

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

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended October 31, 2024

OR

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

For the transition period from _____ to _____

OR

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

Date of event requiring this shell company report

Commission File Number: 001-40463

AMTD Digital Inc.
(Exact Name of Registrant as Specified in Its Charter)

N/A
(Translation of Registrant's Name into English)

Cayman Islands
(Jurisdiction of Incorporation or Organization)

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

| Title of Each Class | Trading Symbol | Name of Each Exchange on Which Registered |
|---|----------------|---|
| American depositary shares, each representing 0.4 Class A ordinary shares, par value US\$0.0001 per share Class A ordinary shares, par value US\$0.0001 per share* | HKD | New York Stock Exchange |

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

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

None
(Title of Class)

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

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 32,793,921 Class A ordinary shares, par value US\$0.0001 per share, and 65,741,346 Class B ordinary shares, par value US\$0.0001 per share, as of October 31, 2024.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

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

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

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

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

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

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

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

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

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

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

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange

Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

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INTRODUCTION

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

- “ADRs” refers to the American depositary receipts that evidence the ADSs;
- “ADSs” refers to our American depositary shares, every five of which represents two Class A ordinary shares;
- “AMTD Group” refers to the Controlling Shareholder and its subsidiaries;
- “WM&E” means World Media and Entertainment Universal Inc., our consolidated entity and a Cayman Islands exempted company with limited liability, and its subsidiaries.
- “Class A ordinary shares” refers to our Class A ordinary shares of par value US\$0.0001 each;
- “Class B ordinary shares” refers to our Class B ordinary shares of par value US\$0.0001 each;
- “Controlling Shareholder” refers to AMTD Group Inc., a British Virgin Islands company;
- “France” refers to French Republic;
- “HK\$” or “Hong Kong dollars” refers to the legal currency of Hong Kong;
- “NYSE” refers to the New York Stock Exchange;
- “SEC” refers to the United States Securities and Exchange Commission;
- “SG\$” or “Singapore dollars” refers to the legal currency of Singapore;
- “SGX-ST” refers to the Singapore Exchange Securities Trading Limited;
- “shares” or “ordinary shares” refers to our Class A ordinary shares and Class B ordinary shares;
- “US\$” or “U.S. dollars” refers to the legal currency of the United States;
- “we,” “us,” or “our company” refers to AMTD Digital Inc., a Cayman Islands exempted company with limited liability, and its subsidiaries; and
- “WME Assets” refers to WME Assets Group (formerly known as AMTD Assets Group), a subsidiary of WM&E and a Cayman Islands exempted company with limited liability, and its subsidiaries;

We changed our fiscal year end from April 30 to October 31 in April 2024 and filed a transition report on Form 20-F covering the six-month period from April 30, 2023 through October 31, 2023, or the Transition Period. Prior to such transition report on Form 20-F, we filed an annual report on Form 20-F covering the fiscal year ended April 30, 2023. Unless otherwise noted, all references to our fiscal year or years are to the fiscal year or years which, prior to the Transition Period, ended April 30, and from and after the Transition Period, ended October 31. For the avoidance of doubt, “fiscal year of 2024” refers to the year ended October 31, 2024.

We changed our basis of accounting from International Financial Reporting Standards as issued by the International Accounting Standards Board, or IFRS, to U.S. Generally Accepted Accounting Principles, or U.S. GAAP. Our consolidated financial statements for the years ended April 30, 2022 and 2023, the Transition Period (i.e. the six months ended October 31, 2023), the year ended October 31, 2024 and as of April 30, 2022 and 2023 and October 31, 2023 and 2024 included elsewhere in this annual report have been prepared in accordance with U.S. GAAP. Historical financial results for the years ended April 30, 2022 and 2023 and historical financial results as of April 30, 2022 and 2023 have also been adjusted based on U.S. GAAP.

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

FORWARD-LOOKING INFORMATION

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

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

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

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

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

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

PART I

Our Corporate Structure

AMTD Digital Inc. is not an operating company but a Cayman Islands holding company with operations primarily conducted by its subsidiaries. Investors in the ADSs thus are purchasing equity interest in a Cayman Islands holding company. As used in this annual report, “we,” “us,” or “our company” refers to AMTD Digital Inc. and its subsidiaries. This structure involves unique risks to investors. As a holding company, we may rely on dividends from our subsidiaries for our cash requirements, including any payment of dividends to our shareholders. The ability of our subsidiaries to pay dividends to us may be restricted by the debt they incur on their own behalf or laws and regulations applicable to them. For a detailed description, see “—Cash Transfers and Dividend Distribution.”

Cash Transfers and Dividend Distribution

We conduct the majority of our operations in Europe, the United States and Asia and maintain our bank accounts and balances primarily in licensed banks in the major cities of our operation. If needed, cash can be transferred between our holding company and subsidiaries through intercompany fund advances, and there are currently no restrictions of transferring funds between our Cayman Islands holding company and subsidiaries. During the year ended October 31, 2024, there was no transferred in the form of cash advances from our subsidiaries to our Cayman Islands holding company and a total of US\$25.1 million was transferred from our Cayman Islands holding company to our subsidiaries. No other transfer of other assets was made between our holding company and subsidiaries during the year ended October 31, 2024, except for the acquisition of the controlling stake of World Media and Entertainment Universal Inc. from AMTD IDEA in October 2024, and we intend to settle amounts owed between our Cayman Islands holding company and subsidiaries to the extent required by our business operations.

Our Cayman Islands holding company has not declared or paid dividends in the past given the early development stage of our businesses, nor any dividends or distributions were made by a subsidiary to the Cayman Islands holding company. We intend to have our holding company distribute dividends in the future, but we do not have a fixed dividend policy. Although we intend to distribute dividends in the future, the amount, timing, and whether or not we actually distribute dividends at all is at the discretion of our board of directors. Our board of directors has complete discretion on whether to distribute dividends, subject to applicable laws. Even if our board of directors decides to pay dividends, the form, frequency, and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, and other factors that the board of directors may deem relevant.

U.S. investors will not be subject to Cayman Islands taxation on dividend distributions, and no withholding will be required on the payment of dividends or distributions to them while they may be subject to U.S. federal income tax. See “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Dividends.”

One of our subsidiaries, AMTD Risk Solutions Group Limited, or AMTD RSG, a licensed insurance intermediary under the Insurance Ordinance (Cap. 41) of Hong Kong, is subject to minimum paid-up capital requirements under relevant rules. In considering any distribution of the earnings by our subsidiaries to their respective holding companies, we must consider their respective financial conditions before making a decision. There are no other significant restrictions and limitations on our ability to distribute earnings from our businesses, including our subsidiaries, to the parent company and U.S. investors or our ability to settle amounts owed. There are no significant restrictions on foreign exchange or our ability to transfer cash between entities within our group, across borders, or to U.S. investors.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

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

Risks Relating to Our Business and Industries

- We operate in the emerging, dynamic, and competitive digital financial services industry, which makes it difficult for investors to evaluate our future prospects, and we cannot assure you that our current or future strategies will be successfully implemented or will generate sustainable profit.
- We have a limited operating history and experience in our digital solutions services business, which makes it difficult to evaluate our business. We cannot assure you that the market for our services will develop as we expect or that we will be able to maintain the growth rate that we have experienced to date.
- Our Controlling Shareholder has a limited operating history and experience in the newly developed digital banking business in Asia, which makes it difficult to evaluate our business. We cannot assure you that the digital banking initiatives of our Controlling Shareholder will develop or succeed as we expect.
- We face additional risks as we offer new products and services, transact with a broader array of clients and counterparties, and expose ourselves to new geographical markets.
- If we fail to develop market leading products or provide satisfactory services to address the rapidly evolving market in a timely manner, and if we are not able to implement successful enhancements and new features for our products and services, we may not be able to attract or retain clients.
- Failure to obtain, renew, or retain licenses, permits, or approvals may affect our ability to conduct or expand our business.
- We are subject to extensive and developing regulatory requirements, and noncompliance with or changes to these regulatory requirements may affect our business operations and financial results.
- Our digital solutions business is subject to intense competition, and we may fail to compete successfully against existing or new competitors, which may reduce demand for our services, reduce operating margins, and further result in loss of market share, departures of qualified employees, and increased capital expenditures.
- The film and entertainment industries are highly competitive.
- Industry changes in the film and entertainment industries may have a negative impact on our operations.
- The hospitality market is highly competitive, and our subsidiary WME Assets may be unable to compete successfully with its current or future competitors.
- Our hospitality services are subject to the business, financial, and operating risks inherent to the hospitality industry, any of which could reduce our revenue and limit opportunities for growth.
- AMTD Digital Inc. is not an operating company but a holding company incorporated in the Cayman Islands, and this structure involves unique risks to investors. We may rely on dividends from our subsidiaries for our cash requirements, including any payment of dividends to our shareholders. The ability of our subsidiaries to pay dividends to us may be restricted by the debt they incur on their own behalf or laws and regulations applicable to them. Our digital investments business is subject to liquidity risks, and we may need additional financing but may not be able to obtain it on favorable terms or at all. All of these may impose liquidity risks on us and adversely affect our ability to pay dividends to our shareholders. See “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Holding Company Structure,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industries in General—Our investments are subject to liquidity, concentration, regulatory, credit and other risks ,” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industries in —We may be unable to obtain any additional capital required in a timely manner or on acceptable terms, or at all .”

Risks Relating to Our Relationship with the Controlling Shareholder

- We have limited experience operating as a stand-alone public company.
- Our financial information included in this annual report may not be representative of our financial condition and results of operations if we had been operating as a stand-alone company.
- We may not continue to receive the same level of support from our Controlling Shareholder.

Risks Relating to the ADSs

- The trading price of the ADSs has been volatile and could continue to fluctuate significantly, which could result in substantial losses to you.
- An active public market may not develop for the ADSs on the NYSE, and you may not be able to resell the ADSs at or above the price you paid, or at all.
- You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions against us or our directors and officers named in this annual report based on foreign laws

Risks Relating to Our Business and Industries in General

We operate in multiple dynamic and competitive industries, which makes it difficult for investors to evaluate our future prospects, and we cannot assure you that we will compete successfully or generate sustainable profit.

We operate in Asia's digital financial services industry. The digital financial services industry is relatively new and rapidly evolving, business models continue to evolve, and the industry may not develop as we anticipate. The regulatory framework in Asia governing the digital financial services industry is also developing and may remain uncertain in the near future. As our business develops and in response to the evolving client needs and market competition, we need to continually introduce new products and services, improve our existing products and services, or adjust and optimize our business model. In response to new regulatory requirements or industry standards, or in connection with the introduction of new products, we may need to impose more rigorous risk management systems and policies, which may adversely affect the growth of our business. Any significant change to our business model may not achieve expected results and may materially and adversely affect our financial condition and results of operations. It is therefore difficult to accurately predict our future prospects.

The digital financial services industry is also intensely competitive. We compete primarily on the basis of a number of factors, including the ability to adapt to evolving financial needs of a broad spectrum of clients, our ability to identify market demands and business opportunities, the quality of our services, our employees, the range and price of our products and services, our innovation, our reputation, and the strength of our relationships. Some of our competitors include other digital and traditional financial institutions and, within the insurance solutions industry, our competitors include (i) other online insurance product and service platforms, (ii) traditional insurance intermediaries, including agents, brokers, and consultants, (iii) online direct sales channels of large insurance companies, (iv) major internet companies that have commenced insurance distribution businesses, and (v) other online insurance technology companies. If we are unable to differentiate ourselves from our competitors, drive value for our clients, or effectively align our resources with our goals and objectives, we may not be able to compete effectively. Our competitors may introduce their own value-added services or solutions more effectively than we do, which could adversely impact our growth.

Through WM&E, our consolidated entity, we also operate and compete for market share in luxury and fashion, arts, motion picture production and other media and entertainment content. The proliferation of choices available to customers for entertainment and information results in audience fragmentation and negatively affects the overall customer demand for our content and products. Our competitors include conventional magazine publishers, digital publishers, social media platforms, search platforms, portals, digital marketing services and other movie producers, among others. Competition among these companies is robust, and new competitors can quickly emerge.

Through WM&E, we also provide hospitality services and we face intense competition in the hospitality sector. Our principal competitors in this sector are other operators of luxury, full-service and focused-service hotels, including other major hospitality chains with well-established and recognized brands. We also compete against smaller hotel chains, independent and local hotel owners and operators, home and apartment sharing services and timeshare operators.

Some of our current and potential competitors provide better content, products or services and or more pre-competitive alternatives to our content, products or services, or have greater resources than we do, which may allow them to compete more effectively than us. In particular, companies with compelling media and entertainment resources may provide free content or control how content is discovered, displayed and monetized in some of the primary environments in which we develop relationships with our customers, and therefore can affect our ability to compete effectively. In the hospitality sector, our competitors may have greater commercial, financial and marketing resources and more efficient technology platforms, which could allow them to improve their properties and expand and improve their marketing efforts in ways that could affect our ability to compete for guests effectively, or they could offer a type of lodging product that customers find attractive but that we do not offer.

If we cannot compete successfully, our business, liquidity, financial condition, and results of operations could be materially adversely affected.

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

We expanded into fashion, arts and luxury media advertising and marketing services after the recent acquisition of L'Officiel and The Art Newspaper. Our hotel operations and hospitality and VIP services were also consolidated into us since February 2023. You should consider our business and prospects in light of the risks and challenges we encounter or may encounter given the various industries in which we operate and our relatively short operating history in some of these industries. As a new owner and operator of these businesses, we face risks associated with our limited operating history in managing these operations. The successful integration and operation of these businesses requires significant management attention, operational expertise and financial resources. Any failure to effectively manage the transition, retain key personnel, maintain business relationships or achieve anticipated synergies could adversely affect our financial condition, operational performance and growth prospects. Additionally, we may encounter unforeseen challenges in aligning the acquired businesses within our group operations, corporate culture and strategic objectives. These risks are heightened by the complexity and diversities of the industries in which the acquired businesses operate and their respective competitive landscape. Our business initiatives and expansion plans across these business lines may put us into direct or indirect contact with individuals and entities that are not within our traditional client and counterparty base, and may expose us to new asset classes, new markets and new challenges. If we fail to address any or all of these risks and challenges, our business may be materially and adversely affected.

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

Our success depends on our ability to anticipate trends and respond to changing customer preferences, which impact demand for our products and services and the profitability of our businesses.

We provide digital financial services; we create media and entertainment content, products and services; and we provide hospitality and VIP services. Our success depends substantially on customer demands and preferences that rapidly change in often unpredictable ways.

Our continued success in our media and entertainment sectors depends in part on our ability to originate and define trends and consistently create compelling content and offer attractive products and services in a timely manner. Our content may be distributed, among other ways, through magazines, theaters, internet or mobile technology. Such distribution must meet or anticipate the changing preferences of the broad customer market and respond to competition from an expanding array of choices facilitated by technological developments in the delivery of content. The success of our printed and digital media content, as well as our theatrical releases, depends on demand for traditional print publications and fashion, arts and entertainment experiences in general. Moreover, we often deploy substantial resources in content production and acquisition, acquisition of movie rights or customer facing platforms before we know the extent to which these products and services will earn customer acceptance, and these products and services may be introduced into a significantly different market or economic or social climate from the one we anticipated at the time of the investment decisions. Generally, our revenues and profitability may be adversely impacted when our fashion, arts and entertainment offerings and products, as well as our methods to make our offerings and products available to customers, do not achieve sufficient customer acceptance. Customer tastes and preferences impact, among other items, revenue from advertising sales, subscription fees, theatrical motion picture receipts, the license of rights to other distributors, sales of merchandises, sales of licensed customer products or sales of our other customer products and services. Although we attempt to stay abreast of emerging customer trends affecting our content, products and services, any failure to identify and respond to such trends could have significant adverse effects on our business, financial condition and results of operations.

The tastes, preferences and demands of our hotel guests also evolve with time. New lodging supply in individual markets, including the introduction of home and apartment sharing services and timeshare operators, could hamper our ability to maintain or increase room rates or occupancy in those markets. Our ability to remain competitive and attract and retain business, group, leisure travelers and other guests depends on our success in distinguishing and driving preference for our hospitality products and services. If we fail to catch up with any change in customer preference or to offer hospitality products and services that customers find attractive, our business, liquidity, financial condition, and results of operations could be materially adversely affected.

In addition, many of our businesses depend on acceptance of our content, products and services by customers from an increasing number of countries and regions worldwide. The success of our businesses therefore depends on our ability to successfully predict and adapt to changing customer tastes and preferences in these various countries and regions.

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

Our brands and reputation are our key assets and play an important role in earning and maintaining the trust and confidence of our existing and prospective customers.

In respect of our media business, we believe our brands are powerful and trusted with the reputation for high-quality editorial and content independence. Our brands, including, among others, L'Officiel and The Art Newspaper, might be damaged by incidents that erode customer trust such as negative publicity, a perception that our content is not timely or unreliable, or a decline in the perceived value of editorial independent or general trust in the media, which may be in part as a result of changing political and cultural environments worldwide or active campaigns by commercial participants. We may introduce new products or services that are not well received and that may negatively affect our brands. Our brands and reputation could also be adversely impacted by negative claims or publicity regarding us or our operations, personnel, products, employees, practices, including social, data privacy and environmental practices, or business affiliates, including advertisers, as well as our potential inability to adequately respond to such negative claims or publicity, even if such claims are untrue. Furthermore, our brands and reputation could be damaged if we fail to provide adequate customer service, or by failures of third-party vendors we rely on in many contexts. We invest in defining and enhancing our brands. These investments are considerable and may not be successful. We license L'Officiel and The Art Newspaper trademarks and domain names and other intellectual properties we use in our business from AMTD Group Inc. If any of the foregoing were to be experienced by AMTD Group Inc. or any of its affiliates, the L'Officiel and The Art Newspaper brands could also be adversely affected. To the extent our brands and reputation are damaged, our ability to attract and retain readers, audiences, advertisers and talented employees could be adversely affected, which could in turn have an adverse impact on our business, revenues and operating results. The prestige and reputation of our publications are critical to our success in attracting premium advertisers. If we fail to uphold the standard of content and design that our audience and advertisers expect, or if our brand perception diminishes for any reason, we may lose the appeal that makes our platform attractive for luxury and high-end advertising and thereby experience a decline in advertising revenue, reduced market share and long-term damage to our brand equity.

For our hospitality business, many factors can affect the reputation and value of our company or one or more of our properties or brands, including our ability to protect and use our brands and trademarks; our properties' adherence to service and other brand standards; our approach to, or incidents involving, matters related to food quality and safety, guest and associate safety, health and cleanliness, sustainability and climate impact, supply chain management, inclusion and belonging, human rights, and support for local communities; and our compliance with applicable laws.

In addition, as a holding company with multiple business lines, adverse events or reputational damage suffered by one of our business lines could harm the overall perception of our company and ripple across all our other business lines. Brands and reputation are our critical assets across all our business lines and the success of each of our business lines is interdependent to that extent. This interdependence increases the risk that the reputational damage to one segment could be carried through and amplify across the broader operation of our company.

Reputational value is also based on perceptions, and broad access to social media makes it easy for anyone to provide public feedback that can influence perceptions of us and our brands, and it may be difficult to control or effectively manage negative publicity, regardless of whether it is accurate. While reputations may take decades to build, negative incidents can quickly erode trust and confidence, particularly if they result in adverse mainstream and social media publicity, governmental investigations, proceedings or penalties, or litigation. Negative incidents could lead to tangible adverse effects on our business, including lost sales, boycotts, reduced customers, loss of business opportunities, adverse government attention, or associate retention and recruiting difficulties. Any material decline in the reputation or perceived quality of our brands or corporate image could affect our market share, reputation, business, financial condition, or results of operations.

Our business and financial results may be adversely impacted by economic, market, geopolitical and public health conditions or other events causing significant disruption.

Our digital solution business is or will be materially affected by conditions in the financial markets and economic conditions in Asia and throughout the world. Financial markets and economic conditions could be negatively impacted by many factors beyond our control, such as inability to access credit markets, rising interest rates or inflation, terrorism, political uncertainty, pandemic, social unrest, fiscal policy of governments and the timing and nature of any regulatory reform. 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 rising political tensions between the United States and China, which is caused by, among other things, trade disputes, the COVID-19 outbreak, sanctions imposed by the U.S. Department of Treasury on officials and the executive orders issued by the U.S. government in August 2020 that prohibit certain transactions with certain selected leading Chinese internet companies as well as their products, may also give rise to uncertainties in global economic conditions and adversely affect general investor confidence. The credit and financial markets have also 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. As a financial services firm with business exposure and operations in Asia, our businesses are materially affected by the financial markets and economic conditions in Asia and elsewhere in the world. Escalations of the tensions may lead to slower growth in the global economy in general, which in turn could negatively affect our clients' businesses and materially reduce demand for our services, thus potentially negatively affect our business, financial condition, and results of operations.

In relation to our media business, advertising spending is sensitive to economic, geopolitical and public health conditions, and our advertising revenues could be adversely affected as advertisers respond to such conditions by reducing their budgets or shifting spending patterns or priorities. Economic, geopolitical and public health conditions may also lead to fluctuations in the size and engagement of our audience, which can impact our ability to attract, engage and retain audience, and thereby affecting our business, financial condition and results of operations. Our costs may also be adversely affected by economic and geopolitical conditions. For example, if inflation increases for an extended period, our employee-related costs are likely to increase. Our printing and distribution costs may be impacted by inflation and higher costs, including those associated with raw materials, delivery costs and utilities.

Similarly, consumer demand for our hospitality services is closely linked to the performance of the general economy and is sensitive to business and personal discretionary spending levels. Decreased global or regional demand for hospitality products and services can be especially pronounced during periods of economic contraction or low levels of economic growth, and the recovery period in our industry may lag overall economic improvement. In addition, many of the expenses associated with our hospitality services, including personnel costs, interest, rent, property taxes, insurance and utilities, are relatively fixed. During a period of overall economic weakness, if we are unable to meaningfully decrease these costs as demand for our services decreases, our business operations, financial performance, results and prospects for future growth may be adversely affected.

To the extent economic conditions lead customers to reduce spending on discretionary activities, our customers may increasingly shift to lower-priced options and our ability to retain current and obtain new customers or implement price increases could be hindered, which would adversely impact our revenue.

Any events causing significant disruption or distraction to the public or to our workforce, or impacting overall macroeconomic conditions, such as supply chain disruptions, political instability or crises, economic instability, war, public health crises, social unrest, terrorist attacks, natural disasters and other adverse weather and climate conditions, or other unexpected events, could also disrupt our operations or the operations of one or more of the third parties on which we rely. Further, if a significant portion of our workforce or the workforces of the third parties with which we do business is unable to work due to power outages, connectivity issues, illness or other causes that impact individuals' ability to work, our operations and financial performance may be negatively impacted.

Because we have a worldwide business presence spanning Europe, Asia, and the U.S., we are subject to economic, market, geopolitical and other macro risks and uncertainties in multiple regions. If any of the risks described above materializes in any of the geographies in which we operate, our business and financial condition could be adversely affected. In addition, these risks could vary significantly across different regions, presenting greater challenge for or requiring more significant resources from us to effectively address them.

The future impact that economic, geopolitical and public health conditions will have on our business, operations and financial results is uncertain and will depend on numerous evolving factors and developments that we are not able to reliably predict or mitigate. It is also possible that these conditions may accelerate or worsen the other risks discussed in this section.

Acquisitions, investments and other transactions could adversely affect our costs, revenues, profitability and financial position.

In order to position our business to take advantage of growth opportunities, we intend to continue to engage in discussions, evaluate opportunities and enter into agreements for possible additional acquisitions, investments and other transactions. We may also consider the acquisition of, or investment in, specific properties, businesses or technologies that fall outside our traditional lines of business and diversify our portfolio, including those that may operate in new and developing industries, if we deem such properties sufficiently attractive.

Acquisitions may involve significant risks and uncertainties, including difficulties in integrating acquired businesses, including cultural challenges associated with transitioning employees from the acquired company into our organization; failure to correctly anticipate liabilities, deficiencies or other claims or costs; diversion of management attention from other business concerns or resources; use of resources that are needed in other parts of our business; possible dilution of our brands or harm to our reputation; the potential loss of key employees; risks associated with strategic relationships; risks associated with integrating operations and systems, such as financial reporting, internal control, compliance and information technology systems, including those related to cybersecurity and data privacy, in an efficient and effective manner; and other unanticipated problems and liabilities.

Competition for certain types of acquisitions is significant. We may not be able to find suitable acquisition candidates, and we may not be able to complete acquisitions or other strategic transactions on favorable terms, or at all. Even if successfully negotiated, closed and integrated, certain acquisitions or investments may prove not to sufficiently advance our business strategy or provide the anticipated benefits, may cause us to incur unanticipated costs or liabilities, may result in write-offs of impaired assets, and may fall short of expected return on investment targets, which could adversely affect our business, results of operations and financial condition.

Our history can be traced back to AMTD IDEA's acquisition of L'Officiel in April 2022 and The Art Newspaper in October 2023. The success of the acquisitions depends, in part, on our ability to successfully apply our editorial, subscription, advertising, marketing and operational expertise and to help grow L'Officiel and The Art Newspaper in an efficient and profitable manner. The success of the acquisition also depends, in part, on factors outside of our control, such as the market for fashion and arts products and services. We may not be able to achieve our intended strategy or manage L'Officiel and The Art Newspaper successfully, or doing so may be more costly than we anticipate, and we may experience difficulty in realizing the expected benefits of the acquisitions.

In addition, we have made investments, minority or otherwise, in companies and we may make similar investments in the future. Such investments subject us to the operating and financial risks of these businesses and to the risk that, as far as minority investment is concerned, we do not have sole control over the operations of these businesses. Our investments may be illiquid, and the absence of a market may inhibit our ability to dispose of them. In addition, if the book value of an investment were to exceed its fair value, we would be required to recognize an impairment charge related to the investment.

We may be unable to obtain any additional capital required in a timely manner or on acceptable terms, or at all.

To grow our business and remain competitive, we may require additional capital from time to time for our daily operations. Our ability to obtain additional capital is subject to a variety of uncertainties, including:

- our market position and competitiveness in the industries in which we operate;
- our future profitability, overall financial condition, results of operations and cash flows;
- general market conditions for capital-raising activities by our competitors; and
- economic, political and other conditions internationally.

We may be unable to obtain additional capital in a timely manner or on acceptable terms, or at all. In addition, our future capital or other business needs could require us to sell additional equity or debt securities or to obtain a credit facility. The sale of additional equity or equity-linked securities could dilute our shareholders' shareholdings. Any incurrence of indebtedness will also lead to increased debt service obligations, and could result in operating and financing covenants that may restrict our operations or our ability to pay dividends to our shareholders.

Specifically, we must periodically spend money to fund new hotel investments, as well as to refurbish and improve existing hotels. The availability of funds for new investments, and improvement of existing hotels depends in large measure on our ability to access the capital markets. Obtaining financing on attractive terms has been, and may in the future be further, constrained by the capital markets for hotel and real estate investments.

We face risks associated with debt obligations that are scheduled to mature in the near term

Some of our existing debt obligations are scheduled to mature within the next 12 months. Our ability to refinance or repay these obligations will depend on various factors, including our financial condition, cash flow generation, creditworthiness and prevailing market conditions at the time of refinancing. If we are unable to refinance our maturing debt on favorable terms, or at all, we may face liquidity constraints, increased financing costs or default risks, which could materially and adversely affect our financial position and operations.

The availability and terms of refinancing are subject to macroeconomic conditions, interest rate fluctuations and the overall health of credit markets. We could be challenged with more stringent borrowing terms, higher interest rates or additional collateral requirements, or an unwillingness to extend credit in general. Additionally, our ability to refinance our debt may be influenced by our credit ratings, financial performance and leverage ratios. Any deterioration in our financial metrics, operational performance or market perception could negatively impact our access to capital and increase the cost of refinancing. Furthermore, covenants associated with existing or new debt agreements may restrict our ability to pursue certain refinancing options or require compliance with specific financial thresholds, which could further complicate the refinancing process.

Failure to refinance maturing debt obligations could force us to utilize available cash reserves or other liquidity sources to repay our debts, which could reduce our ability to fund working capital, capital expenditures or strategic initiatives. The inability to refinance could also lead to default, acceleration of debt obligations or insolvency proceedings, any of which could have a material adverse effect on our business, reputation and financial condition.

Our business may suffer if the intellectual property we use in our business is not protected.

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

Trademark laws and registration requirements vary significantly across countries, and we may face challenges in securing trademark protection in all relevant markets. This could result in the inability to enforce our rights against third-party infringers, leading to brand dilution, consumer confusion, or loss of market share. In some jurisdictions, trademark registration may be denied due to pre-existing claims, conflicting marks or local legal restrictions. Additionally, the process of registering trademarks can be time-consuming, costly and subject to administrative or legal hurdles, particularly in regions with complex or underdeveloped intellectual property systems. The inability to secure trademark rights in key markets increases the risk of unauthorized use of our brands by competitors, counterfeiters and other third parties. This could harm our reputation, erode customer trust, diminish the value of our brands, and limit our ability to expand our operations or pursue strategic opportunities.

Our ability to protect our intellectual property is also subject to the inherent limitation in protections available under intellectual property laws in the jurisdictions where we operate our business. Unauthorized parties may unlawfully misappropriate our brands, content, technology and other intellectual property and the measures we have taken to protect and enforce our rights may not be sufficient to fully address or prevent all third-party infringement.

Advancements in technology, including advancements in generative AI technology, have made unauthorized copying and wide dissemination of unlicensed content easier, including by anonymous foreign actors. At the same time, detection of unauthorized use of our intellectual property and enforcement of our intellectual property rights have become more challenging, in part due to the increasing volume and sophistication of attempts at unauthorized use of our intellectual property, including from generative AI developers or users. As our business and the presence and impact of bad actors become more global in scope, we may not be able to protect our proprietary rights in a cost-effective manner in other jurisdictions. In addition, intellectual property protection may not be available in every country in which our products and services are distributed or made available through the internet.

While it is our policy to protect and defend and have protected and defended vigorously our rights to our intellectual property, we cannot predict whether our steps taken to protect and enforce, or to require our licensors to protect and enforce, our intellectual property rights will be adequate to prevent infringement, dilution, misappropriation or other violation of these rights. If we are unable to protect and enforce our intellectual property rights, we may not succeed in realizing the full value of our assets, our business and profitability may suffer, and our brands may be tarnished by misuse of our intellectual property.

We and the AMTD Group Inc. (see “Information about WM&E — Intellectual Property — Intellectual Property Licensed Agreement with AMTD Group Inc.” regarding how we license domain names we use in our business from AMTD Group Inc.) are the registrants for numerous domain names for websites that we use in our business. The allocation and registration of domain names are generally overseen by not-for-profit organizations (including but not limited to the Internet Corporation for Assigned Numbers and Names, the Internet Assigned Numbers Authority and regional internet registries such as the Réseaux IP Européens Network Coordination Centre and Asia Pacific Network Information Centre), and these non-for-profit organizations may continue to establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. We may not be able to, or it may not be cost effective to, acquire or maintain all domain names that utilize our business brands in all of the countries in which we currently conduct or intend to conduct business. Further, we may be unable to prevent competitors or other third parties from acquiring or using domain names that are similar to, infringe upon, or diminish the value of our domain names. We note that if a competitor or third party acquires or uses a domain name that is similar to or diminishes the value of our domain names, if such third party domain name incorporates any of the trademarks that we have registered in the relevant jurisdiction then we may be able to bring a claim of trademark infringement (see risks related to enforcement of intellectual property rights above). If we lose the ability to use a domain name or have to contend with the existence of confusingly similar domain names held by third parties, we could incur additional expenses to market our brand within that country. This could substantially harm our business, results of operations, financial condition and prospects.

In addition, WM&E licenses L’Officiel and The Art Newspaper trademarks and domain names and other intellectual properties it uses in its business from AMTD Group Inc. See “Information About WM&E — Intellectual Property — Intellectual Property License Agreement with AMTD Group Inc.” The license agreement has an initial term of 20 years and will automatically renew for terms of five years each unless either WM&E or AMTD Group Inc. notifies the other party no later than six months prior to the expiration of the then-current term. WM&E may not be able to and AMTD Group Inc. may refuse to renew this license agreement, due to change in our relationship or otherwise. The license agreement is also terminable by either party if there is a material breach on the part of the other party that is not cured within the prescribed period. The termination or lack of renewal of this license agreement, or if it is renewed on less favorable terms, could have a material adverse effect on our business, financial condition and results of operations. Our success is also partially dependent on the reputation of AMTD Group Inc. and their intellectual properties, and the ability of AMTD Group Inc. to protect and maintain the intellectual property rights that we use in connection with our business, all of which may be harmed by factors outside our control, including unfavorable publicity or negative news regarding us, AMTD Group Inc. and the respective directors, officers and employee and business partners, that could adversely affect our reputation and our results of operations.

We may be subject to claims of intellectual property infringement that could adversely affect our business.

We may receive claims from third parties alleging violations of their intellectual property rights. Specifically, third parties may hold intellectual property rights, such as copyrights, trademarks, or other proprietary claims in the content which we use in our publication and other businesses, such as text, images, audio, video, and other media. Content, and particularly historical content, often presents unique challenges in determining ownership or rights holders due to factors such as incomplete records, the passage of time or the complexity of inheritance or transfer of rights. Additionally, the digitization and republication of historical materials may inadvertently expose us to infringement risks if the original rights holders or their successors have not been properly identified or consulted. Failure to identify and secure the necessary permissions or licenses for the use of such content could result in claims of infringement, litigation, or financial liabilities. As we publish more content in a variety of media both on our own platforms and third-party platforms such as social media, the likelihood of receiving claims of infringement may rise. Defending against intellectual property infringement claims can be time consuming, expensive to litigate or settle, and a diversion of management and newsroom attention. In addition, litigation regarding intellectual property rights is inherently uncertain due to the complex issues involved, and we may not be successful in defending ourselves in such matters.

If we are unsuccessful in defending against third-party intellectual property infringement claims, these claims may require us to enter into royalty or licensing agreements on unfavorable terms, alter how we present content to our audience, alter certain of our operations or otherwise incur substantial monetary liability. The occurrence of any of these events as a result of these claims could result in substantially increased costs or otherwise adversely affect our business. For claims against us, insurance may be insufficient or unavailable, and for claims related to actions of third parties, either indemnification or remedies against those parties may be insufficient or unavailable. Intellectual property claims may also harm our brands and reputation, even if they are vexatious or do not result in liability.

Attracting and maintaining a talented and diverse workforce, which is vital to our success, is challenging and costly. Failure to do so would have a negative impact on our competitive position, reputation, business, financial condition and results of operations.

Our ability to attract, develop, retain and maximize the contributions of talent from diverse backgrounds, and to create the conditions for our people to do their best work, is vital to the continued success of our business and central to our long-term strategy. Our employees and the individuals we seek to hire, particularly, in respect of our media and entertainment business, our executive officers, editorial staff, creative directors and other professionals, are highly sought after by our competitors and other companies, some of which have greater resources than we have and may offer compensation and benefits packages that are perceived to be better than ours. As a result, we may incur significant costs to attract new employees and retain our existing employees and we may lose talent through attrition or be unable to hire new employees quickly enough to meet our needs. Our continued ability to attract and retain highly skilled talent from diverse backgrounds for all areas of our organization depends on many factors, including the compensation and benefits we provide; career development opportunities that we provide; our reputation; workplace culture; and progress with respect to diversity, equity and inclusion efforts. Our employee-related costs may increase, including as a result of a competitive labor market, evolving workforce expectations and inflation. We must also continue to adapt to ever-changing workplace and workforce dynamics and other changes in the business and cultural landscape, including, for example, as they relate to in-office, hybrid and remote work. Additionally, we are subject to complex, technical and rapidly evolving laws and regulations related to labor, employment and benefits, and any non-compliance, or alleged non-compliance, could cause us reputational harm and adversely impact our ability to attract and retain a talented and diverse workforce.

Our success is also heavily reliant on the continued service and performance of our key management personnel, who play a critical role in shaping our strategic direction, operational execution and overall growth.

If we were unable to attract and retain a talented and diverse workforce, or if we were to lose the service or commitment of our key management, it would disrupt our operations; would impact our competitive position and reputation; and could adversely affect our business, financial condition or results of operations. Effective succession planning is also important to our long-term success, and a failure to effectively ensure train and integrate new employees could hinder our strategic planning and execution.

The international scope of our business exposes us to risks inherent in global operations.

We conduct our business on a global scale and we are focused on further expanding the international scope of our business and face the inherent risks associated with doing business on a global scale, including:

- varied culture, trends and customer tastes in different countries and regions;
- government policies and regulations that restrict our operations, including restrictions on access to our content and products;
- effectively staffing and managing global operations;
- navigating local customs and practices;
- protecting and enforcing our intellectual property and other rights under varying legal regimes;
- complying with applicable laws and regulations;
- restrictions on the ability of our group companies to do business in foreign countries, including restrictions on foreign ownership, foreign investment or repatriation of funds;
- higher-than-anticipated costs of entry; and
- currency exchange rate fluctuations.

Adverse developments in any of these areas could have an adverse impact on our business, financial condition and results of operations.

The effects of, or our failure to comply with, applicable laws, regulations and government policies may disrupt our business, lower our revenues, increase our costs, reduce our profits, limit our growth, or damage our reputation.

Because we operate internationally and in various business sectors, we are subject to or affected by a variety of laws, regulations and government policies around the globe, including, among others, those related to censorship, real estate, hospitality services, intellectual property; defamation; publishing certain types of information; labor, employment and immigration; tax; payment and payment processing; anti-bribery, anti-corruption, and anti-money laundering; economic sanctions; marketing and advertising efforts; cybersecurity, data privacy, data localization, data transfers, and the handling of personal information; competition; climate and the environment; and health and safety. These laws, regulations, and government policies may be complex and change frequently and could have a range of adverse effects on our business. The compliance programs, internal controls, and policies we maintain and enforce may need to be updated regularly to keep pace with changing laws, regulations and government policies and may not prevent our associates, contractors, or agents from materially violating applicable laws, regulations, and government policies. The requirements of applicable laws, regulations, and government policies, our failure to meet such requirements (including investigations and publicity resulting from actual or alleged failures), or actions we take to comply with such requirements or investigations could have significant adverse effects on our results of operations, reputation, or ability to grow our business.

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

We cannot assure you that we have sufficient insurance to cover all aspects of our operations. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

We require comprehensive property and liability insurance policies for the hotel properties we operate with coverage features and insured limits that we believe are customary. Market forces beyond our control may nonetheless limit the scope of the insurance coverage we can obtain, or our or their ability to obtain coverage at reasonable rates. Certain types of losses, generally of a catastrophic nature, such as earthquakes, hurricanes and floods, terrorist acts, pandemics, or liabilities that result from incidents involving the security of information systems, may result in high deductibles, low limits, or may be uninsurable, or the cost of obtaining insurance may be unacceptably high. As a result, we may not be successful in obtaining insurance without increases in cost or decreases in coverage levels, or may not be successful in obtaining insurance at all. Further, in the event of a substantial loss, the insurance coverage we carry may not be sufficient to pay the full market value or replacement cost of any lost investment or in some cases could result in certain losses being totally uninsured. As a result, our operations, revenues and profits could be adversely affected.

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

Our strategic investment portfolio primarily consists of investments in equity and equity-linked securities of public and private companies. Making a sound investment decision requires us to carefully identify and select a target company based on its business, financial condition, operations, and the industry in which it operates. In general, this process involves analytical assessment and estimation of the target company's profitability and sustainability. We may make unsound investment decisions due to fraudulent and concealed, inaccurate or misleading statements from a target company in the course of our due diligence, which could lead us to mistakenly estimate the value of the target company and affect our ability to derive profit from such investments. In addition, our understanding of and judgment on the target company's business and prospects, and the industry in which the target company operates may deviate and result in inaccurate investment decisions.

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

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

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

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

Our investments are long-term, strategic in nature to reinforce our ecosystem. We have made significant equity investments in public and private companies and recognize dividend income and net fair value changes on investments on our consolidated statements of profit or loss and other comprehensive income. Since we intend to hold our investments on a long-term basis, fair value of our equity investments is subject to market fluctuations due to changes in the market prices of securities, interest rates, or other market factors, such as liquidity, or regulatory factors, such as changes in policies affecting the businesses of our investee companies. Technology has been one of our key sectors of focus and the fair value of our investments in technology companies may be subject to significant valuation fluctuations. For our equity investments in private companies, we measure their fair value based on an assessment of each underlying security, considering rounds of financing, third-party transactions, and market-based information, including comparable company transactions, trading multiples, and changes in market outlook. As of October 31, 2024, the aggregate fair value of our strategic investment portfolio was US\$24.7 million. Although we do not intend to make frequent trades on investments for profit, the nature of investment and significance of our investment holdings could adversely affect our results of operations and financial condition.

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

Our portfolio is concentrated in a limited number of portfolio companies, which engaged in banking industry in China. As a result, the aggregate returns we realize may be significantly affected adversely if any of the investment performs poorly or if we need to write down its value. Additionally, our investments are concentrated in relatively few industries or sectors. As a result, a downturn in any particular industry or sector in which we are invested could significantly impact the aggregate returns we realize and therefore materially and adversely affect our results of operations and financial condition.

The prices of the listed equities of our investee companies may experience significant fluctuations due to market and broader economic conditions, changes in regulatory and policy framework, geopolitical events, or changes in investor sentiment and price volatility can be exacerbated by factors such as interest rate changes, inflation, currency fluctuations or sector-specific developments. Dividend and other distributions by our investee companies are at the discretion of their management and depend on the economic condition as well as their financial performance, cash flow, capital allocation priorities and regulatory constraints. If these companies determine to reduce, suspend, or eliminate dividend payments, our expected income from these investments will be materially and adversely affected.

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

In addition, our investment in real estate properties located in the New York City is subject to illiquidity risk, which may impact our ability to access capital or realize the full value of these investments. Real estate investments are inherently illiquid due to the time and complexity involved in buying or selling properties. The process of finding a buyer, negotiating terms, and completing the applicable legal and regulatory requirements can result in substantial delays and a prolonged sale process. If a property is leased, the timing of a sale may be further constrained by lease agreements or tenant occupancy. The value and liquidity of these properties are highly dependent on real estate market conditions, which can be influenced by factors such as changes in general economic conditions, interest rates, housing supply and demand, and regulatory policies. A change in the foregoing factors could reduce the properties' appeal and market value and make it more difficult for us to sell them at a desirable price or at the time that is favorable to us.

Our business is subject to various cybersecurity and other operational risks.

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

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

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

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

The technologies we use for the operation of our business are new and require continuous developments and upgrades. We cannot assure you that these technologies will fully support our business.

We regard technology as critical to our ability to provide high-quality products and superior client services in our businesses and operations. We rely on our business partners and investees in developing the sophisticated and innovative technology systems that we use for our business activities. We expect these technologies to support the smooth performance of key functions in our platform. To adapt to evolving client needs, requirements of our business partners, and emerging industry trends, we may need to continue to invest in new technologies or the upgrade of existing technologies to deliver our products and services. We have a number of strategic initiatives involving investments in or partnerships with technology companies as well as investments in technology systems and infrastructure to support our growth strategy. These investments may be costly, may not be profitable or may be less profitable than what we have experienced historically. If these business partners or investees fail to perform their obligations or otherwise cease to work with us, our ability to execute on our strategic initiatives could be adversely affected. If our efforts to invest in the development of new technologies or the upgrade of existing technologies are unsuccessful, our business, financial condition, and results of operations may be materially and adversely affected. In addition, the maintenance and processing of various operating and financial data is essential to our data analytical capabilities and the day-to-day operation of our business. Our ability to provide products and services and to conduct day-to-day business operations depend, in part, on our ability to maintain and make timely and cost-effective enhancement and introduce innovative functions which can meet changing business and operational needs. Failure to do so could put us at a disadvantage to our competitors and cause economic losses. We can provide no assurance that we will be able to keep up with technological improvements or that the technology developed by others will not render our services less competitive or attractive.

