level decrease in credit rating of counterparty from BB to B results in decrease in fair value by 0.16%
Derivative financial liability	Binomial option pricing model	Volatility	56.58%	5% increase/decrease in volatility results in increase/decrease in fair value by 1.63%/1.66%
		Discount rate	9.77%	5% increase/decrease in credit spread results in increase/decrease in fair value by 8.22%/9.41%

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is summary of significant unobservable inputs to valuation of financial instruments together with a quantitative sensitivity analysis as of December 31, 2021:

	Valuation technique	Significant unobservable input	Range or estimate	Sensitivity of value to the input
Unlisted equity investment				
Investment B	Multiple/EVA	Equity volatility	75.29%	5% increase/decrease in volatility results in decrease/increase in fair value by 0%/ 0%
		Median Forward P/E multiple of peers	2.10	5% increase/decrease in P/E multiple results in increase/decrease in fair value by 0%/ 1.9%
Unlisted equity investment				
Investment C	Multiple/EVA	Equity volatility	48.52%	5% increase/decrease in volatility results in decrease/increase in fair value by 1.3%/1.3%
		Median Forward P/E multiple of peers	18.97	5% increase/decrease in P/E multiple results in increase/decrease in fair value by 4.2%/4.3%
Unlisted equity investment				
Investment E	Multiple/EVA	Average P/E multiple of peers	61.29	5% increase/decrease in P/E multiple results in increase/decrease in fair value by 5.0%/5.0%
		Discount of lack of marketability	45%	5% increase/decrease in discount of lack of marketability results in decrease/increase in fair value by 4.1%/4.1%
Unlisted equity investment				
Investment G	Net Asset Value Method	Net Asset Value	Note (a)	5% increase/decrease in net asset value results in increase/decrease in fair value by 5.0%/5.0%
Derivative financial asset	MCS	Volatility of Underlying Assets	35.95%	5% increase/decrease in volatility results in increase/decrease in fair value by 0.06%
Derivative financial liability	Binomial option pricing model	Volatility	46.21%	5% increase/decrease in volatility results in increase/decrease in fair value by 0.07%/0.13%
		Discount rate	12.52%	5% increase/decrease in discount rate results in decrease/increase in fair value by 0.70%/0.71%

Note:

- a. The fair value is derived from the net asset value of Investment G that is mostly attributable from its underlying property investments with their fair value being measured by income approach. The directors of the Company considered that remaining assets or liabilities in Investment G are not significant to the amount of overall investment and approximated to their fair value.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair Value Hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Recent transaction price (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
As of December 31, 2020				
Financial assets at fair value through profit or loss	185,435,750	892,565,280	299,855,685	1,377,856,715
Stock loan	878,483,400	—	—	878,483,400
	1,063,919,150	892,565,280	299,855,685	2,256,340,115
Derivative financial asset	—	—	1,023,902,566	1,023,902,566
	1,063,919,150	892,565,280	1,323,758,251	3,280,242,681
As of December 31, 2021				
Financial assets at fair value through profit or loss	844,075,860	21,525,064	1,709,094,761	2,574,695,685
Stock loan	211,331,400	—	—	211,331,400
	1,055,407,260	21,525,064	1,709,094,761	2,786,027,085
Derivative financial asset	—	—	969,894,519	969,894,519
	1,055,407,260	21,525,064	2,678,989,280	3,755,921,604

Liability measured at fair value:

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Recent transaction price (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
As of December 31, 2020				
Derivative financial liabilities	—	—	12,954,313	12,954,313
As of December 31, 2021				
Derivative financial liabilities	—	—	13,752,673	13,752,673

Other than the transfer from level 2 to 3 as mentioned in Note 3 during the year ended December 31, 2021, there was no other transfer between levels during the years ended December 31, 2019 and 2020. Transfers between levels of the fair value hierarchy are deemed to occur at the end of each reporting period.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The movements in fair value measurements within Level 3 during the years are as follow:

	For the year ended December 31,		
	2019 HK\$	2020 HK\$	2021 HK\$
Unlisted equity shares at fair value through profit or loss:			
At January 1,	281,241,909	322,697,916	299,855,685
Addition	—	—	163,180,000
Transfer	—	—	1,120,244,487
Disposal	—	—	(196,036,584)
Net fair value changes recognized in profit or loss	41,456,007	(22,842,231)	321,851,173
At December 31,	<u>322,697,916</u>	<u>299,855,685</u>	<u>1,709,094,761</u>

The total profits for the year included an unrealized gain of HK\$315,852,726 relating to level 3 financial assets at FVTPL that are measured at fair value held as at December 31, 2021 (Unrealized gain of HK\$41,456,007 and unrealized loss of HK\$22,842,231 as at December 31, 2019 and 2020, respectively). Fair value gains or losses on financial assets at FVTPL are included in the “Net fair value changes on financial assets at fair value through profit or loss (except derivative financial assets) and stock loan” line item.

