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AEON CREDIT SERVICE (ASIA) CO., LTD.
AEON信貸財務(亞洲)有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 900)

FINAL RESULTS FOR THE YEAR ENDED 28TH FEBRUARY 2025

The board (the "Board") of directors (the "Directors") of AEON Credit Service (Asia) Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 28th February 2025, together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 28th February 2025

	Notes	**2025** *HK$'000*	2024 *HK$'000*
Revenue	*5*	**1,759,316**	1,623,321
Interest income	*7*	**1,477,367**	1,367,362
Interest expense	*8*	**(129,785)**	(108,463)
Net interest income		**1,347,582**	1,258,899
Fees and commissions		**142,571**	129,168
Handling and late charges		**139,378**	126,791
Other income	*9*	**19,792**	15,205
Other gains and losses	*10*	**(6)**	(9,097)
Operating income		**1,649,317**	1,520,966
Operating expenses	*11*	**(768,116)**	(713,024)
Operating profit before impairment losses and impairment allowances		**881,201**	807,942
Impairment losses and impairment allowances		**(446,268)**	(373,972)
Recoveries of advances and receivables written-off		**27,278**	26,491
Gain on disposal of distressed assets		**14,605**	12,067
Profit before tax		**476,816**	472,528
Income tax expense	*12*	**(76,338)**	(80,258)
Profit for the year		**400,478**	392,270
Profit for the year attributable to: Owners of the Company		**400,478**	392,270
Earnings per share — Basic	*14*	**95.63 HK cents**	93.67 HK cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 28th February 2025

	2025	2024
	HK$'000	*HK$'000*
Profit for the year	**400,478**	392,270
Other comprehensive income (expense)		
Item that will not be reclassified to profit or loss:		
Fair value gain (loss) on equity instruments at fair value through other comprehensive income ("FVTOCI")	**13,537**	(4,490)
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of foreign operations	**(2,809)**	(4,855)
Fair value adjustment on cash flow hedges, net of tax	**(18,814)**	(22,994)
Reclassification of fair value adjustments on cash flow hedges to profit or loss	**(8,216)**	8,234
Other comprehensive expense for the year	**(16,302)**	(24,105)
Total comprehensive income for the year	**384,176**	368,165
Total comprehensive income for the year attributable to:		
Owners of the Company	**384,176**	368,165

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 28th February 2025

	Notes	28.2.2025 HK$'000	29.2.2024 HK$'000
Non-current assets			
Property, plant and equipment	15	**180,608**	172,341
Intangible assets	15	**27,959**	31,133
Right-of-use assets	15	**110,049**	118,631
Goodwill		**15,820**	15,820
Equity instruments at fair value through other comprehensive income	16	**106,181**	92,644
Advances and receivables	17	**1,459,302**	1,512,414
Prepayments, deposits and other debtors	19	**21,611**	35,782
Derivative financial instruments	23	**10,430**	23,628
Deferred tax assets	24	**3,853**	5,454
		1,935,813	2,007,847
Current assets			
Advances and receivables	17	**5,605,137**	5,201,354
Prepayments, deposits and other debtors	19	**79,388**	78,691
Amount due from immediate holding company		**1**	1
Amount due from an intermediate holding company		**–**	31
Derivative financial instruments	23	**288**	–
Time deposits		**21,482**	15,319
Bank balances and cash		**226,220**	257,989
		5,932,516	5,553,385
Current liabilities			
Creditors and accruals	20(a)	**226,351**	261,832
Contract liabilities	20(b)	**42,024**	21,554
Amounts due to fellow subsidiaries		**9,286**	17,872
Amount due to an intermediate holding company		**9,504**	4,722
Borrowings from immediate holding company	21	**900,000**	800,000
Bank borrowings	21	**1,015,149**	468,685
Lease liabilities	22	**39,586**	38,243
Derivative financial instruments	23	**1,319**	59,109
Tax liabilities		**31,124**	5,526
		2,274,343	1,677,543
Net current assets		**3,658,173**	3,875,842
Total assets less current liabilities		**5,593,986**	5,883,689

	Notes	**28.2.2025**	29.2.2024
		HK$'000	*HK$'000*
Capital and reserves			
Share capital		**269,477**	269,477
Reserves		**3,981,684**	3,798,516
Total equity		**4,251,161**	4,067,993
Non-current liabilities			
Bank borrowings	*21*	**1,239,685**	1,709,571
Deferred tax liabilities	*24*	**39**	88
Lease liabilities	*22*	**76,782**	84,097
Derivative financial instruments	*23*	**26,319**	21,940
		1,342,825	1,815,696
		5,593,986	5,883,689