The proper functioning of our online platform and technology infrastructure is essential to our business. Any errors in or disruption to our IT systems and infrastructure and those on which we rely could materially affect our ability to maintain the satisfactory performance of our platform and deliver consistent services to our clients.

Our business is dependent on the ability of our IT systems and those of our business partners, vendors, and investee companies to timely process a large amount of information and transactions. The reliability, availability and satisfactory performance of our IT systems and those on which we rely are critical to our success, our ability to attract and retain clients and our ability to maintain a satisfactory user experience and client service. Our servers and those of our business partners and investee companies may be vulnerable to computer viruses, traffic spike that exceeds the capacity of our or their servers, electricity power interruptions, physical or electronic break-ins, and similar disruptions, which could lead to system interruptions, website slowdown and unavailability, delays in transaction processing, loss of data, and the inability to accept and fulfill client orders.

Our software, hardware, and systems and those on which we rely may contain undetected errors that could have a material adverse effect on our business, particularly to the extent such errors are not detected and remedied quickly. The solutions we provide are designed to process complex transactions and deliver reports and other information related to those transactions, all at high volumes and processing speeds. Since clients use our services for important aspects of their businesses, any errors, defects, disruptions in services, or other performance problems with our services could hurt our reputation and damage our clients' businesses. Software and system errors, or human error, could delay or inhibit settlement of payments, result in over-settlement, cause reporting errors, or prevent us from collecting transaction fees. We can provide no assurance that we, our business partners or our investee companies will not experience unexpected human errors, system errors or interruptions in the future. We can provide no assurance that our current security mechanisms and those of our business partners and investee companies will be sufficient to protect our and their IT systems and technology infrastructure from any third-party intrusions, electricity power interruptions, viruses and hacker attacks, information and data theft, and other similar activities. Any such future occurrences could damage our reputation and result in a material decrease in our revenue.

Maintaining and upgrading the technology infrastructure on which we rely require significant investment of time and resources, including adding new hardware, updating software, and recruiting and training new engineering personnel. During updates, systems on which we rely may experience interruptions, and the new technologies and infrastructures may not be fully integrated with the existing systems timely, or at all. Any failure to maintain and improve the technology infrastructure on which we rely could result in unanticipated system disruptions, slower response times, impaired quality of user experience and delays in reporting accurate operating and financial information, which, in turn, could materially and adversely affect our business, financial condition and results of operations.

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

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

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

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

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

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

We face significant litigation and regulatory risks, especially operating in the financial services and insurance industries, including the risk of lawsuits and other legal actions relating to compliance of regulatory requirements in areas such as information disclosure, sales practices, product design, fraud and misconduct, as well as protection of sensitive and confidential client information. From time to time we may be subject to lawsuits and arbitration claims in the ordinary course of our business brought by external parties or disgruntled current or former employees, inquiries, investigations, and proceedings by regulatory and other governmental agencies. Actions brought against us, with or without merits, may result in administrative measures, settlements, injunctions, fines, penalties, negative publicities, or other results adverse to us that could have material adverse effect on our reputation, business, financial condition, results of operations, and prospects. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant.

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

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

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in the jurisdictions where we operate. The anti-money laundering laws and regulations around the world to which we are subject require us to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Although we have adopted policies and procedures aimed at detecting, and preventing being used for, money-laundering activities by criminals or terrorist-related organizations and individuals or improper activities (including but not limited to market manipulation and aiding and abetting tax evasion), such policies and procedures may not completely eliminate instances where our networks may be used by other parties to engage in money laundering and other illegal or improper activities. If we fail to fully comply with applicable laws and regulations, the relevant government agencies may impose fines and other penalties on us, which may adversely affect our business.

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

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

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

We collect, store, and process certain personal and sensitive data from our clients, particularly under our insurance solutions business, and we make certain personal information provided by clients or third party data providers available to insurer or other partners with client consent. We also collect, store, and process operating data and other information from our clients under our digital solutions services business. We are required to protect the personal and sensitive data and confidential information of our clients under applicable laws, rules and regulations. While we have taken steps to protect the personal and sensitive data and confidential information of clients that we have access to, our security measures could be breached. In addition, we enter into non-disclosure agreements with potential business partners from time to time which may contain personal and sensitive data and confidential information of our clients. Any breach or leakage of such non-disclosure agreements by our potential business partners may subject us to liability. The relevant authorities may impose sanctions or issue orders against us if we fail to protect the personal and sensitive data and confidential information of our clients, and we may have to compensate our clients if we fail to do so. We routinely transmit and receive personal and sensitive data and confidential information of our clients through the internet and other electronic means. Any inability to adequately address privacy concerns, even if unfounded, or to comply with applicable privacy or data protection laws, regulations and privacy standards, or any misuse or mishandling of such personal and sensitive data and confidential information could result in additional cost, legal liabilities, regulatory actions, and reputational damage to us, which could in turn inhibit the use of our platform, and materially and adversely affect our business prospects and results of operation.

If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud.

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

We are subject to reporting obligations under the U.S. securities laws. The SEC, as required under Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. In addition, an independent registered public accounting firm must attest to and report on the effectiveness of the company's internal control over financial reporting. Our management has concluded that our internal control over financial reporting was effective as of October 31, 2024. See "Item 15. Controls and Procedures." An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2012 relating to internal controls over financial reporting. Our independent registered public accounting firm, after conducting its own independent testing, may issue an adverse report if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us.

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

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

Our business could be materially and adversely affected by catastrophic events or other business continuity problems, such as natural or man-made disasters, pandemics, social unrest, war, riots, terrorist attacks, or other public safety concerns. If we were to experience a natural or man-made disaster, disruption due to social or political unrest, or disruption involving electronic communications or other services used by us or third parties with which we conduct business, the continuity of our operations will partially depend on the availability of our people and office facilities and the proper functioning of our computer, software, telecommunications, transaction processing, and other related systems. A disaster or a disruption in the infrastructure that supports our businesses, a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or a disruption that directly affects our business exposure and operations, could have a material adverse impact on our ability to continue to operate our business without interruption. Our business could also be adversely affected if our employees are affected by epidemics, pandemics, natural or man-made disasters, disruptions due to social or political unrest or disruption involving electronic communications. In addition, our results of operations could be adversely affected to the extent that any epidemic or pandemic harms the global economy in general. The incidence and severity of disasters, epidemics or pandemics or other business continuity problems are unpredictable, and our inability to timely and successfully recover could materially disrupt our businesses and cause material financial loss, regulatory actions, reputational harm, or legal liability.

In addition, although the COVID-19 pandemic increased demand for online financial solutions, digital media marketing, and other online-based products and services, its impact, including impact on our employees, clients, business partners, and third-party service providers, could continue to have a material and adverse effect on our business, financial condition, and results of operations. The COVID-19 pandemic has caused, and may continue to cause us and certain of our business partners, to implement temporary adjustment of work schedules and travel plans, mandating employees to work from home and collaborate remotely. As a result, we may experience lower efficiency and productivity, internally and externally, which may adversely affect our service quality. Moreover, our business operations depend on our professional staff and the continued services of these individuals. If any of our employees is suspected of having contracted COVID-19, we may be required to apply quarantines or suspend our operations. The extent to which this outbreak impacts our results of operations will depend on future developments, which are highly uncertain and unpredictable, including new information which may emerge concerning the severity of this outbreak and future actions we take, if any, to contain this outbreak or treat its impact, among others.

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

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

Risks Relating to Our Digital Solutions Business

We have a limited operating history and experience in our digital solutions services, which makes it difficult to evaluate our business. We cannot assure you that the market for our services will develop as we expect or that we will be able to maintain the growth rate that we have experienced to date.

We commenced operations of our digital solutions services in December 2017. However, our limited operating history in our digital solutions services may not be indicative of our future growth or financial results. We cannot assure you that we will be able to maintain our historical growth rates in future periods. Our growth prospects should be considered in light of the risks and uncertainties that fast-growing companies with a limited operating history and experience in our industries may encounter, including, among others, risks and uncertainties regarding our ability to:

- identify business synergies and enhance connectivity for our clients;
- enrich our content offerings;
- retain existing clients and attract new clients;
- offer customized and comprehensive services tailored to corporates' needs throughout their lifecycles;
- upgrade existing technology and infrastructure and develop new technologies;
- successfully compete with other companies that are currently in, or may in the future enter, our industries or similar industries; and
- observe and strategize on the latest market trends.

All of these endeavors involve risks and will require significant allocation of management and employee resources. We cannot assure you that we will be able to effectively manage our growth or implement our business strategies effectively. If the market for our services does not develop as we expect or if we fail to address the needs of this dynamic market, our business, results of operations, and financial condition will be materially and adversely affected.

Failure to obtain, renew, or retain licenses, permits, or approvals may affect our ability to conduct or expand our business.

Financial services is a highly-regulated industry, and we are required to obtain applicable licenses, permits, and approvals from different regulatory authorities in order to conduct or expand our business. Various government authorities in Asia have promulgated various regulations on the financial services, including regulations requiring insurance brokerage license, and exempt financial advisor status. We have maintained our insurance brokerage license for general and long term business (including linked long term business) issued by the Hong Kong Insurance Authority on September 9, 2022 through AMTD RSG. Additionally, there is no assurance that the regulatory authorities will not issue new regulations governing the financial product and service industry that might require us or our business partners to obtain additional licenses, permits, or approvals for our current or future business operations, which may materially and adversely affect our business operations and financial condition. Failure to obtain additional licenses under current or new regulations may also impair our ability to expand our businesses across new geographical regions.

We are subject to extensive and developing regulatory requirements, and noncompliance with or changes to these regulatory requirements may affect our business operations and financial results.

The digital financial services industry is highly regulated in Asia. In the Asia markets where we currently or plan to operate, the government or other regulatory authorities regulate the financial services industry extensively. A number of regulatory authorities, oversee different aspects of the financial services business in Asia, and promulgate and enforce laws and regulations that cover banking, insurance, stored-value facilities, and money-lending services, including entry into such businesses, scope of permitted activities, licenses and permits for various operations, and pricing. See “Item 4. Information on the Company—B. Business Overview—Regulations in Singapore” and “Item 4. Information on the Company—B. Business Overview—Regulations in Hong Kong.”

As the digital financial services industry is an emerging and evolving market, the applicable laws, rules, and regulations are continually developing and evolving. Compliance with these regulations is complicated, time consuming, and expensive. Any changes in the relevant rules and regulations may result in an increase in our cost of compliance, or might restrict our business activities. Our ability to comply with all applicable laws and regulations is largely dependent on the relevant internal compliance system, as well as the relevant license holder’s ability to attract and retain qualified compliance personnel. While we maintain systems and procedures designed to ensure that we comply with applicable laws and regulations, we cannot assure you that we are able to prevent all possible violations. If we fail to comply with the applicable rules and regulations, we may face fines or restrictions on our business activities, or even a suspension or revocation of some or all of our licenses that allow us to carry on our business activities.

We are subject to regular and ad hoc regulatory inspections. If the results of the inspections reveal any noncompliance or misconduct, the regulatory authorities may take disciplinary action such as imposing monetary fines, or even revocation or suspension of license. Any material disciplinary actions taken against or penalties imposed on us or our business partners in the future could have an adverse impact on our business operations and financial results.

We may not be able to ensure the accuracy and completeness of third-party insurance product information and the effectiveness of our recommendation of insurance products.

Our insurance brokerage clients rely on the third-party insurance product information we provide. While we believe that such information is generally accurate, complete and reliable, there can be no assurance that the accuracy, completeness, or reliability of the information can be maintained in the future. We are legally required to provide certain disclosures to our clients, including how we are paid as an insurance broker. If we provide any inaccurate or incomplete information, or we fail to present accurate or complete information of any insurance products which could lead to our clients’ failure to get the protection or us being warned or punished by regulatory authorities, our reputation could be harmed and we could experience reduced client engagement, which may adversely affect our business and financial performance.

We may not be able to recommend suitable insurance products to our clients. The data provided to us by our clients, insurer partners, and other channels may not be accurate or up to date. Our risk consultation team may not fully understand our clients’ insurance and risk management needs and recommend suitable products to them. If our clients are recommended insurance solutions that do not suit their protection or related needs, or such solutions are ineffective, they may lose trust in us. Our insurance clients and insurer partners may consequently be reluctant to continue to engage or partner with us. As a result, our business, reputation, financial performance, and prospects will be materially and adversely affected.

Because the brokerage income we earn on the sale of insurance products is based on premiums, and commission fee rates agreed between us and our insurer partners, any decrease in these premiums or commission fee rates may have an adverse effect on our results of operations.

We derive a significant portion of revenue in our insurance solutions business from commission fees paid to us out of the premiums that insurer partners charge our clients for coverage. The commission fee rates are negotiated between insurer partners and us, and are typically based on the premiums that the insurer products charge. Commission fee rates and premiums can change based on the prevailing economic, regulatory, taxation, competitive, and other possible factors that affect our commission fee agreement with insurer partners. These factors, which are not within our control, include the capacity of insurer partners to place new business, profits of insurer partners, client demand for insurance products, the availability of comparable products from other insurance companies at lower costs, and the availability of alternative insurance products, such as government benefits and self-insurance plans, to clients. Because we do not determine, and cannot predict, the timing or extent of premium or commission fee rate changes, we cannot predict the effect any of these changes may have on our operations. Any decrease in premiums or commission fee rates may significantly affect our financial condition and results of operations.

We depend on our cooperation with insurer partners. Our business may be negatively affected if our insurer partners do not continue their relationship with us or if their operations fail.

Our insurance solutions business is, to a significant extent, dependent on our continued and healthy relationship with our insurer partners, and may be negatively affected if our insurer partners terminate their relationship with us or fail to meet performance obligations. Certain insurer partners have been associated with a significant portion of our revenue generated from clients in the past. Our ability to attract clients depends on the quantity and quality of insurance products offered by insurer partners. Our arrangements with our insurer partners are typically not exclusive, and they may have similar arrangements with our competitors. Our partners may terminate their relationships with us or decide to exclusively or preferentially cooperate with our competitors. There can be no assurance that we can maintain relationships with our existing insurer partners on commercially desirable terms. If our insurer partners terminate their relationship with us, our supply of products and services may be interrupted and affect our ability to maintain existing clients and secure new clients.

If our insurer partners or the reinsurance company partners fail to properly fulfill their obligations as insurers under the insurance policies sold by us, it may affect our ability to maintain existing clients and secure new clients. If our insurer partners or the reinsurance companies with whom they or we partner become insolvent, our clients may not be able to realize the protection expected from the insurance policies, which will negatively affect our reputation and, in turn, our performance and financial results.

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

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

Risks Relating to Our Media Business

The media industry is highly competitive, and we may be unable to compete successfully with our current or future competitors.

Our ability to compete with our competitors in the media sector effectively depends on many factors both within and beyond our control, including among other things:

- our ability to continue delivering a breadth of high-quality content that is timely, interesting and inspiring to our audience;
- the popularity, usefulness, ease of use, format, performance, reliability and value of our digital media services, compared with those of our competitors;
- the sustained engagement of our audience directly with our content, products and services;
- our ability to develop, maintain and monetize our content, products and services;
- our ability to provide advertisers with a compelling return on their investments;
- our reputation and brand strength relative to those of our competitors;
- our ability to reach new audience and customers worldwide;
- the pricing model of our content, products and services;
- our visibility on search engines and social media platforms, compared with the visibility of our competitors;
- our ability to effectively protect our intellectual property, including from unauthorized use by generative AI developers or users in ways that may harm our brands;
- our marketing and selling efforts, including our ability to differentiate our products and services from those of our competitors;
- our ability to attract, retain and motivate talented employees, including editorial staff and creative directors, among other things, who are unique and in high demand; and
- our ability to manage and grow our business in a cost-effective manner.

Our ability to grow the size and profitability of our audience base for our print publications and digital media services depends on many factors, both within and beyond our control, and a failure to do so could adversely affect our results of operations and business.

The future growth and profitability for our print publications and digital media services depend upon our ability to retain, grow and effectively monetize our audience base worldwide.

We have invested and will continue to invest significant resources in our efforts to do so, including building a community around our magazines, diversifying channel of access, leveraging social media to publicize our content, attending events to develop relationships and promote our products and services, but there is no assurance that we will be able to successfully grow our audience base in line with our expectations, or that we will be able to do so without taking steps such as adjusting our pricing that could adversely affect our revenues, margin and profitability.

Our ability to attract and grow our audience base depends on the size of our potential audience and its sustained engagement directly with our content and products, including the breadth, depth and frequency of use. The size and engagement of our audience depends on many factors both within and beyond our control, including the size and speed of development of the markets for high-quality media and entertainment news and reviews; significant fashion, media and other events; user sentiment about the quality of our content and products; the free access we provide to our content; the format and breadth of our offerings; varied and changing customer expectations and behaviors; and our ability to successfully manage changes implemented by search engines and social media platforms or potential changes in the digital information ecosystem that affect or could affect the visibility of and traffic to our content, among other factors.

The size and engagement of our audience also depends in part on referrals from third-party platforms, including social media platforms and search engines, that direct customers to our content. These third-party platforms increasingly prioritize formats and content that are outside of our primary offerings and may vary their emphasis on what content to highlight for audience. This has caused, and may continue to cause, referrals from these platforms to our content to diminish. Additionally, search engine results and digital marketplace rankings are based on algorithms that are changed frequently, without notice or explanation. Any failure to successfully manage and adapt to changes in how our content, products and services are marketed, discovered, prioritized, displayed and monetized could cause our audience base to significantly diminish.

The size of the audience for our print publications may be affected as the media industry has transitioned from being primarily print-focused to digital and we do not expect this trend to reverse. We may be limited in our ability to prevent the resulting print revenue declines, particularly as our print products become more expensive relative to other media alternatives, including our digital products. If we are unable to offset revenue declines from print publications with other sources of revenue, or if the revenue declines at a faster rate than we anticipate, our operating results will be materially and adversely affected.

Our advertising revenues are affected by numerous factors, including market dynamics, evolving digital advertising trends and the evolution of our strategy.

Our advertising revenue is sensitive to the macroeconomic environment, as advertiser budgets can fluctuate substantially in response to changing economic conditions. Our advertising revenues could be adversely affected as advertisers, including primarily luxury and fashion brands, respond to such conditions by reducing their budgets or shifting spending patterns or priorities. See also “— Our business and financial results may be adversely impacted by economic, market, geopolitical and public health conditions or other events causing significant disruption.”

Within the fashion, arts and luxury advertising markets, our ability to compete successfully for advertising budgets will depend on, among other factors, our ability to engage and grow our audience base, develop attractive and high-quality content, maintain our influence in the fashion, arts and luxury markets, enhance our relationship with renowned brands and fashion influencers and demonstrate the value of our advertising and the effectiveness of our content, products and services to advertisers. In determining whether to buy advertising with us, advertisers may consider factors such as our brands and reputation, the demand for our content and products, the focus of our coverage, size and demographics of our audience, advertising rates, targeting capabilities, results observed by advertisers, and perceived effectiveness of advertising offerings and alternative advertising options. Specifically, the prestige and reputation of our publications are critical to our success in attracting premium advertisers. If our brand perception diminishes for any reason, we may lose the appeal that makes our platform attractive for luxury and high-end advertising and thereby experience a decline in advertising revenue. See also “— Our brands and reputation are our key assets. Negative perceptions or publicity of us or our brands could adversely affect our business, financial condition and results of operations.”

The continuing shift in customer preference from print media to digital media, as well as growing customer engagement with digital media and social platforms, has introduced significant new competition for advertising. Our revenues from print advertising may decline over time as the media industry has transitioned from being primarily print-focused to digital. Print advertising revenue may decline more quickly than we anticipate, which could create additional pressure on our profitability.

We also offer digital advertising to our customers. We compete with companies with large digital platforms, which have greater audience reach, audience data and targeting capabilities than we do. These companies may command a large share in the context of digital advertising, and we anticipate that this will continue. In addition, there is increasing demand for digital advertising in formats that are dominated by these platforms, particularly vertical short-form video and streaming, and we may not be able to compete effectively in these formats. The remaining market is subject to significant competition among publishers and other content providers, as well as audience fragmentation. These dynamics have affected, and will likely continue to affect, our ability to attract and retain advertisers and to maintain or increase our advertising rates.

Significant disruptions in our printing and distribution channels, or a significant increase in the costs to print and distribute our print publications, would have an adverse effect on our operating results.

Our print publications are printed and distributed under contracts with print and distribution partners worldwide. Our print partners rely on suppliers for deliveries of paper. The price of paper has historically been volatile, and its availability may be affected by various factors, including supply chain disruptions, transportation issues, labor shortages or unrest, conversion to paper grades other than paper and other disruptions that may affect production or deliveries of paper. A significant increase in the price of paper, or a significant disruption in our partners' paper supply chain, would adversely affect our operating results.

Financial pressures, print publication industry trends or economics, labor shortages or unrest, changing legal obligations regarding classification of workers or other circumstances that affect our print and distribution partners and lead to reduced operations or consolidations or closures of print sites or distribution routes may increase the cost of printing and distributing our print publications, decrease our revenues if printing and distribution are disrupted and impact the quality of our printing and distribution. The geographic scope and frequency with which magazines are printed and distributed by our partners at times affects our ability to print and distribute our print publications and can adversely affect our operating results.

If we experience significant disruptions in our printing and distribution channels, or a significant increase in the costs to print and distribute our print publications, our reputation and operating results may be adversely affected. Furthermore, if the audience base to our and other companies' print products declines, our and our vendors' fixed costs to print and deliver paper products are spread over fewer paper copies. We may be unable to offset these increasing per-unit costs, alongside decreasing print media audience base, with revenue from price increases, and our operating results may be adversely affected.

We depend on certain franchisees to produce and distribute our print publications.

We depend on our franchisees to produce and distribute print publications in many geographies and receive royalties from these licenses. We rely on these franchisees to maintain operational and financial control over their businesses. Should these franchisees fail to monitor and control their operations adequately or if our relationship with them is disrupted or changed to our detriment, our income from royalties will decline.

The agreements with our franchisees typically allow either party to terminate the relationship under certain conditions, including breaches of contractual obligations, failure to meet performance standards, or other specified events. If our franchisees choose to terminate these agreements, we could experience a loss of revenue, disruption in operations and damage to our brand reputation in the affected markets. Conversely, if we terminate the franchise agreements, we may face legal disputes and reputational harm. If circumstances required that an existing franchisee be replaced, we could face challenges in finding replacement franchisees and there can be no assurance that a replacement franchisee would be able to contribute the same resources as the prior franchisee in terms of management, production and distribution. The necessity to replace a franchisee and, in particular, an inability to replace a franchisee for any period of time would adversely affect our financial performance both directly, from reduced royalties received, and indirectly, from reduced sales of our products. Our brands may also suffer if, as a result, there is any delay or failure in the distribution of our content and products. Additionally, the termination of franchise relationships, whether initiated by us or our franchisees, could result in the closure of locations, reduced market presence and increased operational costs associated with transitioning ownership or management.

Although we regularly implement royalty reviews of our franchisees, there can be no assurance that they will properly report royalty income or that such reviews will reveal any non-compliance with the terms of the relevant franchisees. Even if errors are revealed, the resolution of such errors may prove to be time-consuming and expensive.

We may face business challenges and increased costs in our transition from a franchise business model to a direct ownership model in respect of our media business.

We operate our media business in a hybrid model of direct ownership and franchise business and we are in the process of transitioning from a franchise business model to a direct ownership model in certain countries and regions and expanding our network. While we believe that the direct ownership model can drive significant revenue growth for us in the future, the transition to the direct ownership model will require substantial financial resources for operational restructuring, developing or acquiring new expertise in managing operational risks, employee retention and training, building up knowledge base of local markets and development of marketing initiatives, among other things. There is no assurance that we will be successfully navigating through this transition and mitigating the gaps in operational capabilities, marketing expertise and customer relationship. Failure to transition successfully may lead to loss of our brand value, customer loyalty and market share, and therefore could have significant adverse effects on our business, financial condition and results of operations.

Risks Relating to Our Entertainment Business

The entertainment industry is highly competitive.

The entertainment industry is highly competitive. It is also partially dependent on the availability of potential viable projects and necessary funding to successfully complete such projects. Accordingly, we will need to locate promising projects and be able to secure necessary funding, in what may be uncertain markets.

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

The success of our entertainment business segment depends on the success of a limited number of film releases each year and unpredictable factors in the motion picture industry.

We generally participate in the production of a limited number of motion pictures each year. As such, the success or failure of a small number of these motion pictures could have a significant impact on our entertainment business segment and our results of operations in both the year of release and in subsequent years. The film industry is inherently unpredictable, and the success of any given film can be influenced by factors beyond our control, such as changing consumer preferences, competition from other entertainment offerings and broader economic conditions. In general, the economic success of a motion picture is largely determined by the appeal of the motion picture to a broad audience and by the effectiveness of the marketing of the motion picture. We cannot precisely predict the economic success of any of the motion pictures we produce because we cannot predict with certainty a motion picture's acceptance by the public. If we do not accurately judge audience acceptance in selecting the motion pictures for production, or if the motion pictures are not effectively marketed, we may not recoup our costs or realize our anticipated profits. In addition, the economic success of a motion picture depends upon the public's acceptance of competing motion pictures, the availability of alternative forms of entertainment and leisure-time activities, general economic conditions and other tangible and intangible factors, all of which can change and none of which can be predicted with certainty. Additionally, delays in production or release schedules, which may arise due to, among other things, creative, technical, or regulatory challenges, can further impact the timing and financial contribution of films. Accordingly, our results may fluctuate significantly from year to year based on the box office performance, timing of releases and market reception of the limited number of films we produce at any given time and such factors render our historical financial results not indicative of our future performance.

Due to the inherent nature of producing motion pictures, we provide advances and funding for motion pictures in advance and assume the risk of not being able to recoup these investments.

We incur significant costs and cash expenditures to acquire movie rights. Many of our agreements to acquire movie rights require up-front payments. We determine the amount of the payments or funding we are willing to make based on our estimate of the economic success of the motion picture. Although these estimates are based on our knowledge of industry trends, market conditions and the market potential of the motion picture, actual results may ultimately differ from our estimates.

The production of motion pictures is subject to a number of uncertainties, including delays and increased expenditures due to creative differences among key cast members and other key creative personnel or other disruptions or events beyond our control. Risks such as illness, disability or death of star performers, technical complications with special effects or other aspects of production, shortages of necessary equipment, damage to negatives, master tapes and recordings or adverse weather conditions may cause cost overruns and delay or frustrate completion of a production. In addition, directors tend to hold substantial control over the production of motion pictures, and this may affect the producers' ability to control the production schedule and budget. Further, when we co-produce in a motion picture, we generally have less control over the development and production processes.

We may be required to provide additional funding or advances to complete production of our motion pictures, for example if a motion picture incurs budget overruns during production. Such additional funding could have an adverse effect on our business, financial condition and results of operations. In addition, we may not be able to recoup our funding as a result of increased costs from budget overruns. Increased costs may also delay the release of a motion picture to a less favorable time, which could negatively affect its box office performance and thus our revenue arising out of the motion picture and its overall financial success.

If a motion picture fails to perform to our original estimates or expectations, we may not be able to realize the expected economic return from that motion picture, fail to recoup advances we paid or funding we made or record accelerated amortization or fair value write downs of capitalized motion picture production costs. Any of these events may adversely impact our business, financial condition and results of operations.

Risks associated with our capacity as a co-producer of or financial investor in our films.

We co-produce (in a non-controlling position) or invest in film production, which exposes us to several risks. As a co-producer, we generally rely on the lead producer to manage key aspects of the movie production, including creative decisions, budgeting, casting, scheduling and distribution. We generally have a limited ability to influence or control critical elements of a movie project, and accordingly production outcomes for our co-produced movies may not fully align with expectations or objectives. Our strategic or financial interests may not align with those of the lead producers of our movies. The lead producer's priorities, resources or decision-making processes may diverge from those of ours, which could potentially give rise to a misalignment or conflict of interests. Furthermore, we may have limited recourse in the event of mismanagement, delays or disputes with the lead producer, which could adversely impact the quality, timing and commercial success of the film. These could lead to increased uncertainty, reduced profitability and greater exposure to operational and financial risks in respect of our entertainment business.

The production of motion picture is a capital-intensive process, and our capacity to generate cash or obtain financing on favorable terms may be insufficient to meet our anticipated cash requirements.

The costs to develop and produce a motion picture are substantial. We are required to fund our costs for motion picture-related activities and other commitments with cash retained from operations, as well as from bank and other borrowing and participation by other producers. If our motion pictures fail to perform, we may be forced to seek substantial sources of outside financing. Such financing may not be available in sufficient amounts for us to continue to make substantial funding in the production of new motion pictures or may be available only on terms that are disadvantageous to us, either of which could have a material adverse effect on our growth or our business.

Moreover, the costs of producing motion pictures have increased in recent years and may further increase in the future, which may make it more difficult for a motion picture we produce to generate a profit. Also, compensation for star performers and other key creative personnel has been on the rise. As a result, there can be no assurance that revenue from our motion picture production would be sufficient to offset increases in the cost of production and distribution.

Industry changes in the entertainment industry may have a negative impact on our operations.

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

Risks Relating to our Hospitality Business

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

Our business is subject to a number of business, financial and operating risks inherent to the hospitality industry, including:

- significant competition from hospitality providers in all parts of the world;
- changes in the supply and demand for hotel services, including rooms, food and beverage and other products and services;
- the financial condition of and relationships with hotel management companies and joint venture partners, including the risk that they may terminate or fail to comply with the relevant management or joint venture contracts or arrangements;
- decreases in the frequency of business travel that may result from alternatives to in-person meetings, including virtual meetings hosted online or over private teleconferencing networks;
- increases in operating costs, including employee compensation and benefits, energy, insurance, food and beverage and other supplies;
- the ability of third-party internet and other travel intermediaries who sell our hotel rooms to guests to attract and retain customers;
- delays in or cancellations of planned or future development or refurbishment projects at hotels in our system;
- cyclical over-building in the hospitality industry; and
- changes in desirability of geographic regions of the hotels in our business, geographic concentration of our operations and customers and shortages of desirable locations for development.

Any of these factors could (i) increase our costs or (ii) limit or reduce the prices we are able to charge, or (iii) otherwise affect our ability to maintain or operate existing properties or develop new properties. As a result, any of these factors can reduce our revenues and limit opportunities for growth.

The hospitality market is highly competitive, and we may be unable to compete successfully.

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

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

We own a limited number of hotels and significant adverse changes at one hotel could have a material adverse effect on our financial performance.

Our hotel portfolio consists of iclub AMTD Sheung Wan Hotel and Dao by Dorsett AMTD Singapore. Significant adverse changes in the operations of either of these hotels could have a material adverse effect on our financial performance.

We may acquire, renovate and/or re-brand hotels in new or existing geographic markets.

We may develop or acquire hotels in geographic areas in which our management may have little or no operating experience. Additionally, those and our existing properties may also be renovated and re-branded. Customers, existing or potential, may not be familiar with our newly renovated hotel or be aware of the brand change. As a result, we may have to incur costs relating to the opening, operation and promotion of our hotel properties that are substantially greater than those incurred in other geographic areas. Our hotels may attract fewer customers than expected and we may choose to increase spending on advertising and marketing to promote the hotel and increase customer demand. Unanticipated expenses and insufficient demand could adversely affect our financial performance.

Risks relating to the management of our hotels could hurt our financial performance.

Our hotel managers have the authority to direct our hotels to be operated in a particular manner and to govern the daily operations of our hotels. As a result, our financial condition and results of operations are largely dependent on the ability of our hotel managers to operate our hotel properties successfully. Any failure by our hotel managers to provide quality services and amenities or to maintain and protect a quality brand name and reputation could have a negative impact on their ability to operate and manage our hotel properties successfully and could negatively impact our financial condition and results of operations.

We cannot assure you that our hotel managers will operate and manage our hotel properties in a manner that is consistent with their obligations under the hotel management agreements, that our hotel managers will not be negligent in their performance or engage in other criminal or fraudulent activity, or that they will not otherwise default on their management obligations to us. If we are unable to reach satisfactory results through discussions and negotiations with our hotel managers regarding issues with the management of our hotels, we may choose to litigate the dispute or submit the matter to third-party dispute resolution or arbitration. We would be able to seek redress only if a hotel manager violates the terms of the applicable hotel management agreement, and then only to the extent of the remedies provided for under the terms of the hotel management agreement. Additionally, in the event we need to replace any of our hotel managers, we may experience significant business disruptions at the affected hotel properties, and may be liable, under certain circumstances, for significant damages and/or be required to make certain payments to our managers.

Risks Relating to Our Relationship with the Controlling Shareholder

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

AMTD Digital Inc. was incorporated in September 2019 as a wholly-owned subsidiary of our Controlling Shareholder. Our Controlling Shareholder also controls AMTD IDEA Group, a leading comprehensive financial institution dual-listed on both the NYSE and SGX-ST (NYSE: AMTD; SGX: HKB). However, we have limited experience conducting our operations as a stand-alone public company. Prior to our initial public offering in July 2022, our Controlling Shareholder has provided us with financial, administrative, human resources, and legal services, and also has provided us with the services of a number of its executives and employees. After we become a stand-alone public company, we expect our Controlling Shareholder to continue to provide us with certain support services, but to the extent our Controlling Shareholder does not continue to provide us with such support, we will need to create our own support system. We may encounter operational, administrative, and strategic difficulties as we adjust to operating as a stand-alone public company. This may cause us to react more slowly than our competitors to industry changes and may divert our management's attention from running our business or otherwise harm our operations.

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

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

Prior to our establishment, the operations of our digital solutions services and digital investments businesses were carried out by companies owned or controlled by our Controlling Shareholder. For all periods presented, our consolidated financial statements include all assets, liabilities, revenue, expenses, and cash flows that were directly attributable to our digital solutions services and digital investments businesses whether held or incurred by our Controlling Shareholder or by us. With respect to costs of operations, an allocation of certain costs and expenses of our Controlling Shareholder were also included. These allocations were made using a proportional cost allocation method by considering the proportion of revenue and actual usage metrics, among other things attributable to us. We made numerous estimates, assumptions, and allocations in our historical financial statements because our Controlling Shareholder did not account for us, and we did not operate as a stand-alone company for any period prior to the completion of our initial public offering in July 2022. Although our management believes the assumptions underlying our financial statements and the above allocations are reasonable, our financial statements may not necessarily reflect our results of operations, financial position, and cash flows as if we operated as a stand-alone public company during the periods presented. See “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Transactions with Our Controlling Shareholder” for our arrangements with our Controlling Shareholder and “Item 5. Operating and Financial Review and Prospects” and the notes to our consolidated financial statements included elsewhere in this annual report for our historical cost allocation. In addition, we are in the process of establishing our own financial, administrative, and other support systems to replace our Controlling Shareholder’s systems, the cost of which could be significantly different from cost allocation with our Controlling Shareholder for the same services. Therefore, you should not view our historical results as indicators of our future performance.

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

We have benefitted significantly from our Controlling Shareholder’s strong market position and brand recognition. We may enter into a series of agreements relating to our ongoing business operations and service arrangements with our Controlling Shareholder in the future, we cannot assure you we will continue to receive the same level of support from our Controlling Shareholder as we now operate as a stand-alone public company. Our current clients may react negatively to our restructuring. This effort may not be successful, which could materially and adversely affect our business.

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

In May 2021, we entered into a series of agreements with our Controlling Shareholder and the terms of such agreements may be less favorable to us than would be the case if they were negotiated with unaffiliated third parties. In particular, under the non-competition agreement that we entered into with our Controlling Shareholder, we agree during the non-competition period (which will end on the later of (1) two years after the first date when our Controlling Shareholder ceases to own in aggregate at least 20% of the voting power of our then outstanding securities and (2) the fifth anniversary after July 15, 2022 being the date of our initial public offering of the ADSs listed and traded on the NYSE) not to compete with our Controlling Shareholder in the businesses then conducted by our Controlling Shareholder, except that we may own non-controlling equity interest in any company competing with our Controlling Shareholder. Such contractual limitations significantly affect our ability to diversify our revenue sources and may materially and adversely impact our business and prospects should the growth of our businesses slow down. In addition, pursuant to our master transaction agreement that we entered into with our Controlling Shareholder, we agree to indemnify our Controlling Shareholder for liabilities arising from litigation and other contingencies related to our business and assumed these liabilities as part of our restructuring. The allocation of assets and liabilities between our Controlling Shareholder and our company may not reflect the allocation that would have been reached by two unaffiliated parties. Moreover, so long as our Controlling Shareholder continues to control us, we may not be able to bring a legal claim against our Controlling Shareholder or its controlling shareholders in the event of contractual breach, notwithstanding our contractual rights under the agreements described above and other inter-company agreements we may enter into from time to time.

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

Our Controlling Shareholder controls, through AMTD IDEA Group, a majority of the voting power of our issued outstanding ordinary shares. As a result, we are a “controlled company” within the meaning of the NYSE Listed Company Manual. Under these rules, a listed company of which more than 50% of the voting power for the election of directors is held by an individual, group, or another company is a “controlled company” and will be permitted to elect not to comply with certain corporate governance requirements, including the requirement that a majority of the board of directors consist of independent directors, the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors, and the requirement that we have a compensation committee that is composed entirely of independent directors. As we may intend to rely on some or all of the exemptions available to issuers like us, our shareholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

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

As of the date of this annual report, our Controlling Shareholder beneficially owned 9.5% of our outstanding ordinary shares, representing 42.5% of our total voting power. Accordingly, our Controlling Shareholder continues to be our controlling shareholder and may have significant influence in determining the outcome of any corporate actions or other matters that require shareholder approval, such as mergers, consolidations, change of our name, and amendments of our memorandum and articles of association.

The concentration of ownership and voting power may cause transactions to occur in a way that may not be beneficial to you as a holder of the ADSs and may prevent us from pursuing transactions that would be beneficial to you. Conflicts of interest may arise between our Controlling Shareholder or any of its controlling shareholders and us in a number of areas relating to our past and ongoing relationships. Potential conflicts of interest that we have identified include the following:

- *Indemnification arrangements with our Controlling Shareholder.* In May 2021, we entered into a master transaction agreement under which we agree to indemnify our Controlling Shareholder with respect to lawsuits and other matters relating to our businesses, including operations of those businesses when we were a private company and a subsidiary of our Controlling Shareholder. These indemnification arrangements could result in our having interests that are adverse to those of our Controlling Shareholder, for example, with respect to settlement arrangements in litigation. In addition, under these arrangements, we agreed to reimburse our Controlling Shareholder for liabilities incurred (including legal defense costs) in connection with any third party claim if it is ultimately determined that we are obligated to indemnify our Controlling Shareholder with respect to such third party claim.
- *Non-competition arrangements with our Controlling Shareholder.* In May 2021, we entered into a non-competition agreement under which our Controlling Shareholder agrees not to compete with us in our businesses, except for owning non-controlling equity interest in any company competing with us. We agree not to compete with our Controlling Shareholder in the respective businesses then conducted by our Controlling Shareholder, except that we may own non-controlling equity interests in any company competing with our Controlling Shareholder.
- *Employee recruiting and retention.* Because we, and our Controlling Shareholder are engaged in financial service-related businesses in Asia, we may compete with our Controlling Shareholder in the hiring of new employees. In May 2021, we entered into a non-competition agreement and have a non-solicitation arrangement with our Controlling Shareholder that restricts us and our Controlling Shareholder from hiring any of each other's employees.
- *Our board members or executive officers may have conflicts of interest.* Our chief financial officer, Xavier Zee, is also the chief financial officer of our Controlling Shareholder and AMTD IDEA Group. Our independent director, Dr. Feridun Hamdullahpur, is also a director of our Controlling Shareholder and an independent director of AMTD IDEA Group. As a result, they may not have sufficient capacity to perform their duties in our company. These overlapping relationships could create, or appear to create, conflicts of interest when these persons are faced with decisions with potentially different implications for our Controlling Shareholder and us.
- *Sale of shares or assets in our company.* AMTD IDEA Group has voluntarily committed to a 5-year (commencing in December 2023) lock up period on 192,307 Class B ordinary shares it acquired in December 2023; and executive officers of AMTD IDEA Group and AMTD Digital Inc. have undertaken not to sell any equity securities they own in AMTD IDEA Group or AMTD Digital Inc. in the open market until October 23, 2026. Upon expiration of the lock-up period and subject to certain restrictions under relevant securities laws and stock exchange rules, as well as other relevant restrictions, our Controlling Shareholder may decide to sell all or a portion of our shares that it holds to a third party, including to one of our competitors, thereby giving that third party substantial influence over our business and our affairs. In addition, our Controlling Shareholder may decide, or be obligated under any of its applicable debt covenant, to sell all or a portion of our shares or our assets in the event of default of our Controlling Shareholder or any of its controlling shareholders under any applicable debt or other obligations or otherwise becomes insolvent. Such a sale of our shares or our assets could be contrary to the interests of our employees or our other shareholders. In addition, our Controlling Shareholder may also discourage, delay, or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of the ADSs.

- *Allocation of business opportunities.* Business opportunities may arise that both we and our Controlling Shareholder find attractive, and which would complement our respective businesses. Although we entered into a master transaction agreement under which our Controlling Shareholder agrees not to pursue investment opportunities without first presenting them to us, our Controlling Shareholder may discourage, delay, or prevent a profitable investment opportunity before our board of directors or shareholders and subsequently decide to pursue investment opportunities or take business opportunities for itself, which would prevent us from taking advantage of those opportunities. These actions may be taken even if they are opposed by our other shareholders.
- *Developing business relationships with our Controlling Shareholder's competitors.* So long as our Controlling Shareholder remains as our controlling shareholder, we may be limited in our ability to do business with its competitors. This may limit our ability to market our services for the best interests of our company and our other shareholders.

Risks Relating to the ADSs

The trading price of the ADSs has been volatile and could continue to fluctuate significantly, which could result in substantial losses to you.

The trading price of the ADSs has been and will likely to be volatile and could fluctuate widely due to factors beyond our control. Since their initial listing on the NYSE on July 15, 2022, the price of the ADSs has ranged from US\$2.40 to US\$2,555.30.

The market price of the ADSs is likely to continue to be highly volatile and could be significantly affected by broad market and industry factors, such as performance and fluctuation in the market prices or underperformance or deteriorating financial results of other U.S.-listed companies based in China. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of other Chinese companies' securities after their offerings may affect the attitudes of investors towards China-based, U.S.-listed companies, which consequently may affect the trading performance of the ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. Furthermore, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, which may have a material and adverse effect on the trading price of the ADSs.

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

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

As a result of any of these factors, there may be large and sudden changes in the volume and price at which the ADSs will trade and the market price of the ADSs may not necessarily bear any relationship to our book value, assets, past operating results, financial condition or any other established criteria of value, and may not be indicative of the market price for the underlying shares in the future.

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

An active public market may not develop for the ADSs on the NYSE, and you may not be able to resell the ADSs at or above the price you paid, or at all.

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

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

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

The sale or availability for sale of substantial amounts of the ADSs in the public market could adversely affect their market price.