	For the year ended December 31, 2019	
	HK\$	
Warrants at fair value through profit or loss:		
At January 1,	—	
Issued	15,699,600	
Exercised	(15,699,600)	
At December 31,	<u>—</u>	

	For the year ended December 31,	
	2020 HK\$	2021 HK\$
Derivative financial asset (Note 14):		
At January 1,	1,165,220,000	1,023,902,566
Recognition of day 1 profit or loss deferred on inception of contract, renegotiation and extension	(41,782,951)	14,591,113
Net fair value gains recognized in profit or loss	413,088,277	(68,599,160)
Gain related to disposed investment	106,059,881	—
Partial settlement	(618,682,641)	—
At December 31,	<u>1,023,902,566</u>	<u>969,894,519</u>

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

	For the year ended	
	December 31,	
	2020	2021
	HK\$	HK\$
Derivative financial liability (Note 23):		
At January 1,	20,813,810	12,954,313
Net fair value changes recognized in profit or loss	(7,765,148)	798,360
Exchange alignment	(94,349)	—
At December 31,	<u>12,954,313</u>	<u>13,752,673</u>

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and liabilities such as financial assets at fair value through profit or loss, stock loan, accounts receivable, financial assets included in prepayments, deposits and other receivables, amount due from immediate holding company, other assets, accounts payable, financial liabilities included in other payables and accruals which primarily arise directly from its operations.

The main risks arising from the Group's financial instruments are price risk, foreign currency risk, interest rate risk, credit risk and liquidity risk. Management manages and monitors these risks to ensure appropriate measures are implemented on a timely and effective manner.

Price risk

Equity price risk is the risk that the fair values of equity investments decrease as a result of changes in the levels of equity indices and the value of individual securities.

The Group is exposed to equity securities price risk because certain investments held by the Group are classified in the consolidated statements of financial position as financial assets at fair value through profit or loss. Profit for the year would increase/decrease as a result of gains/losses on equity securities classified as financial assets at fair value through profit or loss.

At December 31, 2020 and 2021, if there had been a 5% increase/decrease in the equity price of listed equity shares, included in financial assets at fair value through profit or loss and stock loan, with all other variables held constant, the Group's profit before tax would have been approximately HK\$50,070,000 and HK\$52,770,000 higher/lower.

At December 31, 2020 and 2021, if there had been a 5% increase/decrease in the equity price of unlisted equity shares and unlisted equity linked notes, included in financial assets at fair value through profit or loss, with all other variables held constant, the Group's profit before tax would have been approximately HK\$62,747,000 and HK\$86,531,000 higher/lower.

The Group had concentration risk in its strategic investments segment as 100% of stock loan at December 31, 2020 and 2021 were investments in listed equity shares in Investment A and 65% and 43% of financial assets at fair values through profit or loss at December 31, 2020 and 2021 were investments in unlisted equity shares in Investment E.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Price risk (continued)

On April 1, 2019, the Group entered Agreements with the counterparty in relation to the movement of the share price of the entirety of the Underlying Assets to reduce the Group's exposure the changes in fair value of financial assets. The Agreements were modified and renewed several times as disclosed in Note 14. The derivative financial asset is initially recognized at fair value and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair value of derivative financial asset are taken directly to profit or loss. During the year ended December 31, 2020 and 2021, changes in the fair value of the derivative financial asset of HK\$371,305,326 and HK\$54,008,047, were charged to profit or loss.

Foreign currency risk

Certain transactions of the Group are denominated in foreign currencies which are different from the functional currency of the Group, i.e. HK\$, and therefore the Group is exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. As HK\$ is currently pegged to United States dollars (“US\$”), management considers that there is no significant foreign currency risk arising from the Group’s monetary assets and the liability denominated in US\$.

The Group’s key currency risk exposure primarily arises from accounts receivable and bank balances denominated in Renminbi (“RMB”), New Taiwan Dollar (“NTD”) and Singapore Dollar (“SGD”). As of December 2020 and 2021, the Group had no significant exposure to foreign currency risk. Consequently, no sensitivity analysis has been performed and disclosed.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate amount due from immediate holding company and convertible bond. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances, HIBOR arising from the Group’s HK\$ denominated borrowings and LIBOR arising from the Group’s US\$ denominated borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

No sensitivity analysis has been presented for variable rate bank balances and variable rate bank borrowings as the bank deposit and bank borrowings as the cash flow interest exposure is insignificant.