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28th February 2025

	Share capital *HK$'000*	Investment revaluation reserve *HK$'000*	Hedging reserve *HK$'000*	Translation reserve *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*
At 1st March 2023	269,477	73,311	50,342	(11,613)	3,510,943	3,892,460
Profit for the year	–	–	–	–	392,270	392,270
Fair value loss on equity instruments at FVTOCI	–	(4,490)	–	–	–	(4,490)
Exchange difference arising from translation of foreign operations	–	–	–	(4,855)	–	(4,855)
Fair value adjustment on cash flow hedges, net of tax	–	–	(22,994)	–	–	(22,994)
Reclassification of fair value adjustments on cash flow hedges to profit or loss	–	–	8,234	–	–	8,234
Total comprehensive (expense) income for the year	–	(4,490)	(14,760)	(4,855)	392,270	368,165
Final dividend paid for 2022/23	–	–	–	–	(92,128)	(92,128)
Interim dividend paid for 2023/24	–	–	–	–	(100,504)	(100,504)
	–	(4,490)	(14,760)	(4,855)	199,638	175,533
At 29th February 2024	**269,477**	**68,821**	**35,582**	**(16,468)**	**3,710,581**	**4,067,993**
Profit for the year	**–**	**–**	**–**	**–**	**400,478**	**400,478**
Fair value gain on equity instruments at FVTOCI	**–**	**13,537**	**–**	**–**	**–**	**13,537**
Exchange difference arising from translation of foreign operations	**–**	**–**	**–**	**(2,809)**	**–**	**(2,809)**
Fair value adjustment on cash flow hedges, net of tax	**–**	**–**	**(18,814)**	**–**	**–**	**(18,814)**
Reclassification of fair value adjustments on cash flow hedges to profit or loss	**–**	**–**	**(8,216)**	**–**	**–**	**(8,216)**
Total comprehensive income (expense) for the year	**–**	**13,537**	**(27,030)**	**(2,809)**	**400,478**	**384,176**
Final dividend paid for 2023/24	**–**	**–**	**–**	**–**	**(100,504)**	**(100,504)**
Interim dividend paid for 2024/25	**–**	**–**	**–**	**–**	**(100,504)**	**(100,504)**
	–	**13,537**	**(27,030)**	**(2,809)**	**199,470**	**183,168**
At 28th February 2025	**269,477**	**82,358**	**8,552**	**(19,277)**	**3,910,051**	**4,251,161**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28th February 2025

	2025	2024
	HK$'000	*HK$'000*
Operating activities		
Profit before tax	**476,816**	472,528
Adjustments for:		
Amortisation of upfront cost of bank borrowings	**339**	474
Depreciation on property, plant and equipment	**41,548**	37,491
Amortisation on intangible assets	**6,793**	5,537
Depreciation on right-of-use-assets	**57,472**	57,419
Dividends received from financial instruments	**(552)**	(641)
Impairment losses and impairment allowances recognised in respect of advances and receivables	**446,268**	373,972
Interest expense	**124,299**	104,208
Interest on lease liabilities	**5,486**	4,255
Interest income	**(1,477,367)**	(1,367,362)
Losses on disposal of property, plant and equipment	**173**	9,441
Gain on termination of lease contracts	**(36)**	(9)
Operating cash flows before movements in working capital	**(318,761)**	(302,687)
Increase in advances and receivables	**(787,505)**	(1,347,823)
Increase in prepayments, deposits and other debtors	**(7,376)**	(15,791)
Decrease in amount due from ultimate holding company	**–**	9
Decrease in amount due from an intermediate holding company	**31**	–
(Decrease) increase in creditors and accruals	**(28,614)**	43,121
Increase (decrease) in contract liabilities	**20,470**	(2,343)
Decrease in amounts due to fellow subsidiaries	**(8,585)**	(26,609)
Increase in amount due to an intermediate holding company	**4,782**	3,131
Cash used in operations	**(1,125,558)**	(1,648,992)
Tax paid	**(55,873)**	(156,050)
Interest paid	**(125,716)**	(99,617)
Interest received	**1,464,127**	1,267,262
Net cash from (used in) operating activities	**156,980**	(637,397)