Sales of substantial amounts of the ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of the ADSs and could materially impair our ability to raise capital through equity offerings in the future. We cannot predict what effect, if any, market sales of securities held by the Controlling Shareholder or any other shareholder or the availability of these securities for future sale will have on the market price of the ADSs.

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

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

As of the date of this annual report, AMTD IDEA Group beneficially own all of our issued and outstanding Class B ordinary shares. These Class B ordinary shares constitute approximately 37.2% of our total issued and outstanding ordinary shares and 92.3% of the aggregate voting power of our total issued and outstanding ordinary shares due to the disparate voting powers associated with our dual-class share structure. See "Item 6. Directors, Senior Management and Employees—E. Share Ownership." As a result of the dual-class share structure and the concentration of ownership, holders of Class B ordinary shares will have considerable influence over matters such as decisions regarding mergers, consolidations, and the sale of all or substantially all of our assets, election of directors, and other significant corporate actions. Such holders may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay, or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover, or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

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

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

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

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

Our board of directors has complete discretion as to whether to distribute dividends. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under the Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ADSs will likely depend entirely upon any future price appreciation of the ADSs. We cannot assure you that the ADSs will appreciate in value in the future or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in, and you may even lose your entire investment in, the ADSs.

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

Holders of the ADSs do not have the same rights as our registered shareholders. As a holder of ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights that are carried by the underlying Class A ordinary shares represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary. If we instruct the depositary to ask for your instructions, then upon receipt of your voting instructions, the depositary will try, as far as practicable, to vote the underlying Class A ordinary shares represented by your ADSs in accordance with your instructions. If we do not instruct the depositary to ask for your instructions, the depositary may still vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise your right to vote with respect to the underlying Class A ordinary shares represented by your ADSs unless you surrender and cancel your ADSs, withdraw the shares, and become the registered holder of such shares prior to the record date for the general meeting. Under our currently effective memorandum and articles of association, the minimum notice period required to be given by our company to our registered shareholders for convening a general meeting is seven (7) days.

When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the Class A ordinary shares underlying your ADSs and become the registered holder of such shares to allow you to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our currently effective memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the Class A ordinary shares underlying your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. If we ask for your instructions, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We have agreed to give the depositary at least 40 days' prior notice of shareholder meetings. Nevertheless, we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the underlying Class A ordinary shares represented by your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the Class A ordinary shares underlying your ADSs are voted and you may have no legal remedy if the Class A ordinary shares underlying your ADSs are not voted as you requested.

The depositary for the ADSs will give us a discretionary proxy to vote our Class A ordinary shares underlying your ADSs if you do not vote at shareholders' meetings, except in limited circumstances, which could adversely affect your interests.

Under the deposit agreement for the ADSs, if you do not vote, the depositary will give us a discretionary proxy to vote our Class A ordinary shares underlying your ADSs at shareholders' meetings if:

- we have instructed the depositary that we wish a discretionary proxy to be given;
- we reasonably do not know of any substantial opposition to the matter to be voted on at the meeting; and
- the matter to be voted on at the meeting is not materially adverse to the interests of shareholders.

The effect of this discretionary proxy is that if you do not vote at shareholders' meetings, you cannot prevent our Class A ordinary shares underlying your ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence the management of our company. Holders of our Class A ordinary shares are not subject to this discretionary proxy.

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

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirement is available. Under the deposit agreement, the depositary will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from the registration requirement under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings in the future and may experience dilution in your holdings.

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

The depositary will pay cash distributions on the ADSs only to the extent that we decide to distribute dividends on our Class A ordinary shares or other deposited securities. To the extent that there is a distribution, the depositary has agreed to pay you the cash dividends or other distributions it or the custodian receives on our Class A ordinary shares or other deposited securities after deducting its fees and expenses and any taxes or other governmental charges. You will receive these distributions in proportion to the number of Class A ordinary shares your ADSs represent. However, the depositary may, at its discretion, decide that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property, or that the value of certain distributions may be less than the cost of distribution. In these cases, the depositary may decide not to distribute such property to you.

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

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

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

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

If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

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

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

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

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

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

We are a company incorporated under the laws of the Cayman Islands. We conduct our operations outside the United States and substantially all of our assets are located outside the United States. In addition, substantially all of our directors and executive officers and the experts named in this annual report reside outside the United States, and some of their assets are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process within the United States upon these individuals or to bring an original action against us or against them in the United States or in a court in the Cayman Islands in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise, including those based on the civil liability provisions of the U.S. federal securities laws. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands or other relevant jurisdiction may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

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

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

Shareholders of Cayman Islands companies like us have no general rights under the Cayman Islands law to inspect corporate records, other than the memorandum and articles of association and any special resolutions passed by such companies, and the registers of mortgages and charges of such companies. Our directors have discretion under our currently effective memorandum and articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. If we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

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

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

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

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

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

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

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

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that may differ significantly from the NYSE listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the NYSE.

As a Cayman Islands company to be listed on the NYSE, we are subject to the NYSE listing standards. The NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE listing standards. For example, Cayman Islands does not require us to comply with the following corporate governance listing standards of the NYSE: (i) having the majority of our board of directors composed of independent directors, (ii) having a minimum of three members in our audit committee, (iii) holding annual shareholders' meetings, (iv) having a compensation committee composed entirely of independent directors, and (v) having a nominating and corporate governance committee composed entirely of independent directors. If we choose to follow home country practice, our shareholders may be afforded less protection than they otherwise would under the NYSE corporate governance listing standards applicable to U.S. domestic issuers.

If we are deemed an “investment company” under the Investment Company Act of 1940, it could adversely affect the price of the ADSs and could materially and adversely affect our business, results of operations, and financial condition.

We invest directly in various innovative technology companies. These investments and other future investments may be deemed to be “investment securities” within the meaning of the Investment Company Act of 1940, or the 1940 Act. Under Section 3(a)(1)(C) of the 1940 Act, a company is deemed to be an “investment company” if it is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding, or trading in securities and owns or proposes to acquire “investment securities” having a value exceeding 40% of the value of its total assets (exclusive of government securities and cash items) on an unconsolidated basis, or the 40% Test. We believe we are not an investment company within the meaning of the 1940 Act, as we do not hold ourselves out as being primarily engaged in the business of investing, reinvesting, or trading in securities, and we pass the 40% Test with our “investment securities” not exceeding 40% of the value of our total assets on an unconsolidated basis.

We seek to conduct our operations so that we are in compliance with the 40% Test or with an exclusion or exemption from investment company status under the 1940 Act. If we fail to comply with the 40% Test and we are unable to structure or operate our business in a manner that avoids investment company status under the 1940 Act, we may be deemed to be an investment company within the meaning of the 1940 Act. As a foreign private issuer, we would not be eligible to register under the 1940 Act unless the SEC issued an order permitting us to do so. As a result, if we are deemed to be an investment company within the meaning of the 1940 Act, we would either have to obtain exemptive relief from the SEC or dispose of investment securities in order to fall outside the definition of an investment company. Additionally, we may have to forego potential future acquisitions of interests in companies that may be deemed to be “investment securities” within the meaning of the 1940 Act. Failure to avoid being deemed an investment company under the 1940 Act, coupled with our inability as a foreign private issuer to register under the 1940 Act, could make us unable to comply with our reporting obligations as a public company in the United States and lead to our being delisted from the NYSE, which would materially and adversely affect the liquidity and value of the ADSs. We would also be unable to raise capital through the sale of securities in the United States or to conduct business in the United States. In addition, we may be subject to SEC enforcement action or purported class action lawsuits for alleged violations of U.S. securities laws. Defending ourselves against any such enforcement action or lawsuits would require significant attention from our management and divert resources from our existing businesses and could materially and adversely affect our business, results of operations, and financial condition.

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

We will be classified as a “passive foreign investment company,” or “PFIC,” for any taxable year if either (a) 75% or more of our gross income for such year consists of certain types of “passive” income or (b) 50% or more of the value of our assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income (the “asset test”).

Based upon our current and expected income and assets, including goodwill, we do not presently expect to be classified as a PFIC for the current taxable year or foreseeable future taxable years. Nevertheless, because the value of our assets for purposes of the asset test, including the value of our goodwill and other unbooked intangibles, may be determined by reference to our market capitalization (determined based on the market price of the ADSs), fluctuations in the market price of the ADSs may cause us to become a PFIC for the current or subsequent taxable years. The determination of whether we will be or become a PFIC will also depend, in part, on the composition and classification of our income and the value of our assets, including the relative amounts of income generated by, and the value of assets of, our strategic investment business as compared to our other businesses. Because there are uncertainties in the application of the relevant rules, it is possible that the Internal Revenue Service, or the IRS, may challenge our classification of certain income and assets as non-passive, which may result in our being or becoming a PFIC for the current or subsequent years. In addition, the composition of our income and assets will also be affected by how, and how quickly, we use our liquid assets. If we determine not to deploy significant amounts of cash for active purposes, our risk of being a PFIC may substantially increase. Because there are uncertainties in the application of the relevant rules and because PFIC status is a factual determination made annually after the close of each taxable year, there can be no assurance that we will not be a PFIC for the current taxable year or any future taxable year.

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

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

We are a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002 and the rules subsequently implemented by the SEC and the NYSE detailed requirements concerning corporate governance practices of public companies. As a company with less than US\$1.235 billion in net revenues for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2012 relating to internal controls over financial reporting.

We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. After we are no longer an “emerging growth company,” we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. Our management is and may continue to be required to devote substantial time and attention to our public company reporting obligations and other compliance matters. In addition, we incur additional costs associated with our public company reporting requirements and it may be more difficult for us to find qualified persons to serve on our board of directors or as executive officers.

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

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Our Company

Our Controlling Shareholder, commenced our current digital solutions services business in October 2004. Our Controlling Shareholder commenced our current digital investments business in July 2016 and digital solutions services business in December 2017.

In December 2019, we carried out a restructuring to carve out the digital solutions services business and digital investments business from our Controlling Shareholder. As part of the restructuring, in September 2019, AMTD Digital Inc. was incorporated under the laws of the Cayman Islands initially as a wholly-owned subsidiary of our Controlling Shareholder. Following the restructuring, AMTD Digital Inc. became the holding company of our businesses.

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

On February 23, 2022, AMTD IDEA Group, a leading comprehensive financial institution dual-listed on both the NYSE and SGX-ST (NYSE: AMTD; SGX: HKB) controlled by our Controlling Shareholder, acquired a majority stake in us. As of the date of this annual report, AMTD IDEA Group owns 37.2% of our issued and outstanding shares, and 92.3% of our total voting power.

The ADSs have been listed on NYSE since July 15, 2022 and trade under the ticker symbol “HKD.”

In February 2023, we acquired 96.1% of the equity interest in WME Assets from AMTD IDEA Group and issued a total of 515,385 Class B ordinary shares out of our treasury shares at US\$520 per share to AMTD IDEA Group in settlement of the consideration payable for the acquisition. As a result, we started to conduct hospitality services.

In August 2023, we, AMTD Group, and AMTD IDEA Group, announced our decision to set up a joint entity in Paris, France, to embark and focus on global strategies and developments of a multi-media, entertainment and cultures worldwide platform.

In October 2023, AMTD IDEA Group acquired 100% of the equity interests in The Art Newspaper SA, which then owned the business unit of “The Art Newspaper.” From October 2024 through November 2024, a series of reorganization steps (collectively, the “WM&E Reorganization”) were taken to (i) establish World Media and Entertainment Universal Inc. as the holding company transfer and consolidate the business of L’Officiel, The Art Newspaper, WME Assets Group and certain movie rights investments into World Media and Entertainment Universal Inc., and (ii) we acquired the controlling stake of World Media and Entertainment Universal Inc.

In January 2025, WM&E and Black Spade Acquisition II Co, a special purpose acquisition company founded by Black Spade Capital, or Black Spade II, entered into a business combination agreement. Upon the completion of the transactions contemplated by the business combination agreement, the combined company will retain its name “World Media and Entertainment Universal Inc.” and its headquarters in Paris, and its ordinary shares will be listed on a U.S. stock exchange. The business combination values WM&E at an equity value of approximately US\$488 million, not including cash from BSII’s approximately US\$153 million of cash in trust (assuming no BSII shareholders elect to have their BSII shares redeemed for cash as permitted). Upon the completion of the transactions contemplated by the business combination agreement, the combined company will retain its headquarters in Paris, and its ordinary shares will be listed on a stock exchange in the U.S. subject to regulatory approval.

Our principal executive offices are located at 27-29 rue de Bassano 75008 Paris. Our telephone number at this address is +33 (0) 1 7673 2800. Our registered office in the Cayman Islands is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Our agent for service of process in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, DE 19711. Our website is www.amtdigital.net. The information on our websites should not be deemed to be part of this annual report. The SEC also maintains a website at <https://www.sec.gov> that contains reports, proxy, and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

B. Business Overview

We are currently operating under three main business lines:

- **Digital Solutions Services.** Primarily through our controlled entities, investees, and business partners, we provide one-stop, cross-market and intelligent digital solutions services for retail and corporate clients in Asia.
- **Media and Entertainment Services.** WM&E, our consolidated entity, publishes printed and digital versions of *L’Officiel* and *The Art Newspaper* to a wide scope of readers globally. WM&E has also entered the movie production sector and partnered with production companies to present a number of Asia-focused blockbuster movies globally. WM&E also make long-term strategic investments through several entities in our group, focusing on global financial and new economy sectors.
- **Hotel Operations, Hospitality and VIP Services.** WME Assets, a subsidiary of WM&E, holds premium whole building properties and provide hospitality services in Hong Kong and Singapore. WME Assets offers a customer-centric VIP members approach for its business portfolio in key areas comprising stylish hotels and serviced apartments, food and beverage, and club membership services.

Digital Solutions Services

AMTD RSG, our wholly-owned subsidiary, was a member of the Hong Kong Confederation of Insurance Brokers since October 2004. Pursuant to the new statutory regime for regulation of insurance intermediaries established in September 2019, AMTD RSG was granted a deemed insurance brokerage license issued by the Hong Kong Insurance Authority. AMTD RSG had been subsequently granted the insurance broker company license for general and long term business (including linked long term business) by the HKIA on September 9, 2022.

We offer a wide spectrum of general and life insurance solutions to clients in various industries. Our services are led by a team of experienced members in the insurance industry, and we have established long-standing cooperation with a variety of global insurers, re-insurers, and insurance solution provider partners.

We provide customized insurance products and solutions primarily underwritten by our insurance partners mainly in the following four risk categories:

- **Property Risk**. Property risk relates to physical loss, destruction, or damage to physical property. For example, we provide property all-risk and construction all-risk solutions that may include relevant insurance products underwritten by our insurance partners.
- **Liability Risk**. Liability risk relates to claims resulting from injuries or damages to a third party. For example, we provide directors and officers liability, professional indemnity, and employee compensation risk solutions that may include relevant insurance products underwritten by our insurance partners.
- **Financial Loss Risk**. Financial loss risk relates to actions or events that may impact business operations and result in financial loss. For example, we provide business interruption risk solutions that may include relevant insurance products underwritten by our insurance partners.
- **Personal Risk**. Personal risk relates to injury, illness, or death of individuals or a group of individuals. For example, we provide life and health risk solutions that may include relevant insurance products underwritten by our insurance partners.

We continually optimize insurance offerings on our platform through cooperation with new insurance, channel, and service partners to meet our clients' evolving needs. For example, we recently offered various cyber insurances on our platform underwritten by our insurance partners. Cyber insurance solution typically provides analysis, recommendations, and coverage for a variety of risks, including: first-party coverage against losses related to cyber-attacks, such as data destruction, hacking, theft, and extortion; and indemnification against lawsuits related to cyber-attacks and errors and omissions that may have caused such cyber-attacks, such as failure to safeguard data.

Our comprehensive insurance service can be provided with flexibility and typically covers the following stages:

- **Comprehensive Risk Identification**. In consultation with clients, we leverage our expertise in the insurance industry to conduct a comprehensive analysis and determination of total risk exposure and risk tolerance. For insurable risks, we also conduct a mapping of existing risk coverage across industries, types, and geographical regions.
- **Optimal Solution and Coverage Structure Design**. Based on our extensive knowledge in the insurance industry, we conduct tailored consultation and optimal insurance program structure and solution design to meet the demands of clients.
- **Insurance Placement for Insurable Risks**. For identified and requested insurable risks, we leverage proprietary industry resources, experience, expertise, and influence to provide tailored design of underwriting syndicate, for example, primary and excess insurance layer design, and select and negotiate with optimal insurers. On behalf of our clients, we then calibrate quotation and key insurance solution terms and conditions, and ultimately proceed to facilitate the inception of cover.

Our clients for insurance consist primarily of corporate clients and, to a lesser extent, retail clients.

Media and Entertainment Business

WM&E, our consolidated entity, provides fashion, arts and luxury media advertising and marketing services. WM&E sells printed and digital publications and provides print and digital advertising campaigns and marketing services to customers.

WM&E also operates in the movie production sector and partners with established production companies to present Asia-focused blockbuster movies globally. WM&E enters into movie income right agreements with production houses and is entitled to certain percentage of the variable profit to be derived from the release movies.

L'Officiel

L'Officiel, full name *L'Officiel de la couture et de la mode de Paris*, is one of the oldest and top fashion magazines in the world. *L'Officiel* was first published in France in 1921. It is widely regarded as “the Bible of fashion and of high society.” It is internationally present in 28 countries and engages millions of fashion enthusiasts worldwide. The magazine brings together numerous luxury brands, A-list artists, designers, celebrities and trendy IPs and offers extensive contents including high-end to high-street fashion for both women and men, beauty, culture, watches, arts and lifestyles.

The Art Newspaper

Founded in 1990 and headquartered in London, *The Art Newspaper* is one of the top publications of the art industry internationally and a leading source of information in the art world. The publication is the journal of record for the arts world covering international news and events, focusing on contemporary and modern art, fine art, decorative art and designs. It enjoys the reputation as the bible of the art industry and is the designated publication for many of the largest and most prominent art events such as Frieze, Art Basel, Art Dubai, Art Week Tokyo, Art Busan, etc.

Entertainment

WM&E is a new entrant and an up-and-comer in the movie production sector. WM&E partners with leading production companies to present a number of blockbuster movies globally.

Strategic Investments

WM&E investment business focuses on long-term equity investments in leading companies in their respective verticals. Our portfolio companies allow us to access unique opportunities and resources to augment and complement our ecosystem, optimize our business operations or generate financial returns.

Hospitality and VIP Services

WME Assets, a subsidiary of WM&E, premium whole building properties and provide hospitality services. WME Assets focuses on and specializes in hospitality and lifestyle concepts and offers a customer-centric VIP members approach for its business portfolio in the key areas comprising stylish hotels and serviced apartments, F&B, and club membership services in Hong Kong and Singapore, with plans for further global expansion.

Intellectual Property

We own or have the right to use to valuable intellectual property which include:

- trademarks, including our magazines' key brands and trade names, such as

“L'Officiel”, “**L'OFFICIEL**”, “”, “**L'Officiel Hommes**”, “**L'Officiel Art**”, “**L'Officiel Voyage**”, “**L'Officiel Art**”, “**L'Officiel Watches**”, “”, “**La Revue des Montres**”, “**The Art Newspaper**”, “”

- copyrights in certain printed and digital publication materials (current and archived), images, photographs, videos, media clips, written materials, articles and commentary in the *L'Officiel* and *The Art Newspaper* magazines and stored in the digital libraries.
- domain names; and
- licenses of intellectual property rights, including rights to many of the photos appearing in our print and digital publications, third-party content appearing in the *L'Officiel* and *The Art Newspaper* magazines and stored in the digital libraries.

Our intellectual property assets are, collectively, among our most valuable assets and are critical to our continued success and our competitive position. To protect our intellectual property assets, we rely on a combination of intellectual property rights, such as trademarks, copyrights and trade secrets (including know-how), in addition to internal policies, employee and third-party nondisclosure agreements, intellectual property licenses and other contractual rights. Specifically, we enter into confidentiality and non-disclosure agreements with our employees, business partners and other relevant parties to protect our proprietary rights. The foregoing notwithstanding, there can be no assurance that our efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights.

It is equally important for us to operate without infringing, misappropriating, or otherwise violating the intellectual property or proprietary rights of others. From time to time, third parties may raise IP infringement claims against us alleging infringement of their intellectual property rights.

A comprehensive discussion on risks relating to intellectual property is provided under the sections titled “Item 3. Risk Factors — Risks Relating to Our Businesses and Industries — Our business may suffer if the intellectual property we use in our business is not protected” and “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to claims of intellectual property infringement that could adversely affect our business.”

Competition

Our business model is relatively unique, and few companies can compare with us in terms of the breadth of our business sectors spanning from digital solutions services, media and entertainment services, hospitality services to digital investments. However, we face competition in all of these business verticals.

With respect to digital financial services, our primary competitors include FinTech companies, traditional financial institutions and consumer technology platforms in Asia. For our insurance solutions business, we compete with other corporate-focused insurance providers and other insurance solutions platforms in Asia.

We compete with other publishers for market share and for the time and attention of readers of media content. We also compete with digital publishers and other forms of media, including, among others, social media platforms, search platforms, portals and digital marketing services for audience and for advertising customers. Competition among publishers for readership is primarily based on editorial content, brand perception, quality, price and effectiveness of distribution. Competition for subscription-based readership is also based on subscriber acquisition and retention, and competition for newsstand-based readership is also based on cover selection and the placement and display of publications in retail outlets. Technological advances and the growing popularity of digitally-delivered content and mobile consumer devices, such as smartphones and tablets, have introduced significant new competition for circulation in the form of readily available free or low-priced digital content. Competition among print publications and digital publishers for advertising is primarily based on the circulation and readership of publications and the number of visitors to websites, respectively, the demographics of customer bases, advertising rates, the effectiveness of advertising sales teams and the results observed by advertisers. The shift in consumer preference from print media to digital media, as well as growing consumer engagement with digital media, such as online and mobile social networking, have introduced significant new competition for advertising. The use of digital devices as distribution platforms for content has also lowered the barriers to entry for launching digital products that compete with our business. Nonetheless, we believe that our quality brands, reputation and the implementation of the direct ownership model provide us with significant competitive advantages.

The entertainment industry is intensely competitive and subject to rapid change. The films we produce and invest in compete for audience and exhibition outlets with films presented by other companies. We compete with production companies and other content producers in obtaining content for our service, both for licensed content and for original content projects; we also compete with these entities for the services of directors, producers, casts and other creative and technical personnel and production financing, all of which are essential to the success of our entertainment business. We also compete with a broad set of activities for consumers’ leisure time, including other entertainment providers, such as TV, streaming entertainment providers, video gaming providers and more broadly against other sources of entertainment and recreation, like social media, that our target audience could choose in their free time. In the area of movie right investment, we compete with other investors in terms of participation in film projects that we have identified. Such competition is based on a number of factors including our funding as well as other resources.

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

For additional information concerning the competitive risks that we face, see “Item 3. Key Information—D. Risk Factors.”

Data Privacy and Security

We are committed to protecting the information and privacy of our audience and customers. We have established and implemented a strict platform-wide policy on data collection, processing and usage. We collect information and other data that is related to the services we provide, with prior consent.

To ensure the confidentiality and integrity of our data, we maintain a comprehensive and rigorous data security program. We anonymize and encrypt confidential information and take other technological measures to ensure the secure processing, transmission and usage of data. We have also established stringent internal protocols under which we grant classified access to confidential data only to limited employees with access authorization.

We back up our core data on a real-time basis and other data on a daily basis in separate and various secured data back-up systems to minimize the risk of data loss.

Global Government Regulation

United States

Part of our business operations is conducted in the United States. This section summarizes the most significant rules and regulations that affect our business activities in the United States.

Overview and General Principles

The First Amendment of the U.S. Constitution protects the right to free speech, which significantly restricts the ability of the U.S. government to regulate magazine publication and film distribution. However, not all content is protected by the First Amendment, and the U.S. courts have identified certain categories of speech that can be the subject of government regulation. Additionally, various U.S. laws and regulations apply to different aspects of business that are important for magazine publishers and film distributors, including rules governing protection of intellectual property and advertising.

This section provides an overview of content regulation and key regulatory regimes that apply to various aspects of our company that publish magazines and distribute films.

Content Regulation

The First Amendment of the U.S. Constitution prohibits federal lawmakers from passing any laws abridging the freedom of speech or of the press. This prohibition also extends to state governments through the Due Process Clause of the Fourteenth Amendment. These restrictions generally prevent the U.S. government from regulating and restricting published content, including magazines and film.

However, not all content is protected by the First Amendment, and U.S. courts have recognized certain categories of speech that can be regulated and even prohibited in certain circumstances. The categories of content subject to government regulation that are most relevant to media publication and distribution include false statements of fact, commercial speech, content that intrudes upon an individual's right to privacy and seclusion, and content that the average person would consider obscene or pornographic. U.S. courts have permitted the government to apply narrowly tailored laws and regulations that moderate these categories of speech, including prohibiting the content in certain circumstances (e.g., prohibiting false and misleading advertising and content that would be considered obscene), imposing criminal and civil liability for harm caused by content (e.g., for false statements of fact that constitute slander or libel), and restricting sales and distribution of some types of content (e.g., age restrictions for the purchase of pornographic materials).

There is no central or general regulatory authority that is responsible for content regulation. Lawmakers determine the appropriate rules and regulations, and the U.S. enforcement agencies apply these rules and regulations with the U.S. court system adjudicating disputes and enforcement actions.

Intellectual Property

The United States has a well-developed regulatory regime governing intellectual property protection, an important area of law for companies like us that publish and distribute media. Intellectual property protection can be generally divided into three overlapping regulatory regimes that govern: (i) patents, (ii) trademarks; and (iii) copyrights.

Patents protects (i) useful inventions (utility patents); (ii) new, original, and ornamental designs of manufactured articles (design patents); and (iii) distinct and new varieties of plants (plant patents). Patents are regulated exclusively at the federal level by the U.S. Patent and Trademark Office, or the USPTO, and the designated federal courts. The USPTO decides in the first instance which patent protections to grant and also provides legal and regulatory guidance for inventors seeking patent protections. Once the USPTO grants patent protection, an inventor seeking to enforce his or her patent rights against another party must bring a claim in federal court. The U.S. Court of Appeals for the Federal Circuit has exclusive authority to review USPTO patent decisions as well as lower court patent infringement decisions. A party seeking further review may petition the U.S. Supreme Court to review the decisions of the U.S. Court of Appeals for the Federal Circuit. The U.S. Supreme Court has discretion over whether to hear such cases.

Trademarks include brand names, symbols, slogans, packaging and other designs that are used by an entity to identify and distinguish its goods or services in a particular marketplace. Trademarks are regulated in a similar manner as patents by the same government entities, with two key differences. First, trademark rights do not require registration; rather, a party establishes trademark rights through commercial use of the mark. However, trademark registration can strengthen protections. Second, trademarks are also protected and regulated at the state level, which means that state enforcers also oversee trademark protections, and that trademark disputes can be litigated in both state and federal court.

Copyrights protect original works of intellectual and artistic expression and cover a wide variety of content, including magazines and movies. Copyrights are regulated exclusively at the federal level under a regime separate from the one that applies to patent and trademark protection. An author automatically obtains a copyright over work as soon as it is committed to a medium, including paper, film or electronic memory. The U.S. Copyright Office oversees copyright protections and provides legal and regulatory guidance to authors. It also allows authors to register copyrighted material, which is in turn recorded and stored in the Library of Congress. Although registration is not necessary to obtain copyright protection, it is generally a prerequisite for a copyright holder to seek enforcement in court. Federal courts adjudicate most copyright disputes, while the Copyright Claims Board has authority to resolve certain smaller and more limited disputes.

The Digital Millennium Copyright Act also plays an important role in copyright protection. This act protects online service providers from copyright liability arising from user activities; for example, the Act applies when a user uses an online service provider to distribute copyrighted works, such as a movie or periodical, without proper authorization or permission. The Digital Millennium Copyright Act establishes a self-regulatory process for copyright enforcement in which an online service provider must participate in order to qualify for protections from liability. Through this process, copyright holders can submit complaints and takedown notices directly to an online service provider for an alleged violation by a user using the service. The online service provider must then take action to comply with the complaint and remove the allegedly infringing material, while giving the affected user notice of the complaint and an opportunity to respond. If the user objects to the complaint, the online service provider must then restore the material and provide notice to the copyright holder, who can then seek further adjudication and enforcement in federal court.

Advertising

A combination of federal and state laws regulate advertising in the United States. At the federal level, the Federal Trade Commission Act prohibits unfair and deceptive advertising and requires claims made in advertisements to be evidence-based. State analogues of the Federal Trade Commission Act similarly prohibit unfair and deceptive advertising. Various rules also prohibit and restrict certain kinds of advertising, such as advertising that uses obscene material, or unfair and deceptive endorsements. The Federal Trade Commission and the state consumer protection regulators enforce these rules directly and on behalf of affected consumers. Some state laws also provide a private right of action, which allows affected consumers to bring claims directly for damages.

The U.S. advertising industry also has certain self-regulatory principles and standards that are issued by non-governmental associations that represent industry members. For example, the Digital Advertising Alliance issues the Self-Regulatory Principles of Transparency and Control, a set of principles aimed at establishing responsible privacy practices for digital advertising. Such principles are voluntary and generally do not carry the force of law. Instead, the industry groups themselves enforce compliance. For example, the Digital Advertising Alliance works with its members and industry associations to monitor and enforce compliance with the Self-Regulatory Principles of Transparency and Control and respond to consumer complaints. However, companies that publicly commit to self-regulatory principles and fail to abide by them can in turn violate the Federal Trade Commission Act and state consumer protection laws.

Magazine Publishing

There is no central authority or set of rules that regulates magazine publishing activities in the United States. However, magazine publishers are subject to various regulatory regimes that are applicable to different aspects of their business. In addition to the regulatory regimes described above, magazine publishers must also be aware of consumer protection laws that govern service offerings and subscriptions, as well as laws and regulations that protect consumers' personal data privacy. There are also voluntary industry standards and principles of which magazine publishers in the United States should be aware of. This section provides a high-level overview of these regulatory regimes.

Consumer Protection

In addition to overseeing certain aspects of advertising, the Federal Trade Commission and state consumer protection regulators enforce general consumer protection rules that prohibit unfair and deceptive business conduct, including rules that are particularly important to subscription-based services. These rules impose various requirements that magazine publishers must consider, such as rules regarding disclosure of subscription terms, the process for consumers to cancel a subscription, and notices required for recurring payments and renewal. The rules generally aim at preventing subscription providers, including magazine publishers and distributors, from employing practices that are considered unfair and deceptive. The Federal Trade Commission and state consumer protection regulators enforce these rules directly and on behalf of affected consumers. Additionally, where state laws provide a private right of action, affected consumers can bring claims directly for damages.

Data Privacy

Magazine publishers are also likely to hold significant amounts of personal information of their subscribers, including contact information, billing data, preferences and interests and any other information that they collect and process. As a result, publishers need to comply with applicable data privacy laws. The United States does not have comprehensive consumer privacy law at federal level; instead, there is a fragmented patchwork of state and sector-specific privacy laws.

As of February 2025, nineteen states, including California, Connecticut, Texas, and Virginia, have comprehensive privacy laws that protect personal information of the residents in these states. These laws apply to companies that conduct business in these states and that meet certain thresholds of revenue and/or data processing activities. In California, the California Privacy Protection Agency shares enforcement authority with the state attorney general, which is the state general consumer protection enforcer. California law also provides a limited private right of action for security breaches. In other states, enforcement responsibility of privacy laws is within the authority of each state's respective attorney general.

Additionally, the Federal Trade Commission has interpreted general consumer protection rules to extend to privacy, requiring companies to provide consumers with a basic level of privacy protections as well as abide by any privacy and data protection-related representations made by a company (e.g., in the form of a privacy notice or privacy terms in a contractual agreement).

Voluntary Industry Standards

Magazine publishers should also be aware of regulations and guidance issued by non-government associations that represent industry members. In the United States, the primary industry association for magazine publishers is the News Media Alliance, an organization that represents most of the major newspaper and magazine publishers in the United States, including both digital and print media publishers. The focus of the News Media Alliance is on advocacy and research, but in the past it has issued principles and standards, such as the Generative Artificial Intelligence Principles aiming at providing guidance on the use of media content to train and develop generative artificial intelligence systems. Similar to other voluntary industry standards, these principles do not carry the force of law, but they can provide helpful guidance for industry participants.

Film Distribution

There is no central authority that oversees film distribution in the United States. However, the federal government has regulatory authority over wire communications, which allows it to regulate most forms of television broadcasting. Additionally, various non-governmental industry associations play a key role in regulating film distribution. This section provides a high-level overview of these regulatory regimes.

Federal Communications Commission

The Federal Communications Commission has authority over wire communications in the United States, including most forms of television broadcasting. However, it has no formal regulatory authority over online streaming services. For film distributors, any movie that is broadcasted over television airwaves must abide by the rules of Federal Communications Commission, including Federal Communications Commission rules in place that prohibit and restrict certain types of content, such as language, nudity, violence and other content that could be considered obscene, indecent and/or profane. The Federal Communications Commission enforces its rules against broadcast networks and providers, who in turn may extend these rules to film distributors seeking to distribute their films on these networks.

Voluntary Industry Regulations

In the absence of significant government regulation, the film industry has different non-governmental associations that play an important role in regulating movies. A key example is the Motion Picture Association, which represents the five major film studios in the United States, including Netflix. The Motion Picture Association established the Motion Picture Association film rating system, which is a widely used system that provides guidance for different types of audience on suitable film content. The Motion Picture Association also rates film trailers, print advertising and other media used to promote a film. The Motion Picture Association rating system is not just for the members, and non-members can also submit films for rating. This rating system is voluntary and is not enforced by law, although most U.S. movie theaters will refuse to exhibit non-rated films. Additionally, certain states have incorporated the ratings system into state and local laws, prohibiting theaters from permitting children under age 18 to view an R-rated or above film without an accompanying adult.

Italy

Introduction

Our subsidiary, World Media and Entertainment Group indirectly holds a 100% share into L'Officiel Publishing Italia S.r.l., the business of which focuses, among others, on the publication of magazines in Italy (e.g. "L'Officiel," including the online version made available onto www.lofficielitalia.com) and the distribution of audiovisual works.

The Italian subsidiary is mainly affected by the laws and regulations in the fields of copyright and publishing as well as advertising.

The Italian Subsidiaries are mainly affected by the laws and regulations in the fields of copyright and publishing as well as advertising. The following provides a brief description of the main laws and regulations that govern the Italian subsidiary's activities in Italy. Although the following brief description contains the main information concerning such regulations that the Italian subsidiary considers material, it is not an exhaustive overview of all applicable laws and regulations. References and discussions to treaties, laws, regulations and other administrative and regulatory documents are entirely qualified by the full text of such treaties, laws, regulations and other administrative and regulatory documents themselves.

Publishing

The Italian subsidiary's business is subject to a number of laws in the field of publishing. The key regulatory framework includes law 8 February 1948, no. 47, law 5 August 1981, no. 416 and law 7 March 2001, no. 62, which laws set out, among others, a system providing contributions and incentives for publishing businesses.

The offering on the market of copyrighted works (such as articles published on a magazine or a website) are also subject to the Italian copyrights laws and regulations, which include (i) law 22 April 1941, no. 633, which provides for a framework of protection for copyrighted works, and (ii) legislative decree 8 November 2021, no. 177, which implements the "Digital Copyright Directive" (i.e. directive (EU) 2019/790), which directive, among others, provides for rules to ensure remuneration for creators and rightsholders, press publishers and journalists, in particular when their works are used online.

Distribution of audiovisual works

The Italian subsidiary's business is also subject to the laws and regulations governing the distribution of audiovisual works in Italy. The framework includes legislative decree 31 July 2005, no. 177 (the "Consolidated Italian Audiovisual Media Act" or "*CAMA*"), as subsequently amended including to implement directive (EU) 2018/1808, which in turn amended the so-called "Audiovisual Media Services Directive (*AVMS Directive*)" (i.e. directive 2010/13/EU).

The CAMA governs the transmission of television and radio programmes and includes provisions on audiovisual commercial communications and video-sharing platform services. It applies to audiovisual and radio media service providers operating within Italian territory, ensuring that they comply with both national and EU regulations.

Advertising in magazines and newspapers

The Italian subsidiary's business is subject to laws and regulations governing advertising in magazines and newspapers. Specific provisions requiring transparency in identifying sponsored content and differentiating it from editorial content to prohibit potentially misleading and / or hidden advertising are contained in the CAMA as well as the articles 18-32 of the legislative decree 6 September 2005, no. 206 (the "***Italian Consumer Code***"), as subsequently amended.

To the extent that the Italian subsidiary is also directly or indirectly involved in advertisement content through celebrities or influencers, Italian subsidiary may also be subject to the guidelines published on 16 January 2024 by the Autorità Garante delle Comunicazioni (AGCM) with the Resolution no. 7/24/CONS in relation to compliance to CAMA and transparency requirements by influencers.

Singapore

Magazines Publishing

Background

Part of our media and entertainment business operates in Singapore. We currently hold three separate active newspaper permits for the publication of three different L'Officiel magazines in Singapore.

These magazines are considered lifestyle magazines.

The Newspaper and Printing Presses Act 1974, or NPPA, is the legislation applicable to the licensing of newspaper companies in Singapore. The Newspaper and Printing Presses (Applications and Permits) Rules 2004 is the applicable subsidiary legislation and governs the newspaper permit application process.

The Infocomm Media Development Authority, or the IMDA, is a statutory board of the Singapore government which operates under the auspices of the Ministry of Digital Development and Information Singapore and regulates the issuance of newspaper permits in Singapore.

The Registrar of Newspapers as defined in NPPA reports to the general administration of NPPA and exercises the functions imposed by NPPA.

Dr. Feridun Hamdullahpur, an independent director of AMTD, is the holder of the newspaper permit of the L'Officiel magazines.

Application of NPPA

Our publication of magazines in Singapore is governed by NPPA.

Pursuant to Section 2 of NPPA, "newspaper" means any publication containing news, intelligence, reports of occurrences, or any remarks, observations or comments, in relation to such news, intelligence, reports of occurrences, or to any other matter of public interest, printed in any language and published for sale or free distribution at regular intervals or otherwise, but does not include any publication published by or for the government.

A newspaper permit is a regulatory requirement by the IMDA aiming to ensure that newspapers published in Singapore meet content standards that promote responsible content creation and consumption.

Sections 21 to 23 of NPPA provide that a newspaper permit is required for (i) printing or publishing a newspaper in Singapore; (ii) publishing, selling or distributing a Malaysian newspaper in Singapore; or (iii) selling or distributing an offshore newspaper in Singapore. An offshore newspaper is a newspaper published outside Singapore, at intervals not exceeding one week, which carries news or reports on politics and current affairs of any country in Southeast Asia, and with a circulation of 300 or more copies in Singapore.

Relevant Newspaper Permit

As our publication of magazines is in Singapore, the newspaper permit for printing or publication of a newspaper under Section 21 of NPPA apply to our business. Newspaper permit applications and renewals shall be completed online via an online platform to connect business owners to various government e-services and resources in Singapore.

The newspaper permit entitles us to print, publish, sell or distribute the relevant newspaper, as applied for in the newspaper permit application.

We were granted three separate newspaper permits by the Minister under Section 21 of the NPPA in respect of each of the L'Officiel magazines.

The active newspaper permits we hold for each of the L'Officiel magazines expires in April 2025. Section 21(4) of NPPA provides that the newspaper permit may be renewed for further periods not exceeding 12 months in respect of each renewal.

Conditions and Notes of Newspaper Permit

We must comply with the following conditions and notes specified in each of the newspaper permit certificates issued to it.

Conditions

The newspaper permit is non-transferable and becomes invalid if there is a change in ownership, editorship, the newspaper's name, content nature, language or publication frequency. Any change in the publisher or printer must be reported to the Registrar of Newspapers within seven days. The permit number must be printed on the title page of each issue. For newspapers printed in Singapore, changes in financial holdings must also be reported within seven days, unless an extension is granted. The first issue must be published within three months, and subsequent issues must follow the specified frequency. The newspaper must adhere to the content nature and guidelines provided in the application. Two copies of each issue must be sent to the Registrar at the permit holder's expense upon release.

Notes

Additionally, under the National Library Board Act 1995, two copies of every publication must be deposited with the National Library Board within four weeks of publication. For newspapers printed in Singapore, the names of the printer and publisher must be printed on the first or last page, as stipulated by the Newspaper and Printing Presses Act. If printed in Malaysia, the newspaper must include specific details such as names and addresses of the printer and publisher, and a local address for legal service, all in English or Malay. The permit does not exempt the printer and publisher from their obligations under the Newspaper and Printing Presses Act.

Content Guidelines for Local Lifestyle Magazines

In addition to the conditions and notes specified above, the magazines published by us in Singapore must conform with the nature of contents submitted with the application for the newspaper permit and the content guidelines for local lifestyle magazines stated in the covering letter to the newspaper permit certificate.

The IMDA does not vet local publications in advance. Publishers of local publications are to exercise responsibility in their content and be mindful of local community norms, as well as racial and religious sensitivities. As part of the permit conditions, publishers are required to adhere to the applicable content guidelines issued together with the permit.

General Principles of Content Guidelines

Set forth below is the general principles of the content guidelines:

- magazines should be appropriate for all readers and avoid content that challenges social norms, racial and religious harmony or national security;
- publishers must tailor content to their audience, particularly protecting children from sexual content;
- cover pages should be suitable for public display, avoiding offensive material;
- advertisements must adhere to the Singapore Code of Advertising Practice; and
- supplements and special editions must follow these guidelines.

The content guidelines provide further guidance for the following genres and audiences: (i) teen magazines, (ii) general interest lifestyle magazines and (iii) adult interest magazines. In particular, category (ii) is most relevant to our magazines published in Singapore.

Content Guidelines for General Interest Lifestyle Magazines

Set forth below is the content guidelines for general interest lifestyle magazines:

- content should be suitable for a general adult readership, avoiding explicit material;
- cover pages should not feature mature content; and
- mature content is allowed occasionally if the magazine is clearly labelled and packaged to restrict access to young readers.

Film Distribution

Background

We may potentially distribute films which are produced in Hong Kong and Singapore. The following regime applies to the distribution of films in Singapore.

The Films Act 1981 sets out the regulatory framework for the distribution, exhibition and possession of films in Singapore. This legislation relates to the possession, importation, making, distribution and exhibition of films, and to provide for the classification of films and for the enforcement of those classifications in Singapore.

The Films (Class License for General Films Distribution) Order 2021 is the applicable subsidiary legislation and governs the issuance of class licenses. Other applicable subsidiary legislation includes the Films (Licence - Exemption) Notification 2019 and the Films (Licence - Exemption) (Amendment) Notification 2021.

Under the Films Act, distributors and exhibitors are required to obtain a license from the IMDA, a statutory board in the Singapore government which operates under the auspices of the Ministry of Digital Development and Information Singapore, unless exempted.

Application of Films Act

Pursuant to Section 6(1) of the Films Act, if we intend to distribute films in Singapore, it must first have a film distribution license to distribute a film or video, unless they meet any of the exemption conditions as elaborated further below.