Interest rate benchmark reform

As listed in Note 20, several of the Group’s HIBOR bank borrowings may be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate benchmark reform (continued)

HIBOR

While the Hong Kong Dollar Overnight Index Average (“HONIA”) has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

As part of the Group’s risk management for transition, new contracts entered into by the Group are linked to the relevant alternative benchmark rates or interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

Subsequent to the year ended December 31, 2021, the HIBOR bank borrowing has been repaid.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group’s exposure of its counterparties is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management periodically.

The Group has credit risk exposure in relation the Agreements entered into with a counterparty amounting to HK\$1,023,902,566 and HK\$969,894,519 as of December 31, 2020 and 2021, respectively (Note 14). On December 20, 2019, the Group entered into a pledge agreement with the same counterparty pursuant to which the counterparty pledged certain listed securities to the Group as collateral. As of December 31, 2020 and 2021, the market value of listed securities pledged to the Group amounted to approximately HK\$2,860,797,360 and HK\$3,089,570,978, respectively (Note 14).

The carrying amount of financial assets recorded in the consolidated financial statements, grossed up for any allowances for losses, represents the Group’s maximum exposure to credit risk.

Other than accounts receivable mentioned in Note 11, the credit risk on liquid funds is limited because the counterparties are mainly banks with sound credit. The directors of the Company consider the credit risk on amounts due from immediate holding company is not significant after considering immediate holding company’s financial background and creditability.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate benchmark reform (continued)

Credit risk (continued)

Maximum exposure and staging as of December 31, 2020 and 2021

As of December 31, 2020

	<u>12-month ECLs</u>	<u>Lifetime ECLs</u>			<u>HK\$</u>
	<u>Stage 1 HK\$</u>	<u>Stage 2 HK\$</u>	<u>Stage 3 HK\$</u>	<u>Simplified approach HK\$</u>	
Accounts receivable*	21,165,253	—	—	56,184,997	77,350,250
Financial assets included in prepayments, deposits and other receivables					
—Normal**	1,650,827	—	—	—	1,650,827
—Doubtful**	—	—	—	—	—
Due from immediate holding company					
—Normal**	6,477,266,499	—	—	—	6,477,266,499
—Doubtful**	—	—	—	—	—
Other assets					
—Not yet past due	197,309,175	—	—	—	197,309,175
Cash and bank balances					
—Not yet past due	453,966,764	—	—	—	453,966,764
	<u>7,151,358,518</u>	<u>—</u>	<u>—</u>	<u>56,184,997</u>	<u>7,207,543,515</u>

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix and internal credit rating mentioned in Note 11 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables, and due from immediate holding company is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition; “doubtful” when there has been significant increase in credit risk since initial recognition through information developed internally or externally; “loss” when there is evidence indicating the asset is credit-impaired; and “write-off” when there is evidence indicating that the debtor is in severe financial difficulty and Group has no realistic prospect of recovery.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and staging as of December 31, 2020 and 2021 (continued)

As of December 31, 2021

	12-month ECLs	Lifetime ECLs			HK\$
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	
Accounts receivable*	21,545,865	—	—	64,968,815	86,514,680
Financial assets included in prepayments, deposits and other receivables					
—Normal**	1,196,110	—	—	—	1,196,110
—Doubtful**	—	—	—	—	—
Due from immediate holding company					
—Normal**	2,144,975,230	—	—	—	2,144,975,230
—Doubtful**	—	—	—	—	—
Other assets					
— Not yet past due	136,065,738	—	—	—	136,065,738
Cash and bank balances					
— Not yet past due	526,206,108	—	—	—	526,206,108
	<u>2,829,989,051</u>	<u>—</u>	<u>—</u>	<u>64,968,815</u>	<u>2,894,957,866</u>

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix and internal credit rating mentioned in Note 11 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables and due from immediate holding company is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition; “doubtful” when there has been significant increase in credit risk since initial recognition through information developed internally or externally; “loss” when there is evidence indicating the asset is credit-impaired; and “write-off” when there is evidence indicating that the debtor is in severe financial difficulty and Group has no realistic prospect of recovery.