	2025	2024
	HK$'000	*HK$'000*
Investing activities		
Dividends received	**552**	641
Proceeds from disposal of property, plant and equipment	**2**	11
Purchase of property, plant and equipment	**(12,715)**	(69,063)
Purchase of intangible assets	**(666)**	(36,670)
Deposits paid for acquisition of property, plant and equipment	**(23,200)**	(21,476)
Deposits paid for acquisition of intangible assets	**(1,903)**	(850)
Placement of time deposits with maturity of more than three months	**(7,555)**	(1,650)
Release of time deposits with maturity of more than three months	**5,519**	7,858
Net cash used in investing activities	**(39,966)**	(121,199)
Financing activities		
Repayment of lease liabilities	**(59,404)**	(57,288)
Dividends paid	**(201,008)**	(192,632)
New borrowings from immediate holding company raised	**108,220**	1,650,000
Repayment of borrowings from immediate holding company	**(8,220)**	(850,000)
New bank loans raised	**13,668,874**	7,748,556
Repayment of bank loans	**(13,651,625)**	(7,654,151)
Net cash (used in) from financing activities	**(143,163)**	644,485
Net decrease in cash and cash equivalents	**(26,149)**	(114,111)
Effect of changes in exchange rate	**(1,419)**	(1,738)
Cash and cash equivalents at beginning of the year	**271,658**	387,507
Cash and cash equivalents at end of the year	**244,090**	271,658
Being:		
Time deposits with maturity of three months or less	**17,870**	13,669
Bank balances and cash	**226,220**	257,989
	244,090	271,658

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28th February 2025

1. STATUTORY CONSOLIDATED FINANCIAL STATEMENTS

The financial information relating to the years ended 28th February 2025 and 29th February 2024 included in this preliminary announcement of annual results for the year ended 28th February 2025 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 29th February 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 28th February 2025 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1st March 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1st January 2025.
3 Effective for annual periods beginning on or after 1st January 2026.
4 Effective for annual periods beginning on or after 1st January 2027.

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

The significant accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 29th February 2024, except for the adoption of the amendments to HKFRS Accounting Standards as disclosed in note 3 above.

5. REVENUE

	2025	2024
	HK$'000	*HK$'000*
Interest income *(note 7)*	**1,477,367**	1,367,362
Fees and commissions		
Credit cards — issuing	**55,856**	58,112
Credit cards — acquiring	**55,703**	44,798
Insurance	**31,012**	26,258
Handling and late charges	**139,378**	126,791
Revenue from contracts with customers	**281,949**	255,959
Total revenue	**1,759,316**	1,623,321

6. SEGMENT INFORMATION

Services from which operating and reportable segments derive their revenues

The Group's operating and reportable segments are as follows:

Credit cards	—	Provide credit card services to individuals and acquiring services for member-stores
Personal loans	—	Provide personal loan financing to individuals
Insurance	—	Provide insurance agency and brokerage services

The accounting policies of operating and reportable segments are the same as the Group's accounting policies. Segment results represent the profit before tax earned by each segment without allocation of dividend income and head office expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 28th February 2025

	Credit cards *HK$'000*	**Personal loans** *HK$'000*	**Insurance** *HK$'000*	**Consolidated** *HK$'000*
REVENUE	**1,377,807**	**350,396**	**31,113**	**1,759,316**
RESULT				
Segment results	**456,687**	**8,064**	**14,890**	**479,641**
Unallocated operating income				**2,754**
Unallocated expenses				**(5,579)**
Profit before tax				**476,816**

For the year ended 29th February 2024

	Credit cards *HK$'000*	Personal loans *HK$'000*	Insurance *HK$'000*	Consolidated *HK$'000*
REVENUE	1,283,761	313,302	26,258	1,623,321
RESULT				
Segment results	420,953	40,922	11,594	473,469
Unallocated operating income				4,140
Unallocated expenses				(5,081)
Profit before tax				472,528

Geographical information

The following is an analysis of the Group's revenue and results by geographical segments:

For the year ended 28th February 2025

	Hong Kong *HK$'000*	**Mainland China** *HK$'000*	**Consolidated** *HK$'000*
REVENUE	**1,714,779**	**44,537**	**1,759,316**
RESULT			
Segment results	**472,092**	**7,549**	**479,641**
Unallocated operating income			**2,754**
Unallocated expenses			**(5,579)**
Profit before tax			**476,816**

For the year ended 29th February 2024

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Consolidated *HK$'000*
REVENUE	1,596,203	27,118	1,623,321
RESULT			
Segment results	468,433	5,036	473,469
Unallocated operating income			4,140
Unallocated expenses			(5,081)
Profit before tax			472,528

7. INTEREST INCOME

	2025	2024
	HK$'000	*HK$'000*
Non-credit impaired advances	**1,454,230**	1,349,612
Credit impaired advances	**22,426**	17,108
Time deposits and bank balances	**711**	642
	1,477,367	1,367,362

8. INTEREST EXPENSE

	2025	2024
	HK$'000	*HK$'000*
Interest on borrowings from immediate holding company	**33,883**	25,221
Interest on bank borrowings	**98,932**	93,578
Interest on lease liabilities	**5,486**	4,255
Net interest income on interest rate swap contracts		
— released from hedging reserve	**(8,516)**	(14,591)
	129,785	108,463

Amortisation of upfront cost of **HK$339,000** (2024: HK$474,000) is included in the interest expense on bank borrowings.