The Films Act defines “distribute” as doing any of the following without using a broadcasting service:

- (i) sell, supply or let for hire to a person in Singapore;
- (ii) offer or agree to sell, supply or let for hire to a person in Singapore;
- (iii) cause or permit to be sold, supplied to or hired by a person in Singapore;
- (iv) under or in connection with a commercial arrangement:
 - exchange or supply to a person in Singapore; or
 - enable or assist an exchange or a supply to a person in Singapore, even if the exchange or supply is not, by itself, a commercial arrangement;
- (v) display or invite to treat for an act mentioned in paragraph (a), (b), (c) or (d).

Under the Films Act, “film” means (i) a cinematograph film or video recording; (ii) a video game; or (iii) any other form of recording from which a moving visual image, except as provided otherwise in subsection (5), including a computer generated image which can be produced and viewed together with its soundtrack and any trailer of a film and any part of a film.

Film Classification

Under the Films Act 1981, films and videos have to be classified before they can be publicly exhibited or distributed in Singapore. We will have to submit the film intended to distribute in Singapore for classification before it is made available to the general public, unless it falls within the exemption categories as described below and does not contain impermissible content.

Types of Film Distribution Licenses and Validity

There are two types of film distribution licenses required for the film distribution in Singapore depending on the classification of the respective films by the IMDA: (i) class licensing for the distribution of films rated G, PG and PG13; or (ii) film distribution (restricted) license for the distribution of films rated NC16 and M18.

Class License

The Films (Class License for General Films Distribution) Order 2021 provides that distributors of films that the IMDA has rated G, PG or PG13 are automatically class-licensed and must comply with the class license conditions. The class license applies only to the distribution of films that have been assigned G, PG or PG13 classification ratings and excludes video games.

The validity of a class license that has been granted by the IMDA is perpetual until the film distribution business ceases or if the IMDA cancels the license.

Film Distribution (Restricted) Licence

Distributors of films that the IMDA has rated NC16 or M18 must apply for a Film Distribution (Restricted) Licence. Each license covers all distribution points or locations owned by the same business.

The validity of a Restricted Licence that had been granted by the IMDA is either for a period of one or three years depending on the license applied for, or 30 days for a temporary license.

Exemptions from licensing

Pursuant to the Films (Licence - Exemption) Notification 2019 and the Films (Licence - Exemption) (Amendment) Notification 2021, the following activities are exempted from film distribution licensing:

- importing any film for re-export;
- importing any video game on behalf of an IMDA licensed distributor of video games (whether these are licensed under Section 7(2) of the Films Act 1981 or class licensees);
- importing any film (other than video games) on behalf of an IMDA licensed distributor of films (whether these are licensed under Section 7(2) of the Films Act 1981 or class licensees);
- distributing any film for public exhibition in cinemas;
- distributing any exempted films; and
- distributing films by supplying, in the course of any business, the contents of the film only by electronic transmission.

France

Publishing

Our French subsidiaries' business may be subject to several laws in the field of publishing, in particular:

- the Law of 28 July 1881 on the freedom of the press ("**Act 1881**") whose main rules are based on the principle of the freedom of printing and of booksellers, and on the freedom of speech enshrined in the 1789 French Declaration of the Rights of Man and of the Citizens;
- copyright law (particularly for journalists, photographers, and illustrators), the rules of which are codified in the French Intellectual Property Code. In this area, several French texts have transposed Directive (EU) 2019/790 of 17 April 2019 on copyright and related rights in the Digital Single Market;
- deposit requirements applying to press publishers i.e., (i) administrative deposit obligations for national press organs, i.e., for periodicals with national circulation (Act 1881) and (ii) legal deposit obligations for periodicals, which concern written material of any kind and are the responsibility of both publishers and printers under the French Heritage Code ("**FHC**", *Code du Patrimoine*). This deposit is organized by region and is carried out at the *Bibliothèque nationale de France* (BNF) for the Île-de-France region;
- the Act 1881, the Law of 1 August 1986 on freedom of communication ("**Loi Léotard**") and the Law of 21 June 2004 on confidence in the digital economy ("**LCEN**") that lay down a certain number of compulsory information that publishers must include on each publication. The LCEN itself sets out the compulsory information for online publications. Together with the Digital Service Act, this same law requires the implementation of measures to fight online hate;
- the Law of 4 January 2010 that protects the confidentiality of journalists' sources, and the Law of 14 November 2016 that requires press companies to introduce an ethics charter within their business;
- obligations applying to advertising, in particular as regards the distinction between advertising space and editorial content (*Loi Léotard*) and the obligation to identify online advertising (LCEN).

Distribution of audiovisual works

Our French subsidiaries interested in distributing audiovisual works may have to comply in particular to the following rules (some of which are genuinely specific to France):

- copyright law, the rules of which are codified in the French Intellectual Property Code;
- the principle of release window schedule (*chronologie des médias*), which governs the chronology of releases on the various distribution channels (cinemas, television, VOD services, etc.). This chronology is decided by professional agreement, the latest in force being that provided for in the Order of February 9, 2025;
- the rules codified in the French Cinema and Moving Image Code (“CMI”, *Code du cinéma et de l'image animée*). The rules vary depending on the distribution channel for the audiovisual work. In particular, as the audiovisual sector is eligible for financial aid from the CNC (*Centre National du Cinéma et de l'image animée*), distributors of a certain number of works must send to the CNC, accounts of the exploitation of the work on a regular basis (art. L251-5 CMI);
- the FHC (art. L131-1 to L133-1, and art. R131-1 à R133-1-1) that requires distributors of all foreign cinematographic works broadcast in cinemas to submit a legal deposit to the CNC, once they have been approved for broadcasting. Depending on the case, the distributor may also be responsible for obtaining the necessary *visa* before any public broadcasting of the audiovisual work;

European rules resulting from Audiovisual Media Services Directive 2018/1808 that were transposed by the Order of 21 December 2020. This order sets out financing of audiovisual creation requirements and strengthens the powers of ARCOM, the authority responsible for regulating audiovisual and digital communication in France.

Regulations in Hong Kong

Insurance Brokerage Regulatory Regime

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

The Insurance Ordinance (along with its subsidiary legislation) (Cap. 41) of Hong Kong, or the HKIO, is the principal legislation to regulate the insurance industry in Hong Kong. The regulatory framework applicable to insurers and insurance intermediaries in Hong Kong is set out in the HKIO. The HKIO sets out the requirements for the authorization / licensing, ongoing compliance and reporting obligations of insurers and insurance intermediaries.

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

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

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

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

AMTD RSG was validly registered with an SRO before the commencement of the new regulatory regime for insurance intermediaries (i.e. September 23, 2019), as such, under the HKIO, it is deemed to be a licensed insurance intermediary for a period of 3 years from the commencement of the new regime unless the license is revoked in accordance with the HKIO. AMTD RSG has been granted the formal insurance brokerage license from the Hong Kong Insurance Authority on September 9, 2022.

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

The 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 December 31, 2023, the amount of paid-up share capital and net assets which a specified insurance broker company must maintain at all times respectively are for the period that begins on the commencement date and ends on December 31, 2021, not less than \$100,000; and for the period that begins on January 1, 2022 and ends on December 31, 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 endeavors to secure observance with the controls and procedures established under section 92(1)(a) by the licensed technical representatives (broker) appointed by the broker company;
- it must ensure that its responsible officer has sufficient authority within the broker company for carrying out the responsibilities set out in section 92(2); and
- it must provide its responsible officer with sufficient resources and support for carrying out the responsibilities set out in section 92(2).

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

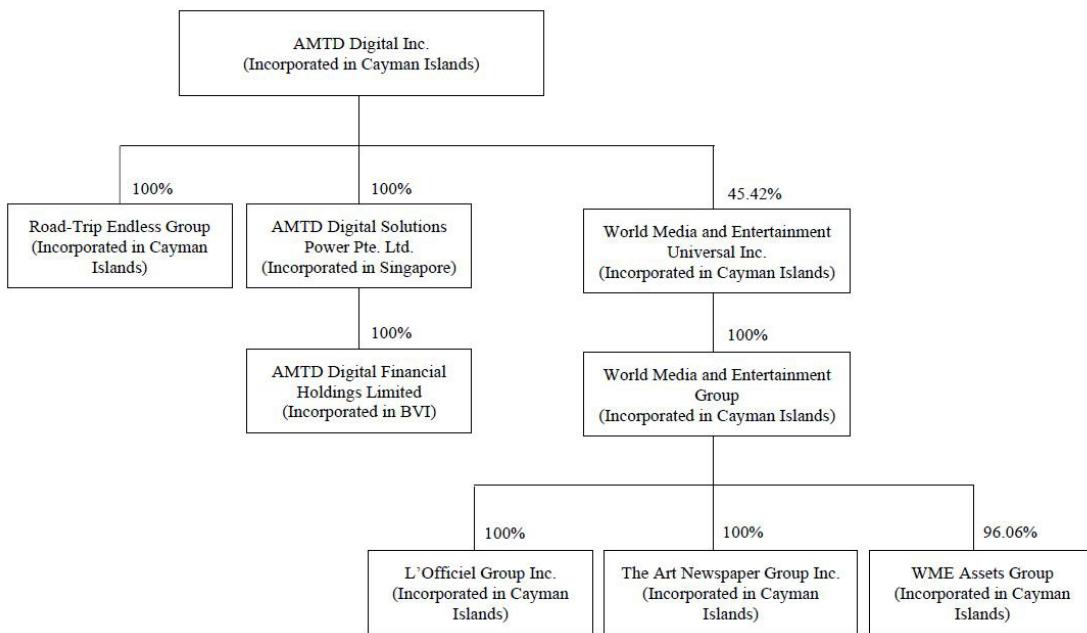
- the right to be informed by a data user whether the data user holds personal data of which the individual is the data subject;
- if the data user holds such data, to be supplied with a copy of such data; and
- the right to request correction of any data they consider to be inaccurate.

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.

C. History and Development of the Company

Corporate Structure

The following diagram illustrates our corporate structure, including our significant subsidiaries as of October 31, 2024.



(1) The above organizational chart is evolving based on the dynamics of our overall businesses and acquisitive approaches. There could be updates or latest changes that are not reflected.

Our Relationship with the Controlling Shareholder and Other Group Companies

As of the date of this annual report, our Controlling Shareholder beneficially owned 9.5% of our outstanding ordinary shares, representing 42.5% of our total voting power.

Treasury functions are conducted centrally under our Controlling Shareholder and intra-group treasury fund transfers are carried out among the entities within AMTD Group. The treasury function manages available funds at our Controlling Shareholder level and allocates the funds to various entities within AMTD Group for their operations.

Historically, our Controlling Shareholder has provided us with business premises, financial, accounting, administrative, legal, and human resources services, as well as the services of a number of its executive officers and other employees, the costs of which were allocated to us based on actual usage or proportion of revenue and infrastructure usage attributable to our business, among other things. We have begun to invest in our own financial, accounting, and legal functions separate from those of our Controlling Shareholder, and we are establishing other support systems of our own or contract with third parties to provide them to us. We entered into a series of agreements with our Controlling Shareholder with respect to our ongoing relationship in May 2021. These agreements include a master transaction agreement, a transitional services agreement, and a non-competition agreement. The following are summaries of these agreements.

Master Transaction Agreement

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

In addition, we agree to indemnify our Controlling Shareholder, its subsidiaries and each of their directors, officers and employees against liabilities arising from misstatements or omissions in our prospectus dated July 14, 2022 or the registration statement of which it formed a part, except for misstatements or omissions relating to information that our Controlling Shareholder provided to us specifically for inclusion in such prospectus or registration statement. Our Controlling Shareholder will indemnify us including each of our subsidiaries, directors, officers and employees against liabilities arising from misstatements or omissions with respect to information that our Controlling Shareholder provided to us specifically for inclusion in our prospectus dated July 14, 2022 or the registration statement of which it formed a part, or our annual reports or other SEC filings following the completion of our initial public offering.

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

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

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

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

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

Transitional Services Agreement

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

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

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

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

The service period under the transitional services agreement commenced on May 20, 2021, being the public filing date of the registration statement for our initial public offering, and had been renewed for an additional 18 months subsequently on November 20, 2022 and May 20, 2024. We may terminate the transitional services agreement with respect to either all or part of the services by giving 30-day prior written notice to our Controlling Shareholder and paying a termination fee equal to the direct costs incurred by our Controlling Shareholder in connection with its provision of services at the time of the early termination. Our Controlling Shareholder may terminate this agreement with respect to either all or part of the services by giving us a 30-day prior written notice if our Controlling Shareholder together with its subsidiaries ceases to own in aggregate at least 20% of the voting power of our then outstanding securities or ceases to be the largest beneficial owner of our then outstanding voting securities, without considering holdings of institutional investors that have acquired our securities in the ordinary course of their business and not with the purpose or the effect of changing or influencing control of our company.

Non-competition Agreement

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

Our Controlling Shareholder has agreed not to compete with us during the non-competition period in our digital solutions services, media and entertainment services, except for owning non-controlling equity interest in any company competing with us. We have agreed not to compete with our Controlling Shareholder during the non-competition period in the businesses currently conducted by our Controlling Shareholder, except for owning non-controlling equity interest in any company competing with our Controlling Shareholder.

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

Contractual Arrangements

In October 2022, we entered into an agreement with our Controlling Shareholder, pursuant to which we agree to provide digital solutions services to support the management of one of the investee companies for a fixed annual service fee of HK\$20.0 million. In addition to the fixed annual service fee, we are entitled to receive 15% of all distributions, in any form, received by our Controlling Shareholder from the investee company, including but not limited to cash or share dividends, regardless of whether on a regular or one-off basis. We are also entitled to receive 15% of any profit generated by our Controlling Shareholder from the disposal of any shares of the investee company. However, we are not liable for any loss arising from the disposal of any shares of investee company by our Controlling Shareholder. This agreement with our Controlling Shareholder will remain effective until terminated by mutual agreement.

Intellectual Property License Agreement with AMTD Group Inc.

WM&E licenses L'Officiel and The Art Newspaper trademarks and domain names and other intellectual property rights its uses in its business from our Controlling Shareholder. WM&E entered into an Intellectual Property License Agreement with our Controlling Shareholder on January 27, 2025. Under this agreement, our Controlling Shareholder grants, on behalf of itself and its affiliates, to WM&E an irrevocable, worldwide, fully paid-up, royalty-free, sublicensable license to (i) certain L'Officiel and The Art Newspaper trademarks and domain names (on an exclusive basis) and (ii) certain other intellectual property (on a non-exclusive basis), subject to the terms and conditions therein. We refer to the intellectual properties licensed to us under the Intellectual Property License Agreement collectively as the "Licensed IP."

The license allows WM&E to use and exploit the Licensed IP in connection with the operation or conduct of its business, including publishing or making available its publications in paper and/or digital format and associated websites, social media activities, mobile applications and promotional and marketing activities and hospitality, temporary accommodation, food and beverage, event management, fashion shows and luxury goods and services, including related branded events, experiences, branded hotels and cafes.

If our Controlling Shareholder or its affiliate assigns or transfers any Licensed IP, our Controlling Shareholder shall, or shall cause its relevant affiliate to, require that the assignee or transferee be bound by all applicable licenses and covenants granted under this agreement with respect to such Licensed IP.

WM&E undertakes to and to cause its sublicensees to, display, affix and use the licensed trademarks in accordance with the branding guidelines of our Controlling Shareholder and its affiliates.

This agreement shall (i) remain in full force and effect for an initial term of 20 years and (ii) automatically renew for renewal terms of five years each, unless either party notifies the other party that it does not wish for this agreement to renew by no later than six months prior to the expiration of the then-current initial term or renewal term.

Either party may terminate this agreement if the other party materially breaches this agreement and the other party fails to cure such breach within 30 days following the other party's receipt of written notice of such breach from the terminating party.

D. Property, Plants and Equipment

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

Our Hotel Properties

WME Assets holds the following premium whole building properties and provide hospitality services.

icloud AMTD Sheung Wan Hotel

We own a majority interest in the icloud AMTD Sheung Wan Hotel. icloud AMTD Sheung Wan Hotel is a contemporary select-service hotel centrally located amidst Hong Kong's famed Sheung Wan district, a prime center for business and entertainment. The hotel has 32 stories with 98 guestrooms and suites and is managed by our joint venture partner. It has a total gross floor area of over 5,000 square meters, with an average occupancy rate of 92% and 90% in 2023 and the first half of 2024, respectively.

We hold a 999-year leasehold interest in the land plot underlying the icloud AMTD Sheung Wan Hotel. The hotel property is mortgaged to The Bank of East Asia, Limited in relation to loan facilities in the original principal amount of HK\$400,000,000.

Dao by Dorsett AMTD Singapore

We own a majority interest and manage Dao by Dorsett AMTD Singapore. Located in the heart of Singapore's Central Business District, Dao by Dorsett AMTD Singapore features high quality serviced apartment units with excellent connectivity. The property has 26 stories with 268 studios (with one and two bedrooms). It has a total gross floor area of over 25,000 square meters, with an average occupancy rate of 78% in 2023 and 79% in 2024.

We hold a 99-year leasehold interest in the land plot underlying Dao by Dorsett AMTD Singapore which expires in 2066. The hotel property is mortgaged to RHB Bank Berhad in relation to loan facilities in the original principal amount of SGD217,000,000.

Other property

We own a property located in New York. This property is one of our premium assets investments which is a recently completed high-rise luxury building situated in a major metropolitan area. The property is mortgaged to East West Bank in relation to the loan facilities in the aggregate principal amount of US\$11.2 million.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

We changed our basis of accounting from International Financial Reporting Standards as issued by the International Accounting Standards Board, or IFRS, to U.S. Generally Accepted Accounting Principles, or U.S. GAAP. Our consolidated financial statements for the years ended April 30, 2022 and 2023, the six months ended October 31, 2023, the year ended October 31, 2024 and as of April 30, 2022 and 2023 and October 31, 2023 and 2024 included elsewhere in this annual report have been prepared in accordance with U.S. GAAP. Historical financial results for the years ended April 30, 2022 and 2023 and historical financial results as of April 30, 2022 and 2023 have also been adjusted based on U.S. GAAP.

A. Operating Results

We are a comprehensive digital solutions platform in Asia with businesses spanning multiple verticals, including digital solutions services, media and entertainment and strategic investments. We also hold premium whole building properties and provide hospitality services through WME Assets.

We generated revenue primarily from fees and commissions from our digital solutions services, and media and entertainment business during the fiscal year ended April 30, 2022. We began to generate additional revenue from hotel operations, hospitality and VIP services business during the fiscal year ended April 30, 2023 after our acquisition of WME Assets in February 2023. Our revenue was US\$25.3 million and US\$33.1 million for the fiscal years ended April 30, 2022 and 2023, US\$13.9 million and US\$8.7 million for the six months ended October 31, 2022 and 2023, and US\$22.8 million for the fiscal year ended October 31, 2024, respectively. Our net profit was US\$25.8 million and US\$40.8 million for the fiscal years ended April 30, 2022 and 2023, US\$10.7 million and US\$30.8 million for the six months ended October 31, 2022 and 2023, and US\$41.7 million for the fiscal year ended October 31, 2024, respectively.

In October 2023, AMTD IDEA Group acquired 100% of the equity interests in The Art Newspaper SA, which then owned the business unit of “The Art Newspaper.” From October 2024 through November 2024, a series of reorganization steps, which we refer to as the “WM&E Reorganization,” were taken to (i) establish World Media and Entertainment Universal Inc. as the holding company transfer and consolidate the business of L’Officiel, The Art Newspaper, WME Assets Group and certain movie rights investments into World Media and Entertainment Universal Inc., and (ii) we acquired the controlling stake of World Media and Entertainment Universal Inc. As such, business units under WM&E have been consolidated by the Company starting from October 2024. The consolidation is based on business combination under common control using predecessor accounting prospectively, and is therefore not reflected in the consolidated statements of profit or loss and other comprehensive income presented in this annual report.

Key Factors Affecting Our Results of Operations

Our business and operating results are influenced by a number of general factors that impact the digital solution industry, media and entertainment industry, hospitality industry and strategic investment business.

The general factors include, among others, changes in the global macroeconomic environment, economic growth in the jurisdictions we operate, growth in consumer spending and consumption upgrade, costs along the supply chain, shifts in consumer preferences and competition, political and geopolitical uncertainties, terrorism, epidemic or pandemic, civil unrest, fiscal or other economic policy of governments, political, legislative and regulatory reform, changes in market trends. Unfavorable changes in any of these general factors could adversely affect demand for our content, products and services and materially and adversely affect our results of operations.

While our business and results of operations are influenced by these general factors, they are more directly affected by the following company-specific factors.

Rate of adoption of digital solutions services in Asia

Consumers in Asia are rapidly embracing digital banking, insurance, and other digital finance services. This shift was further accelerated by the COVID-19 pandemic, which forced a large part of the population to adopt digital means for work, education, and commerce and to conduct their financial transactions electronically as they were subjected to various social distancing measures and travel restrictions. Furthermore, globalization and digitalization have enabled greater movements of people, goods, and services across borders. There has been increasing trade among the economies of Asia, which will benefit financial institutions like us that can provide seamless, comprehensive digital financial solutions across borders.

The revenue that we generate from our digital solutions services business will depend in a large part on the rate at which the global population embraces digital solutions services. Should the global markets not embrace digital solutions services as rapidly as we anticipate, our future results of operation could be affected.

Our ability to expand into new markets and offer new products and services

Digital solutions services is a highly regulated industry, and digital financial licenses are generally regulated separately across different product types and different regions. In order to provide one-stop cross-regional digital solutions services that meet the evolving needs of clients, it is important for us to obtain licenses from multiple regulatory regimes. At the same time, it is imperative for us to continue to offer new products and services in order to attract new customers and retain our existing customers. If we are unable to obtain licenses or offer new products and services to attract and retain our clients, our future results of operation could be affected.

Our ability to produce content and attract audience

Our business and results of operations depend significantly on our ability to create compelling content that resonates with our target audience. Our ability to produce high-quality, engaging content across various mediums, including magazines and motion pictures, forms the cornerstone of our value proposition. The freshness, relevance and diversity of our content portfolio are paramount in capturing and retaining audience attention in the current competitive media and entertainment landscape. Our success in attracting and retaining a loyal audience directly impacts our revenue streams, whether through subscriptions, advertising or box office sales. By continuously innovating and adapting to evolving audience preferences, consumption habits and technological advancements, we aim to enhance our position as a leading content provider. Additionally, the success of our content creation and audience engagement hinges on our ability to maintain and continually enrich our IP portfolio, thereby effectively protecting our creative output. Our intellectual property assets include trademarks, copyrights in printed and digital publication materials, domain names and licenses of intellectual property rights. Further, our ability to grow and retain audience depends on our ability to foster meaningful connections with our audience through tailored marketing strategies, community engagement initiatives and market insights.

Our ability to improve our advertising revenue

Our business and results of operations are intertwined with our ability to enhance our advertising revenue, namely, to establish strong relationships with advertisers and leverage our platform to offer targeted and impactful advertising solutions. Through innovative advertising formats, market insights and customized campaigns, we provide advertisers with compelling opportunities to connect with our audience effectively. Additionally, we have been expanding our advertising reach across various channels and platforms, as well as capitalizing on emerging trends and technologies to maximize exposure and engagement. By continuously refining our advertising offerings, optimizing pricing strategies and enhancing the effectiveness of our advertising placements, we also seek to unlock new revenue opportunities and drive sustained growth.

Our ability to compete in the hospitality market and the expansion of our hotel network

The market to provide hospitality services is highly competitive and fragmented. The barriers to entry are low and new competitors may enter the market at any time. Our current or potential competitors include global hotel brands, regional hotel chains, independent hotels, online travel agencies and home-sharing and rental services and short term/vacation rental. It is crucial for us to respond quickly and effectively to new or changing opportunities, technologies, standards or customer requirements. Our success depends on our ability to maintain our brand reputation and the quality of our services and to differentiate our business or services from those of our competitors.

Our hospitality revenues largely depend on the size of our hotel network. Furthermore, we believe the expanded geographic coverage of our hotel network will enhance our brand recognition. As a result, the success of our hospitality business depends on whether we can successfully increase the number of hotels and hotel rooms in our hotel network and our ability to maintain the quality of service at our hotels and the value of our brand.

Our ability to cultivate and diversify our businesses and explore synergies

Our business and results of operations rely heavily on our ability to cultivate new revenue streams and harness synergies across our diverse business segments. Central to this endeavor is our commitment to innovation, strategic partnerships and cross-functional collaboration. By continuously identifying emerging market opportunities, unmet customer needs and evolving industry trends, we aim to diversify our revenue sources and expand our market reach. Additionally, we leverage our existing assets, capabilities and expertise to synergize across our various business segments. Through collaborations, strategic alliances, joint ventures and strategic investments, we seek to capitalize on complementary strengths and shared resources to create value and drive sustainable growth. Further, we are committed to ongoing strategic expansion, market penetration and brand visibility across key international markets for most of our business lines. Our robust global presence enables us to leverage economies of scale, optimize resource allocation, drive operational efficiencies across our international operations and mitigate risks associated with regional economic fluctuations. Moreover, our focus on customer-centricity and agility enables us to adapt quickly to changing market dynamics and capitalize on emerging trends, so that we remain at the forefront of innovation and opportunities.

Key Components of Results of Operations

Revenue

Our revenue consists of (i) digital solutions services income, (ii) hotel operations, hospitality and VIP services income, and (iii) media and entertainment services income.

We derived fee income primarily from three business lines: (i) digital solutions services which currently consists of insurance brokerage income, where we charge fees and commissions from insurance purchasers, which are paid either directly to us or through insurance provider partners, and digital solutions services income, where we recognize our fee and commissions income over the period of contracts, and (ii) hotel operations, hospitality and VIP services, which represents hotel and property investments and hotel operations and management, and (iii) media and entertainment services business income in which we creates and promotes digital content by investing in and developing multimedia channels to provide users and audiences access to content medium through a comprehensive library of traditional and digital movies, podcasts, webinars and live videos offered by content providers and online media platforms.

| | For the Year Ended April 30, | | | | For the Six Months Ended October 31, | | | | For the Year Ended October 31, | |
|---|------------------------------|--------------|---------------|--------------|--------------------------------------|--------------|--------------|--------------|--------------------------------|--------------|
| | 2022 | | 2023 | | 2022 | | 2023 | | 2024 | |
| | US\$ | % | US\$ | % | US\$ | % | US\$ | % | US\$ | % |
| Revenue | | | | | | | | | | |
| Digital solutions services | 25,203 | 99.7 | 29,577 | 89.5 | 13,402 | 96.3 | 1,764 | 20.3 | 3,413 | 15.0 |
| Media and entertainment services income | 68 | 0.3 | 1,294 | 3.9 | 516 | 3.7 | 27 | 0.3 | 4 | 0.0 |
| Hotel operations, hospitality and VIP services income | | | 2,195 | 6.6 | - | - | 6,882 | 79.4 | 19,397 | 85.0 |
| Total | 25,271 | 100.0 | 33,066 | 100.0 | 13,918 | 100.0 | 8,673 | 100.0 | 22,814 | 100.0 |

In October 2023, AMTD IDEA Group acquired 100% of the equity interests in The Art Newspaper SA, which then owned the business unit of “The Art Newspaper.” From October 2024 through November 2024, a series of reorganization steps (collectively, the “WM&E Reorganization”) were taken to (i) establish World Media and Entertainment Universal Inc. as the holding company transfer and consolidate the business of L’Officiel, The Art Newspaper, WME Assets Group and certain movie rights investments into World Media and Entertainment Universal Inc., and (ii) we acquired the controlling stake of WM&E. As such, business units under WM&E became consolidated by the Company starting from October 2024. The consolidation is based on business combination under common control using predecessor accounting prospectively, and is therefore not reflected in the consolidated statements of profit or loss and other comprehensive income presented in this annual report. WM&E generates revenue from fashion, arts and luxury media advertising and marketing services income and licensing, subscription and marketing services income.

Changes in fair value on financial assets measured at FVTPL

We record changes in fair value on financial assets measured at FVTPL with respect to our listed and unlisted equity investments and movie income right investments.

Employee benefits expenses

Our employee benefits expenses mainly consist of staff salaries, bonus and director fee.

Premises and office expenses

Our premises and office expenses mainly consist of premises cost, office utilities, and other miscellaneous office expenses.

Legal and professional fee

Our legal and professional fee mainly consist of audit services, professional liability insurance, and professional and legal expenses in connection with our restructuring.

Depreciation and amortization

Our depreciation and amortization mainly consists of depreciation of properties held and amortization of intangible assets.

Advertising and promotion expenses

Our advertising and promotion expenses mainly consist of expenses incurred to promote and enhance our branding.

Other expenses

Our other expenses mainly consist of hotel operation related expenses, insurance expenses, traveling and business development expenses, donation, and other miscellaneous expenses.

Other income

Other income consists of interest income and other non-recurring miscellaneous income.

Other gains and losses

Other gains and losses consist of (i) net exchange gain or loss, (ii) recovery of accounts and other receivables written off, and (iii) gain on disposal of subsidiaries.

Taxation

We had income tax expense of US\$3.0 million, US\$4.5 million, US\$2.0 million and US\$0.8 million for the fiscal years ended April 30, 2022 and 2023, the six months ended October 31, 2023, and the fiscal year ended October 31, 2024, respectively. The following summarizes our applicable tax rates in the Cayman Islands and Asia.

Cayman Islands

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, capital gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in or brought within the jurisdiction of the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on payments of dividends.

France

In France, corporate income tax rate of 15% applies to the first €38,120 of taxable profits for entities realizing a turnover up to €10 million. The corporate income tax rate above €38,120 of taxable profits is 25%.

Italy

Italian corporate entities are subject to a corporate income tax of 24%, and to a regional production tax of 3.9%.

United States

In the United States, the federal corporate tax rate is a flat rate of 21%. New York, where one of our subsidiaries domiciles, has a 6.50% to 8.85% corporate income tax rate.

Southeast Asia

Malaysian corporate income tax is 25% of the chargeable. Singapore tax on corporate income is imposed at a flat rate of 17%.

Results of Operations

| | For the Year Ended April 30, | | | | For the Six Months Ended October 31, | | | | For the Year Ended October 31, | |
|--|---------------------------------|--------------|---------------|--------------|---|-------------|---------------|--------------|-----------------------------------|--------------|
| | 2022 | | 2023 | | 2022 | | 2023 | | 2024 | |
| | US\$ | % | US\$ | % | US\$ | % | US\$ | % | US\$ | % |
| (in thousands, except for percentages) | | | | | | | | | | |
| Revenue | 25,271 | 100.0 | 33,066 | 100.0 | 13,918 | 100.0 | 8,673 | 100.0 | 22,814 | 100.0 |
| Dividend income | — | — | — | — | — | — | — | — | 634 | 2.8 |
| Employee benefits expense | (9,293) | (36.8) | (9,868) | (29.8) | (3,761) | (27.0) | (3,074) | (35.4) | (5,057) | (22.2) |
| Advertising and promotion expense | (522) | (2.1) | (655) | (2.0) | (318) | (2.3) | (177) | (2.0) | (313) | (1.4) |
| Premises and office expenses | (741) | (2.9) | (996) | (3.0) | (482) | (3.5) | (1,486) | (17.1) | (58) | (0.3) |
| Legal and professional fee | (3,010) | (11.9) | (2,891) | (8.7) | (1,199) | (8.6) | (1,338) | (15.4) | (262) | (1.1) |
| Depreciation and amortization | (846) | (3.3) | (1,312) | (4.0) | (421) | (3.0) | (1,441) | (16.6) | (5,642) | (24.7) |
| Other expenses | (405) | (1.6) | (2,442) | (7.4) | (498) | (3.6) | (4,586) | (52.9) | (13,347) | (58.5) |
| Finance costs | — | — | (1,195) | (3.6) | — | — | (3,403) | (39.2) | (10,326) | (45.3) |
| Changes in fair value on financial assets measured at fair value through profit or loss ("FVTPL") | 16,940 | 67.0 | 15,386 | 46.5 | 351 | 2.5 | 16,279 | 187.7 | (3,003) | (13.2) |
| Other income | 867 | 3.4 | 16,052 | 48.5 | 4,852 | 34.9 | 8,988 | 103.6 | 20,020 | 87.8 |
| Other gains and losses, net | 609 | 2.4 | 153 | 0.5 | (42) | (0.3) | 14,342 | 165.4 | 37,000 | 162.2 |
| Profit before tax | 28,870 | 114.2 | 45,298 | 137.0 | 12,400 | 89.1 | 32,777 | 378.1 | 42,460 | 186.1 |
| Income tax expense | (3,030) | (11.9) | (4,485) | (13.6) | (1,731) | (12.4) | (1,991) | (23.0) | (785) | (3.4) |
| Profit for the year/period | 25,840 | 102.3 | 40,813 | 123.4 | 10,669 | 76.7 | 30,786 | 355.1 | 41,675 | 182.7 |
| Other comprehensive (expense) income for the year: | | | | | | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | | | | | | |
| Exchange differences on translation from functional currency to presentation currency | (4,145) | (16.4) | (30) | (0.1) | — | — | 1,168 | 13.5 | 1,564 | 6.9 |
| Item that may be reclassified subsequently to profit or loss: | | | | | | | | | | |
| Exchange differences arising on translation of foreign operations | (106) | (0.4) | (960) | (2.9) | (111) | (0.8) | (956) | (11.0) | (625) | (2.7) |
| Cumulative exchange differences reclassified to profit or loss upon disposal of foreign operations | — | — | — | — | — | — | — | — | 2,695 | 11.8 |
| Share of other comprehensive income of joint ventures | — | — | 377 | 1.1 | — | — | 126 | 1.5 | 1,312 | 5.8 |
| Other comprehensive (expense) income for the year | (106) | (0.4) | (583) | (1.8) | (111) | (0.8) | (830) | (9.5) | 3,382 | 14.9 |
| Total comprehensive income for the year | 21,589 | 85.5 | 40,200 | 121.5 | 10,558 | 75.9 | 31,124 | 359.0 | 46,621 | 204.5 |

Segment Information

We report our results of operations in three reportable segments: digital solutions services, hotel operations, hospitality and VIP services, and media and entertainment services, which correspond to our business lines. The following table sets forth certain financial information of our reportable segments for the periods presented.

| | For the Year Ended April 30, | | For the Six Months Ended October 31, | | For the Year Ended October 31, |
|---|---------------------------------|---------------|---|---------------|--------------------------------------|
| | 2022 | 2023 | 2022 | 2023 | 2024 |
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| Digital Solutions Services | | | | | |
| Segment revenue | 25,203 | 29,577 | 13,402 | 1,764 | 3,413 |
| Segment results ⁽¹⁾ | 17,649 | 21,557 | 9,978 | (221) | 2,423 |
| Hotel Operations, Hospitality and VIP Services | | | | | |
| Segment revenue | — | 2,195 | — | 6,882 | 19,397 |
| Segment results ⁽¹⁾ | — | (1,185) | — | (2,189) | (3,029) |
| Media and Entertainment Services | | | | | |
| Segment revenue | 68 | 1,294 | 516 | 27 | 4 |
| Dividend income | — | — | — | — | 634 |
| Changes in fair value on financial assets measured at FVTPL | 16,940 | 15,386 | 351 | 16,279 | (3,003) |
| Segment results ⁽¹⁾ | 17,491 | 19,287 | 3,423 | 16,114 | (2,365) |
| Total segment results | 35,140 | 39,659 | 13,401 | 13,704 | (2,971) |

Note:

(1) Segment result represents segment revenue and changes in fair value on financial assets measured at FVTPL less direct cost attributable to the applicable segment.

Fiscal Year Ended October 31, 2024 Compared to Fiscal Year Ended April 30, 2023

Digital solutions services

The revenue of the digital solutions services segment decreased significantly from US\$29.6 million for the fiscal year ended April 30, 2023 to US\$3.4 million for the fiscal year ended October 31, 2024 and the segment profit decreased from US\$21.6 million for the fiscal year ended April 30, 2023 to US\$3.4 million for the fiscal year ended October 31, 2024, primarily due to the deterioration in the global economic environment and a change in revenue mix resulting from the restructuring of our business focuses.

Hotel operations, hospitality and VIP services segment

The revenue of the hotel operations, hospitality and VIP services segment increased significantly from US\$2.2 million for the fiscal year ended April 30, 2023 to US\$19.4 million for the fiscal year ended October 31, 2024 and the segment loss increased from US\$1.2 million for the fiscal year ended October 31, 2023 to US\$3.0 million for the fiscal year ended October 31, 2024, primarily due to the additional contribution recognized from our hotels to the segment and increase in the average interest rate of the borrowings.

Media and entertainment services segment

The loss of media and entertainment services segment, which mainly consisted of changes in fair value on financial assets measured at FVTPL relating to our investments, was US\$2.4 million for the fiscal year ended October 31, 2024, compared to US\$19.3 million profit for the fiscal year ended April 30, 2023, primarily due to the unrealized loss in fair value from certain investments during the fiscal year ended October 31, 2024. Certain business units under WM&E (i.e. L'Officiel and The Art Newspaper) have been consolidated by the Company starting from October 2024. The consolidation is based on business combination under common control using predecessor accounting prospectively, and is therefore not reflected in the consolidated statements of profit or loss and other comprehensive income presented in this annual report.

For reconciliation of segment revenue to consolidated revenue and reconciliation of segment results to consolidated profit before tax, see note 6 to our consolidated financial statements for the fiscal years ended April 30, 2023 and October 31, 2024 included elsewhere in this annual report.

Revenue

Our revenue from contracts with customers decreased from US\$33.1 million for the fiscal year ended April 30, 2023 to US\$22.8 million for the fiscal year ended October 31, 2024, primarily due to a change in revenue mix resulting from the restructuring of our business focuses, leading to a decrease in commission and fee income deriving from digital solution services, offset by an increase in service income from hotel operations, hospitality and VIP services segment.

- Digital solution services. Our fee and commission income from the digital solution services segment dropped significantly from US\$29.6 million for the fiscal year ended April 30, 2023 to US\$3.4 million for the fiscal year ended October 31, 2024, primarily due to the decrease in commission income as a result of the deterioration in the global economic environment.
- Hotel operations, hospitality and VIP services. We acquired the hotel operations, hospitality and VIP services business in February 2023. Our service income from this segment increased significantly from US\$2.2 million for the fiscal year ended April 30, 2023 to US\$19.4 million for the fiscal year ended October 31, 2024. We consolidated the hotel operation since February 2023, thus, only 3 months revenue from hotel operations, hospitality and VIP services business during the fiscal year ended April 30, 2023. We consolidated the full year revenue and the additional contribution in this segment during the fiscal year ended October 31, 2024.
- Media and entertainment services. Our media and entertainment services income from media and entertainment services segment decreased from US\$1.3 million for the fiscal year ended April 30, 2023 to US\$4.0 thousands for the fiscal year ended October 31, 2024, primarily due to a change in our business mix and hence our revenue stream.

Changes in fair value on financial assets measured at FVTPL

Our changes in fair value on financial assets measured at FVTPL were US\$3.0 million loss for the fiscal year ended October 31, 2024, compared to US\$15.4 million gain in the fiscal year ended April 30, 2023, primarily due to the realized and unrealized loss in fair value from certain investments in the fiscal year ended October 31, 2024.

Employee benefits expense

Our employee benefits expense decreased by 48.8% from US\$9.9 million for the fiscal year ended April 30, 2023 to US\$5.1 million for the fiscal year ended October 31, 2024, primarily due to the tightening of cost control measures as a result of the global economic slowdown and rising geopolitical uncertainties.

Advertising and promotion expense

Our advertising and promotion expense decreased by 52.2% from US\$0.7 million for the fiscal year ended April 30, 2023 to US\$0.3 million for the fiscal year ended October 31, 2024, mainly due to the decrease in promotional activities.

Premises and office expenses

Our premises and office expenses decreased significantly by 94.2% from US\$1.0 million for the fiscal year ended April 30, 2023 to US\$58 thousand for the fiscal year ended October 31, 2024, mainly resulted from the disposal of certain business operations in the fiscal year ended October 31, 2024.

Legal and professional fee

Our legal and professional fee decreased significantly by 90.9% from US\$2.9 million for the fiscal year ended April 30, 2023 to US\$0.3 million for the fiscal year ended October 31, 2024 due to higher professional fee incurred during the fiscal year ended April 30, 2023 as a result of the listing of the Company.

Depreciation and amortization

Our depreciation and amortization expenses increased by 330.0% from US\$1.3 million for the fiscal year ended April 30, 2023 to US\$5.6 million for the fiscal year ended October 31, 2024, mainly due to the increase in depreciation arising from the hotel operations, hospitality and VIP services segment as a result of the additional contribution in the segment.

Other expenses

Our other expenses increased by 446.6% from US\$2.4 million for the fiscal year ended April 30, 2023 to US\$13.3 million for the fiscal year ended October 31, 2024, mainly due to the incurrence of hotel operating cost as a result of the additional contribution recognized from our hotel operations.

Finance costs

Our finance costs increased by 764.1% from US\$1.2 million for the fiscal year ended April 30, 2023 to US\$10.3 million for the fiscal year ended October 31, 2024, primarily due to the interest expenses incurred in respect of the additional borrowings from the hotel operations, hospitality and VIP services business and also increase in average interest rate on the borrowings during the fiscal year ended October 31, 2024.

Other income

Our other income increased by 24.7% from US\$16.1 million for the fiscal year ended April 30, 2023 to US\$20.0 million for the fiscal year ended October 31, 2024, primarily due to an increase in bank interest income as we generated additional interest income from deposits with banks.

Other gains and losses

Our other gains and losses increased from US\$0.2 million for the fiscal year ended April 30, 2023 to US\$37.0 million for the fiscal year ended October 31, 2024, primarily due to the disposal of certain subsidiaries which were principally engaged in digital solution services and hotel operation.

Income tax expense

We incurred income tax expense of US\$4.5 million and US\$0.8 million for the fiscal year ended April 30, 2023 and October 31, 2024, respectively. The decrease in our income tax expense resulted from decrease in assessable profits in the fiscal year ended October 31, 2024.

Profit for the year

As a result of the foregoing, our profit increased from US\$40.8 million for the fiscal year ended April 30, 2023 to US\$41.7 million for the fiscal year ended October 31, 2024.

Six Months Ended October 31, 2023 compared to Six Months Ended October 31, 2022

Digital solutions services segment

The revenue of the digital solutions services segment decreased from US\$13.4 million for the six months ended October 31, 2022 to US\$1.8 million for the six months ended October 31, 2023 and the segment results changed from a profit of US\$10.0 million for the six months ended October 31, 2022 to a loss of US\$0.2 million for the six months ended October 31, 2023, primarily due to (i) the focusing of our efforts on generating long-term and stable values out from the global intellectual property titles we acquired, and thereby the reengineering of our cooperation and relationship with global business partners which is taking time to realize, and (ii) the increase in operating expenses incurred during the six months ended October 31, 2023.

Hotel operations, hospitality and VIP services segment

We acquired the hotel operations, hospitality and VIP services business in February 2023. The revenue of the hotel operations, hospitality and VIP services segment was US\$6.9 million for the six months ended October 31, 2023 and the segment loss was US\$2.2 million for the six months ended October 31, 2023.

Media and entertainment services segment

The profit of media and entertainment services segment, which mainly consisted of changes in fair value on financial assets measured at FVTPL from our investments in movie income rights, was US\$16.3 million for the six months ended October 31, 2023, compared to US\$0.4 million for the six months ended October 31, 2022, primarily due to the gain from the disposal of movie income rights investments.

Revenue

Our revenue from contracts for the six months ended October 31, 2023 was US\$8.7 million as compared to US\$13.9 million for the six months ended October 31, 2022.