Liquidity risk

The Group aims to maintain cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, loans and equity financing.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	As of December 31, 2020				
	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total
	%	HK\$	HK\$	HK\$	HK\$
Accounts payable	N/A	201,986,202	—	—	201,986,202
Bank borrowings	2.1%	233,493,790	—	—	233,493,790
Financial liabilities included in other payables and accruals	N/A	54,136,011	—	—	54,136,011
Convertible bond	7.8%	—	—	124,606,940	124,606,940
		<u>489,616,003</u>	<u>—</u>	<u>124,606,940</u>	<u>614,222,943</u>

	As of December 31, 2021				
	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total
	%	HK\$	HK\$	HK\$	HK\$
Accounts payable	N/A	155,020,918	—	—	155,020,918
Bank borrowings	2.1%	390,926,836	2,631,251	—	393,558,087
Financial liabilities included in other payables and accruals	N/A	72,029,390	—	—	72,029,390
Convertible bond	7.8%	—	—	125,319,026	125,319,026
		<u>617,977,144</u>	<u>2,631,251</u>	<u>125,319,026</u>	<u>745,927,421</u>

Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt which includes bank borrowing and convertible bond, equity attributable to equity holders of the Group, comprising issued share capital, retained profits, capital reserves and perpetual securities, as disclosed in consolidated statements of changes in equity.

As AMTD GM and AMTD AAAPL are licensed corporations under the Hong Kong Securities and Futures Ordinances, the Group is subject to statutory capital requirement and is required to maintain adequate financial resources to support its business. The Securities and Futures (Financial Resources) Rules require a licensed corporation to maintain liquid capital which is not less than its required liquid capital.

In addition, AMTD GM is registered licensed insurance broker company under the Insurance Authority, which is required to maintain a minimum capital and net assets value of not less than HK\$500,000.

AMTD IDEA GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk management (continued)

There were no changes on the Group's approach to capital risk management during the years ended December 31, 2020 and 2021. The Group's regulated entities have complied with the capital requirements imposed by regulatory bodies at all time during both the current and prior financial years.

31. STOCK INCENTIVE PLAN

AMTD SpiderMan Share Incentive Plan

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

32. SUBSEQUENT EVENTS

In December 2021, the Group announced the proposed issuance and placement of 11,682,242 Class A and Class B ordinary shares through a private placement of US\$50 million to a number of reputable professional investors, subject to fulfilling certain closing conditions. The placement was completed before the approval date of the consolidated financial statements.

In January 2022, the Group entered into definitive agreements to acquire 100% of the equity interest in L'Officiel Inc. SAS, a global fashion media holding group. As at the approval date of the consolidated financial statements, the transaction has not yet been completed and the Group has still been negotiating with the counterparties to finalize the closing conditions.

In February 2022, the Group acquired from AMTD Group 31,732,000 Class A ordinary shares and 24,202,000 Class B ordinary shares, amounting to 82.7% of the outstanding issued shares in AMTD Digital Inc. ("AMTD Digital"), a fellow subsidiary and comprehensive one-stop digital solutions platform in Asia, for a consideration of US\$992.8 million. The consideration was settled by the issuance of 67,200,330 newly issued Class A ordinary shares and 51,253,702 newly issued Class B ordinary shares of the Company, priced at US\$8.38 per share. Prior to the transaction, the Group held 14.4% of the issued and outstanding shares in AMTD Digital. AMTD Digital became a consolidated subsidiary after the transaction and the Group will adopt the principle of pooling of interest method.

33. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on April 18, 2022.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2022

	Six months ended June 30,	
	2021	2022
	HK\$	HK\$
REVENUE		
Fee and commission income	351,522,552	474,800,943
Digital solutions and other services	—	56,018,141
Fashion and luxury media advertising and marketing services	—	7,667,252
Dividend and gain related to disposed investment	167,824,938	50,213,509
	<u>519,347,490</u>	<u>588,699,845</u>
Net fair value changes on financial assets at fair value through profit or loss and stock loan	240,006,805	(141,508,552)
Net fair value changes on derivative financial assets	(36,005,365)	475,415,376
	<u>723,348,930</u>	<u>922,606,669</u>
Other income	71,500,916	57,603,453
Other operating expenses	(41,768,252)	(60,621,102)
Staff costs	(43,133,986)	(59,046,165)
Share of profit or losses of associates	—	(88,450)
Finance costs	(6,401,352)	(2,494,024)
Net fair value changes on derivative financial liability	(742,618)	13,347,266
PROFIT BEFORE TAX	<u>702,803,638</u>	<u>871,307,647</u>
Income tax expense	(73,116,457)	(69,912,890)
PROFIT FOR THE PERIOD	<u>629,687,181</u>	<u>801,394,757</u>
Attributable to:		
Owners of the parent	567,049,552	741,618,999
Holders of perpetual securities	62,771,749	61,212,612
Non-controlling interests	(134,120)	(1,436,854)
	<u>629,687,181</u>	<u>801,394,757</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Class A ordinary shares:		
Basic (HK\$ per share)	<u>2.31</u>	<u>2.55</u>
Diluted (HK\$ per share)	<u>2.31</u>	<u>2.55</u>
Class B ordinary shares:		
Basic (HK\$ per share)	<u>2.31</u>	<u>2.55</u>
Diluted (HK\$ per share)	<u>2.31</u>	<u>2.55</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021 AND JUNE 30, 2022