- ***Digital solution services.*** Our fee and commission income decreased from US\$13.4 million for the six months ended October 31, 2022 to US\$1.8 million for the six months ended October 31, 2023, primarily due to the focusing of our efforts on generating long-term and stable values out from the global intellectual property titles we acquired, and thereby the reengineering of our cooperation and relationship with global business partners, although all of these steps would take time to realize.
- ***Hotel operations, hospitality and VIP services.*** We acquired the hotel operations, hospitality and VIP services business in February 2023. The revenue of the hotel operations, hospitality and VIP services segment was US\$6.9 million for the six months ended October 31, 2023.
- ***Media and entertainment services.*** Our media and entertainment services income from media and entertainment services segment decreased from US\$0.5 million for the six months ended October 31, 2022 to US\$27 thousand for the six months ended October 31, 2023.

Changes in fair value on financial assets measured at FVTPL

Our changes in fair value on financial assets measured at FVTPL was US\$0.4 million for the six months ended October 31, 2022 compared to US\$16.3 million for the six months ended October 31, 2023. The difference is primarily attributable to the realization from gain of certain movie income right investments during the six months ended October 31, 2023.

Employee benefits expense

Our employee benefits expense decreased by 18.3% from US\$3.8 million for the six months ended October 31, 2022 to US\$3.1 million for the six months ended October 31, 2023, primarily due to the tightening of cost control measures as a result of the global economic slowdown and rising geopolitical uncertainties.

Advertising and promotion expense

Our advertising and promotion expense decreased by 44.3% from US\$0.3 million for the six months ended October 31, 2022 to US\$0.2 million for the six months ended October 31, 2023 mainly due to the decrease in promotional activities during the six months ended October 31, 2023.

Premises and office expenses

Our premises and office expenses increased by 208.3% from US\$0.5 million for the six months ended October 31, 2022 to US\$1.5 million for the six months ended October 31, 2023 mainly due to the incremental costs attributable to the post-acquisition operations of WME Assets.

Legal and professional fee

Our legal and professional fee remained relatively stable at US\$1.2 million to US\$1.3 million for the six months ended October 31, 2023 and 2022.

Depreciation and amortization

Our depreciation and amortization expenses increased by 242.3% from US\$0.4 million for the six months ended October 31, 2022 to US\$1.4 million for the six months ended October 31, 2023 primarily attributable to our hotel properties.

Other expenses

Our other expenses increased by 820.9% from US\$0.5 million for the six months ended October 31, 2022 to US\$4.6 for the six months ended October 31, 2023 primarily attributable to (i) the addition of hotel operation expenses of US\$2.8 million, and (ii) the share of losses of joint ventures of US\$1.4 million.

Finance costs

Our finance costs increased from nil for the six months ended October 31, 2022 to US\$3.4 million for the six months ended October 31, 2023, primarily attributable to our incremental borrowings and to the consolidation of WME Assets which had outstanding bank loans financing the underlying real estate properties.

Other income

Our other income increased by 85.2% from US\$4.9 million for the six months ended October 31, 2022 to US\$9.0 for the six months ended October 31, 2023, primarily due to (i) an increase in bank interest income as we generated additional interest income from deposits with banks, and (ii) an increase in the net average outstanding balance due from our Controlling Shareholder, which was interest bearing.

Other gains and losses, net

We recorded other losses of US\$42 thousand for the six months ended October 31, 2022 as compared to other gains of US\$14.3 million for the six months ended October 31, 2023. The difference is primarily attributable to the gain on disposal of subsidiaries which are engaged in digital solutions services of US\$14.7 million.

Income tax expense

We incurred income tax expense of US\$1.7 million and US\$2.0 million for the six months ended October 31, 2022 and 2023, respectively. The increase in our income tax expense resulted from increase in assessable profits in the fiscal year ended April 30, 2023.

Profit for the year

As a result of the foregoing, our profit increased from US\$10.7 million for the six months ended October 31, 2022 to US\$30.8 million for the six months ended October 31, 2023.

Fiscal Year Ended April 30, 2023 Compared to Fiscal Year Ended April 30, 2022

Digital solutions services

The revenue of the digital solutions services segment increased from US\$25.2 million for the fiscal year ended April 30, 2022 to US\$29.6 million for the fiscal year ended April 30, 2023 and the segment profit increased from US\$17.6 million for the fiscal year ended April 30, 2022 to US\$21.6 million for the fiscal year ended April 30, 2023, primarily due to the increase in fee income as the result of the higher contracts sum for the renewed contracts of existing clients and new contracts of new clients in general during the fiscal year ended April 30, 2023.

Hotel operations, hospitality and VIP services segment

The revenue of the hotel operations, hospitality and VIP services segment was US\$2.2 million for the fiscal year ended April 30, 2023 and the segment loss was US\$1.2 million as a result of the completion of our acquisition of WME Assets in February 2023.

Media and entertainment services

The profit of media and entertainment services segment, which mainly consisted of changes in fair value on financial assets measured at FVTPL from our investments in movie rights income, was US\$19.3 million for the fiscal year ended April 30, 2023, compared to US\$17.5 million for the fiscal year ended April 30, 2022, primarily due to the realized and unrealized gain in fair value from certain investments and the increase in the media and entertainment services income during the fiscal year ended April 30, 2023.

For reconciliation of segment revenue to consolidated revenue and reconciliation of segment results to consolidated profit before tax, see note 6 to our consolidated financial statements for the fiscal years ended April 30, 2022 and 2023 included elsewhere in this annual report.

Revenue

Our revenue from contracts with customers increased from US\$25.3 million for the fiscal year ended April 30, 2022 to US\$33.1 million for the fiscal year ended April 30, 2023, primarily due to the expansion of our digital solutions services business and media and entertainment services business, and the acquisition of the hotel operations, hospitality and VIP services business.

- Digital solutions services. Our fee and commission income from the digital solutions services segment increased from US\$25.2 million for the fiscal year ended April 30, 2022 to US\$29.6 million for the fiscal year ended April 30, 2023, primarily due to the increase in fee income as the result of the higher contracts sum for the renewed contracts of existing clients and new contracts of new clients in general during the fiscal year ended April 30, 2023.
- Hotel operations, hospitality and VIP services. We acquired the hotel operations, hospitality and VIP services business in February 2023. From then on until April 30, 2023, our service income from this segment was US\$2.2 million.
- Media and entertainment services. Our media and entertainment services income from media and entertainment services segment increased from US\$68 thousand for the fiscal year ended April 30, 2022 to US\$1.3 million for the fiscal year ended April 30, 2023, primarily due to the expansion of the media and entertainment services during the fiscal year ended April 30, 2023.

Changes in fair value on financial assets measured at FVTPL

Our changes in fair value on financial assets measured at FVTPL was US\$16.9 million in the fiscal year ended April 30, 2022, compared to US\$15.4 million in the fiscal year ended April 30, 2023, primarily due to the realized and unrealized gain in fair value from certain investments in the fiscal year ended April 30, 2023.

Employee benefits expense

Our employee benefits expense increased by 6.2% from US\$9.3 million for the fiscal year ended April 30, 2022 to US\$9.9 million for the fiscal year ended April 30, 2023, primarily due to an increase in staff cost and number of staff in line with our business growth.

Advertising and promotion expense

Our advertising and promotion expense increased by 25.5% from US\$0.5 million for the fiscal year ended April 30, 2022 to US\$0.7 million for the fiscal year ended April 30, 2023 mainly due to the increase in promotional activities in line with our business expansion in the fiscal year ended April 30, 2023.

Premises and office expenses

Our premises and office expenses increased by 34.4% from US\$0.7 million for the fiscal year ended April 30, 2022 to US\$1.0 million for the fiscal year ended April 30, 2023 mainly due to our business expansion in the fiscal year ended April 30, 2023.

Legal and professional fee

Our legal and professional fee slightly decreased by 4.0% from US\$3.0 million for the fiscal year ended April 30, 2022 to US\$2.9 million for the fiscal year ended April 30, 2023.

Depreciation and amortization

Our depreciation and amortization expenses increased by 55.1% from US\$0.8 million for the fiscal year ended April 30, 2022 to US\$1.3 million for the fiscal year ended April 30, 2023 mainly due to the increase in depreciation arising from the hotel operations, hospitality and VIP services segment which was acquired in February 2023.

Other expenses

Our other expenses increased by 503.0% from US\$0.4 million for the fiscal year ended April 30, 2022 to US\$2.4 million for the fiscal year ended April 30, 2023 mainly due to the incurrence of hotel operating cost after the completion of the acquisition of WME Assets in February 2023 and the increase in administrative expenses after our listing in July 2022.

Finance costs

Our finance costs increased from nil to US\$1.2 million for the fiscal year ended April 30, 2023, primarily due to the interest expenses incurred in respect of the loan payables from the hotel operations, hospitality and VIP services business acquired in February 2023.

Other income

Our other income increased by 1,751.4% to US\$16.1 million for the fiscal year ended April 30, 2023, primarily due to the interest income arising from certain note receivables and certain receivables from our ultimate holding company after listing in July 2022.

Income tax expense

We incurred income tax expense of US\$3.0 million and US\$4.5 million for the fiscal year ended April 30, 2022 and 2023, respectively. The increase in our income tax expense resulted from increase in assessable profits in the fiscal year ended April 30, 2023.

Profit for the year

As a result of the foregoing, our profit increased from US\$25.8 million for the fiscal year ended April 30, 2022 to US\$40.8 million for the fiscal year ended April 30, 2023.

Recently Issued Accounting Pronouncements

A list of recently issued accounting pronouncements that are relevant to us is included in note 2 to our consolidated financial statements included elsewhere in this annual report.

B. Liquidity and Capital Resources

Our principal sources of liquidity to finance our operating and investing activities are net cash provided from operating activities, funding from our Controlling Shareholder, historical equity financing activities, bank borrowing and proceeds from public offerings. As of October 31, 2023 and October 31, 2024, we had US\$134.8 million and US\$27.9 million in cash and cash equivalents, respectively. Our cash and cash equivalents primarily consist of cash on hand and general bank balances excluding cash and cash equivalents of disposal group fiduciary bank balances representing client's cash, which are unrestricted for withdrawal or use, and pledged bank deposits.

Our total bank borrowings were US\$257.6 million as of October 31, 2024. Our bank borrowings of US\$224.4 million were secured by properties. Another bank borrowing of US\$33.1 million was secured by the pledged bank balance of US\$33.0 million.

We believe that our current cash and cash equivalents and our anticipated cash flows from operations will be sufficient to meet our anticipated working capital requirements and capital expenditures at least for the next 12 months. We may from time to time decide to enhance our liquidity position or increase our cash reserve for future operations and investments through additional financing. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in an increase in fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

Cash Flows

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

| | For the Year Ended April 30, | | For the Six Months Ended October 31, | | For the Year Ended October 31, |
|--|---------------------------------|-----------|---|----------|--------------------------------------|
| | 2022 | 2023 | 2022 | 2023 | 2024 |
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| Summary Consolidated Cash Flow Data | | | | | |
| Net cash from/(used in) operating activities | 10,250 | 15,501 | (691) | 21,360 | 4,245 |
| Net cash used in investing activities | (49,139) | (119,494) | (3,747) | (35,990) | (75,528) |
| Net cash from/(used in) financing activities | — | 243,462 | 128,926 | (3,969) | (35,812) |
| Net (decrease)/increase in cash and cash equivalents | (38,889) | 139,469 | 124,888 | (18,599) | (107,095) |
| Cash and cash equivalents at beginning of the year/period | 53,631 | 14,337 | 14,337 | 153,661 | 135,089 |
| Effect of foreign exchange rate changes | (405) | (145) | (73) | 27 | (133) |
| Cash and cash equivalents at end of the year/period | 14,337 | 153,661 | 138,752 | 135,089 | 27,861 |
| Represented by: | | | | | |
| Cash and cash equivalents | 14,337 | 152,930 | 138,752 | 134,843 | 27,861 |
| Cash and cash equivalents classified as assets held for sale | — | 731 | — | 246 | — |
| | 14,337 | 153,661 | 138,752 | 135,089 | 27,861 |

Operating Activities

Net cash generated from operating activities for the fiscal year ended October 31, 2024 was US\$4.2 million, which consists of our profit before tax of US\$42.5 million as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items included US\$3.0 million of changes in fair value on financial assets measured at FVTPL, US\$10.3 million of finance costs, US\$5.6 million of depreciation and amortization and share of losses of joint ventures, as partially offset by US\$20.0 million of bank and other interest income and US\$37.2 of gain on disposal of subsidiaries. The principal items accounting for the changes in operating assets and liabilities were (i) US\$0.8 million of increase in account receivables, (ii) US\$0.8 million of decrease in client's monies held on trust, (iii) US\$0.7 million of increase in accounts payable, and (iv) tax payment of US\$1.1 million.

Net cash generated from operating activities for the six months ended October 31, 2023 was US\$21.4 million, which consists of our profit before tax of US\$32.8 million as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items included US\$3.4 million of finance costs and US\$1.4 million of share of losses of joint ventures, as partially offset by US\$16.3 million of change in fair value on financial assets measured at FVTPL, US\$14.7 million of gain on disposal of subsidiaries, US\$9.0 million in interest income. The principal items accounting for the changes in operating assets and liabilities were (i) US\$16.9 million increase in other payable and accruals, and (ii) US\$5.8 million decrease in prepayments, deposits and other receivables.

Net cash generated from operating activities for the fiscal year ended April 30, 2023 was US\$15.5 million, which consists of our profit before tax of US\$45.3 million as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items included US\$1.2 million of finance costs, and US\$1.3 million of depreciation and amortization, as partially offset by US\$15.4 million of changes in fair value on financial assets measured at FVTPL and US\$15.9 million of bank and other interest income. The principal items accounting for the changes in operating assets and liabilities were (i) US\$4.3 million of increase in account receivables primarily attributable to the digital solutions services income rendered, (ii) US\$4.5 million of increase in contract liabilities primarily attributable to the upfront fee for received from digital solutions services business, (iii) US\$1.5 million of decrease in prepayments, deposits and other receivables, and (iv) tax payment of US\$4.1 million.

Net cash generated from operating activities for the fiscal year ended April 30, 2022 was US\$10.3 million, which consists of our profit before tax of US\$28.9 million as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items included US\$1.1 million of share-based payment, and US\$0.8 million of depreciation and amortization, as partially offset by US\$16.9 million of changes in fair value on financial assets measured at FVTPL. The principal items accounting for the changes in operating assets and liabilities were (i) US\$3.8 million of decrease in account receivables primarily attributable to the increase in settlement of digital solutions services income, (ii) US\$3.0 million of decrease in contract liabilities primarily attributable to the digital solutions services rendered, (iii) US\$1.4 million of increase in accruals and other payables primarily due to the increase in accrued expenses for listing, and (iv) tax payment of US\$5.3 million.

Investing Activities

Net cash used in investing activities for the fiscal year ended October 31, 2024 was US\$75.5 million, which was mainly attributable to (i) US\$89.5 million of advances from AMTD Group in connection with intra-group treasury fund allocation, partially offset by (i) US\$9.1 million of cash acquired from acquisition of subsidiaries, (ii) and US\$5.9 million of interest received.

Net cash used in investing activities for the six months ended October 31, 2023 was US\$36.0 million, which was mainly attributable to US\$36.4 million of net advance to AMTD Group in connection with intra-group treasury fund allocation.

Net cash used in investing activities for the fiscal year ended April 30, 2023 was US\$119.5 million, which was mainly attributable to (i) US\$179.2 million of net cash outflow from movement in amount due from AMTD Group in connection with intra-group treasury fund allocation, (ii) proceeds from disposal of financial assets at FVTPL of US\$58.2 million, (iii) US\$3.9 million of net cash inflow on acquisition of WME Assets, (iv) consideration paid of US\$5.5 million for the acquisition of a movie right investments and (v) interest received of US\$3.1 million.

Net cash used in investing activities for the fiscal year ended April 30, 2022 was US\$49.1 million, which was mainly attributable to (i) US\$47.8 million of net cash outflow from movement in amount due from AMTD Group in connection with intra-group treasury fund allocation, (ii) settlements from a movie income right investment of US\$2.7 million, (iii) US\$0.2 million of acquisition of intangible assets, and (iv) consideration paid of US\$3.8 million for the acquisition of a movie right investment.

Financing Activities

Net cash used in financing activities for the fiscal year ended October 31, 2024 was US\$35.8 million, which was attributable to (i) US\$15.0 million of bank borrowing repayment, (ii) US\$13.3 million repayment to non-controlling shareholders, and (iii) US\$7.5 million of finance costs paid.

Net cash used in financing activities for the six months ended October 31, 2023 was US\$4.0 million, which was mainly attributable to US\$3.4 million of the finance costs paid.

Net cash from financing activities for the fiscal year ended April 30, 2023 was US\$243.5 million, which was attributable to (i) US\$15.0 million of proceeds from bank borrowings, and (ii) US\$229.2 million of net proceeds from issue of shares and IPO listing.

There was no cash from financing activities for the fiscal year ended April 30, 2022.

Capital Expenditures

Our capital expenditures currently consist of additions of properties through acquisition of WME Assets and WM&E in recent years. Our capital expenditures were US\$232.7 thousand for the fiscal year ended April 30, 2022, US\$1.7 thousand for the fiscal year ended April 30, 2023, US\$17.0 thousand for the six months ended October 31 2023, and US\$205.5 million for the fiscal year ended October 31, 2024. We will make capital expenditure to meet the expected growth of our business. We intend to fund our future capital expenditure with our existing cash and bank balances.

We entered into several movie income right agreements with third party independent production houses, pursuant to which we are entitled to benefits generated from the distribution of certain film programs. Under the agreements, we are obligated to make further contributions in case of budget overrun of film programs and the amount of contribution is subject to the terms of the agreements.

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. Except for the warrants issued in December 2019 and fully exercised in March 2020, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Other than as discussed above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of October 31, 2024.

Holding Company Structure

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

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

See "Item 4. Information on the Company—B. Business Overview—Technology" and "Item 4. Information on the Company—B. Business Overview—Intellectual Property."

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the fiscal year ended October 31, 2024 that are reasonably likely to have a material adverse effect on our total revenues, profitability, liquidity, or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

The Critical Accounting Estimates are consistent with the disclosure presented in the consolidated financial statements included elsewhere in this annual report.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth information regarding our directors and executive officers as of the date of this annual report. Our chief executive officer is appointed by the executive management committee of the board of directors on a 6-month rotation basis. See “—C. Board Practices—Executive Management Committee of the Board of Directors.”

| Directors and Executive Officers | Age | Position/Title |
|----------------------------------|-----|---|
| Timothy Wai Cheung Tong | 71 | Chairman of the Board of Directors and Independent Director |
| Feridun Hamdullahpur | 70 | Chairman of Executive Management Committee and Independent Director |
| Joanne Shoveller | 64 | Co-chairman of the Board of Directors and Independent Director |
| Giampietro Baudo | 46 | Chief Executive Officer |
| Xavier Zee | 50 | Chief Financial Officer |

Dr. Timothy Wai Cheung Tong was appointed as chairman of the board of directors and an independent director of AMTD Digital Inc. in February 2021 and February 2020, respectively. Dr. Tong has also been an independent director of AMTD IDEA Group (NYSE: AMTD; SGX: HKB) since February 2022. As the chief executive officer of AMTD Charity Foundation, Dr. Tong has been instrumental in establishing various collaborative initiatives with academic institutions to enhance talent preparation. For example, the formation of the AMTD FinTech Centre of PolyU Faculty of Business has spawned the first doctoral degree in FinTech in Asia. Dr. Tong served as president of The Hong Kong Polytechnic University from January 2009 to December 2018 and as dean of the school of engineering and applied science at the George Washington University from August 2000 to July 2008. For community engagement, Dr. Tong serves as chairman of the Hong Kong Laureate Forum, which is an organization formed by distinguished personalities and academics in Hong Kong. The mission is to connect the current and next generation of leaders in scientific pursuit and to promote the interest of science and technology to the young generation and arouse their interest in scientific research. Dr. Tong is 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. Currently, Dr. Tong serves as an independent non-executive director of Airstar Bank Limited,) an independent non-executive director of Gold Peak Technology Group Limited (SEHK: 40); a non-executive director of Freetech Road Recycling Technology (Holdings) Limited (SEHK: 6888); and an independent non-executive director of Gold Peak Industries Limited (SGX: G20). Dr. Tong has been a Justice of the Peace in Hong Kong since July 2010. Dr. Tong received a Ph.D. and a master of science in engineering from the University of California at Berkeley in December 1980 and June 1978, respectively, and a bachelor of science in mechanical engineering from Oregon State University in June 1976.

Dr. Feridun Hamdullahpur is chairman of our Executive Management Committee, and an independent director. Dr. Hamdullahpur has served as an independent director of our Controlling Shareholder since January 2019, Dr. Hamdullahpur is also the chairman and independent director of AMTD IDEA Group and currently serves as the Chancellor of International Business University. Dr. Hamdullahpur served as the sixth president and vice-chancellor of the University of Waterloo from 2010 to 2021. Prior to that, he served as a vice-president academic and provost at the University of Waterloo 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 2022, Dr. Hamdullahpur was named a member of the Order of Canada. In 2015, Dr. Hamdullahpur was appointed chair of the Leadership Council for Digital Infrastructure in Canada. Dr. Hamdullahpur was named a fellow of the Canadian Academy of Engineering in July 2014 and was awarded the Queen Elizabeth II Diamond Jubilee Medal in January 2013 in acknowledgement of his leadership in education and innovation. In 2019, he received the recognition of Knight of the order of Palmes Academiques awarded by the Republic of France. Dr. Hamdullahpur graduated from the Technical University of Istanbul with a bachelor's degree in mechanical engineering in 1976 and a master's degree in mechanical engineering from Technical University of Istanbul in 1979. Dr. Hamdullahpur received his Ph.D. in chemical engineer from the Technical University of Nova Scotia in 1985.

Joanne Shoveller is our independent director and was appointed as co-chairman of the board of directors in February 2024. Currently advising entrepreneurs, universities and foundations, Ms. Shoveller was the president and vice chancellor of International Business University from January 2022 to December 2024 and has served on the executive team of four higher education institutions, most recently as vice president of advancement at the University of Waterloo from 2017 to 2021. Prior to that, Ms. Shoveller held progressive roles in part-time and continuing education, university advancement and the Ivey Business School at Western University. In 1997 she was assigned to Hong Kong as part of the small team that founded Ivey's Asian campus, executive MBA, research, case-writing and fundraising programs. In 2001 Ms. Shoveller influenced the successful closure of the Ivey Campaign then assumed leadership of the Ivey MBA program until 2004, diversifying and strengthening its student cohort and steering curriculum development. Ms. Shoveller led the advancement teams at the University of Guelph from 2004 to 2012 and INSEAD Business School in France from 2012 to 2016, building alumni, donor and corporate relations, multiplying charitable giving, contributing to strategic direction and launching two capital campaigns. With a strong focus on business – university partnerships, Ms. Shoveller has volunteered and consulted with organizations based in North America, Europe, Asia, Australia and Africa, from which she brings a rich international perspective to her work, along with unique insights into the student, faculty, employer and alumni experience. Ms. Shoveller holds a Bachelor of Arts from Wilfrid Laurier University, an MBA from Ivey Business School, Western University and achieved the ICD.D, June 2022 designation from the Institute of Corporate Directors, through the University of Toronto ICD-Rotman, Directors Education Program, April 2022.

Giampietro Baudo is our chief executive officer. He is the Global Chief Content Officer of L'Officiel and the Editor in Chief of L'Officiel Italia Publishing SRL. He joined L'Officiel in 2019 from Esquire Italia where he has served as the Editor in Chief since 2017, launching and managing one of the world's leading men's fashion publications (in his tenure at Hearst Magazines Italia he worked closely to the board also for the feminine magazine Elle and Marie Claire plus on digital launch of Harper's Bazaar Italia). Previously he was the Editor in Chief of MF Fashion, the one and only European daily newspaper about fashion and luxury, where he continues to be contributor go with the BLACKSTAGE weekly column. During his career he has been, also, Managing Editor of L'Uomo Vogue, Vogue Sport and Vogue Tessuti, Editor at large of Vogue Italia, EIC of MFF-Magazine for Fashion and MFF-Magazine for Living, Curator of the exhibition "Eccellenza Italia" in China, Creative Director of Ladies and contributor to System magazine, Elle and Vogue Italia. He is also part of the jury/committee for CFDA-The Council of Fashion Designers of America, BFC-British fashion council, CNMI-Camera nazionale della moda Italiana, ITS-International Talent Support and many other international fashion awards.

Xavier Zee is our chief financial officer. Mr. Zee is also the chief financial officer of AMTD IDEA Group. Mr. Zee was admitted to the partnership of PricewaterhouseCoopers in 2008 and has over 24 years of professional experience in providing assurance, business advisory, and capital market services to companies, especially in the financial service industry. Mr. Zee obtained his bachelor's degree in business administration with first class honors in The Chinese University of Hong Kong in 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.

B. Compensation

For the fiscal year ended October 31, 2024, we incurred an aggregate of US\$0.4 million in cash and benefits to our directors and executive officers.

We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Under the Central Provident Fund Act 1953 of Singapore, our Singapore subsidiaries are required, among others, to make contributions, as employers, to the Central Provident Fund for our executive officers who are employed by our Singapore subsidiaries and are Singapore citizens or Singapore permanent residents. The contribution rates vary, depending on the age of the executive officers, and whether such executive officer is a Singapore citizen or Singapore permanent resident. Our Hong Kong subsidiaries are required by the Hong Kong Mandatory Provident Fund Schemes Ordinance to make monthly contributions to the mandatory provident fund scheme in an amount equal to at least 5% of an employee's salary subject to a cap of HK\$1,500 per month per employee.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with our senior executive officers. Pursuant to these agreements, we are entitled to terminate a senior executive officer's employment for cause at any time without remuneration for certain acts of the officer, such as being convicted of any criminal conduct, any act of gross or willful misconduct or any serious, willful, grossly negligent or persistent breach of any employment agreement provision, or engaging in any conduct which may make the continued employment of such officer detrimental to our company. In connection with the employment agreement, each senior executive officer has entered into an intellectual property ownership and confidentiality agreement and agree to hold all information, know-how and records in any way connected with the products of our company, including, without limitation, all software and computer formulas, designs, specifications, drawings, data, manuals and instructions and all customer and supplier lists, sales and financial information, business plans and forecasts, all technical solutions and the trade secrets of our company, in strict confidence perpetually. Each executive officer agrees that we shall own all the intellectual property developed by such officer during his or her employment.

None of our directors has entered, or proposes to enter, into service agreements with us which provide for benefits upon termination of employment.

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

Stock Incentive Plan

In May 2021, our board of directors approved the AMTD SpiderNet Share Incentive Plan, which we refer to as the Plan in this annual report, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants, and promote the success of our business. The maximum aggregate number of ordinary shares that may be issued under the Plan is initially 6,500,000 and on January 1 of each year after the effective date of the Plan, will (i) automatically increase to the number of shares that is equal to ten percent (10%) of the total issued and outstanding share capital of our company as of December 31 of the preceding year, and (ii) also automatically increase by the number of shares representing 1.0% of the total issued and outstanding share capital of our company as of December 31 of the preceding year, or such less number as our board of directors shall determine. As of the date of this annual report, no awards have been granted under the Plan.

The following paragraphs summarize the principal terms of the 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. Our 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 our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

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

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

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

Transfer Restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the 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. Our board of directors has the authority to terminate, amend, suspend or modify the Plan in accordance with our articles of association. However, without the prior written consent of the participant, no such action may adversely affect in any material way any award previously granted pursuant to the Plan.

C. Board Practices

Board of Directors

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

Executive Management Committee of the Board of Directors

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

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

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

Other Committees of the Board of Directors

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

Audit Committee. Dr. Feridun Hamdullahpur is the chairperson and sole member of our audit committee. Dr. Hamdullahpur satisfies the "independence" requirements of Section 303A of the Corporate Governance Rules of the NYSE and meets the independence standards under Rule 10A-3 under the Exchange Act. We have determined that Dr. Hamdullahpur qualifies as an "audit committee financial expert." The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be responsible for, among other things:

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

Compensation Committee. Dr. Timothy Wai Cheung Tong is the chairperson and sole member of our compensation committee. Dr. Tong satisfies the “independence” requirements of Section 303A of the Corporate Governance Rules of the NYSE. The compensation committee will assist the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated upon. The compensation committee will be responsible for, among other things:

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

Nominating and Corporate Governance Committee. Dr. Timothy Wai Cheung Tong is the chairperson and sole member of our nominating and corporate governance committee. Dr. Tong satisfies the “independence” requirements of Section 303A of the Corporate Governance Rules of the NYSE. The nominating and corporate governance committee will assist the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee will be responsible for, among other things:

- recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, age, skills, experience and availability of service to us;
- selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Business and Strategy Committee. Dr. Feridun Hamdullahpur is the chairperson and sole member of our business and strategy committee. The primary objective of the business and strategy committee is to assist the board in discharging its duties by: (i) periodically reviewing and making recommendations on the medium and long-term strategies and strategic plans of our company and our subsidiaries, (ii) periodically meeting with our management to monitor our progress against our strategic goals, (iii) ensuring that the board is regularly apprised of our progress with respect to the implementation of any approved strategy, and (iv) carrying out any other duties at the instructions of the board, within the limits of applicable laws and regulations.

Cybersecurity and Operational Risk Management

As cybersecurity and operational risks are material to our business, all of our board members are involved in the oversight of our cybersecurity and operational risk management function. The board is responsible for reviewing major issues related to our cybersecurity and operations risks and any steps adopted in light of material deficiencies, if any. Our board receives periodic reporting from our chief executive officer on cybersecurity and operational incidents, and ad hoc board meetings are held to discuss major incidents. Cybersecurity and operational risks are also topics that are discussed at each board meeting. In forming the board, we have ensured that the board has a sufficient number of members that are experts in cybersecurity and operational risks.

Duties of Directors

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

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

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

Terms of Directors and Officers

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

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

D. Employees

We had 50 and 199 employees as of April 30, 2022 and 2023, and 196 employees as of October 31, 2024, respectively.

The following tables sets forth the number of our employees by function as of October 31, 2024.

| Function | Number of Employees | Percentage |
|---------------------------------------|---------------------|------------|
| General management and administration | 17 | 8.7% |
| Sales and marketing | 23 | 11.7% |
| Hotel operation | 107 | 54.6% |
| Production and Editorial | 49 | 25.0% |
| Total | 196 | 100.0% |

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

As required by local regulations, we participate in various employee social security plans including pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing provident fund.

We enter into standard employment agreements with our employees. We also enter into standard confidentiality and non-compete agreements with our senior management in accordance with market practice.

E. Share Ownership

For information regarding the share ownership of our directors and officers, see “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders.” For information as to stock options granted to our directors, executive officers and other employees, see “Item 6. Directors, Senior Management and Employees—B. Compensation—Stock Incentive Plan.”

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

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

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

The ordinary shares of AMTD Digital Inc. consist of Class A ordinary shares and Class B ordinary shares. In respect of matters requiring the votes of shareholders, holders of Class B ordinary shares are entitled to twenty votes per share, while holders of Class A ordinary shares are entitled to one vote per share. The calculations in the shareholder table below are based on 126,163,971 ordinary shares issued and outstanding as of the date of this annual report, comprising of (i) 78,809,300 Class A ordinary shares, and (ii) 47,354,671 Class B ordinary shares (inclusive of 452,231 treasury shares).

| | Class A Ordinary Shares | Class B Ordinary Shares | % of Beneficial Ownership[†] | % of Aggregate Voting Power^{††} |
|---|--|--|--|---|
| Directors and Executive Officers:* | | | | |
| Timothy Wai Cheung Tong | — | — | — | — |
| Feridun Hamdullahpur | — | — | — | — |
| Joanne Shoveller | — | — | — | — |
| Giampietro Baudo | — | — | — | — |
| Xavier Zee | — | — | — | — |
| All directors and executive officers as a group | — | — | — | — |
| Principal Shareholder: | | | | |
| AMTD IDEA Group ⁽¹⁾ | — | 46,902,440 | 37.2 | 92.3 |

* The address of our directors and executive officers is 27-29 rue de Bassano 75008 Paris.

† For each person and group included in this column, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the total number of shares outstanding and the number of shares such person or group has the right to acquire upon exercise of option, warrant or other right within 60 days after the date of this annual report.

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

(1) Represents 46,902,440 Class B ordinary shares held by AMTD IDEA Group, a Cayman Islands company whose registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The board of directors of AMTD IDEA Group consists of Dr. Feridun Hamdullahpur, Dr. Timothy Tong, Dr. Annie Koh, Marcellus Wong, and Raymond Yung. AMTD IDEA Group is dual-listed on the NYSE and SGX, and is 25.6% beneficially owned by AMTD Group Inc., whose registered address is at the offices Conyers Trust Company (BVI) Limited, Commerce House, Wickhams Cay I, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110.

As of the date of this annual report, AMTD IDEA Group beneficially owns all of our issued and outstanding Class B ordinary shares and our Controlling Shareholder beneficially owned 9.5% of our outstanding ordinary shares, representing 42.5% of our total voting power. We are indirectly controlled by our Controlling Shareholder as a result of its beneficial ownership of our ordinary shares and voting power.

To our knowledge and based on our review of our register of shareholders as of the date of this annual report, 8,960,000 Class A ordinary shares are held of record by one holder that resides in the United States, being The Bank of New York Mellon, the depositary of our ADS program. The number of beneficial owners of the ADSs in the United States is likely to be much larger than the number of record holders of our Class A ordinary shares in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

B. Related Party Transactions

Employment Agreements and Indemnification Agreements

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

Agreements with Our Controlling Shareholder

See "Item 4. Information on the Company—A. History and Development of the Company."

Transactions with Our Controlling Shareholder

Our Controlling Shareholder recharged premises costs, office utilities and office renovation, staff cost, and certain other operating expenses to us. For the fiscal years ended April 30, 2022 and 2023, and for the fiscal year ended October 31, 2024, the total amount of recharge from our Controlling Shareholder for the aforementioned costs and expenses was US\$0.9 million, US\$1.2 million, and US\$1.8 million, respectively.

We provided our Controlling Shareholder with insurance brokerage services. For the fiscal years ended April 30, 2022 and 2023, and for the fiscal year ended October 31, 2024, the total amount of insurance brokerage commissions that we charged our Controlling Shareholder was US\$10.8 thousand, US\$6.9 thousand, and US\$5.0 thousand, respectively.

In October 2020, we entered into an agreement with our Controlling Shareholder, pursuant to which we agree to provide digital solutions services to support the management of one of the investee companies, for a fixed annual service fee of HK\$12.8 million. The fee was adjusted to HK\$20 million per annum from October 1, 2022. In addition to the fixed annual service fee, we are entitled to receive 15% of all distributions, in any form, received from the investee company, including but not limited to cash or share dividends, regardless of whether on a regular or one-off basis. We are also entitled to receive 15% of any profit from the disposal of any shares of the investee company. However, we are not liable for any loss arising from the disposal of any shares of the investee company. This agreement with our Controlling Shareholder will remain effective until terminated by mutual agreement. For the fiscal years ended April 30, 2022 and 2023, and for the fiscal year ended October 31, 2024, the total amount of digital solutions services income that we charged our Controlling Shareholder was US\$1.6 million, US\$2.2 million, and US\$2.6 million, respectively.

Other Transactions with Related Parties and Non-controlling Shareholders

Treasury functions are conducted centrally under our Controlling Shareholder and intra-group treasury fund transfers were carried out among the entities within AMTD Group. The treasury function manages available funds at our Controlling Shareholder level and allocates the funds to various entities within AMTD Group for their operations. As of April 30, 2022 and 2023, and October 31, 2024, the amount due from group companies in connection with intra-group treasury fund allocation was US\$321.4 million, US\$126.4 million, and US\$1.5 million, respectively.

We provide our fellow subsidiary with insurance brokerage services. For the fiscal years ended April 30, 2022 and 2023, and for the fiscal year ended October 31, 2024, the total amount of insurance brokerage commission that we charged our fellow subsidiary was US\$73.5 thousand, US\$52.3 thousand, and US\$36.0 thousand, respectively.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

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

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. We are not and have not been, and none of our subsidiaries or joint ventures is or has been, a party to any litigation, arbitration or administrative proceedings that we believe would, individually or taken as a whole, have a material adverse effect on our business, financial condition or results of operations, and, insofar as we are aware, no such litigation, arbitration or administrative proceedings are pending, threatened, or contemplated.

Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management's time and attention. For potential impact of legal or administrative proceedings on us, see "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industries in General—We may be subject to litigation and regulatory investigations and proceedings and may not always be successful in defending ourselves against such claims or proceedings" and "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industries in General—We may face intellectual property infringement claims, which could be time-consuming and costly to defend and may result in the loss of significant rights by us."

Dividend Policy

We have not declared or paid dividends in the past given the early development stage of our businesses. We intend to distribute dividends in the future, but we do not have a fixed dividend policy and the amount, timing, and whether or not we actually distribute dividends at all is at the discretion of our board of directors.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries for our cash requirements, including any payment of dividends to our shareholders. Our board of directors has complete discretion on whether to distribute dividends, subject to applicable laws. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Under the Cayman Islands law, a Cayman Islands company may pay a dividend either out of profit or share premium account, provided that in no circumstances may a dividend be paid if the dividend payment would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency, and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, and other factors that the board of directors may deem relevant.

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

B. Significant Changes

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

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

See “—C. Markets.”

B. Plan of Distribution

Not applicable.

C. Markets

The ADSs have been listed on NYSE since July 15, 2022. The ADSs trade under the ticker symbol “HKD.” Every five ADSs represent two of our Class A ordinary shares, par value US\$0.0001 per share.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The following are summaries of material provisions of our currently effective memorandum and articles of association and the Companies Act of the Cayman Islands (as revised) insofar as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Our registered office is at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, or at such other location within the Cayman Islands as the Directors may from time to time determine. The objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the law of the Cayman Islands.

Directors

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

Ordinary Shares

General. Our share capital is divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Each Class B ordinary Share shall entitle the holder thereof to twenty (20) votes on all matters subject to vote at our general meetings, and each Class A ordinary share shall entitle the holder thereof to one (1) vote on all matters subject to vote at our general meetings. Our ordinary shares are issued in registered form and are issued when registered in our register of members.

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

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors or declared by our shareholders by ordinary resolution (provided that no dividend may be declared by our shareholders which exceeds the amount recommended by our directors). Our currently effective memorandum and articles of association provide that, subject to any rights and restrictions attached to any shares, our directors may from time to time declare dividends (including interim dividends) and other distributions on our shares in issue and authorize payment of the same out of our funds lawfully available therefor.

Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if the dividend payment would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our board of directors may also re-designate and re-classify shares of any classes or series into any number of existing or new classes or series of shares (including classes or series of preferred shares).

Our board of directors may therefore create and issue new class or series of preferred shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Inspection of Books and Records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect our corporate records other than the memorandum and articles of association and any special resolutions passed by our company, and the register of mortgages and charges and a list of directors of our company. However, we will provide our shareholders with annual audited financial statements.

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

- authorize our board of directors to create and issue new classes or series of share (including preferred shares) and to designate the price, rights, preferences, privileges, and restrictions of such classes or series of shares without any further vote or action by our shareholders;
- authorize our board of directors to re-designate and re-classify shares of any classes or series into any number of existing or new classes or series of shares (including classes or series of preferred shares);
- authorize our board of directors to create and issue any new class or series of shares with such preferred or other rights, all or any of which may be greater than the rights of ordinary shares, at such time and on such terms as they may think appropriate; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders by requiring requisitioning shareholders to hold as of the date of deposit of the requisition shares that carry in aggregate not less than one-third of all votes attaching to all issued and outstanding shares of our company that as of the date of the deposit carry the right to vote at general meetings of our company.

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

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

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

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

C. Material Contracts

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

D. Exchange Controls

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

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

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

E. Taxation

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. There are no exchange control regulations or currency restrictions in the Cayman Islands.

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

U.S. Federal Income Tax Considerations

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

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

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

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

General

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

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

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

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

Passive Foreign Investment Company Considerations

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

Based upon our income and assets and our market capitalization, we do not expect to be classified as a PFIC for the current taxable year or foreseeable future taxable years. There can be no assurance regarding our PFIC status for the current taxable year or foreseeable future taxable years, however, because our PFIC status is a factual determination made annually that will depend, in part, upon the composition and classification of our income and assets, including the relative amounts of income generated by our strategic investment business as compared to our other businesses, and the value of the assets held by our strategic investment business as compared to our other businesses. Because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge our classification of certain income and assets as non-passive, which may result in our being or becoming classified as a PFIC for the current or subsequent years. Furthermore, fluctuations in the market price of the ADSs may cause us to be classified as a PFIC for the current or future taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and other unbooked intangibles, may be determined by reference to our market capitalization (determined based on the market price of the ADSs from time to time, which may be volatile). If our market capitalization declines, we may be or become a PFIC for the current or future taxable years. The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. Under circumstances where our revenue from activities that produce passive income significantly increases relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase.

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

Dividends

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

Individuals and other non-corporate U.S. Holders may be subject to tax on any such dividends at the lower capital gains tax rate applicable to “qualified dividend income,” provided that certain conditions are satisfied, including that (1) the ADSs or ordinary shares on which the dividends are paid are readily tradeable on an established securities market in the United States, (2) we are neither a PFIC nor treated as such with respect to a U.S. Holder for the taxable year in which the dividend is paid and for the preceding taxable year, and (3) certain holding period requirements are met. The ADSs are listed on the NYSE, and therefore are considered to be readily tradeable on an established securities market in the United States, although there can be no assurance that the ADSs will continue to be so listed. Although the law in this regard is not entirely clear, because our ordinary shares will not be listed on a U.S. exchange, we do not believe that dividends received with respect to our ordinary shares that are not represented by ADSs will be treated as qualified dividends. U.S. Holders should consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to the ADSs or ordinary shares.

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

Sale or Other Disposition

A U.S. Holder will generally recognize gain or loss upon the sale or other taxable disposition of the ADSs or our ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder’s adjusted tax basis in such ADSs or ordinary shares. Such gain or loss will generally be capital gain or loss and will be long-term if the U.S. Holder’s holding period in the ADSs or ordinary shares exceeds one year at the time of disposition. Non-corporate U.S. Holders (including individuals) will generally be subject to U.S. federal income tax on long-term capital gain at preferential rates. The deductibility of a capital loss may be subject to limitations. Any gain or loss recognized by a U.S. Holder on the sale or other taxable disposition of the ADSs or our ordinary shares will generally be treated as U.S. source income or loss for U.S. foreign tax credit limitation purposes, which could limit the availability of foreign tax credits. The U.S. foreign tax credit rules are complex. Each U.S. Holder should consult its tax advisor regarding such rules in light of its particular circumstances.

Passive Foreign Investment Company Rules

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

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

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

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

The mark-to-market election is available only for "marketable stock," which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter, or regularly traded, on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. The ADSs, but not our ordinary shares, will be treated as marketable stock so long as our ADSs are listed on the NYSE, but no assurances can be given in this regard.

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

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

U.S. Holders that own the ADSs or ordinary shares during any taxable year for which we are a PFIC will generally be required to file an annual IRS Form 8621. Each U.S. Holder should consult its tax advisor regarding the U.S. federal income tax consequences of, and reporting requirements related to, the ownership and disposition of the ADSs or our ordinary shares if we are or become a PFIC.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We have filed with SEC a registration statement on Form F-1 (File No. 333-256322), including relevant exhibits and securities under the Securities Act with respect to underlying ordinary shares represented by the ADSs. We have also filed a registration statement on Form F-6 (Registration No. 333-256847) with the SEC to register the ADSs.