	<u>Dec 31, 2021</u>	<u>Jun 30, 2022</u>
	HK\$	HK\$
Assets		
Current assets		
Accounts receivable	86,514,680	604,275,555
Prepayments, deposits and other receivables	21,916,382	332,946,735
Due from immediate holding company	2,144,975,230	4,554,755,078
Derivative financial assets	969,894,519	1,445,309,895
Other assets	136,065,738	97,482,172
Cash and bank balances	526,206,108	140,261,201
Total current assets	<u>3,885,572,657</u>	<u>7,175,030,636</u>
Non-current assets		
Property, plant and equipment	67,131	1,720,726
Right of use assets	—	2,061,690
Investment in associates	—	15,291,327
Goodwill	—	58,675,041
Other intangible assets	15,171,170	737,726,551
Financial assets at fair value through profit or loss	2,574,695,685	1,436,656,772
Stock loan	211,331,400	284,939,600
Total non-current assets	<u>2,801,265,386</u>	<u>2,537,071,707</u>
Total assets	<u>6,686,838,043</u>	<u>9,712,102,343</u>
Equity and liabilities		
Current liabilities		
Accounts payable	155,020,918	282,463,255
Bank borrowings	388,870,500	161,132,094
Other payables and accruals	92,225,549	185,784,757
Lease liabilities	—	2,778,798
Provision	—	31,814,184
Tax payable	136,124,845	127,928,437
Total current liabilities	<u>772,241,812</u>	<u>791,901,525</u>
Non-current liabilities		
Deferred tax liabilities	—	76,716,735
Derivative financial liability	13,752,673	—
Convertible bond	111,970,384	—
Total non-current liabilities	<u>125,723,057</u>	<u>76,716,735</u>
Total liabilities	<u>897,964,869</u>	<u>868,618,260</u>

AMTD IDEA GROUP

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONTINUED)

AS AT DECEMBER 31, 2021 AND JUNE 30, 2022

	<u>Dec 31, 2021</u>	<u>Jun 30, 2022</u>
	HK\$	HK\$
Equity		
Class A ordinary shares (par value of US\$0.0001 as of December 31, 2021 and June 30, 2022; 8,000,000,000 shares authorized as of December 31, 2021 and June 30, 2022; 62,327,851 and 144,077,210 issued and outstanding shares as of December 31, 2021 and June 30, 2022, respectively)	48,838	92,706
Class B ordinary shares (par value of US\$0.0001 as of December 31, 2021 and June 30, 2022; 2,000,000,000 shares authorized as of December 31, 2021 and June 30, 2022; 183,283,628 and 233,526,979 issued and outstanding shares as of December 31, 2021 and June 30, 2022, respectively)	143,864	203,154
Treasury shares	(5,000,000,000)	(5,000,000,000)
Capital reserve	4,551,183,728	6,774,769,610
Exchange reserve	1,466,991	1,794,046
Retained profits	4,449,489,995	5,191,108,994
Total equity attributable to ordinary shareholders of the Company	4,002,333,416	6,967,968,510
Non-controlling interests	15,496,320	105,084,217
Perpetual securities	1,771,043,438	1,770,431,356
Total equity	<u>5,788,873,174</u>	<u>8,843,484,083</u>
Total liabilities and equity	<u>6,686,838,043</u>	<u>9,712,102,343</u>

ISSUER

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(formerly known as AMTD International Inc.)

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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 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 EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "EU 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 EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK 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 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 Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK 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 2001 (2020 Revised Edition) of Singapore (the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Securities are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

This Pricing Supplement is intended for the sole use of the person to whom it is provided by the sender, and it is being distributed 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 "SEHK")) ("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 SEHK 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 SEHK has not reviewed the contents of this Pricing Supplement, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Pricing Supplement to Professional Investors only have been reproduced in this Pricing Supplement. Listing of the Programme and the Securities on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Securities, the Issuer or the Group or quality of disclosure in this Pricing Supplement. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Pricing Supplement, 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 Pricing Supplement.

This Pricing Supplement, together with the Offering Circular, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") 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 Pricing Supplement 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 12 April 2023

AMTD IDEA Group (formerly known as AMTD International Inc.)