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

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

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign exchange risk

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

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

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

Equity price risk

We are exposed to equity price risk through our investments in equity securities measured at FVTPL. We invested in certain unquoted equity securities for investees operating in digital and technology industry sectors for long term strategic purposes which had been measured as FVTPL. We have appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Interest rate risk

Our exposure to interest rate risk primarily relates variable-rate cash held on behalf of customers and bank balances.

Credit risk

Our credit risk exposures are primarily attributable to accounts receivable, other receivables, bank balances, pledged bank deposits, and amount due from AMTD Group. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depository Shares

Fees and Charges ADS Holders May Have to Pay

The Bank of New York Mellon, as depositary, will register and deliver the ADSs. Each ADS represents 0.4 Class A ordinary shares (or a right to receive 0.4 Class A ordinary shares) deposited with The Hongkong and Shanghai Banking Corporation Limited, as custodian for the depositary. Each ADS will also represent any other securities, cash, or other property that may be held by the depositary. The deposited shares together with any other securities, cash, or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office are located at 240 Greenwich Street, New York, New York 10286.

Persons depositing or withdrawing shares or ADS holders must pay:

For:

| | |
|---|---|
| US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs) | Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates |
| US\$0.05 (or less) per ADS A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs | Any cash distribution to ADS holders Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders |
| US\$0.05 (or less) per ADS per calendar year | Depository services |
| Registration or transfer fees | Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares |
| Expenses of the depositary | Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement)Converting foreign currency to U.S. dollars As necessary |
| Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes | |
| Any charges incurred by the depositary or its agents for servicing the deposited securities | As necessary |

Fees and Other Payments Made by the Depositary to Us

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

In the year ended October 31, 2024, we did not receive any payments from the depositary for its ADR program.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

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

Material Modifications to the Rights of Security Holders

See "Item 10. Additional Information" for a description of the rights of securities holders, which remain unchanged.

Use of Proceeds

The following "Use of Proceeds" information relates to the registration statement on Form F-1 (File Number: 333-256322) relating to our initial public offering of 16,000,000 ADSs representing 6,400,000 Class A ordinary shares, and the underwriters' full exercise of their option to purchase from us 2,400,000 additional ADSs representing 960,000 Class A ordinary shares, at an initial offering price of US\$7.80 per ADS. The registration statement was declared effective by the SEC on July 14, 2022. AMTD Global Markets Limited was the representative of the underwriters.

We raised US\$129.2 million in net proceeds from our initial public offering, after deducting underwriting discounts and commissions and the offering expenses payable by us, including the net proceeds that we received from the underwriters' full exercise of their option to purchase from us additional ADSs. The total expenses incurred for our company's account in connection with our initial public offering was US\$14.3 million, which included US\$10.0 million in underwriting discounts and commissions for the initial public offering and US\$4.3 million in other costs and expenses for our initial public offering. None of the transaction expenses included payments to directors or officers of our company or their associates, persons owning more than 10% or more of our equity securities or our affiliates. None of the net proceeds from the initial public offering were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates.

For the period from July 15, 2022 to October 31, 2024, we have used approximately US\$7.1 million of the net proceeds from our initial public offering to support our business expansion and growth, and for general corporate purposes. We still intend to use the proceeds from our initial public offering, as disclosed in our registration statements on Form F-1, to fulfill the capital requirements for future license applications, acquisitions, IT infrastructure, and human resources, support our business expansion and growth, and use the remainder for general corporate purposes.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, our senior management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures within the meaning of Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, our senior management has concluded that, as of October 31, 2024, our disclosure controls and procedures were effective.

Disclosure controls and procedures means controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in SEC's rule and forms and that such information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15 (f) under the Exchange Act. Our management, with the participation of our chief executive officer and our chief financial officer, evaluated the effectiveness of our internal control over financial reporting based on criteria established in the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of October 31, 2024.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

Attestation Report of the Registered Public Accounting Firm

See “—Management’s Annual Report on Internal Control over Financial Reporting.”

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

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

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to all of the directors, officers and employees of us and our subsidiaries, whether they work for us on a full-time, part-time, consultative, or temporary basis. In addition, we expect those who do business with us, such as consultants, suppliers and collaborators, to also adhere to the principles outlined in the code of ethics. Certain provisions of the code of ethics apply specifically to our chief executive officer, chief financial officer, senior finance officer, controller, vice presidents and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as an exhibit to our registration statement on Form F-1 (No. 333-256322) in connection with our initial public offering in July 2022, which was incorporated by reference thereto in this annual report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte Touche Tohmatsu and Assentsure PAC, our independent registered public accounting firms, for the periods indicated. We did not pay or accrue for payment any other fees to our principal accountant during the periods except as indicated below.

| | For the Fiscal Year ended April 30, 2023 | For the Fiscal Year ended October 31, 2024 |
|---------------------------------|---|---|
| | US\$ | US\$ |
| | (in thousands) | |
| Audit Fees⁽¹⁾ | | |
| - Deloitte Touche Tohmatsu | 965 | - |
| - Assentsure PAC | - | 228 |
| Tax Fees⁽²⁾ | | |
| - Deloitte Touche Tohmatsu | 4 | - |

(1) "Audit fees" represent the aggregate fees billed for each of the fiscal years listed for professional services rendered by our principal accountant for the audit of our annual consolidated financial statements and the review of interim condensed consolidated financial statements.

(2) "Tax fees" represent the aggregate fees billed for professional services rendered by our principal external auditors for tax compliance.

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

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

None.

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

In August 2023, our board of directors authorized a share repurchase program under which we may repurchase up to US\$30 million of ADSs or ordinary shares until the close of business on December 29, 2023, U.S. Eastern Time. The repurchase cap was subsequently increased to US\$50 million and the term extended until the end of the last business day of the first quarter in 2024, U.S. Eastern Time. Repurchases under the program were completed in February 2024.

In February 2024, our board of directors authorized a new share repurchase program under which we may repurchase up to US\$20 million of ADSs or ordinary shares until the end of the last business day of the first quarter in 2024, U.S. Eastern Time. Repurchases under the program were completed before October 31, 2024.

All repurchases mentioned above are completed during the fiscal year ended October 31, 2024.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Effective from June 24, 2024, we engaged Assentsure PAC, or Assentsure, as our independent registered public accounting firm to rotate out Deloitte Touche Tohmatsu, or Deloitte. Our financial statements as of and for the fiscal year ended April 30, 2023 had previously been audited by Deloitte. The retirement of Deloitte and the appointment of Assentsure were made in line with our auditor rotation policy being initiated, supervised and approved by the audit committee to conform with international best practices on auditor independence.

Our Company adopted United States generally accepted accounting principles ("US GAAP") for the first time in preparing its consolidated financial statements as of and for each of the fiscal years ended April 30, 2021, 2022 and 2023 and six months ended October 31, 2023 which is disclosed in previous Form 20-F. Assentsure represents the first independent registered public accounting firm engaged by our Company to audit our financial statements prepared in accordance with US GAAP. Therefore, there is no inclusion of IFRS reports in the Form 20-F. An Item 16F letter from Deloitte, our predecessor auditor engaged in the audit of our financial statements prepared in accordance with IFRS, for submission to the Securities and Exchange Commission is not obtained.

ITEM 16G. CORPORATE GOVERNANCE

As a Cayman Islands company to be listed on the NYSE, we are subject to the NYSE listing standards. The NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE listing standards. We followed home country practice with respect to annual general meetings and did not hold an annual general meeting of shareholders for the fiscal year ended October 31, 2024. We also relied upon the relevant home country exemption (i) in lieu of the requirement with respect to the size of our board committees, (ii) in lieu of the requirement for shareholder approval of share issuances (a) to certain related parties where the number of shares issued exceeded either one percent of the number of shares or of the voting power outstanding before the issuance, and (b) where such share are issued as consideration in a transaction or series of related transactions in which a related party has a five percent or greater interest (or such persons collectively have a ten percent or greater interest), directly or indirectly, in the company or assets to be acquired or in the consideration to be paid in the transaction or series of related transactions and the issuance exceeded either five percent of the number of shares or of the voting power outstanding before the issuance.

In addition, as a “controlled company” as defined in the NYSE Listed Company Manual, we are permitted to elect to rely, and are currently relying, on certain exemptions from corporate governance rules. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Relationship with the Controlling Shareholder—We are a “controlled company” within the meaning of the NYSE Listed Company Manual and, as a result, can rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.” As a result, you do not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

Our board of directors has established insider trading policies and procedures to provide guidance on the purchases, sales, and other dispositions of our securities by our directors, officers, employees and other relevant persons, with the goal of promoting compliance with applicable insider trading laws, rules and regulations, and the listing standards of NYSE.

The Amended and Restated Statement of Policies Governing Material, Non-Public Information and the Prevention of Insider Trading is filed as Exhibit 11.2 to this annual report on Form 20-F.

ITEM 16K. CYBERSECURITY

Risk Management and Strategy

We have implemented comprehensive cybersecurity risk assessment procedures to ensure effectiveness in cybersecurity management, strategy and governance and reporting cybersecurity risks. We have also integrated cybersecurity risk management into our overall executive management controls system.

Our approach to managing cybersecurity risks and safeguarding sensitive data is multi-faceted, involving technological safeguards, procedural protocols, a program of surveillance on our corporate network, continuous testing of aspects of our security posture, and regular cybersecurity training sessions for our key employees. Our IT department is actively engaged in continuous monitoring of the performance of our infrastructure to ensure prompt identification and response to potential issues, including potential cybersecurity threats.

As of the date of this annual report, we have not experienced any material cybersecurity incidents or identified any material cybersecurity threats that have affected or are reasonably likely to materially affect us, our business strategy, results of operations or financial condition.

Governance

Our board of directors is responsible for overseeing our company’s cybersecurity risk management and be informed on risks from cybersecurity threats. Our board of directors will review, approve, and maintain oversight of the disclosure (i) on Form 6-K for material cybersecurity incidents (if any) and (ii) relating to cybersecurity matters in the periodic reports (including annual report on Form 20-F) of our company. In addition, on the management level, we have established a cybersecurity taskforce to oversee and manage cybersecurity related matters and formulate policies as necessary. Pursuant to the internal controls and procedures in connection with cybersecurity, our cybersecurity disclosure taskforce reports to our board of directors, as needed, regarding its assessment, identification, and management on material risks from cybersecurity threats happened in the ordinary course of our business operations. If a cybersecurity incident occurs, our cybersecurity disclosure taskforce will promptly organize relevant personnel for internal assessment and, depending on the situation, seek the opinions of external experts and legal advisors.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of AMTD Digital Inc. are included at the end of this annual report.

ITEM 19. EXHIBITS

| Exhibit Number | Document |
|----------------|--|
| 1.1 | Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated by reference to Exhibit 3.1 to our Registration Statement on Form F-1 (File No. 333-256322), as amended, initially filed with the Securities and Exchange Commission on May 20, 2021) |
| 1.2 | Registrant's Specimen American Depository Receipt (incorporated by reference to Exhibit 4.1 to our Registration Statement on Form F-1 (File No. 333-256322), as amended, initially filed with the Securities and Exchange Commission on May 20, 2021) |
| 2.1 | Registrant's Specimen Certificate for Ordinary Shares (incorporated by reference to Exhibit 4.2 to our Registration Statement on Form F-1 (File No. 333-256322), as amended, initially filed with the Securities and Exchange Commission on May 20, 2021) |
| 2.2 | Form of Deposit Agreement among the Registrant, the depositary and all holders of the American Depository Receipts of the Registrant (incorporated by reference to Exhibit 4.3 to our Registration Statement on Form F-1 (File No. 333-256322), as amended, initially filed with the Securities and Exchange Commission on May 20, 2021) |
| 2.3 | AMTD SpiderNet Share Incentive Plan (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form F-1 (File No. 333-256322), as amended, initially filed with the Securities and Exchange Commission on May 20, 2021) |
| 2.4 | Description of Securities (incorporated by reference to Exhibit 2.4 to our annual report on Form 20-F (File No. 001-40463) filed with the Securities and Exchange Commission on August 30, 2022) |
| 4.1 | Master Transaction Agreement between the Registrant and its controlling shareholder dated May 18, 2021 (incorporated by reference to Exhibit 10.4 to our Registration Statement on Form F-1 (File No. 333-256322), as amended, initially filed with the Securities and Exchange Commission on May 20, 2021) |
| 4.2 | Transitional Services Agreement between the Registrant and its controlling shareholder dated May 18, 2021 (incorporated by reference to Exhibit 10.5 to our Registration Statement on Form F-1 (File No. 333-256322), as amended, initially filed with the Securities and Exchange Commission on May 20, 2021) |
| 4.3 | Non-Competition Agreement between the Registrant and its controlling shareholder dated May 18, 2021 (incorporated by reference to Exhibit 10.6 to our Registration Statement on Form F-1 (File No. 333-256322), as amended, initially filed with the Securities and Exchange Commission on May 20, 2021) |
| 4.4 | Engagement Letter between the Registrant and its controlling shareholder dated October 1, 2020 (incorporated by reference to Exhibit 10.7 to our Registration Statement on Form F-1 (File No. 333-256322), as amended, initially filed with the Securities and Exchange Commission on May 20, 2021) |

**Exhibit
Number**

Document

| | |
|----------|---|
| 4.5 | Share Purchase Agreement between the Registrant and AMTD Assets Alpha Group dated March 8, 2021 (incorporated by reference to Exhibit 10.16 to our Registration Statement on Form F-1 (File No. 333-256322), as amended, initially filed with the Securities and Exchange Commission on May 20, 2021) |
| 4.6 | Share Purchase Agreement between the Registrant and AMTD Education Group dated March 8, 2021 (incorporated by reference to Exhibit 10.17 to our Registration Statement on Form F-1 (File No. 333-256322), as amended, initially filed with the Securities and Exchange Commission on May 20, 2021) |
| 4.7 | Share Purchase Agreement between the Registrant and AMTD IDEA Group dated August 15, 2022 (incorporated by reference to Exhibit 4.17 to our annual report on Form 20-F (File No. 001-40463) filed with the Securities and Exchange Commission on August 30, 2022) |
| 4.8* | Business Loan Agreement between the Registrant and East West Bank dated August 5, 2024 |
| 8.1* | List of Subsidiaries of the Registrant |
| 11.1 | Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 to our Registration Statement on Form F-1 (File No. 333-256322), as amended, initially filed with the Securities and Exchange Commission on May 20, 2021) |
| 11.2* | Amended and Restated Statement of Policies Governing Material, Non-Public Information and the Prevention of Insider Trading of the Registrant |
| 12.1* | Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 12.2* | Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 13.1** | Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 13.2** | Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 97* | Clawback Policy |
| 101.INS* | Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH* | Inline XBRL Taxonomy Extension Scheme Document |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) |

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

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

SIGNATURES

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

AMTD Digital Inc.

By: /s/ Giampietro Baudo

Name: Giampietro Baudo

Title: Chief Executive Officer

Date: February 28, 2025

AMTD DIGITAL INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of AMTD Digital Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of AMTD Digital Inc. and its subsidiaries (the “Company”) as of October 31, 2024 and 2023, the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended October 31, 2024, six months ended October 31, 2023 and years ended April 30, 2023 and 2022 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 October 31, 2024 and 2023, and the results of its operations and its cash flows for the year ended October 31, 2024, six months ended October 31, 2023 and years ended April 30, 2023 and 2022 in conformity with generally accepted accounting principles in the United States of America.

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 audits 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, audits 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/ Assentsure PAC

Singapore
February 28, 2025
PCAOB No: 6783

We have served as the Company’s auditor since 2024.

AMTD DIGITAL INC.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(All amounts in thousands of United States dollars ("US\$"), except for share and per share data)

| | Notes | | | Six months | | Year ended April 30, | |
|--|-------|---------------------------|------|----------------------|------|-------------------------|--|
| | | Year ended October 31, | | ended October 31, | | | |
| | | 2024 | US\$ | 2023 | US\$ | | |
| Revenue from contracts with customers | 5 | 22,814 | | 8,673 | | 33,066 | |
| Dividend income | | 634 | | — | | — | |
| Changes in fair value on financial assets measured at fair value through profit or loss ("FVTPL") | | (3,003) | | 16,279 | | 15,386 | |
| Total revenue | | 20,445 | | 24,952 | | 48,452 | |
| Employee benefits expense | | (5,057) | | (3,074) | | (9,868) | |
| Advertising and promotion expense | | (313) | | (177) | | (655) | |
| Premises and office expenses | | (58) | | (1,486) | | (996) | |
| Legal and professional fee | | (262) | | (1,338) | | (2,891) | |
| Depreciation and amortization | | (5,642) | | (1,441) | | (1,312) | |
| Finance costs | 7 | (10,326) | | (3,403) | | (1,195) | |
| Other expenses | | (13,347) | | (4,586) | | (2,442) | |
| Other income | 8 | 20,020 | | 8,988 | | 16,052 | |
| Other gains and losses, net | 9 | 37,000 | | 14,342 | | 153 | |
| Profit before tax | | 42,460 | | 32,777 | | 45,298 | |
| Income tax expense | 10 | (785) | | (1,991) | | (4,485) | |
| Profit for the year/period | 11 | 41,675 | | 30,786 | | 40,813 | |
| Other comprehensive income (expense) for the year/period: | | | | | | | |
| <i>Item that will not be reclassified to profit or loss:</i> | | | | | | | |
| Exchange differences on translation from functional currency to presentation currency | | 1,564 | | 1,168 | | (30) | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | | | | |
| Exchange differences arising on translation of foreign operations | | (625) | | (956) | | (960) | |
| Cumulative exchange differences reclassified to profit or loss upon disposal of foreign operations | | 2,695 | | — | | — | |
| Share of other comprehensive income of joint ventures | | 1,312 | | 126 | | 377 | |
| | | 3,382 | | (830) | | (583) | |
| Other comprehensive income (expense) for the year/period | | 4,946 | | 338 | | (613) | |
| Total comprehensive income for the year/period | | 46,621 | | 31,124 | | 40,200 | |
| Profit (loss) for the year/period attributable to: | | | | | | | |
| - Owners of the Company | | 44,443 | | 31,940 | | 42,059 | |
| - Non-controlling interests | | (2,768) | | (1,154) | | (1,246) | |
| | | 41,675 | | 30,786 | | 40,813 | |
| Total comprehensive income (expense) for the year/period attributable to: | | | | | | | |
| - Owners of the Company | | 50,100 | | 32,563 | | 41,889 | |
| - Non-controlling interests | | (3,479) | | (1,439) | | (1,689) | |
| | | 46,621 | | 31,124 | | 40,200 | |
| Earnings per share | 12 | | | | | | |
| - Basic (US\$) | | 0.58 | | 0.42 | | 0.57 | |
| - Diluted (US\$) | | 0.58 | | 0.42 | | 0.57 | |
| | | | | | | | |

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

AMTD DIGITAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS
(All amounts in thousands of US\$)

| | Notes | October 31, | |
|--|-------|----------------|----------------|
| | | 2024 US\$ | 2023 US\$ |
| ASSETS | | | |
| Non-current assets: | | | |
| Property, plant and equipment | 16 | 274,448 | 69,592 |
| Intangible assets | 17 | 119,255 | 279 |
| Financial assets at FVTPL | 18 | 24,676 | 288 |
| Interests in joint ventures | 15 | — | 16,775 |
| Total non-current assets | | 418,379 | 86,934 |
| Current assets: | | | |
| Accounts receivable | 19 | 6,645 | 934 |
| Prepayments, deposits and other receivables | 19 | 2,666 | 35,827 |
| Amount due from AMTD Group (as defined in note 1) | 27 | 1,548 | 195,278 |
| Financial assets at FVTPL | 18 | 12,123 | 5,723 |
| Pledged bank deposits | 21 | 33,000 | — |
| Fiduciary bank balances | | 709 | 913 |
| Cash and cash equivalents | | 27,861 | 134,843 |
| | | 84,552 | 373,518 |
| Assets classified as held for sale | 14 | — | 77,045 |
| Total current assets | | 84,552 | 450,563 |
| Total assets | | 502,931 | 537,497 |
| EQUITY AND LIABILITIES | | | |
| Current liabilities: | | | |
| Clients' monies held on trust | | — | 814 |
| Accounts payable | 20 | 1,590 | 69 |
| Other payables and accruals | 20 | 10,000 | 18,914 |
| Bank borrowings | 21 | 83,374 | 65,565 |
| Amounts due to non-controlling shareholders | 27 | 63,893 | 53,389 |
| Contract liabilities | 22 | 1,184 | — |
| Income tax payable | | 2,602 | 2,638 |
| | | 162,643 | 141,389 |
| Liabilities associated with assets classified as held for sale | 14 | — | 17,912 |
| Total current liabilities | | 162,643 | 159,301 |
| Non-current liabilities: | | | |
| Bank borrowings | 21 | 174,224 | — |
| Provision for replacement of hotel properties | | 1,653 | — |
| Deferred tax liability | 23 | 5,652 | — |
| Total non-current liabilities | | 181,529 | — |
| Total liabilities | | 344,172 | 159,301 |
| Capital and reserves: | | | |
| Share capital | 24 | 8 | 8 |
| Treasury shares | 24 | (635,233) | (52,235) |
| Reserves | | 653,695 | 439,190 |
| Equity attributable to owners of the Company | | 18,470 | 386,963 |
| Non-controlling interests | | 140,289 | (8,767) |
| Total equity | | 158,759 | 378,196 |
| Total equity and liabilities | | 502,931 | 537,497 |

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

AMTD DIGITAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(All amounts in thousands of US\$)

| | Attributable to owners of the Company | | | | | | | | Non-controlling interests | Total equity |
|--|---------------------------------------|---------------|-----------------|-----------------------------|------------------|-----------------|-------------------|-----------|---------------------------|--------------|
| | Share capital | Share premium | Treasury shares | Share-based payment reserve | Exchange reserve | Capital reserve | Retained earnings | Total | | |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| At May 1, 2021 | 7 | 310,635 | — | 120 | (516) | 16,656 | 42,467 | 369,369 | 3,248 | 372,617 |
| Profit (loss) for the year | — | — | — | — | — | — | 27,493 | 27,493 | (1,653) | 25,840 |
| Other comprehensive expense for the year | — | — | — | — | (4,199) | — | — | (4,199) | (52) | (4,251) |
| Total comprehensive (expense) income for the year | — | — | — | — | (4,199) | — | 27,493 | 23,294 | (1,705) | 21,589 |
| Issuance of shares by a non-wholly owned subsidiary | — | — | — | — | — | 44 | — | 44 | 57 | 101 |
| Share-based compensation | — | — | — | 224 | — | — | — | 224 | 914 | 1,138 |
| At April 30, 2022 | 7 | 310,635 | — | 344 | (4,715) | 16,700 | 69,960 | 392,931 | 2,514 | 395,445 |
| Profit (loss) for the year | — | — | — | — | — | — | 42,059 | 42,059 | (1,246) | 40,813 |
| Other comprehensive expenses for the year | — | — | — | — | (170) | — | — | (170) | (443) | (613) |
| Total comprehensive (expense) income for the year | — | — | — | — | (170) | — | 42,059 | 41,889 | (1,689) | 40,200 |
| Issuance of shares | 1 | 229,185 | — | — | — | — | — | 229,186 | — | 229,186 |
| Repurchase of shares of the Company | — | — | (318,882) | — | — | — | — | (318,882) | — | (318,882) |
| Acquisition of subsidiaries under common control | — | — | 266,647 | — | — | (274,831) | — | (8,184) | 5,025 | (3,159) |
| Share-based compensation | — | — | — | 244 | — | — | — | 244 | — | 244 |
| At April 30, 2023 | 8 | 539,820 | (52,235) | 588 | (4,885) | (258,131) | 112,019 | 337,184 | 5,850 | 343,034 |
| Profit (loss) for the period | — | — | — | — | — | — | 31,940 | 31,940 | (1,154) | 30,786 |
| Other comprehensive income (expenses) for the period | — | — | — | — | 623 | — | — | 623 | (285) | 338 |
| Total comprehensive income (expense) for the period | — | — | — | — | 623 | — | 31,940 | 32,563 | (1,439) | 31,124 |
| Issuance of shares | — | 5,602 | — | — | — | — | — | 5,602 | — | 5,602 |
| Change in shareholding of subsidiaries without losing control | — | — | — | — | — | 11,531 | — | 11,531 | (13,178) | (1,647) |
| Share-based compensation | — | — | — | 83 | — | — | — | 83 | — | 83 |
| At October 31, 2023 | 8 | 545,422 | (52,235) | 671 | (4,262) | (246,600) | 143,959 | 386,963 | (8,767) | 378,196 |
| Profit (loss) for the year | — | — | — | — | — | — | 44,443 | 44,443 | (2,768) | 41,675 |
| Other comprehensive income (expenses) for the year | — | — | — | — | 5,657 | — | — | 5,657 | (711) | 4,946 |
| Total comprehensive income (expense) for the year | — | — | — | — | 5,657 | — | 44,443 | 50,100 | (3,479) | 46,621 |
| Issuance of shares | — | 47,480 | 52,520 | — | — | — | — | 100,000 | — | 100,000 |
| Repurchase of shares of the Company | (2) | — | (447,520) | — | — | — | — | (447,522) | — | (447,522) |
| Acquisition of subsidiaries under common control (note 13(b)) | 2 | 187,996 | (187,998) | — | — | (71,157) | — | (71,157) | 178,310 | 107,153 |
| Disposal of subsidiaries | — | — | — | — | — | (11,570) | 11,570 | — | (18,958) | (18,958) |
| Recognition of subsidiaries upon control over Singapore hotel companies (note 13(c)) | — | — | — | — | — | — | — | — | (6,817) | (6,817) |
| Share-based compensation | — | — | — | 86 | — | — | — | 86 | — | 86 |
| At October 31, 2024 | 8 | 780,898 | (635,233) | 757 | 1,395 | (329,327) | 199,972 | 18,470 | 140,289 | 158,759 |

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

AMTD DIGITAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(All amounts in thousands of US\$)

| | Year ended October 31, 2024 | Six months ended October 31, 2023 | Year ended April 30, 2023 | Year ended April 30, 2022 |
|--|-----------------------------------|--|---------------------------------|---------------------------------|
| | US\$ | US\$ | US\$ | US\$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before tax | 42,460 | 32,777 | 45,298 | 28,870 |
| Adjustments for: | | | | |
| Share of losses of joint ventures | 1,363 | 1,366 | 404 | — |
| Interest income | (20,020) | (9,012) | (15,945) | (743) |
| Dividend income | (634) | — | — | — |
| Finance costs | 10,326 | 3,403 | 1,195 | — |
| Depreciation | 5,159 | 999 | 479 | 9 |
| Amortization | 483 | 442 | 833 | 837 |
| Recovery of accounts receivable written off | — | (1) | (2) | (20) |
| Share-based payment | 86 | 83 | 244 | 1,138 |
| Changes in fair value on financial assets at FVTPL | 3,003 | (16,279) | (15,386) | (16,940) |
| Gain on disposal of subsidiaries | (37,222) | (14,697) | — | — |
| Unrealized exchange gain | — | — | — | (403) |
| Operating cash flows before movements in working capital | 5,004 | (919) | 17,120 | 12,748 |
| Decrease (increase) in fiduciary bank balances | 204 | (115) | 372 | 369 |
| (Increase) decrease in accounts receivable | (823) | (170) | (4,272) | 3,834 |
| (Increase) decrease in prepayments, deposits and other receivables | (448) | 5,808 | 1,545 | 521 |
| (Decrease) increase in client's monies held on trust | (814) | 385 | (398) | (316) |
| Increase in accounts payable | 691 | 37 | 173 | 7 |
| Increase in other payables and accruals | 312 | 16,866 | 523 | 1,421 |
| Increase (decrease) in contract liabilities | 290 | (494) | 4,544 | (3,011) |
| Increase in provision for replacement of hotel properties | 247 | — | — | — |
| Cash generated from operations | 4,663 | 21,398 | 19,607 | 15,573 |
| Dividend received | 634 | — | — | — |
| Tax paid | (1,052) | (38) | (4,106) | (5,323) |
| Net cash from operating activities | 4,245 | 21,360 | 15,501 | 10,250 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Additions of financial assets at FVTPL | (350) | (825) | (5,545) | (3,835) |
| Proceeds from disposal of financial assets at FVTPL | — | — | 58,170 | — |
| Receipt of return from movie income right investments | — | — | — | 2,681 |
| Acquisition of property, plant and equipment | (159) | (17) | (2) | (6) |
| Acquisition of intangible assets | — | — | — | (227) |
| Acquisition of subsidiaries, net of cash acquired | 9,057 | — | 3,860 | — |
| Disposal of subsidiaries, net of cash disposed | (514) | — | — | — |
| Interest received | 5,915 | 2,858 | 3,109 | 40 |
| Loan to a third party | — | — | (100,123) | — |
| Repayment of loan to a third party | — | — | 100,123 | — |
| Advance to AMTD Group | (89,477) | (91,854) | (401,454) | (140,338) |
| Advance to non-controlling shareholders | — | (1,640) | — | — |
| Repayment from AMTD Group | — | 55,488 | 222,271 | 92,546 |
| Repayment from non-controlling shareholders | — | — | 97 | — |
| Net cash used in investing activities | (75,528) | (35,990) | (119,494) | (49,139) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Proceeds from bank borrowings | 33,000 | — | 15,018 | — |
| Proceeds from issue of shares | — | — | 229,186 | — |
| Repayment of bank borrowings | (15,000) | — | — | — |
| Placement of pledged bank deposits | (33,000) | — | — | — |
| Repayment to non-controlling shareholders | (13,344) | (594) | — | — |
| Finance costs paid | (7,468) | (3,375) | (742) | — |
| Net cash (used in) from financing activities | (35,812) | (3,969) | 243,462 | — |
| Net (decrease) increase in cash and cash equivalents | (107,095) | (18,599) | 139,469 | (38,889) |
| Cash and cash equivalents at beginning of the year/period | 135,089 | 153,661 | 14,337 | 53,631 |
| Effect of foreign exchange rate changes | (133) | 27 | (145) | (405) |
| Cash and cash equivalents at end of the year/period | 27,861 | 135,089 | 153,661 | 14,337 |

Represented by:

| | | | | |
|--|---------------|----------------|----------------|---------------|
| Cash and cash equivalents | 27,861 | 134,843 | 152,930 | 14,337 |
| Cash and cash equivalents classified as assets held for sale | — | 246 | 731 | — |
| | 27,861 | 135,089 | 153,661 | 14,337 |

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

AMTD DIGITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands of U.S. dollars (“US\$”), except for share and per share data)

1. GENERAL

AMTD Digital Inc. (the “Company”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Act of the Cayman Islands on September 12, 2019. The Company, through its subsidiaries (collectively, the “Group”), is mainly involved in the provision of digital solutions services, fashion, arts and luxury media advertising and marketing services and hotel operations, hospitality and very important person (“VIP”) services.

The Company’s ultimate holding company is AMTD Group Inc. (“AMTD Group”), a private company incorporated in the British Virgin Islands (“BVI”) and the Company’s immediate holding company is AMTD IDEA Group, a listed company incorporated in the Cayman Islands.

2. BASIS OF PREPARATION

Basis of preparation

The Group’s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss which are measured at fair value.

The Company has changed its fiscal year from April 30 to October 31, which became effective for the period ended October 31, 2023. Given the period ended October 31, 2023 is for a 6-month period, the results may not be comparable to the 12-month period ended October 31, 2024.

Recent accounting pronouncements

The Company considers the applicability and impact of all accounting standards updates (“ASUs”). Management periodically reviews new accounting standards that are issued.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments’ significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. This standard is effective for the Company for the annual period beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of the adoption of ASU 2023-07.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”). ASU 2023-09 is intended to improve transparency of income tax disclosure by requiring income tax disclosures to contain consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. This standard affects the disclosure of income taxes not the accounting for income taxes. This standard is effective for the Company for the annual period beginning after December 15, 2025, with early adoption permitted. The Company is currently evaluating the impact of the adoption of ASU 2023-09.

In November 2024, the FASB ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures* (Subtopic 220-40): Disaggregation of Income Statement Expenses (“ASU 2024-03”), which enhances the disclosures required for expense disaggregation in the Company’s annual and interim consolidated financial statements. ASU 2024-03 is effective for the Company for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements disclosures.

AMTD DIGITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended October 31, 2024, six months ended October 31, 2023 and years ended April 30, 2023 and 2022. 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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

AMTD DIGITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Basis of consolidation - (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organized workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with relevant guidance;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with relevant guidance;

AMTD DIGITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Business combinations - (Continued)

- assets (or disposal groups) that are classified as held for sale are measured in accordance with that standard; and
- lease liabilities are recognized and measured at the present value of the remaining lease payments as if the acquired leases were new leases at the acquisition date, except for leases for which the lease terms ends within 12 months of the acquisition date. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as of acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at fair value.

Business combinations under common control

The Company accounts for the business combination with entities under common control using historical carrying values and under a prospective basis (referred to herein as predecessor accounting) which involves the Company accounting for the combination prospectively from the date on which it occurred. For predecessor accounting:

- Assets and liabilities of the acquired entity are stated at carrying amounts in the consolidated financial statements of the controlling party. Fair value measurement is not required.
- Income statement reflects the results of the combining parties.
- No new goodwill arises in predecessor accounting.
- Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is recognized in capital reserve.

AMTD DIGITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Fair value measurement

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized at fair value 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 and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated, which is the sum of undiscounted cash flows that are expected to result from the use and eventual disposition of asset or asset group. The recoverable amount of property, plant and equipment and intangible assets with definite life are estimated recoverable amount of an asset group (i.e. the lowest level of identifiable cash flows that are largely independent of the net cash flows of other groups of assets). An impairment loss is recognized for a depreciable or amortizable asset (asset group) only if the carrying amount of the asset (asset group) exceeds its recoverable amount. If the asset is not recoverable, then an asset's (asset group's) impairment is calculated with reference to the fair value of that asset (asset group) in comparison to its carrying amount.

AMTD DIGITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Impairment of non-financial assets - (Continued)

The Group performs an initial qualitative assessment before proceeding with the quantitative test on goodwill and indefinite life intangible asset. If the Group concludes, based on qualitative assessment, that it is not more likely than not that a reporting unit that goodwill allocated to or indefinite life intangible assets is impaired, then the Group is not required to perform a quantitative test for that reporting unit or indefinite life intangible assets.

Intangible assets with indefinite life are estimated individually. An impairment loss for an indefinite life intangible asset is recognized if the fair value of the asset is less than the asset's carrying amount. Goodwill is allocated to those reporting units which are operating segments or one level below the operating segment level (component level), if it constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that segment. Goodwill is impaired if the carrying amount of the reporting unit to which it is allocated exceeds the fair value of the reporting unit. An impairment is the excess of the reporting unit's carrying amount over its fair value.

Corporate assets are not allocated to asset groups in testing long-lived assets for impairment. An additional high-level of asset group is identified (which may be at the entity level), which is tested for impairment after the related lower-level assets groups have been tested.

An impairment loss is not reversed if the fair value of the impaired asset or asset group increases subsequently.

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 until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Digital solutions services

(i) Insurance brokerage services

The Group earns commission income by facilitating the arrangement between insurance company partners and individuals/businesses. The service promised to the customer is placement of an effective insurance or reinsurance policy. Commission revenue is usually a percentage of the premium paid by the insured and generally depends upon the type of insurance or reinsurance policy and the insurance company partner. Revenue is recognized at a point in time upon execution and effectiveness of insurance contracts. The Group allows a credit period up to 15 days to its customers.

(ii) Other digital solutions services

The Group provides its corporate clients exclusive access to the membership program for a fixed membership fee negotiated on case by case basis and agreed upon entering the contract with each customer. Other digital solutions services provides its members networking opportunities with prestigious corporate members, prominent business executives and partners. Contract terms of contracts entered generally ranged from 1 to 3 years. Revenue from such service is recognized over time as the customers simultaneously receive and consume the service provided by the Group. The payments will be settled according to the payment schedules stated in the service contracts. The Group may allow a credit period ranging from 0 to 90 days to its customers for the demand note issued in accordance with the payment schedules. When the Group receives an upfront payment, this will give rise to contract liabilities at the time of the initial sales transaction for which revenue is recognized over the membership service period.

AMTD DIGITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Revenue from contracts with customers - (Continued)

(iii) Fashion, arts and luxury media advertising and marketing services

Fashion, arts and luxury media advertising and marketing services income is composed of fashion, arts and luxury magazines and advertising service income and fashion, arts and luxury media licensing and marketing services income. The Group distributes of fashion, arts and luxury publications. The Group also provides advertising services on fashion, arts and luxury magazines to the customers. Revenue is recognized at a point in time when control of the goods has transferred to the customers or upon the edition in which the advertisement is displayed. The Group also provides fashion, arts and luxury media licensing and marketing services to its customers on its multimedia channels. The Group recognizes revenues from such services over time based on the contract term. The Group allows a credit period up to 90 days to its customers.

(iv) Hotel operations, hospitality and VIP services

The Group provides accommodations and other ancillary services to hotel guests. Revenue of hotel operations, hospitality and VIP services are recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the hotel guest simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Contract liabilities

A contract liability is recognized when the payment is made and received or the payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

For certain customers, the Group requires upfront payment and recorded such upfront fee as contract liabilities in other payables and accruals. Upfront fee is recognized as revenue based on the time elapsed for the service period.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses 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 equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, 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), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

AMTD DIGITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Employee benefits - (Continued)

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense.

A liability is recognized for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payments transactions

Restricted ordinary shares granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period.

When the restricted ordinary shares are vested, the amount previously recognized in share-based payment reserve will be transferred to share premium.

Property, plant and equipment

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 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.

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 the end of each financial year.

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.

AMTD DIGITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses being their fair value at the date of the revaluation less subsequent accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Taxation

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 DIGITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Financial instruments - Investments and other financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss and loans and receivables. The classification depends on nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Equity investments are generally measured at fair value with changes in fair value recognized through profit or loss.

Loans and receivables

Loans and receivables are classified as either held-for-sale or held-for-investment. When the Group holds an originated or purchased loans or receivables for which it has the intent and ability to hold for the foreseeable future or to maturity or payoff, the loans or receivables should be classified as held-for-investment. Loans and receivables held-for-investment are measured at their amortized cost. If the Group intends to sell loans or receivables, the loans or receivables should be classified as held for sale. Loans and receivables classified as loans held for sale are measured at the lower of cost or fair value, or carried at fair value if the fair value option is elected.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent measurement

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

Financial assets at amortized cost

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

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends income which is derived from Group's ordinary course of business is recognized as revenue in the consolidated statements of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Derecognition of financial assets

Financial assets are derecognized when the Group surrenders control over those assets. The Group has surrendered control over transferred assets only if all the following conditions are met.

- Legal control: The transferred assets is isolated from the Group, i.e. put legally beyond the reach of the Group.
- Actual control: (i) the transferee has the right to pledge or exchange the assets (or beneficial interests) that it received; and (ii) no condition both (a) constrains the transferee from taking advantage of its right to pledge or exchange and (b) provides more than a trivial benefit to the Group.
- Effective control: The Group does not maintain effective control over the transferred financial assets or third party beneficial interests related to those transferred assets.

In derecognizing a transferred financial assets, a gain or loss is recognized based on the difference between the carrying amount of the financial assets of the carrying amount and the sum of the proceeds received for the asset or the participating interest derecognized.

Impairment of financial assets

The Group utilizes the current expected credit losses ("CECL") model to determine an allowance that reflects its best estimate of the expected credit losses on accounts receivable, deposits and other receivables, amount due from AMTD Group, pledged bank deposits, fiduciary bank balance and bank balances. The CECL model is prepared after considering historical experience, current conditions, and reasonable and supportable economic forecasts to estimate expected credit losses. Accounts receivable, deposits and other receivables, amount due from AMTD Group, pledged bank deposits, fiduciary bank balance and bank balances are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense.

The Group uses simplified flow rate matrix approach to estimate expected credit losses for the accounts receivable. The allowance for credit loss is estimated for accounts receivable that share similar risk characteristics based on a collective assessment using a combination of measurement models and management judgment. The approach considers factors including historical aging schedule and forward-looking macroeconomic conditions.

The allowance for expected credit loss is disclosed accordingly in the relevant notes.

General approach

The CECL model is based on a single measurement approach of full lifetime CECL throughout the life of an instrument.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

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3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Impairment of financial assets - (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

Measurement and recognition of CECL

The measurement of CECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of CECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the CECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

CECL for accounts receivable from contract with customers are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable from contracts with customers where the corresponding adjustment is recognized through a loss allowance account.

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3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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, other payables and accruals and amounts due to non-controlling shareholders.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

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

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.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancelation of the Company's own equity instruments.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

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3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in joint ventures are stated in the consolidated statement of financial position at cost and the Group's share of net assets under the equity method of accounting, less any impairment losses. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for similar transactions and events in similar circumstances. Appropriate adjustments have been made to conform the joint venture's accounting policies to those of the Group. The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively. Changes in net assets of joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture exceeds the Group's interest in that joint venture, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

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3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Investments in joint ventures - (Continued)

Impairments of investments in joint ventures are recognized only if the impairment are other than temporary. Evidence of a loss in value might include, but would not necessarily be limited to, absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. A fair value of investments in joint ventures that is less than its carrying amount may indicate a loss in investments in joint ventures. An impairment loss of investments in joint ventures that is other than a temporary decline is recognized to profit or loss and such impairment loss cannot be reversed subsequently.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, which continue to be measured in accordance with the accounting policies as set out in respective sections.

Borrowing costs

Borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognized as expenses in profit or loss in the period in which they are incurred.

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Fair value of unlisted equity investments and movie income right investments

The Group's unlisted equity instruments and movie income right investments are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments.

Impairment assessment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the recoverable amount of the cash-generating unit to which intangible assets have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future undiscounted cash flows from the cash-generating unit in order to calculate the present value. Where the actual future revenue are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Details of the impairment assessment of intangible assets are disclosed in note 17.

Credit risk management and CECL estimation

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group's exposure of its counterparties is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management periodically.

The carrying amount of financial assets recorded in the consolidated financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk.

The credit risk on pledged bank deposits, fiduciary bank balances and bank balances is limited because the counterparties are mainly banks with sound credit. The directors of the Company consider the credit risk on accounts receivable and deposits and other receivables are not significant after considering settlement pattern, counterparties' financial background and creditability.

The directors of the Company make individual assessment on AMTD Group based on historical settlement records, past experience, and also quantitative and qualitative information that are reasonable and supportive forward-looking information (i.e. the forecasted default rate expected by the international credit-rating agencies).

As of October 31, 2024, the CECL of financial assets is considered insignificant.