**Issue of US\$250,000,000 7.25 per cent. Senior Perpetual Securities
(the "Securities" or the "USD Perpetual Securities") to be consolidated and form a single series with the
US\$200,000,000 7.25 per cent. Senior Perpetual Securities issued on 14 May 2020 (the "Original
Securities")
under the US\$1,000,000,000 Medium Term Note Programme**

The document constitutes the Pricing Supplement relating to the issue of USD 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 30 March 2020 as supplemented by the listing memorandum dated 2 April 2020 (together, the "**Offering Circular**"). This Pricing Supplement contains the final terms of the USD Perpetual Securities and must be read in conjunction with such Offering Circular. Full information on the Issuer and the offer of the USD Perpetual Securities is only available on the basis of the combination of this Pricing Supplement and the offering circular dated 31 March 2023, save in respect of the Conditions which are extracted from the Offering Circular.

- | | | |
|----|---|--|
| 1. | Issuer: | AMTD IDEA Group (formerly known as AMTD International Inc.)
(NYSE: AMTD / SGX: HKB) |
| 2. | (i) Series Number: | 001 |
| | (ii) Tranche Number: | 002 |
| | (iii) Date on which the Perpetual Securities become fungible: | Issue Date |
| 3. | Specified Currency or Currencies: | United States Dollar ("US\$") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | US\$450,000,000 |
| | (ii) Tranche: | US\$250,000,000 |
| 5. | (i) Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount, <i>plus</i> an amount corresponding to the accrued interest from, and including 14 November 2022 to, but excluding, the Issue Date |
| | (ii) Gross Proceeds: | US\$257,703,125 |
| 6. | (i) Specified Denominations: | US\$200,000 and integral multiples of US\$1,000 in excess thereof |
| | (ii) Calculation Amount: | US\$1,000 |
| 7. | (i) Issue Date: | 17 April 2023 |
| | (ii) Distribution Commencement Date: | 14 November 2022 |

8.	Maturity Date:	Not Applicable
9.	Distribution Basis:	7.25 per cent. Fixed Rate (further particulars specified below)
10.	Redemption/Payment Basis:	Not Applicable
11.	Put/Call Options:	Redemption for Taxation Reasons Redemption at the Option of the Issuer Redemption for Accounting Reasons Other Redemption Events as specified below (further particulars specified below)
12.	(i) Status of the USD Perpetual Securities:	Senior Perpetual Securities
	(ii) Parity Obligations:	Any instrument or security issued, entered into or guaranteed by the Issuer, which ranks or is expressed to rank, by its terms or by operation of law, <i>pari passu</i> to the USD Perpetual Securities
	(iii) Junior Obligations:	Any class of the Issuer's share capital (including, without limitation, any preference shares) and any Subordinated Indebtedness issued, entered into or guaranteed by the Issuer
	(iv) Subordinated Indebtedness:	All indebtedness for money borrowed or raised which, in the event of the winding-up of the Issuer thereof, ranks or is expressed to rank, by its terms or by operation of law, in right of payment behind the claims of unsecured and unsubordinated creditors of such Issuer, and for this purpose indebtedness shall include all liabilities, whether actual or contingent
	(v) Date of Board approval for issuance of USD Perpetual Securities obtained:	21 April 2020
13.	Listing:	(i) SGX-ST; and (ii) Hong Kong Stock Exchange, listing of the USD Perpetual Securities is expected to be effective on or around 18 April 2023
14.	Method of distribution:	Non-syndicated

PROVISIONS RELATING TO DISTRIBUTION

15.	Fixed Rate USD Perpetual Security Provisions	Applicable
	(i) Distribution Rate:	7.25 per cent. per annum payable semi-annually in arrear

- (ii) Distribution Payment Date(s): 14 May and 14 November in each year, not adjusted
- (iii) Fixed Coupon Amount(s): US\$36.25 per Calculation Amount prior to the First Reset Date
- (iv) Broken Amount(s): Not Applicable
- (v) Day Count Fraction: 30/360
- (vi) First Reset Date: 14 May 2023
- (vii) Reset Date: The First Reset Date and each date falling every three years thereafter
- (viii) Reset Distribution Rate: The:
- (i) Initial Spread; plus
 - (ii) the Reference Benchmark; plus
 - (iii) the Step-Up Margin
- (ix) Initial Spread: 7.011 per cent.
- (x) Step-Up Margin: 5.00 per cent.
- (xi) Reference Benchmark: The rate notified by the Determination Agent to the Issuer and the USD Perpetual Securityholders in per cent. per annum equal to the yield, under the heading that represents the average for the week immediately prior to two business days prior to each Reset Date for calculating the Reset Distribution Rate, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded US Treasury securities adjusted to constant maturity under the caption "**Treasury constant maturities**" for the maturity corresponding to the Comparable Treasury Issue. If such release (or any successor release) is not published during the week preceding the relevant date referred to above in this definition (as applicable) or does not contain such yields, "Treasury Rate" means the rate in per cent. per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the applicable Reset Date
- (xii) Comparable Treasury Issue: The US Treasury security selected by the Determination Agent as having a maturity of 3 years that would be utilised, at the time of selection and in accordance with customary

financial practice, in pricing new issues of corporate debt securities with a maturity of 3 years

(xiii) Comparable Treasury Price:	The average of the Reference Treasury Dealer Quotations for the applicable Reset Date
(xiv) Reference Treasury Dealer Quotations:	With respect to each Reference Treasury Dealer and any Reset Date, the average as determined by the Determination Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent by such Reference Treasury Dealer at 5:00 p.m. (New York City Time) on the third Business Day preceding such Reset Date and such average then notified in writing to the Issuer and the USD Perpetual Securityholders by the Calculation Agent
(xv) Reference Treasury Dealer:	Each of any three investment banks of recognised standing selected by the Issuer in good faith that is a primary US Government securities dealer in New York City (xvi) Other terms relating to the See Annexure 1 for additional step up events for method of calculating distribution the Distribution Rate for Fixed Rate USD Perpetual Securities:
(xvi) Determination Agent:	An independent bank of international repute acting as a determination agent as selected by the Issuer (at the expense of the Issuer) and notified in writing to the Fiscal Agent
(xvii) Other terms relating to the method of calculating distribution for Fixed Rate USD Perpetual Securities:	Not Applicable
16. Floating Rate Perpetual Security Provisions	Not Applicable
17. Zero Coupon Perpetual Security Provisions	Not Applicable
18. Other provisions relating to Distribution	
(i) Distribution Deferral:	Applicable
(ii) Optional Distribution:	Applicable
(iii) Dividend Stopper:	Applicable
(iv) Dividend Pusher and Reference Period:	Applicable, 6 months
(v) Relevant Obligations (Pusher):	Junior Obligations and Parity Obligations
(vi) Relevant Obligations (Stopper):	Junior Obligations and Parity Obligations
(vii) Non-cumulative Deferral:	Not Applicable

(viii) Cumulative Deferral:	Applicable
(ix) Additional Distribution:	Applicable
19. Dual Currency Perpetual Security Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

20. Redemption for Taxation Reasons	Yes
Issuer's Redemption Option Period (Condition 6(b))	Not less than 30 nor more than 60 days' irrevocable notice
21. Redemption at the Option of the Issuer	Yes
(i) Optional Redemption Date	First Reset Date and any Distribution Payment Date thereafter
Issuer's Redemption Option Period (Condition 6(c))	Not less than 15 nor more than 30 days' irrevocable notice
22. Redemption for Accounting Reasons	Yes
Issuer's Redemption Option Period (Condition 6(d))	Not less than 30 nor more than 60 days' irrevocable notice
23. Redemption for Relevant Indebtedness Event	The USD Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the USD Perpetual Securityholders 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)) upon the occurrence of a Relevant Indebtedness Event.

Where:

"Relevant Indebtedness Event" means the occurrence of one or more of the following events:

- (i) 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);
- (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or
- (iii) 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 paragraphs (i) to (iii) have occurred equals or exceeds US\$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which this paragraph operates)

24. **Redemption for Change of Control**

The USD Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part on giving not less than 30 nor more than 60 days' irrevocable notice to the USD Perpetual Securityholders at 101 per cent. of their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if a Change of Control occurs.

Where:

a "**Change of Control**" occurs when:

- (i) the Controlling Shareholder ceases to have Control of the Issuer;
- (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;
- (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;

"**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;

"**Controlling Shareholder(s)**" means AMTD Group Company Limited or any other entity directly or indirectly controlling, controlled by, or under direct or indirect common control with, AMTD Group Company Limited;

a "**Person**" as used in this paragraph 25, 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;

"**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; 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)

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| 25. | Redemption Amount of each Perpetual Security | US\$1,000 per Calculation Amount |
| 26. | Optional Redemption Amount | US\$1,000 per Calculation Amount |
| 27. | Early Redemption Amount | Not Applicable |

GENERAL PROVISIONS APPLICABLE TO THE USD PERPETUAL SECURITIES

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| 28. | Form of Perpetual Securities | Registered Perpetual Securities:
Global Certificate exchangeable for Individual Security Certificates in the limited circumstances described in the Global Certificate |
| 29. | Financial Centre(s) or other special provisions relating to payment dates: | Not Applicable |
| 30. | Talons for future Coupons or Receipts to be attached to Definitive Perpetual Securities (and dates on which such Talons mature): | No |
| 31. | 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 |
| 32. | Details relating to Instalment Perpetual Securities: amount of each instalment, date on which each payment is to be made: | Not Applicable |
| 33. | Redenomination, renominatisation and reconventioning provisions: | Not Applicable |
| 34. | Consolidation provisions: | The provisions in Condition 13 (Further Issues) apply |