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5. REVENUE

Disaggregation of revenue from contracts with customers

Year ended April 30, 2022

| Segments | Digital solutions services | Media and entertainment services | Total |
|---|----------------------------|----------------------------------|---------------|
| | US\$ | US\$ | US\$ |
| Types of services | | | |
| <i>Digital solutions services</i> | | | |
| – insurance brokerage services | 1,514 | — | 1,514 |
| – other digital solutions services | 23,689 | — | 23,689 |
| <i>Media and entertainment services</i> | | | |
| – fashion, arts and luxury media advertising services | — | 68 | 68 |
| Total | 25,203 | 68 | 25,271 |
| Timing of revenue recognition | | | |
| A point in time | | | |
| | 1,514 | — | 1,514 |
| Over time | | | |
| | 23,689 | 68 | 23,757 |
| Total | 25,203 | 68 | 25,271 |

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5. REVENUE - (CONTINUED)

Disaggregation of revenue from contracts with customers - (Continued)

Year ended April 30, 2023

| Segments | Digital solutions services | Hotel operations, hospitality and VIP services | Media and entertainment services | Total |
|---|----------------------------|--|----------------------------------|---------------|
| | US\$ | US\$ | US\$ | US\$ |
| Types of services | | | | |
| <i>Digital solutions services</i> | | | | |
| - insurance brokerage services | 1,540 | — | — | 1,540 |
| - other digital solutions services | 28,037 | — | — | 28,037 |
| <i>Media and entertainment services</i> | | | | |
| - fashion, arts and luxury media advertising services | — | — | 1,294 | 1,294 |
| <i>Hotel operations, hospitality and VIP services</i> | | | | |
| - hotel operations, hospitality and VIP services income | — | 2,195 | — | 2,195 |
| Total | 29,577 | 2,195 | 1,294 | 33,066 |
| Timing of revenue recognition | | | | |
| A point in time | 1,540 | — | — | 1,540 |
| Over time | 28,037 | 2,195 | 1,294 | 31,526 |
| Total | 29,577 | 2,195 | 1,294 | 33,066 |

Six months ended October 31, 2023

| Segments | Digital solutions services | Hotel operations, hospitality and VIP services | Media and entertainment services | Total |
|---|----------------------------|--|----------------------------------|--------------|
| | US\$ | US\$ | US\$ | US\$ |
| Types of services | | | | |
| <i>Digital solution services</i> | | | | |
| - insurance brokerage services | 486 | — | — | 486 |
| - other digital solutions services | 1,278 | — | — | 1,278 |
| <i>Media and entertainment services</i> | | | | |
| - fashion, arts and luxury media advertising services | — | — | 27 | 27 |
| <i>Hotel operations, hospitality and VIP services</i> | | | | |
| - hotel operations, hospitality and VIP services income | — | 6,882 | — | 6,882 |
| Total | 1,764 | 6,882 | 27 | 8,673 |
| Timing of revenue recognition | | | | |
| A point in time | 486 | — | — | 486 |
| Over time | 1,278 | 6,882 | 27 | 8,187 |
| Total | 1,764 | 6,882 | 27 | 8,673 |

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5. REVENUE - (CONTINUED)

Disaggregation of revenue from contracts with customers - (Continued)

Year ended October 31, 2024

| Segments | Digital solutions services | Hotel operations, hospitality and VIP services | Media and entertainment services | Total |
|---|----------------------------|--|----------------------------------|---------------|
| | US\$ | US\$ | US\$ | US\$ |
| Types of services | | | | |
| <i>Digital solutions services</i> | | | | |
| – insurance brokerage services | 851 | - | - | 851 |
| – other digital solutions services | 2,562 | - | - | 2,562 |
| <i>Media and entertainment services</i> | | | | |
| – fashion, arts and luxury media advertising services | - | - | 4 | 4 |
| <i>Hotel operations, hospitality and VIP services</i> | | | | |
| - hotel operations, hospitality and VIP services income | - | 19,397 | - | 19,397 |
| Total | 3,413 | 19,397 | 4 | 22,814 |
| Timing of revenue recognition | | | | |
| A point in time | 851 | - | - | 851 |
| Over time | 2,562 | 19,397 | 4 | 21,963 |
| Total | 3,413 | 19,397 | 4 | 22,814 |

6. OPERATING SEGMENTS

The Group operates its businesses in three operating segments: digital solutions services segment, hotel operations, hospitality and VIP services segment and media and entertainment services. The following summary describes the operations in each of the Group's reportable segment.

- (a) Digital solutions services: The Group provides its institutional and corporate clients with exclusive, paid access to enhance their investor communication, investor relations and corporate communication to potentially maximize their valuation, as well as providing digital solution services;
- (b) Hotel operations, hospitality and VIP services segment: The Group engages in hotel investments, hotel operations, hospitality and VIP services since the acquisition of WME Assets Group (formerly known as AMTD Assets Group) ("WME Assets") in February 2023; and
- (c) The media and entertainment services segment: The Group engages in the provision of print and digital advertising campaigns, licensing, and value-added marketing services including branded content, video production, social media activation, event creation, and experiential marketing, among other services. This segment also includes investments and management of global investment portfolio (including listed and unlisted equity shares investments and movie income right investments).

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6. OPERATING SEGMENTS - (CONTINUED)

Segment revenues and results

The following is an analysis of the Group's revenues and results by operating and reportable segments:

For the year ended April 30, 2022

| | Digital solutions services US\$ | Media and entertainment services US\$ | Consolidated US\$ |
|---|---------------------------------------|--|----------------------|
| Segment revenue | | | |
| Revenue from external customers | 23,477 | 68 | 23,545 |
| Revenue from related parties | 1,726 | — | 1,726 |
| Changes in fair value on financial assets measured at FVTPL | — | 16,940 | 16,940 |
| Total segment revenue | 25,203 | 17,008 | 42,211 |
| Segment profits | | | |
| Unallocated: | | | |
| Other income | | | 4 |
| Other gains and losses | | | 609 |
| Corporate expenses | | | (6,883) |
| Profit before tax | 17,649 | 17,491 | 35,140 |

For the year ended April 30, 2023

| | Digital solutions services US\$ | Hotel operations, hospitality and VIP services US\$ | Media and entertainment services US\$ | Consolidated US\$ |
|---|---------------------------------------|--|--|----------------------|
| Segment revenue | | | | |
| Revenue from external customers | 27,349 | 2,195 | 1,294 | 30,838 |
| Revenue from related parties | 2,228 | — | — | 2,228 |
| Changes in fair value on financial assets measured at FVTPL | — | — | 15,386 | 15,386 |
| Total segment revenue | 29,577 | 2,195 | 16,680 | 48,452 |
| Segment profits (losses) | | | | |
| Unallocated: | | | | |
| Other income | | | | 13,330 |
| Other gains and losses | | | | 153 |
| Corporate expenses | | | | (7,844) |
| Profit before tax | 21,557 | (1,185) | 19,287 | 39,659 |

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6. OPERATING SEGMENTS - (CONTINUED)

Segment revenues and results - (Continued)

For the six months ended October 31, 2023

| | Digital solutions services US\$ | Hotel operations, hospitality and VIP services US\$ | Media and entertainment services US\$ | Consolidated US\$ |
|---|---------------------------------------|--|--|----------------------|
| Segment revenue | | | | |
| Revenue from external customers | 453 | 6,882 | 27 | 7,362 |
| Revenue from related parties | 1,311 | — | — | 1,311 |
| Changes in fair value on financial assets measured at FVTPL | — | — | 16,279 | 16,279 |
| Total segment revenue | 1,764 | 6,882 | 16,306 | 24,952 |
| Segment (losses) profits | | | | |
| Unallocated: | | | | |
| Other income | | | | 8,988 |
| Other gains and losses | | | | 14,342 |
| Corporate expenses | | | | (4,257) |
| Profit before tax | (221) | (2,189) | 16,114 | 13,704 |
| | | | | |

For the year ended October 31, 2024

| | Digital solutions services US\$ | Hotel operations, hospitality and VIP services US\$ | Media and entertainment services US\$ | Consolidated US\$ |
|---|---------------------------------------|--|--|----------------------|
| Segment revenue | | | | |
| Revenue from external customers | 810 | 19,397 | 4 | 20,211 |
| Revenue from related parties | 2,603 | - | - | 2,603 |
| Dividend income | - | - | 634 | 634 |
| Changes in fair value on financial assets measured at FVTPL | - | - | (3,003) | (3,003) |
| Total segment revenue | 3,413 | 19,397 | (2,365) | 20,445 |
| Segment profits (losses) | | | | |
| Unallocated: | | | | |
| Other income | | | | 20,020 |
| Other gains and losses | | | | 37,000 |
| Corporate expenses | | | | (11,589) |
| Profit before tax | 2,423 | (3,029) | (2,365) | (2,971) |
| | | | | |

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profits (losses) represents the profit earned by/loss from each segment without allocation of certain other income, other gains and losses, corporate expenses, including central administration costs and directors' emoluments. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

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6. OPERATING SEGMENTS - (CONTINUED)

Since the acquisition of World Media and Entertainment Universal Inc. (“WM&E”) in October 2024 as disclosed in note 13, the chief operating decision maker starts to review the segment performance and resources allocation based on the analysis on segment assets and asset liabilities. As such, segment assets and segment liabilities are presented in the current year, and the prior period segment assets and liabilities disclosures have been reclassified to conform with current year’s presentation.

| | October 31, | |
|--|----------------|----------------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| Segment assets | | |
| Digital solution services | 662 | 399 |
| Hotel operations, hospitality and VIP services | 260,965 | 86,061 |
| Media and entertainment services | 160,293 | 6,293 |
| Total segment assets | <u>421,920</u> | <u>92,753</u> |
| Unallocated corporate assets | 81,011 | 444,744 |
| Total assets | <u>502,931</u> | <u>537,497</u> |
| Segment liabilities | | |
| Digital solution services | 408 | 778 |
| Hotel operations, hospitality and VIP services | 284,847 | 106,490 |
| Media and entertainment services | 5,179 | 37 |
| Total segment liabilities | <u>290,434</u> | <u>107,305</u> |
| Unallocated corporate liabilities | 53,738 | 51,996 |
| Total liabilities | <u>344,172</u> | <u>159,301</u> |

Geographical information

During the year ended April 30, 2022, the Group’s revenue from customers, based on the location of services, are US\$25,158 and US\$113 which are derived from Hong Kong and Singapore, respectively.

During the year ended April 30, 2023, the Group’s revenue from customers, based on the location of services, are US\$31,736, US\$1,107 and US\$223 which are derived from Hong Kong, Americas and Singapore, respectively.

During the six months ended October 31, 2023, the Group’s revenue from customers, based on the location of services, are US\$4,536, US\$4,067 and US\$70 which are derived from Hong Kong, Americas and Singapore, respectively. The Group’s non-current assets, excluding non-current financial instruments, based on the location of assets/operations, of US\$69,871 and US\$16,775 reside in Hong Kong and Singapore, respectively, as of October 31, 2023.

During the year ended October 31, 2024, the Group’s revenue from customers, based on the location of services, are US\$9,240, and US\$13,574 which are derived from Hong Kong and Singapore, respectively. The Group’s non-current assets, excluding non-current financial instruments, based on the location of assets/operations, of US\$69,045, US\$189,907, US\$119,524 and US\$15,227 reside in Hong Kong, Singapore, Europe and Americas, respectively, as of October 31, 2024.

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7. FINANCE COSTS

| | Year ended October 31, 2024 | | Six months ended October 31, 2023 | | Year ended April 30, 2023 | | Year ended April 30, 2022 | |
|---|-----------------------------------|-------|--|-------|------------------------------|------|------------------------------|------|
| | | | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Interest on bank borrowings | | 9,098 | | 617 | | 769 | | — |
| Interest on amount due to a non-controlling shareholder | | 1,228 | | 2,786 | | 426 | | — |
| | 10,326 | | 3,403 | | 1,195 | | — | |

8. OTHER INCOME

| | Year ended October 31, 2024 | | Six months ended October 31, 2023 | | Year ended April 30, 2023 | | Year ended April 30, 2022 | |
|--------------------------------|-----------------------------------|--------|--|-------|------------------------------|--------|------------------------------|------|
| | | | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Bank and other interest income | | 20,020 | | 8,988 | | 15,945 | | 743 |
| Government grant | | — | | — | | 56 | | 117 |
| Others | | — | | — | | 51 | | 7 |
| | 20,020 | | 8,988 | | 16,052 | | 867 | |

9. OTHER GAINS AND LOSSES, NET

| | Year ended October 31, 2024 | | Six months ended October 31, 2023 | | Year ended April 30, 2023 | | Year ended April 30, 2022 | |
|--|-----------------------------------|--------|--|--------|------------------------------|------|------------------------------|------|
| | | | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Net exchange (loss) gain | | (222) | | (356) | | 151 | | 589 |
| Recovery of accounts and other receivables written off | | — | | 1 | | 2 | | 20 |
| Gain on disposal of subsidiaries | | 37,222 | | 14,697 | | — | | — |
| | 37,000 | | 14,342 | | 153 | | 609 | |

During the six months ended October 31, 2023, the Company disposed of certain subsidiaries which were principally engaged in digital solution services. During the year ended October 31, 2024, the Company disposed of certain subsidiaries which were principally engaged in digital solution services and hotel operation.

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10. INCOME TAX EXPENSE

| | Year ended October 31, | | Six months ended October 31, | | Year ended April 30, | |
|--|---------------------------|------|------------------------------------|------|----------------------|--------------|
| | 2024 | | 2023 | | 2023 | 2022 |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Hong Kong Profits Tax | | | | | | |
| - Current tax | 717 | | 1,393 | | 4,630 | 3,207 |
| - Under(over) provision in prior years | - | | 704 | | (5) | (36) |
| Withholding tax charge for the year/period | 68 | | - | | - | - |
| Deferred tax credit | - | | (106) | | (140) | (141) |
| | 785 | | 1,991 | | 4,485 | 3,030 |

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity is taxed at 8.25%, and profits above HK\$2 million is taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

Singapore CIT is calculated at 17.0% on the estimated assessable profit. No provision for taxation in Singapore has been made as the relevant group entities have no assessable profits during the year/period.

In the United States, the federal corporate tax rate is a flat rate of 21% during the year. New York, the location of a group entity domicile, has a 6.50% to 8.85% corporate income tax rate during the year.

The income tax expense for the year/period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

| | Year ended October 31, | | Six months ended October 31, | | Year ended April 30, | |
|--|---------------------------|------|------------------------------------|------|----------------------|---------------|
| | 2024 | | 2023 | | 2023 | 2022 |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Profit before tax | 42,460 | | 32,777 | | 45,298 | 28,870 |
| Tax at the domestic income tax rate of 16.5% | 7,006 | | 5,408 | | 7,474 | 4,764 |
| Tax effect of income not taxable for tax purpose | (8,670) | | (5,325) | | (3,070) | (3,168) |
| Tax effect of expenses not deductible for tax purpose | 963 | | 58 | | 51 | 1,010 |
| Tax effect of share of losses of joint ventures | 225 | | 220 | | 66 | — |
| Tax effect of tax losses not recognized | 1,193 | | 931 | | 289 | 457 |
| Utilization of tax losses previously not recognized | - | | — | | (298) | — |
| Under(over) provision in prior years | - | | 704 | | (5) | (36) |
| Withholding tax on dividend income | 68 | | — | | — | — |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | - | | (5) | | (20) | 3 |
| Others | - | | — | | (2) | — |
| Income tax expense for the year/period | 785 | | 1,991 | | 4,485 | 3,030 |

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11. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging:

| | Year ended October 31, 2024 | Six months ended October 31, 2023 | Year ended April 30, 2023 | Year ended April 30, 2022 |
|--|-----------------------------------|--|------------------------------|------------------------------|
| | US\$ | US\$ | US\$ | US\$ |
| Staff costs | | | | |
| Salaries, allowances and other benefits | 4,991 | 2,997 | 9,735 | 9,125 |
| Retirement benefit scheme contributions (note) | 66 | 77 | 133 | 168 |
| Share of losses of joint ventures (including in other expenses) | 1,363 | 1,366 | 404 | — |
| Cost of hotel operations and related expenses (included in other expenses) | 8,331 | 3,644 | 1,505 | — |
| Depreciation and amortization | <u>5,642</u> | <u>1,441</u> | <u>1,312</u> | <u>846</u> |

Note: The Group operates a Mandatory Provident Fund Scheme and Central Provident Fund Scheme for all qualifying employees in Hong Kong and Singapore, respectively. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

| | Year ended October 31, 2024 | Six months ended October 31, 2023 | Year ended April 30, 2023 | Year ended April 30, 2022 |
|--|-----------------------------------|--|------------------------------|------------------------------|
| | US\$ | US\$ | US\$ | US\$ |
| Earnings figures are calculated as follows: | | | | |
| Earnings for the purpose of basic and diluted earnings per share | <u>44,443</u> | <u>31,940</u> | <u>42,059</u> | <u>27,493</u> |

| | Year ended October 31, 2024 | Six months ended October 31, 2023 | Year ended April 30, 2023 | Year ended April 30, 2022 |
|--|-----------------------------------|--|------------------------------|------------------------------|
| | US\$ | US\$ | US\$ | US\$ |
| Number of shares | | | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 76,748,858 | 76,602,929 | 74,159,933 | 67,579,432 |
| Effect of dilutive potential ordinary shares - restricted ordinary shares and restricted shares unit | <u>56,250</u> | <u>51,941</u> | <u>47,236</u> | <u>28,492</u> |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <u>76,805,108</u> | <u>76,654,870</u> | <u>74,207,169</u> | <u>67,607,924</u> |

13. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisition of WME Assets in 2023

In August 2022, AMTD IDEA Group and the Company entered into certain agreements pursuant to which the Company acquired 96.1% of the equity interest in WME Assets, which holds a global portfolio of premium whole building properties, from AMTD Group, the consideration comprised of the issuance of 515,385 Class B ordinary shares of the Company (“Consideration Shares”). This acquisition enabled the Group’s expansion to hotel operations, hospitality and VIP services business.

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13. ACQUISITIONS OF SUBSIDIARIES - (CONTINUED)

(a) Acquisition of WME Assets in 2023 - (Continued)

Upon the completion of the transaction, WME Assets was consolidated by Company since February 6, 2023 based on business combination under common control using predecessor accounting prospectively. The difference between the consideration and the net asset value of WME Assets, amounting to approximately US\$274,831, was recorded in capital reserve within the consolidated statement of changes in equity. The Consideration Shares were settled by treasury shares of the Company with repurchase price of US\$266,647.

No acquisition-related cost has been recognized as an expense for the year ended April 30, 2023.

Assets acquired and liabilities recognized at the date of acquisition:

| | US\$ |
|---|-----------------------|
| Interests in joint ventures | 24,726 |
| Property, plant and equipment | 135,592 |
| Cash and cash equivalents | 3,860 |
| Accounts receivable | 527 |
| Prepayments, deposits and other receivables | 20,365 |
| Amount due from a non-controlling shareholder | 637 |
| Accounts payable | (311) |
| Other payables and accruals | (1,582) |
| Contract liabilities | (688) |
| Bank borrowings | (50,849) |
| Amount due to a non-controlling shareholder | (53,464) |
| Amount due to AMTD Group | (81,972) |
| | <u><u>(3,159)</u></u> |

Reserves arising on acquisition:

| | |
|---|-----------------------|
| Consideration transferred | 266,647 |
| Plus: non-controlling interests of WME Assets | (336) |
| Plus: non-controlling interests of WME Assets' subsidiaries | 5,361 |
| Less: recognized amounts of net assets acquired | 3,159 |
| | <u><u>274,831</u></u> |

Net cash inflow on acquisition of WME Assets:

| | |
|---|---------------------|
| Cash consideration paid | — |
| Add: cash and cash equivalent balances acquired | 3,860 |
| | <u><u>3,860</u></u> |

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13. ACQUISITIONS OF SUBSIDIARIES - (CONTINUED)

(b) Acquisition of World Media and Entertainment Universal Inc. in 2024

During the year ended October 31, 2024, WM&E underwent reorganization with AMTD IDEA and the Company. Before the reorganization, WM&E was the subsidiary of AMTD IDEA. In October 2024, WM&E issued additional shares to the Company in return of 21,485,714 Class A ordinary shares of the Company. Upon the completion of the reorganization, WM&E becomes the subsidiary of the Company.

Upon completion of the organization by WM&E, WM&E owns the business of "L'Officiel", "The Art Newspaper", WME Assets, WME Direct Investments Limited (including the movie income rights investments), certain listed equity instruments and certain properties.

As such, certain business units under WM&E are then consolidated by the Company including but not limited to the business of "L'Officiel" and "The Art Newspapers" from the media and entertainment segment and a property. The consolidation is based on business combination under common control using predecessor accounting prospectively. The net asset value of WM&E attributable to the owners of the Company, amounting to approximately US\$48,669, was recorded in capital reserve and US\$58,484 was recorded in non-controlling interests within the consolidated statement of changes in equity.

On the other hand, the controlling interests in WME Assets and WME Direct Investments Limited and its subsidiary are transferred from the Company to WM&E upon the completion of the reorganization. Due to the Company's change in the effective shareholding in WME Assets and WME Direct Investments Limited, it resulted in an increase in non-controlling interests of US\$17,216 with a corresponding debit to capital reserve attributable to the owners of the Company. Also, when the Company issued its shares to WM&E, a recognition of US\$102,610 which is an allocation of the Company's shares attributable to the non-controlling interests of WM&E was recorded and a corresponding debit to capital reserve attributable to the owners of the Company.

No acquisition-related cost has been recognized as an expense for the year ended October 31, 2024.

Assets acquired and liabilities recognized at the date of acquisition:

| | US\$ |
|---|----------|
| Property, plant and equipment | 15,496 |
| Intangible assets | 119,108 |
| Financial assets at FVTPL | 6,813 |
| Accounts receivable | 3,968 |
| Prepayments, deposits and other receivables | 225 |
| Cash and cash equivalents | 4,784 |
| Accounts payables | (714) |
| Other payables and accruals | (4,023) |
| Contract liabilities | (423) |
| Amount due to AMTD Group | (21,326) |
| Tax liabilities | (17) |
| Bank borrowings | (11,086) |
| Deferred tax liability | (5,652) |
| Net assets acquired | 107,153 |
| Less: non-controlling interests of WM&E | (58,484) |
| Other reserve attributable to the owners of the Company | 48,669 |

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13. ACQUISITIONS OF SUBSIDIARIES - (CONTINUED)

(b) Acquisition of World Media and Entertainment Universal Inc. in 2024 - (Continued)

Net cash inflow on acquisition of WM&E:

| | |
|--|-------|
| Cash and cash equivalent balances acquired | 4,784 |
|--|-------|

(c) Consolidation of Singapore hotel companies in 2024

On April 1, 2024, the Group agreed with the remaining shareholder of Singapore hotel companies that the Group owns the controlling interests of Singapore hotel companies. Accordingly, Singapore hotel companies became non-wholly owned subsidiaries of the Group without a change of the percentage of ownership.

Assets acquired and liabilities recognized at the date of acquisition:

| | US\$ |
|---|----------------|
| Property, plant and equipment | 189,826 |
| Accounts receivable | 920 |
| Prepayments, deposits and other receivables | 622 |
| Cash and cash equivalents | 4,273 |
| Accounts payables | (116) |
| Other payables and accruals | (467) |
| Provisions | (1,406) |
| Contract liabilities | (471) |
| Amount due to shareholders | (47,157) |
| Tax liabilities | (214) |
| Bank borrowings | (159,722) |
| Non-controlling interests | 6,817 |
| Net assets acquired | <u>(7,095)</u> |
| Interests in joint venture eliminated | <u>(7,095)</u> |

The fair values and gross contractual amounts of accounts receivable and other receivables at the date of acquisition amounted to approximately US\$920 and US\$622, respectively. No accounts receivable and other receivables were expected to be uncollectible.

Net cash inflow on consolidation of Singapore hotel companies:

| | |
|--|-------|
| Cash and cash equivalent balances acquired | 4,273 |
|--|-------|

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14. ASSETS CLASSIFIED AS HELD FOR SALE/ LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

In April 2023, the Company entered into an agreement to dispose of part of its digital solutions services — financial services. In October 2023, the Company intended to dispose of part of its hotel operations, hospitality and VIP services. The assets and liabilities attributable to these businesses, which are expected to be sold within twelve months, have been classified as disposal groups held for sale and are presented separately in the consolidated statement of financial position (see below). The disposal group is part of the Group's digital solutions services and part of hotel operations, hospitality and VIP services as of October 31, 2023. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities, accordingly, no impairment loss has been recognized. Both disposal groups are disposed subsequently to October 31, 2023.

The major classes of assets and liabilities of the disposal groups classified as held for sale are as follows:

| | As of October 31, 2023 US\$ |
|---|--------------------------------------|
| Goodwill | 7,500 |
| Property, plant and equipment | 62,953 |
| Intangible assets | 3,099 |
| Accounts receivable | 530 |
| Prepayments, deposits and other receivables | 214 |
| Due from a minority shareholder of subsidiaries | 2,182 |
| Fiduciary bank balances | 321 |
| Cash and cash equivalents | 246 |
| Total assets classified as held for sale | 77,045 |
| | |
| Accounts payable | (484) |
| Due to AMTD Group | (15,233) |
| Other payables and accruals | (1,668) |
| Deferred tax liability | (527) |
| Total liabilities associated with assets classified as held for sale | (17,912) |

15. INTERESTS IN JOINT VENTURES

| | As of October 31, | |
|--|-------------------|---------------|
| | 2024 US\$ | 2023 US\$ |
| Cost of investments in joint ventures net of accumulated share of loss and other comprehensive expense | - | (6,999) |
| Due from joint ventures | - | 23,774 |
| | - | 16,775 |

Amounts due from joint ventures are unsecured, interest-free and repayable on demand.

Details of material joint ventures as at October 31, 2023 are as follows:

| Name | Place of incorporation | Percentage of ownership interest held by the Company | Principal activity |
|---------------------------|------------------------|--|---|
| | | | |
| DHI Holdings (S) Pte Ltd. | Singapore | 51% | Hotel operations, hospitality and VIP services in Singapore |

On April 1, 2024, the Group agreed with the remaining shareholder of Singapore hotel companies that the Group owns the controlling interests in the Singapore hotel companies. Accordingly, the Singapore hotel companies became the non-wholly owned subsidiaries of the Group without change in the percentage of ownership. Please refer to note 13(c) for the details of the consolidation of Singapore hotel companies.

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15. INTERESTS IN JOINT VENTURES - (CONTINUED)

The following table illustrates the summarized financial information in respect of the joint ventures adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

| | As of October 31, | |
|---|---|--|
| | 2024 | 2023 |
| | US\$ | US\$ |
| Total assets | — | 196,343 |
| Total liabilities | — | (210,067) |
| Net liabilities | — | (13,724) |
| Proportion of the Group's ownership | N/A | 51% |
| Group's share of net assets of joint ventures | — | (6,999) |
| Due from joint ventures | — | 23,774 |
| Interests in joint ventures | <u><u>—</u></u> | <u><u>16,775</u></u> |
| <i>Additional information of the joint ventures</i> | | |
| Cash and cash equivalents | — | 4,117 |
| Amounts due to shareholders | — | (46,415) |
| Bank borrowings | — | (157,818) |
| | November 1, 2023 to March 31, 2024 | May 1, 2023 to October 31, 2023 |
| | US\$ | US\$ |
| Revenue | <u><u>9,417</u></u> | <u><u>11,997</u></u> |
| Loss for the period | <u><u>(2,726)</u></u> | <u><u>(2,678)</u></u> |
| Other comprehensive income for the period | <u><u>2,624</u></u> | <u><u>227</u></u> |
| Total comprehensive expense for the period | <u><u>(102)</u></u> | <u><u>(2,451)</u></u> |

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16. PROPERTY, PLANT AND EQUIPMENT

| | Properties US\$ | Computer equipment US\$ | Right-of-use assets US\$ | Total US\$ |
|---------------------------------|--------------------|-------------------------------|--------------------------------|---------------|
| COST | | | | |
| As of May 1, 2023 | 134,490 | 24 | - | 134,514 |
| Additions | 17 | - | - | 17 |
| Disposal of subsidiaries | - | (2) | - | (2) |
| Reclassified as held for sale | (63,575) | - | - | (63,575) |
| Exchange realignment | (502) | - | - | (502) |
| As of October 31, 2023 | 70,430 | 22 | - | 70,452 |
| Additions | 48 | 111 | - | 159 |
| Acquisition of subsidiaries | 204,389 | 758 | 175 | 205,322 |
| Exchange realignment | 4,504 | 2 | - | 4,506 |
| As of October 31, 2024 | 279,371 | 893 | 175 | 280,439 |
| ACCUMULATED DEPRECIATION | | | | |
| As of May 1, 2023 | 469 | 18 | - | 487 |
| Provided for the period | 995 | 3 | - | 998 |
| Disposal of subsidiaries | - | (1) | - | (1) |
| Reclassified as held for sale | (625) | - | - | (625) |
| Exchange realignment | - | 1 | - | 1 |
| As of October 31, 2023 | 839 | 21 | - | 860 |
| Provided for the year | 5,100 | 59 | - | 5,159 |
| Exchange realignment | (16) | (12) | - | (28) |
| As of October 31, 2024 | 5,923 | 68 | - | 5,991 |
| CARRYING VALUES | | | | |
| As of October 31, 2023 | 69,591 | 1 | - | 69,592 |
| As of October 31, 2024 | 273,448 | 825 | 175 | 274,448 |

The property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|---------------------|--|
| Computer equipment | 5 years |
| Right-of-use assets | Over the lease term |
| Properties | Over the shorter of the useful life ranged 40-75 years and the remaining lease terms |

Properties of US\$69,591 and US\$273,448 were pledged for bank borrowings (note 21) as at October 31, 2023 and October 31, 2024, respectively.

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17. INTANGIBLE ASSETS

| | Archived images US\$ | Developed technology US\$ | Brand name US\$ | Total US\$ |
|--|----------------------------|---------------------------------|-----------------------|---------------|
| COST | | | | |
| As of May 1, 2023 and October 31, 2023 | - | 154 | 175 | 329 |
| Acquisition of subsidiaries | 502 | - | 118,606 | 119,108 |
| Exchange realignment | - | - | 2 | 2 |
| As of October 31, 2024 | 502 | 154 | 118,783 | 119,439 |
| ACCUMULATED AMORTIZATION | | | | |
| As of May 1, 2023 | - | - | 17 | 17 |
| Charge for the period | - | 29 | 4 | 33 |
| As of October 31, 2023 | - | 29 | 21 | 50 |
| Charge for the year | - | 124 | 9 | 133 |
| Exchange realignment | - | 1 | - | 1 |
| As of October 31, 2024 | - | 154 | 30 | 184 |
| CARRYING VALUES | | | | |
| As of October 31, 2023 | - | 125 | 154 | 279 |
| As of October 31, 2024 | 502 | - | 118,753 | 119,255 |

The above carrying amounts of brand names of US\$118,606 and archived images of US\$502 as of October 31, 2024 are considered by the directors of the Company as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The brand names and archived images will not be amortized until its useful life is determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that it may be impaired.

The remaining brand name of US\$154 and US\$147, respectively, as of October 31, 2023 and 2024 are amortized on a straight-line basis of 20 years and the developed technology are amortized on straight-line basis of 7 years.

As of October 31, 2024, carrying amount of brand name of US\$92,670 and archived images of US\$502, are allocated to cash-generating unit of the business unit under “L’Officiel”. For the purpose of impairment testing, the recoverable amount of this cash-generating unit has been determined based on a value in use calculation. That calculation uses undiscounted cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using a steady 1.6% to 2.1% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the L’Officiel’s past performance and management’s expectations for the market development.

As of October 31, 2024, carrying amount of brand name of approximately US\$25,936 are allocated to cash-generating unit of the business unit under “The Art Newspaper”. For the purpose of impairment testing, the recoverable amount of this cash-generating unit has been determined based on a value in use calculation. That calculation uses undiscounted cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using a steady 1.8% to 2.1% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on The Art Newspaper’s past performance and management’s expectations for the market development.

Based on the result of the above assessments, management of the Group determined that the recoverable amount of the cash-generating unit is higher than the carrying amount and there is no impairment of the related intangible assets allocated to cash-generating unit. Management of the Group believes that any reasonably possible changes in any of these assumptions would not cause the carrying amount of cash-generating unit to exceed its recoverable amount.

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18. FINANCIAL ASSETS AT FVTPL

| | As of October 31, | |
|--|-------------------|--------------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| Unlisted equity securities | 1,191 | 488 |
| Listed equity securities | 23,485 | - |
| Movie income right investments (note (ii)) | 12,123 | 5,523 |
| | 36,799 | 6,011 |
| Presented as: | | |
| Current | 12,123 | 5,723 |
| Non-current (note (i)) | 24,676 | 288 |
| | 36,799 | 6,011 |

Notes:

- (i) The Company classified certain equity securities as non-current when these equity securities are held for long-term purposes and would realize their performance potential in the long run.
- (ii) The Group entered into movie income right agreements with certain production houses. In accordance with the relevant agreements, the Group is entitled to certain percentage of the profit to be derived from the release of the films upon entering into the agreement. The Group may be required to further contribute to the film program due to the budget overruns. Any agreed further contribution to the film program due to the budget overruns will be added to the carrying amounts of financial assets.

During the six months ended October 31, 2023, the Group disposed financial assets measured at FVTPL to an independent third party at a consideration of US\$25,550 and resulting in a gain on disposal of US\$16,281.

AMTD DIGITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. ACCOUNTS RECEIVABLE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | As of October 31, | |
|---|-------------------|---------------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| Accounts receivable arising from the digital solutions services | 662 | 403 |
| Accounts receivable arising from media and entertainment services | 3,970 | - |
| Accounts receivable from hotel operations, hospitality and VIP services | 2,013 | 531 |
| Total accounts receivable | 6,645 | 934 |
| Consideration receivable on disposal | - | 34,133 |
| Prepayments | 1,337 | 1,053 |
| Deposits | 236 | 251 |
| Note receivables | - | 150 |
| Other receivables | 1,093 | 240 |
| Prepayments, deposits and other receivables | 2,666 | 35,827 |

The Group allows a credit period ranging from 0 to 90 days to its accounts receivable arising from digital solutions services for the demand note/invoices issued according to the payment schedules. The Group allows a credit period of up to 90 days to its accounts receivables arising from media and entertainment services business. The normal settlement terms of accounts receivable from hotel operations, hospitality and VIP services are specific terms mutually agreed between the contracting parties.

As of October 31, 2023 and 2024, included in the Group’s accounts receivable balance were debtors with aggregate carrying amounts of US\$380 and US\$2,237, respectively, which were past due as at the reporting date. As of October 31, 2023 and 2024, out of the past due balances, US\$188 and US\$1,030, respectively, had been past due 90 days or more. The management assessed that there has been no significant increase in credit risk nor risk of default because of the background of the debtors and historical payment arrangement with these debtors. The Group does not hold any collateral over these balances.

AMTD DIGITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

| | As of October 31, | |
|--|-------------------|---------------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| Accounts payable arising from the digital solutions services | 408 | - |
| Accounts payable arising from media and entertainment services | 714 | - |
| Accounts payable arising from hotel operations, hospitality and VIP services | 468 | 69 |
| Total accounts payable | 1,590 | 69 |
| | | |
| Payable to former subsidiaries | - | 15,346 |
| Other payables and accruals | 8,184 | 3,568 |
| Interest payable | 1,630 | - |
| Lease liabilities (note) | 186 | - |
| Total other payables and accruals | 10,000 | 18,914 |

Note: The weighted average incremental borrowing rate applied to lease liabilities is 3.72% and 4.92%, respectively, for the six months ended October 31, 2023 and year ended October 31, 2024.

21. BANK BORROWINGS

| | As of October 31, | |
|-----------------------------|-------------------|---------------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| US\$ - unsecured | - | 15,000 |
| US\$ - secured | 44,204 | - |
| Singapore dollars - secured | 163,301 | - |
| Hong Kong dollars - secured | 50,069 | 50,565 |
| British Pound - unsecured | 24 | - |
| | 257,598 | 65,565 |
| Presented as: | | |
| Current | 83,374 | 65,565 |
| Non-current | 174,224 | - |
| | 257,598 | 65,565 |

As of October 31, 2023 and 2024, bank borrowings of US\$65,565 and US\$83,374 were repayable in one year or on demand, nil and US\$164,136 were repayable more than one year but within 5 years, respectively and nil and US\$10,088 were repayable more than 5 years.

These bank borrowings carry a weighted average contractual interest rate of 6.96% p.a. and 4.32% p.a., respectively as of October 31, 2023 and 2024.

As of October 31, 2023 and 2024, the Group had bank borrowings of US\$50,565 and US\$224,431, respectively, are secured by the Group's properties with a carrying amount of US\$69,501 and US\$273,448, respectively, as of October 31, 2023 and 2024.

As of October 31, 2023, the Group had a bank borrowing of US\$15,000 is denominated in US\$, which is unsecured, carries interest rate at 0.25% below daily Wall Street Journal Prime Rate and repayable within one year. As of October 31, 2024, the Group has bank borrowings of US\$33,143 denominated in US\$, which is secured by the pledged bank deposits of US\$33,000, carries interest rate at an index indicated by the borrower bank and repayable within one year.

AMTD DIGITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands of U.S. dollars ("US\$"), except for share and per share data)

22. CONTRACT LIABILITIES

| | As of October 31, | |
|---|----------------------|----------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| Media and entertainment services income | 424 | — |
| Hotel operations, hospitality and VIP services income | 760 | — |
| | 1,184 | — |

Contract liabilities carried forward from each of the beginning of the reporting period are recognized as revenue during the next reporting period.

23. DEFERRED TAX LIABILITY

The following is the deferred tax liability recognized and movements thereon:

| | Intangible assets |
|--|----------------------|
| | US\$ |
| As of May 1, 2023 and October 31, 2023 | — |
| Acquisition of subsidiaries | 5,652 |
| As of October 31, 2024 | 5,652 |

24. SHARE CAPITAL AND TREASURY SHARES

| | Class A ordinary shares | | Class B ordinary shares | | Total | Treasury shares— Class B ordinary shares | | |
|---|-------------------------|--------------------------|-------------------------|--------------------------|-----------------------|--|--------------------------|---------------------|
| | Number of shares | Share capital US\$ | Number of shares | Share capital US\$ | | Number of shares | Share capital US\$ | Number of shares |
| Ordinary shares of US\$0.0001 each | | | | | | | | |
| Authorized | | | | | | | | |
| As of October 31, 2023 and 2024 | 8,000,000,000 | 800 | 2,000,000,000 | 200 | 10,000,000,000 | 1,000 | N/A | N/A |
| Issued and fully paid | | | | | | | | |
| As of May 1, 2023 | 10,928,142 | 1 | 65,549,039 | 7 | 76,477,181 | 8 | 100,961 | 52,235 |
| Issuance of shares (note (a)) | 380,065 | — | — | — | 380,065 | — | — | — |
| As of October 31, 2023 | 11,308,207 | 1 | 65,549,039 | 7 | 76,857,246 | 8 | 100,961 | 52,235 |
| Issuance of shares (note (b)) | 21,485,714 | 2 | 192,307 | — | 21,678,021 | 2 | (100,961) | (52,520) |
| Repurchases of shares (note (c)) | — | — | (18,838,906) | (2) | (18,838,906) | (2) | 18,838,906 | 447,520 |
| Shares owned by non-wholly owned subsidiaries (note (b)) | — | — | — | — | — | — | 21,485,714 | 187,998 |
| As of October 31, 2024 | 32,793,921 | 3 | 46,902,440 | 5 | 79,696,361 | 8 | 40,324,620 | 635,233 |

Notes:

- (a) During the six months ended October 31, 2023, the Company issued 380,065 Class A ordinary shares at a fair value of US\$5,602 for the purpose of an acquisition of a company by the immediate holding company.
- (b) In December 2023, the Company transferred 100,961 treasury shares of the Company and issued 91,346 Class B ordinary shares to the immediate holding company at an aggregate consideration of US\$100,000. In October 2024, the Company issued 21,485,714 Class A ordinary shares to WM&E at the consideration of US\$188,000 for the purpose of the acquisition of the controlling stake of WM&E. As WM&E is a subsidiary of the Company, the shares of the Company owned by WM&E are then considered as treasury shares in consolidation. As of October 31, 2024, 18,838,906 Class B ordinary shares are owned by the Company and 21,485,714 Class B ordinary shares are owned by the subsidiary of the Company and both of them are classified as treasury shares in consolidation.
- (c) In December 2023 and October 2024, the Company repurchased 553,192 and 18,285,714 Class B ordinary shares from the immediate holding company, respectively, amounting to US\$447,522 in aggregate.

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25. CREDIT RISK AND IMPAIRMENT ASSESSMENT

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to accounts receivable, other receivables and deposits, pledged bank deposits, bank balances, fiduciary bank balances and amounts due from AMTD Group and joint ventures. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under CECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, is summarized as below:

Accounts receivable

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under CECL model on accounts receivable from digital solutions services with significant balances or credit-impaired individually. The remaining accounts receivable from digital solutions services, receivable from media and entertainment services and receivable from hotel operations, hospitality and VIP services are assessed collectively and grouped based on shared credit risk characteristics by reference to the Group's past due status of outstanding balances, nature, size and industry of debtors and external credit ratings. The Company assesses the CECL of accounts receivable arising from the digital solutions services and accounts receivable from hotel operation services based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The forward-looking information is considered through the use of publicly available economic data and forecasts, including macroeconomic data such as GDP growth and unemployment rate. For six months ended October 31, 2023 and year ended October 31, 2024, the Group assessed the CECL on accounts receivable to be insignificant and thus no loss allowance is recognized.

Fiduciary bank balances, bank balances and pledged bank deposits

Credit risk on fiduciary bank balances, bank balances and pledged bank deposits is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed CECL for fiduciary bank balances, bank balances and pledged bank deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the CECL on fiduciary bank balances, bank balances and pledged bank deposits is insignificant and therefore no allowance was recognized.

Amounts due from AMTD Group

The Group regularly evaluates the business performance of AMTD Group. The Group's credit risks in these balances are considered low due to the strong financial position. The management believes that there are no significant increases in credit risk of these amounts since initial recognition and the Group provided impairment based on CECL. The Group assessed the CECL on amounts due from AMTD Group to be insignificant and thus no loss allowance is recognized.

Other receivables and deposits

For other receivables and deposits, the Group regularly reviews the recoverable amount of each individual debtor to ensure that adequate impairment losses are recognized for irrecoverable debts. The Group performs impairment assessment under CECL model on such other receivables and deposits individually. The Group believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on CECL. The Group assessed the CECL on other receivables and deposits are insignificant and thus no loss allowance is recognized.

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26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The management of the Company are responsible for determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses observable market data to the extent it is available. Where Level 1 inputs are not available, the Group makes reference to the prices of recent transactions or engages third-party qualified valuers to perform the valuation.