35. Other terms or special conditions: Not Applicable
36. **Special Event Substitution** Applicable

DISTRIBUTION

37. (i) Names of Managers: AMTD Wealth Management Solutions Group Limited
- (ii) Stabilisation Manager(s) (if any): Not applicable
- (iii) If non-syndicated, name and address of Dealer: AMTD Wealth Management Solutions Group Limited
23/F – 25/F, Nexxus Building
41 Connaught Road Central
Central
Hong Kong
38. US Selling Restrictions: Reg. S Category 2
TEFRA Not Applicable
39. Additional selling restrictions: Not Applicable
40. Private bank rebate/commission In addition, we have agreed with the Manager that we will pay a commission to certain private banks in connection with the distribution of the USD Perpetual Securities to their clients. This commission will be based on the principal amount of the USD Perpetual Securities so distributed, and may be deducted from the purchase price for the USD Perpetual Securities payable by such private banks upon settlement

OPERATIONAL INFORMATION

41. ISIN Code: XS2161843789
42. Common Code: 216184378
43. CMU Instrument Number: Not Applicable
44. Legal Entity Identifier (LEI): 549300KHWPN26J8NTV43
45. Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU Service and the relevant identification number(s): Not Applicable
46. Delivery: Delivery free of payment
47. Additional Paying Agent(s) (if any): Not Applicable

GENERAL

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| 48. | The aggregate principal amount of Perpetual Securities issued has been translated into US dollars at the rate of [•], producing a sum of (for Perpetual Securities not denominated in US dollars): | Not Applicable |
| 49. | Use of proceeds: | For capital expenditure, investments, refinancing and general corporate purposes |
| 50. | Prohibition of Sales to EEA Retail Investors: | Applicable |
| 51. | Prohibition of Sales to UK Retail Investors: | Applicable |
| 52. | Rating: | 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 and the SGX-ST of the USD Perpetual Securities described herein pursuant to the US\$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 IDEA Group:

By:  _____
Duly authorised

ANNEXURE 1

Increase in Distribution Rate following occurrence of certain events:

Upon the occurrence of:

- (a) a Change of Control, or
- (b) a Relevant Indebtedness Event, unless (x) an irrevocable notice to redeem the USD Perpetual Securities has been given to USD Perpetual Securityholders by the Issuer pursuant to paragraphs 23 – 24 of this Pricing Supplement by the 30th day following the occurrence of the Change of Control or Relevant Indebtedness Event (as the case may be) (the "**Redemption Notice Deadline**") or (y) in the case of a Relevant Indebtedness Event, the Relevant Indebtedness Event is remedied by the Redemption Notice Deadline, the Distribution Rate will increase by 5.00 per cent. per annum with effect from (1) where a Distribution Payment Date falls between the date of occurrence of the Change of Control or Relevant Indebtedness Event (as applicable) and the Redemption Notice Deadline (both dates inclusive), such Distribution Payment Date; or (2) where a Distribution Payment Date falls after the Redemption Notice Deadline, such Distribution Payment Date, **provided that** the maximum aggregate increase in the Distribution Rate pursuant to this paragraph shall be 5.00 per cent. per annum. For the avoidance of doubt, any increase in the Distribution Rate pursuant to this paragraph is separate from and in addition to any increase in the Distribution Rate pursuant to the application of the Step-Up Margin.

Any increase in the Distribution Rate pursuant to this Annexure shall be notified by the Issuer to the USD Perpetual Securityholders in writing no later than the 14th day following (I) the 60th day following the occurrence of the Change of Control or (II) the occurrence of the Relevant Indebtedness Event.

If following an increase in the Distribution Rate after a Change of Control Event or a Relevant Indebtedness Event pursuant to this Annexure (1) in the case of a Relevant Indebtedness Event, the Relevant Indebtedness Event is cured or no longer exists; or (2) in the case of a Change of Control, each of the relevant event(s) triggering the Change of Control are cured or no longer exist, upon written notice of such facts being given to the USD Perpetual Securityholders, the Distribution Rate shall be decreased by 5.00 per cent. per annum with effect from (and including) the Distribution Payment Date immediately following the date falling 30 days after the date of such notice, **provided that** the maximum aggregate decrease in the Distribution Rate pursuant to this paragraph shall be 5.00 per cent. per annum.