The management of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the findings to the board of directors of the Company to explain the cause of fluctuations in the fair value.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The Group's investments in private equity are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets | Fair value as of | | Fair value hierarchy | Valuation technique(s) and key inputs |
|--|-----------------------------|--------------|----------------------|---|
| | October 31, 2024 US\$ | 2023 US\$ | | |
| Financial assets at FVTPL - listed equity securities | 23,485 | - | Level 1 | Quoted prices in active market |
| Financial assets at FVTPL - unlisted equity securities | 1,191 | 488 | Level 2 | The fair values of unlisted equity investments are determined with reference to the recent transaction price of the investments. |
| Movie income right investments | 6,463 | 1,605 | Level 2 | The fair values of unlisted equity investments are determined with reference to the recent transaction price of the investments. |
| Movie income right investments | 5,660 | 3,918 | Level 3 | Income approach - in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the investments in these movie income right investments, based on an appropriate discount rate. |

AMTD DIGITAL INC.
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26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS - (CONTINUED)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis - (Continued)

Reconciliation of Level 3 fair value measurements

| | Movie income right investments | US\$ |
|-------------------------------|---|---------------------|
| As of May 1, 2023 | | 13,924 |
| Total gains in profit or loss | | 16,281 |
| Disposals | | (25,550) |
| Exchange realignment | | (737) |
| As of October 31, 2023 | | 3,918 |
| Transfer from Level 2 | | 1,605 |
| Exchange realignment | | 137 |
| As of October 31, 2024 | | <u><u>5,660</u></u> |

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Company considers that the carrying amount of the Group's financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values due to the short-term nature of these instruments. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

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27. RELATED PARTY DISCLOSURES

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following significant related party transactions during the reporting period:

| Relationship | Nature of transactions | Year ended October 31, | | Six months ended October 31, | | Year ended April 30, | |
|---------------------------|-------------------------------------|---------------------------|-------|------------------------------------|-------|----------------------|------|
| | | 2024 | 2023 | 2023 | 2022 | 2023 | 2022 |
| | | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Ultimate holding company | Insurance brokerage services | 5 | 32 | 7 | 11 | | |
| Ultimate holding company | Digital solutions services | 2,562 | 1,278 | 2,169 | 1,641 | | |
| Ultimate holding company | Corporate expenses allocated | 1,865 | 1,533 | 1,212 | 910 | | |
| Fellow subsidiaries | Insurance brokerage services | 36 | 1 | 52 | 74 | | |
| Immediate holding company | Repurchase of shares of the Company | 447,522 | — | 318,882 | — | | |
| Ultimate holding company | Interest income | 13,923 | 6,154 | 6,612 | — | | |

Compensation of key management personnel

During the year ended October 31, 2024, the remuneration of key management personnel of the Company is approximately US\$0.3 million. The remuneration of key management personnel is determined with regard to the performance of individuals and market trends.

Centralized cash management and major non-cash transactions

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. In May and August 2019 and April 2021, certain entities within AMTD Group had entered into intercompany financing and offsetting agreements pursuant to which certain intercompany receivables and payables are to be netted-off for settlement purpose. These constituted material non-cash transactions.

As of October 31, 2023 and 2024, the amount due from AMTD Group was unsecured, bearing interest of 2% per annum and repayable on demand.

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27. RELATED PARTY DISCLOSURES - (CONTINUED)

Centralized cash management and major non-cash transactions - (Continued)

As of October 31, 2023 and 2024, the amounts due to non-controlling shareholders comprised of (i) interest bearing balance of US\$7,669 and nil at a variable rate of 2 times of HIBOR plus 1.15% per annum, (ii) interest bearing balance of US\$25,564 and nil at a variable rate of HIBOR plus 1.15% per annum and (iii) non-interest bearing balance of US\$20,156 and US\$63,893. The amount due to non-controlling shareholders was unsecured. During the year ended October 31, 2024, interest-bearing amount due to a non-controlling shareholder was settled.

During the year ended April 30, 2023, the Group repurchased 616,346 Class B ordinary shares from its immediate holding company amounting to US\$318,882. The consideration was settled through the current accounts with AMTD Group.

During the year ended October 31, 2024, the Company repurchased 553,192 and 18,285,714 Class B ordinary shares from the immediate holding company, respectively, amounting to US\$447,522 in aggregate. The consideration was settled through the current accounts with immediate holding company.

During the year ended October 31, 2024, certain other receivables of US\$116,430 and other payables of US\$15,346, were settled through the current accounts with AMTD Group under the agreements between respective independent third parties, the Group and AMTD Group.

During the year ended October 31, 2024, the Group acquired certain financial assets at FVTPL from the immediate holding company at a consideration of US\$26,344 and was settled through the current accounts.

During the year ended October 31, 2024, the Company transferred 100,961 treasury shares of the Company and issued 91,346 Class B ordinary shares to the immediate holding company with a consideration of US\$100,000 and was settled through the current accounts.

28. SHARE-BASED COMPENSATION

On August 3, 2020, the Company granted 38,710 shares of Class A ordinary shares. The grant date fair value of Class A ordinary shares is determined based on recent transaction price of the Company’s equity share.

On July 31, 2021, the Company granted 17,540 restricted shares units of Class A ordinary shares (“RSUs”) to an employee of the Company. The RSUs granted have a vesting period of three years of employment services with the first one-third vesting on the first anniversary from grant date, and the remaining two third vesting on an annual basis over a two-year period ending on the third anniversary of the grant date. The grant date fair value of the RSUs is determined based on recent transaction price of the Company’s equity share.

The non-vested shares and RSUs are not transferable and may not be sold or pledged and the holder has no voting or dividend right. In the event a non-vested shareholder’s employment for the Group is terminated for any reason prior to the third anniversary of the grant date, the holder’s right to the non-vested shares and RSUs will terminate effectively. The outstanding non-vested shares and RSUs shall be forfeited and automatically transferred to and reacquired by the Group without any consideration.

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28. SHARE-BASED COMPENSATION - (CONTINUED)

The share-based payment expense amounted to US\$83 and US\$86 was recognized in the consolidated financial statements during the six months ended October 31, 2023 and the year ended October 31, 2024, respectively.

As of October 31, 2024, compensation cost related to non-vested shares was entirely recognized.

29. PENDING CLAIMS AND LITIGATION

The Group is subject to periodic legal or administrative proceedings in the ordinary course of business. Such proceedings are reviewed with the Group's legal advisors. The Group does not believe that any pending legal proceeding to which the Group is a party will have a material effect on its business, results of operations or cash flows.

30. SUBSEQUENT EVENTS

Other than disclosed elsewhere in the combined financial statements, the following subsequent events occurred.

In November 2024, WM&E, the subsidiary of the Company, issued 1,680 non-voting redeemable ordinary shares to the Company and the Company issued 13,333,333 Class A shares of the Company to WM&E, representing a consideration of US\$100 million.

In January 2025, WM&E and Black Spade Acquisition II Co (Nasdaq: BSII), a special purpose acquisition company founded by Black Spade Capital, entered into a business combination agreement. Upon the completion of the transactions contemplated by the business combination agreement, the combined company will retain its name "World Media and Entertainment Universal Inc." and its headquarters in Paris, and its ordinary shares will be listed on a stock exchange in the U.S subject to regulatory approval.

BUSINESS LOAN AGREEMENT

Borrower: ROAD-TRIP ENDLESS GROUP

Lender:

THIS BUSINESS LOAN AGREEMENT dated August 5, 2024, is made and executed between ROAD-TRIP ENDLESS GROUP ("Borrower") and [REDACTED] ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of August 5, 2024, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

LINE OF CREDIT. The Indebtedness includes a revolving line of credit. Advances under the Indebtedness, as well as directions for payment from Borrower's accounts, may be requested either orally or in writing by Borrower. Lender may, but need not require that all non-written requests be confirmed in writing. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions or an authorized person as described in the "Advance Authority" section below or (B) credited to any of Borrower's accounts with Lender.

ADVANCE AUTHORITY. The following person or persons are authorized to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of such authority:

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

BUSINESS LOAN AGREEMENT
(Continued)

Loan No: [REDACTED]

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REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of Borrower's state of incorporation. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently to engage. Borrower maintains an office at

[REDACTED] Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

BUSINESS LOAN AGREEMENT
(Continued)

Loan No: [REDACTED]

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Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

Certification of Beneficial Owner(s). If Borrower is requested by Lender to provide a Certification of Beneficial Owner(s), the information included in the Certification of Beneficial Owner(s) is true and correct in all respects. "Certification of Beneficial Owner(s)" means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation, which certification shall be substantially in form and substance satisfactory to Lender. "Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

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AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, or an OCBOA acceptable to Lender, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Additional Requirements. Borrower understands and agrees that while this Agreement is in effect, Borrower will maintain a financial condition indicated by the following statements at all times, unless otherwise noted:

Corporate Borrower Semi-Annual Statements. As soon as available, but in no event later than sixty (60) days after the end of each semi-annual, Borrower shall provide Lender with Borrower's balance sheet, income and expense statements, reconciliation of net worth and statement of cash flows, with notes thereto for the year ended, prepared by Borrower.

Compliance Certificate. At the time Borrower provides Lender with each quarterly and/or annually required financial statements stated above, Borrower shall also provide Lender with a compliance certificate in the form attached to this Agreement, including Schedule 1 to the compliance certificate.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, or an OCBOA acceptable to Lender, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

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Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP or an OCBOA acceptable to Lender.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

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Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

Depository Relationship. Maintain one or more deposit account(s) at Lender.

Compliance with “Know Your Customer” Requirements. Promptly following any request therefor, Borrower shall provide information and documentation reasonably requested by Lender for purposes of compliance with applicable “know your customer” requirements under the PATRIOT Act, the Beneficial Ownership Regulation or other applicable anti-money laundering laws, including but not limited to a Certificate of Beneficial Owner(s) acceptable to Lender if applicable.

RECOVERY OF ADDITIONAL COSTS. If the imposition of or any change in any law, rule, regulation, guideline, or generally accepted accounting principle, or the interpretation or application of any thereof by any court, administrative or governmental authority, or standard-setting organization (including any request or policy not having the force of law) shall impose, modify or make applicable any taxes (except federal, state or local income or franchise taxes imposed on Lender), reserve requirements, capital adequacy requirements or other obligations which would (A) increase the cost to Lender for extending or maintaining the credit facilities to which this Agreement relates, (B) reduce the amounts payable to Lender under this Agreement or the Related Documents, or (C) reduce the rate of return on Lender’s capital as a consequence of Lender’s obligations with respect to the credit facilities to which this Agreement relates, then Borrower agrees to pay Lender such additional amounts as will compensate Lender therefor, within five (5) days after Lender’s written demand for such payment, which demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.

LENDER’S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender’s interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower’s failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower’s behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender’s option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note’s maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including finance leases. (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower’s assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower’s accounts receivable, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge or restructure as a legal entity (whether by division or otherwise), consolidate with or acquire any other entity, change its name, convert to another type of entity or redomesticate, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) pay any dividends on Borrower’s stock (other than dividends payable in its stock), provided, however that notwithstanding the foregoing, but only so long as no Event of Default has occurred and is continuing or would result from the payment of dividends, if Borrower is a “Subchapter S Corporation” (as defined in the Internal Revenue Code of 1986, as amended), Borrower may pay cash dividends on its stock to its shareholders from time to time in amounts necessary to enable the shareholders to pay income taxes and make estimated income tax payments to satisfy their liabilities under federal and state law which arise solely from their status as Shareholders of a Subchapter S Corporation because of their ownership of shares of Borrower’s stock, or purchase or retire any of Borrower’s outstanding shares or alter or amend Borrower’s capital structure.

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Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

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Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Right to Cure. If any default, other than a default on Indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after Lender sends written notice to Borrower or Grantor, as the case may be, demanding cure of such default: (1) cure the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

Other Defaults Modified. Notwithstanding the section above entitled "other Defaults", Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or Agreement or in any of the Related Documents between Lender and Borrower; or any shareholder, member, trustor, or any owner of the Borrower also holding a controlling interest in any given entity's common stock, membership interest, trust interest, or any other ownership interest ("Related Entity"), fails to comply with or to perform any other term, obligation, covenant or condition contained in any other agreement between Lender and the Related Entity.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

CHOICE OF VENUE. If there is a lawsuit, the undersigned, and if more than one, each of the undersigned, agree upon Lender's request to submit to the jurisdiction of the courts of Los Angeles County, State of California.

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ELECTRONIC INSTRUCTIONS. Borrower desires to apply for Advances and instruct Lender regarding all other aspects of the Loan electronically, including but not limited to by electronic mail, internet, telex, telefax, facsimile and/or telecopy. Borrower agrees that Lender may act in accordance with electronically transmitted applications and instructions ("Electronic Instructions") subject to the following provisions: 1) Borrower's Electronic Instructions must be sent to Lender electronically only by means of such services and in such format(s) as may be approved from time to time by Lender in its sole discretion; 2) Borrower will provide to Lender, in writing and duly signed by Borrower, any reasonable security or verification procedures, and Lender may require additional security or verification procedures in its sole discretion; 3) Borrower hereby authorizes and instructs Lender to take all actions requested in any and all Electronic Instructions and agrees that each such Electronic Instruction will be deemed an original and, if sent in lieu of manually signed instructions, will be deemed to incorporate all of the terms and provisions of the Lender's standard form or format, if any, for such instructions; 4) Borrower recognizes and agrees that it will be obligated for any loan advance request and/or instruction pursuant to Electronic Instructions to the same extent as if such advance request and/or instruction were provided pursuant to Lender's standard form or Lender approved format(s) manually signed by Borrower; 5) Borrower agrees to indemnify and hold harmless Lender, its officers, directors, employees and affiliates against any and all liability, loss, cost, damages, attorneys' fees and other expenses which Lender may incur in reliance upon and pursuant to any and all of the Electronic Instructions received by Lender and purported to be sent by Borrower; 6) Lender is not responsible for checking electronic communications devices on a regular basis, and Borrower will make arrangements to assure Electronic Instructions have been sent to a current employee of Lender, and the employee of Lender has received and read the Electronic Instructions; 7) Lender is not responsible for delays, errors or omissions resulting from malfunction of electronic communications devices or from other conditions beyond the control of Lender; and 8) Lender is not responsible for misuse of or wrongful access to electronic communications devices by Borrower's representatives and employees nor for any delay in acting on Electronic Instructions caused by Electronic Instructions which Lender deems to be uncertain or unclear or incomplete.

USA PATRIOT ACT. Lender hereby notifies Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with the Act. Borrower shall, promptly following a request by Lender, provide all documentation and other information that Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Act. For legal entity borrowers, Lender will require the legal entity to provide identifying information about each beneficial owner and/or individuals who have significant responsibility to control, manage or direct the legal entity.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender In the State of California.

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No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in extending Loan Advances, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the extension of Loan Advances and delivery to Lender of the Related Documents, shall be continuing in nature, shall be deemed made and redated by Borrower at the time each Loan Advance is made, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. To the extent permitted by applicable law, all parties to this Agreement hereby waive the right to any Jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

Judicial Reference. If the waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties or, if they cannot agree, then any party may seek to have a private judge appointed in accordance with California Code of Civil Procedure §§ 638 and 640 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive Jurisdiction of the federal courts). The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure §§ 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure § 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

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The parties agree that time is of the essence in conducting the referenced proceedings. The parties shall promptly and diligently cooperate with one another and the referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of the dispute or controversy in accordance with the terms hereof. The costs shall be borne equally by the parties.

Oral Agreements Not Effective. This Note or Agreement embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written negotiations, agreements and understandings of the parties with respect to the subject matter hereof and shall remain in full force and effect in accordance with its terms and conditions. Moreover, any subsequent oral statements, negotiations, agreements or understandings of the parties shall not be effective against Lender unless (i) expressly stated in writing, (ii) duly approved and authorized by an appropriate decision making committee of Lender on such terms and conditions as such committee shall deem necessary or appropriate in the committee's sole and absolute opinion and judgment and (iii) executed by an authorized officer of Lender. Borrower shall not rely or act on any oral statements, negotiations, agreements or understandings between the parties at anytime whatsoever, including before or during any Lender approval process stated above. Borrower acknowledges and agrees that Borrower shall be responsible for its own actions, including any detrimental reliance on any oral statements, negotiations, agreements or understandings between the parties and that Lender shall not be liable for any possible claims, counterclaims, demands, actions, causes of action, damages, costs, expenses and liability whatsoever, known or unknown, anticipated or unanticipated, suspected or unsuspected, at law or in equity, originating in whole or in part in connection with any oral statements, negotiations, agreements or understandings between the parties which the Borrower may now or hereafter claim against the Lender. Neither this Note or Agreement nor any other Related Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this section. Lender may from time to time, (a) enter into with Borrower written amendments, supplements or modifications hereto and to the Related Documents or (b) waive, on such terms and conditions as Lender may specify in such instrument, any of the requirements of this Note or Agreement or the Related Documents or any Event Default and its consequences. if, but only if, such amendment, supplement, modification or waiver is (i) expressly stated in writing, (ii) duly approved and authorized by an appropriate decision making committee of Lender on such terms and conditions as such committee shall deem necessary or appropriate in the committee's sole and absolute opinion and judgment and (iii) executed by an authorized officer of Lender. Then such amendment, supplement, modification or waiver shall be effective only in the specific instance and specific purpose for which given.

Counterparts; Electronic Signatures. This Note or Agreement and all other Related Documents may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Note, Agreement or Related Documents, as applicable. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Note or Agreement and all other Related Documents and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "**Electronic Signatures**" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record. If any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing this Note or Agreement and all other Related Documents (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original hereof or thereof.

Additional Related Documents. "Related Documents" shall also include all agreements and instruments executed by Borrower in connection with prior indebtedness by Borrower to Lender which, by the terms of such agreements and/or instruments, apply to all or part of Borrower's underlying obligations of this Indebtedness and/or applies to all future indebtedness of Borrower to Lender.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means ROAD-TRIP ENDLESS GROUP and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

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Environmental Laws. The words “Environmental Laws” mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. (“CERCLA”), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 (“SARA”), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words “Event of Default” mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word “GAAP” means generally accepted accounting principles.

Grantor. The word “Grantor” means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word “Guarantor” means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word “Guaranty” means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words “Hazardous Substances” mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words “Hazardous Substances” are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term “Hazardous Substances” also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word “Indebtedness” means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word “Lender” means East West Bank, its successors and assigns.

Loan. The word “Loan” means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word “Note” means the Note dated August 5, 2024 and executed by ROAD-TRIP ENDLESS GROUP in the principal amount of \$33,000,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

OCBOA. The term “OCBOA” means Other Comprehensive Basis of Accounting, as designated by Lender in writing as an acceptable alternative to GAAP.

Permitted Liens. The words “Permitted Liens” mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled “Indebtedness and Liens”; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower’s assets.

BUSINESS LOAN AGREEMENT
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Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

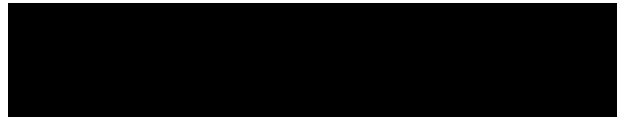
Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

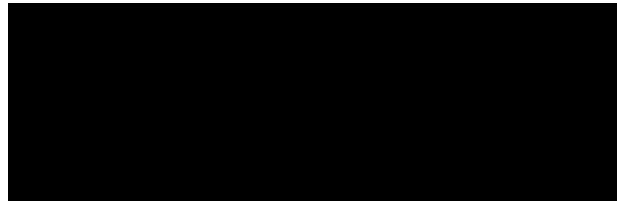
BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED AUGUST 5, 2024.

BORROWER:

ROAD-TRIP ENDLESS GROUP



LENDER:



List of Subsidiaries of the Registrant

| Subsidiaries | Place of Incorporation |
|--|-------------------------------|
| AMTD Digital Financial Holdings Limited | British Virgin Islands |
| AMTD Digital Investments Holdings Limited | British Virgin Islands |
| AMTD Risk Solutions Limited | British Virgin Islands |
| WME Direct Investment Limited | British Virgin Islands |
| AMTD Risk Solutions Group Limited | Hong Kong |
| Fine Cosmos Development Limited | Hong Kong |
| Digital Finance Media Limited | Hong Kong |
| AMTD Digital Solutions Power Pte. Ltd. | Singapore |
| DHI Downtown Pte. Ltd. | Singapore |
| DHI Holdings (S) Pte. Ltd. | Singapore |
| World Media and Entertainment Universal Inc. | Cayman Islands |
| L'Officiel Group Inc. | Cayman Islands |
| Road-Trip Endless Group | Cayman Islands |
| The Art Newspaper Group Inc. | Cayman Islands |
| Wonderful Time with Co. Ltd | Cayman Islands |
| WME Assets Group | Cayman Islands |
| L'Officiel Publishing Group Inc. | United States |
| L'Officiel Publishing Italia S.R.L. | Italy |
| L'Officiel France Publishing Inc. | France |
| The Art Newspaper Group Inc. | United Kingdom |
| AMTD Group (Canada) Inc. | Canada |

AMTD DIGITAL INC.

AMENDED AND RESTATED STATEMENT OF POLICIES
GOVERNING MATERIAL NON-PUBLIC INFORMATION AND
THE PREVENTION OF INSIDER TRADING

(AS ADOPTED BY THE BOARD OF DIRECTORS OF AMTD DIGITAL INC.)

This Amended and Restated Statement of Policies Governing Material Non-Public Information and the Prevention of Insider Trading (this “Statement”) applies to all directors, officers, employees and consultants of AMTD Digital Inc. and its subsidiaries and affiliated entities (collectively, the “Company”) and extends to all activities within and outside an individual’s duties at the Company.

Every director, officer, employee and consultant of the Company must review this Statement, and when requested by the Company, must execute and return the Certificate of Compliance attached hereto within seven (7) calendar days after receiving the request.

This Statement consists of three sections: Section I provides an overview; Section II sets forth the Company’s policies prohibiting insider trading; and Section III explains insider trading.

I.
SUMMARY

Preventing insider trading is necessary to comply with U.S. securities laws and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it. “Insider trading” occurs when any person purchases or sells any securities while in possession of inside information relating to the securities. As explained in Section III below, “inside information” is information which is considered to be both “material” and “non-public.”

The Company considers strict compliance with the policies set forth in this Statement (collectively, the “Policy”) to be a matter of utmost importance. Violation of the Policy could cause extreme reputational damage and possible legal liability to you and the Company. Knowing or willful violations of the letter or spirit of the Policy will be grounds for immediate dismissal from the Company. Violation of the Policy might expose the violator to severe criminal penalties as well as civil liability to any person harmed by the violation. The monetary damages flowing from a violation could be multiple times the profit realized by the violator, not to mention the attorney’s fees of the persons harmed.

II.
POLICIES PROHIBITING INSIDER TRADING

For purposes of this Statement, the terms “purchase” and “sell” of securities exclude the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards, if applicable, that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the policies set forth below. The Policy does not apply to the exercise of a tax withholding right pursuant to which you elect to have the Company withhold ordinary shares or American Depository Shares (“ADSs”) subject to an option or other award to satisfy tax withholding requirements.

A. No Trading – No director, officer, employee or consultant of the Company may purchase or sell any ADSs, ordinary shares or other securities of the Company or enter into a binding security trading plan in compliance with Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended (a “Trading Plan”) while in possession of material non-public information relating to the Company or its ADSs, ordinary shares or other securities (the “Material Information”).

In the event that the Material Information possessed by you relates to the ADSs or other securities of the Company, the above policy will require waiting for at least forty-eight (48) hours after public disclosure of the Material Information by the Company, which forty-eight (48) hours must include in all events at least one full Trading Day on the New York Stock Exchange (the “NYSE”) following such public disclosure. The term “Trading Day” is defined as a day on which the NYSE is open for trading. Except for public holidays in the United States, the NYSE’s regular trading hours are from 9:30 a.m. to 4:00 p.m., New York City time, Monday through Friday.

In addition, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan, without the prior clearance by the Compliance Officer, during any period designated as a “limited trading period” by the Company, regardless of whether such director, officer, employee or consultant possesses any Material Information.

Furthermore, all transactions in securities of the Company (including without limitation, acquisitions and dispositions of the ADSs, the sale of ordinary shares issued upon exercise of options or vesting of other share-based awards and the execution of a Trading Plan, but excluding the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards that does not involve the sale of securities) by directors, officers and key employees designated by the Company from time to time must be pre-approved by the Compliance Officer.

Please see Section III below for an explanation of the Material Information.

B. *Trading Window* – Assuming none of the “no trading” restrictions set forth in Section II-A above applies, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan other than during a Trading Window.

A “Trading Window” is the period in any fiscal quarter of the Company commencing at the close of business on the second Trading Day following the date of the Company’s public disclosure of its financial results for the prior year or quarter, as applicable, and ending on April 30, July 31, October 31 or January 31, as the case may be.

In other words,

(1) beginning on May 1 of each year, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company’s public disclosure of its financial results for the fiscal year ended on April 30 of the prior year, and

(2) beginning on August 1, November 1 and February 1 of each year, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company’s public disclosure of its financial results for the fiscal quarter ended on July 31, October 31 and January 31 of that year, respectively.

If the Company’s public disclosure of its financial results for the prior period occurs on a Trading Day more than four hours before the NYSE closes, then such date of disclosure shall be considered the first Trading Day following such public disclosure.

Please note that trading in any securities of the Company during the Trading Window is not a “safe harbor,” and all directors, officers, employees and consultants of the Company must strictly comply with the Policy.

When in doubt, do not trade! Check with the Compliance Officer first.

Notwithstanding the foregoing, sale of securities of the Company pursuant to an existing Trading Plan which was entered into in accordance with the Policy and in compliance with applicable law is not subject to the restrictions on trading in Sections II-A and II-B above.

C. *No Tipping* – No director, officer, employee or consultant of the Company may directly or indirectly disclose any Material Information to anyone who trades in securities (so-called “tipping”), regardless of whether the person or entity who receives the information, the “tippee,” is related to you and regardless of whether you receive any monetary benefit from the tippee.

D. *Confidentiality* – No director, officer, employee or consultant of the Company may communicate any Material Information to anyone outside the Company under any circumstances unless approved by the Compliance Officer in advance, or to anyone within the Company other than on a need-to-know basis.

E. *No Comment* – No director, officer, employee or consultant of the Company may discuss any internal matters or developments of the Company with anyone outside the Company, except as required for the performance of regular corporate duties. Unless you are expressly authorized to the contrary, if you receive any inquiries about the Company or its securities by the financial press, research analysts or others, or any requests for comments or interviews, you are required to decline comment and direct the inquiry or request to the Company’s Chief Financial Officer, who is responsible for coordinating and overseeing the release of Company information to the investing public, analysts and others in compliance with applicable laws and regulations.

F. *Corrective Action* – If you become aware that any potential Material Information has been or may have been inadvertently disclosed, you must notify the Compliance Officer immediately so that the Company can determine whether or not corrective action, such as general disclosure to the public, is warranted.

G. *Rule 10b5-1 Trading Plans* – Rule 10b5-1 provides an affirmative defense against insider trading liability under U.S. securities laws. A person subject to this Policy can rely on this defense and trade in securities of the Company, regardless of their awareness of inside information, if the transaction occurs pursuant to a pre-arranged written Trading Plan that was entered into when the person was not in possession of material non-public information and that complies with the requirements of Rule 10b5-1.

Anyone subject to this Policy who wishes to enter into a Trading Plan must submit the Trading Plan to the Compliance Officer for approval at least five business days prior to the planned entry into the Trading Plan. Trading Plans may not be adopted by a person when he or she is in possession of material non-public information about the Company or its securities and must comply with the requirements of Rule 10b5-1 (including specified waiting periods and limitations on multiple overlapping plans and single trade plans).

Once a Trading Plan is adopted, you must not exercise any subsequent influence over the amount of securities to be traded, the price at which they are to be traded or the date(s) of the trade(s). You may amend or replace a Trading Plan only during periods when trading is permitted in accordance with this Policy, and you must submit any proposed amendment or replacement of a Trading Plan to the Compliance Officer for approval prior to adoption. You must provide notice to the Compliance Officer prior to terminating a Trading Plan. You should understand that a modification or termination of a Trading Plan may call into question your good faith in entering into and operating the plan (and therefore may jeopardize the availability of the affirmative defense against insider trading allegations).

III. EXPLANATION OF INSIDER TRADING

As noted above, “insider trading” refers to the purchase or sale of a security while in possession of “material” “non-public” information relating to the security. “Securities” include not only stocks, bonds, notes and debentures, but also options, warrants and similar instruments. “Purchase” and “sale” are defined broadly under the U.S. federal securities laws. “Purchase” includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. “Sale” includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions including conventional cash-for-stock transactions, the grant and exercise of stock options and acquisitions and exercises of warrants or puts, calls or other options related to a security. It is generally understood that “insider trading” includes the following:

- trading by insiders while in possession of material non-public information;
- trading by persons other than insiders while in possession of material non-public information where the information either was given in breach of an insider’s fiduciary duty to keep it confidential or was misappropriated; and
- communicating or tipping material non-public information to others, including recommending the purchase or sale of a security while in possession of material non-public information.

As noted above, for purposes of this Statement, the terms “purchase” and “sell” of securities exclude the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the Policy.

What Facts are Material?

The materiality of a fact depends upon the circumstances. A fact is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the securities. Information may be material even if it relates to future, speculative or contingent events and even if it is significant only when considered in combination with publicly available information. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt or equity.

Examples of material information include (but are not limited to) information concerning:

- dividends;
- corporate earnings or earnings forecasts, or changes to previously released earnings announcements or guidance;
- changes in financial condition or asset value;
- negotiations for the mergers or acquisitions or dispositions of significant subsidiaries or assets;
- negotiations for material business alliance and collaboration arrangements;
- significant new contracts or the loss of a significant contract;
- significant new products or services;

- significant marketing plans or changes in such plans;
- capital investment plans or changes in such plans;
- material litigation, administrative action or governmental investigations or inquiries about the Company, any of its subsidiaries or consolidated affiliated entities (if any), or any of its officers or directors;
- significant borrowings or financings;
- defaults on borrowings;
- new equity or debt offerings;
- adoption of repurchase plans or amendment of existing repurchase plans;
- significant personnel changes;
- a cybersecurity incident or risk that may adversely impact the Company's business, reputation or share value;
- changes in accounting methods and write-offs; and
- any substantial change in industry circumstances or competitive conditions which could significantly affect the Company's earnings or prospects for expansion.

A good general rule of thumb: **when in doubt, do not trade.**

What is Non-public?

Information is “non-public” if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such media as Dow Jones, Reuters Economic Services, The Wall Street Journal, Bloomberg, Associated Press, PR Newswire or United Press International. Circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement, a reasonable period of time must lapse for the market to react to the information. Generally, one should allow approximately forty-eight (48) hours following publication as a reasonable waiting period before such information is deemed to be public.

Who is an Insider?

“Insiders” include directors, officers, employees and consultants of a company and anyone else who has material non-public information about a company. Insiders have independent fiduciary duties to their company and its shareholders not to trade on material non-public information relating to the company’s securities. All directors, officers, employees and consultants of the Company are considered insiders with respect to material non-public information about business, activities and securities of the Company. The directors, officers, employees and consultants of the Company may not trade the Company’s securities while in possession of material non-public information relating to the Company or tip (or communicate except on a need-to-know basis) such information to others.

It should be noted that trading by members of a director's, officer's, employee's or consultant's household can be the responsibility of such director, officer, employee or consultant under certain circumstances and could give rise to legal and Company-imposed sanctions.

Trading by Persons Other than Insiders

Insiders may be liable for communicating or tipping material non-public information to a third party (a “tippee”), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material non-public information tipped to them or individuals who trade on material non-public information which has been misappropriated.

Tippees inherit an insider's duties and are liable for trading on material non-public information tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the material non-public information along to others who trade on such information. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material non-public information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in the unlawful conduct and their employers. The U.S. Securities and Exchange Commission and the U.S. Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the U.S. federal securities laws include:

- administrative sanctions;
- sanctions by self-regulatory organizations in the securities industry;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of profits gained by the violator;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided by the violator;
- civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of approximately US\$2,500,000 or three times the amount of profit gained or loss avoided by the violator;
- criminal fines for individual violators of up to US\$5,000,000 (US\$25,000,000 for an entity); and
- jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including immediate dismissal. Insider trading violations are not limited to violations of the U.S. federal securities laws. Other U.S. federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), also may be violated upon the occurrence of insider trading.

Material Non-public Information Regarding Other Companies

This Policy and the guidelines described herein also apply to material non-public information relating to other companies, including the Company's customers, vendors and suppliers ("Business Partners"), particularly when that information is obtained in the course of employment with, or other services performed by, or on behalf of, the Company. Civil and criminal penalties, and discipline, including termination of employment for cause, may result from trading on material non-public information regarding the Company's Business Partners. Each individual should treat material non-public information about the Company's Business Partners with the same care required with respect to information related directly to the Company.

Individual Responsibility

Each person subject to this Policy is individually responsible for complying with this Policy and ensuring the compliance of any family members, such as spouses, minor children, adult family members who share the same household, and any other person or entity whose securities trading decisions are influenced or controlled by the person whose transactions are subject to this Policy. Accordingly, you should make your family and household members aware of the need to confer with you before they trade in the Company's securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws concerning trading while in possession of material non-public information as if the transactions were for your own account.

CERTIFICATION OF COMPLIANCE

TO: Compliance Officer

FROM: _____

RE: AMENDED AND RESTATED STATEMENT OF POLICIES OF AMTD DIGITAL INC. GOVERNING MATERIAL NON-PUBLIC INFORMATION AND THE PREVENTION OF INSIDER TRADING

I have received, reviewed, and understand the policies set forth in the above-referenced Amended and Restated Statement of Policies (such policies, as amended from time to time, the “Policy”) and hereby undertake, as a condition to my present and continued employment at or association with AMTD Digital Inc. or any of its subsidiaries or consolidated affiliated entities (if any), to comply fully with the Policy.

I hereby certify that I have adhered to the Policy during the time period that I have been employed by or associated with AMTD Digital Inc. or any of its subsidiaries or consolidated affiliated entities (if any).

I hereby undertake to adhere to the Policy in the future and to be held liable for any loss that may be suffered by AMTD Digital Inc. as a result of my violation of the Policy.

Signature: _____

Name: _____

ID Card Number: _____

Title: _____

Date: _____

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Giampietro Baudo, certify that:

1. I have reviewed this annual report on Form 20-F of AMTD Digital Inc. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 28, 2025

By: /s/ Giampietro Baudo

Name: Giampietro Baudo

Title: Chief Executive Officer

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Xavier Zee, certify that:

1. I have reviewed this annual report on Form 20-F of AMTD Digital Inc. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 28, 2025

By: /s/ Xavier Zee
 Name: Xavier Zee
 Title: Chief Financial Officer

**Certification of Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of AMTD Digital Inc. (the “Company”) on Form 20-F for the year ended October 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Giampietro Baudo, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2025

By: /s/ Giampietro Baudo
Name: Giampietro Baudo
Title: Chief Executive Officer

Certification of Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of AMTD Digital Inc. (the “Company”) on Form 20-F for the year ended October 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Xavier Zee, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2025

By: /s/ Xavier Zee
Name: Xavier Zee
Title: Chief Financial Officer

AMTD DIGITAL INC.**CLAWBACK POLICY**

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of AMTD Digital Inc. (the “Company”) believes that it is appropriate for the Company to adopt this Clawback Policy (the “Policy”) to be applied to the Executive Officers of the Company and adopts this Policy to be effective as of the Effective Date.

1. Definitions

For purposes of this Policy, the following definitions shall apply:

- a) “Company Group” means the Company and each of its subsidiaries and consolidated affiliated entities, as applicable.
- b) “Covered Compensation” means any Incentive-Based Compensation granted, vested or paid to a person who served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation and that was Received (i) on or after October 2, 2023 (*i.e.*, the effective date of the NYSE listing standards), (ii) after the person became an Executive Officer, and (iii) at a time that the Company had a class of securities listed on a national securities exchange or a national securities association such as the NYSE.
- c) “Effective Date” means December 1, 2023.
- d) “Erroneously Awarded Compensation” means the amount of Covered Compensation granted, vested or paid to a person during the fiscal period when the applicable Financial Reporting Measure relating to such Covered Compensation was attained that exceeds the amount of Covered Compensation that otherwise would have been granted, vested or paid to the person had such amount been determined based on the applicable Restatement, computed without regard to any taxes paid (*i.e.*, on a pre-tax basis). For Covered Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the Committee will determine the amount of such Covered Compensation that constitutes Erroneously Awarded Compensation, if any, based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Covered Compensation was granted, vested or paid and the Committee shall maintain documentation of such determination and provide such documentation to the NYSE.
- e) “Exchange Act” means the U.S. Securities Exchange Act of 1934.
- f) “Executive Officer” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person (whether or not an officer or employee of the Company) who performs similar policy-making functions for the Company. “Policy-making function” does not include policy-making functions that are not significant. Both current and former Executive Officers are subject to the Policy in accordance with its terms.

- g) “Financial Reporting Measure” means (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures derived wholly or in part from such measures and may consist of IFRS/U.S. GAAP or non-IFRS/non-U.S. GAAP financial measures (as defined under Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Exchange Act), (ii) stock price or (iii) total shareholder return. Financial Reporting Measures need not be presented within the Company’s financial statements or included in a filing with the SEC.
- h) “Home Country” means the Company’s jurisdiction of incorporation, *i.e.*, the Cayman Islands.
- i) “Incentive-Based Compensation” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.
- j) “Lookback Period” means the three completed fiscal years (plus any transition period of less than nine months that is within or immediately following the three completed fiscal years and that results from a change in the Company’s fiscal year) immediately preceding the date on which the Company is required to prepare a Restatement for a given reporting period, with such date being the earlier of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on whether or when the Restatement is actually filed.
- k) “NYSE” means the New York Stock Exchange.
- l) “Received”: Incentive-Based Compensation is deemed “Received” in the Company’s fiscal period during which the Financial Reporting Measure specified in or otherwise relating to the Incentive-Based Compensation award is attained, even if the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.
- m) “Restatement” means a required accounting restatement of any Company financial statement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a “Big R” restatement) or (ii) to correct an error in previously issued financial statements that is not material to the previously issued financial statements but that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as a “little r” restatement). Changes to the Company’s financial statements that do not represent error corrections under the then-current relevant accounting standards will not constitute Restatements. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on fraud or misconduct by any person in connection with the Restatement.

n) “SEC” means the U.S. Securities and Exchange Commission.

2. Recovery of Erroneously Awarded Compensation

In the event of a Restatement, any Erroneously Awarded Compensation Received during the Lookback Period prior to the Restatement (a) that is then-outstanding but has not yet been paid shall be automatically and immediately forfeited and (b) that has been paid to any person shall be subject to reasonably prompt repayment to the Company Group in accordance with Section 3 of this Policy. The Committee must pursue (and shall not have the discretion to waive) the forfeiture and/or repayment of such Erroneously Awarded Compensation in accordance with Section 3 of this Policy, except as provided below.

Notwithstanding the foregoing, the Committee (or, if the Committee is not a committee of the Board responsible for the Company’s executive compensation decisions and composed entirely of independent directors, a majority of the independent directors serving on the Board) may determine not to pursue the forfeiture and/or recovery of Erroneously Awarded Compensation from any person if the Committee determines that such forfeiture and/or recovery would be impracticable due to any of the following circumstances: (i) the direct expense paid to a third party (for example, reasonable legal expenses and consulting fees) to assist in enforcing the Policy would exceed the amount to be recovered, including the costs that could be incurred if pursuing such recovery would violate local laws other than the Company’s Home Country laws (following reasonable attempts by the Company Group to recover such Erroneously Awarded Compensation, the documentation of such attempts, and the provision of such documentation to the NYSE), (ii) pursuing such recovery would violate the Company’s Home Country laws adopted prior to November 28, 2022 (provided that the Company obtains an opinion of Home Country counsel acceptable to the NYSE that recovery would result in such a violation and provides such opinion to the NYSE), or (iii) recovery would likely cause any otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company Group, to fail to meet the requirements of 26 U.S.C. 401(a) (13) or 26 U.S.C. 411(a) and regulations thereunder.

3. Means of Repayment

In the event that the Committee determines that any person shall repay any Erroneously Awarded Compensation, the Committee shall provide written notice to such person by email or certified mail to the physical address on file with the Company Group for such person, and the person shall satisfy such repayment in a manner and on such terms as required by the Committee, and the Company Group shall be entitled to set off the repayment amount against any amount owed to the person by the Company Group, to require the forfeiture of any award granted by the Company Group to the person, or to take any and all necessary actions to reasonably promptly recover the repayment amount from the person, in each case, to the fullest extent permitted under applicable law, including without limitation, Section 409A of the U.S. Internal Revenue Code and the regulations and guidance thereunder. If the Committee does not specify a repayment timing in the written notice described above, the applicable person shall be required to repay the Erroneously Awarded Compensation to the Company Group by wire, cash, cashier’s check or other means as agreed by the Committee no later than thirty (30) days after receipt of such notice.

4. No Indemnification

No person shall be indemnified, insured or reimbursed by the Company Group in respect of any loss of compensation by such person in accordance with this Policy, nor shall any person receive any advancement of expenses for disputes related to any loss of compensation by such person in accordance with this Policy, and no person shall be paid or reimbursed by the Company Group for any premiums paid by such person for any third-party insurance policy covering potential recovery obligations under this Policy. For this purpose, “indemnification” includes any modification to current compensation arrangements or other means that would amount to *de facto* indemnification (for example, providing the person a new cash award which would be cancelled to effect the recovery of any Erroneously Awarded Compensation). In no event shall the Company Group be required to award any person an additional payment if any Restatement would result in a higher incentive compensation payment.

5. Miscellaneous

This Policy generally will be administered and interpreted by the Committee, provided that the Board may, from time to time, exercise discretion to administer and interpret this Policy, in which case, all references herein to “Committee” shall be deemed to refer to the Board. Any determination by the Committee with respect to this Policy shall be final, conclusive and binding on all interested parties. Any discretionary determinations of the Committee under this Policy, if any, need not be uniform with respect to all persons, and may be made selectively among persons, whether or not such persons are similarly situated.

This Policy is intended to satisfy the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as it may be amended from time to time, and any related rules or regulations promulgated by the SEC or the NYSE, including any additional or new requirements that become effective after the Effective Date which upon effectiveness shall be deemed to automatically amend this Policy to the extent necessary to comply with such additional or new requirements.

The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to applicable law. The invalidity or unenforceability of any provision of this Policy shall not affect the validity or enforceability of any other provision of this Policy. Recovery of Erroneously Awarded Compensation under this Policy is not dependent upon the Company Group satisfying any conditions in this Policy, including any requirements to provide applicable documentation to the NYSE.

The rights of the Company Group under this Policy to seek forfeiture or reimbursement are in addition to, and not in lieu of, any rights of recovery, or remedies or rights other than recovery, that may be available to the Company Group pursuant to the terms of any law, government regulation or stock exchange listing requirement or any other policy, code of conduct, employee handbook, employment agreement, equity award agreement, or other plan or agreement of the Company Group.

6. Amendment and Termination

To the extent permitted by, and in a manner consistent with applicable law, including SEC and NYSE rules, the Committee may terminate, suspend or amend this Policy at any time in its discretion.

7. Successors

This Policy shall be binding and enforceable against all persons and their respective beneficiaries, heirs, executors, administrators or other legal representatives with respect to any Covered Compensation granted, vested or paid to or administered by such persons or entities.

AMTD DIGITAL INC.

CLAWBACK POLICY

ACKNOWLEDGMENT, CONSENT AND AGREEMENT

I acknowledge that I have received and reviewed a copy of the AMTD Digital Inc. Clawback Policy (as may be amended from time to time, the “Policy”) and I have been given an opportunity to ask questions about the Policy and review it with my counsel. I knowingly, voluntarily and irrevocably consent to and agree to be bound by and subject to the Policy’s terms and conditions, including that I will return any Erroneously Awarded Compensation that is required to be repaid in accordance with the Policy. I further acknowledge, understand and agree that (i) the compensation that I receive, have received or may become entitled to receive from the Company Group is subject to the Policy, and the Policy may affect such compensation and (ii) I have no right to indemnification, insurance payments or other reimbursement by or from the Company Group for any compensation that is subject to recovery and / or forfeiture under the Policy. Capitalized terms used but not defined herein have the meanings set forth in the Policy.

Signed: _____

Print Name: _____

Date: _____