9. OTHER INCOME

	2025	2024
	HK$'000	*HK$'000*
Dividends received from financial instruments		
— Listed equity securities	**–**	71
— Unlisted equity securities	**552**	570
Marketing support fund	**16,487**	11,066
Others	**2,753**	3,498
	19,792	15,205

10. OTHER GAINS AND LOSSES

	2025	2024
	HK$'000	*HK$'000*
Exchange (loss) gain		
— Exchange loss on hedging instrument released from hedging reserve	**(300)**	(22,825)
— Exchange gain on bank borrowings	**300**	22,825
— Other exchange losses, net	**(118)**	(69)
Hedge ineffectiveness on cash flow hedges, net	**249**	404
Losses on disposal of property, plant and equipment	**(173)**	(9,441)
Gain on termination of lease contracts	**36**	9
	(6)	(9,097)

11. OPERATING EXPENSES

	2025	2024
	HK$'000	*HK$'000*
Auditor's remuneration		
— audit fee	**3,554**	3,885
— non-audit fee	**987**	1,160
Depreciation on property, plant and equipment	**41,548**	37,491
Amortisation on intangible assets	**6,793**	5,537
Depreciation on right-of-use assets	**57,472**	57,419
Expense relating to short-term leases	**2,730**	3,728
	60,202	61,147
General administrative expenses	**229,053**	199,365
Marketing and promotion expenses	**106,156**	115,120
Other operating expenses	**78,901**	71,711
Staff costs including directors' emoluments	**240,922**	217,608
	768,116	713,024

12. INCOME TAX EXPENSE

	2025	2024
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
— Current year	**81,204**	66,680
— Underprovision in respect of prior years	**118**	1,293
	81,322	67,973
People's Republic of China ("PRC") Enterprise Income Tax		
— Current year	**149**	96
Deferred tax *(note 24)*		
— Current year	**(5,133)**	12,189
	76,338	80,258

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the applicable income tax rates are 25% for general enterprises in PRC. A Company's PRC subsidiary is qualified as small and thin-profit enterprise, which the annual taxable income up to RMB3 million is subject to an effective tax rate of 5% from 1st January 2023 to 31st December 2027.

13. DIVIDENDS

	2025	2024
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Final dividend paid of **24.0 HK cents** in respect of 2023/24 (2024: 22.0 HK cents in respect of 2022/23) per share	**100,504**	92,128
Interim dividend paid of **24.0 HK cents** in respect of 2024/25 (2024: 24.0 HK cents in respect of 2023/24) per share	**100,504**	100,504
	201,008	192,632
Final dividend proposed of **25.0 HK cents** in respect of 2024/25 (2024: 24.0 HK cents in respect of 2023/24) per share	**104,691**	100,504

The Directors have recommended a final dividend of **25.0 HK cents** per share. Subject to the approval of the shareholders at the 2025 AGM, the final dividend will be paid on 31st July 2025 to shareholders whose names appear on the register of members of the Company on 10th July 2025. This dividend has not been included as a liability in the consolidated financial statements.

14. EARNINGS PER SHARE — BASIC

The calculation of basic earnings per share is based on the profit for the year of **HK$400,478,000** (2024: HK$392,270,000) and on the number of shares of **418,766,000** (2024: 418,766,000) in issue during the year.

15. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS & RIGHT-OF-USE ASSETS

During the year, the Group recognised addition of approximately **HK$43,415,000** (2024: HK$111,728,000), **HK$3,970,000** (2024: HK$3,332,000), **HK$3,330,000** (2024: HK$19,782,000), **HK$3,619,000** (2024: HK$36,670,000) and **HK$49,794,000** (2024: HK$133,242,000) on computer equipment, furniture and fixtures, leasehold improvements, intangible assets and right-of-use assets respectively.

16. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	28.2.2025	29.2.2024
	HK$'000	*HK$'000*
Equity instruments at FVTOCI		
— Listed investment in Hong Kong	**684**	1,119
— Unlisted investments	**105,497**	91,525
	106,181	92,644

17. ADVANCES AND RECEIVABLES

	28.2.2025	29.2.2024
	HK$'000	*HK$'000*
Credit card receivables	**5,481,474**	5,188,549
Personal loan receivables	**1,631,788**	1,573,989
	7,113,262	6,762,538
Accrued interest and other receivables	**216,116**	198,321
Gross advances and receivables	**7,329,378**	6,960,859
Impairment allowances *(note 18)*	**(264,939)**	(247,091)
	7,064,439	6,713,768
Current portion included under current assets	**(5,605,137)**	(5,201,354)
Amount due after one year	**1,459,302**	1,512,414

At 28th February 2025, the personal loan receivables include rescheduled loan receivables of HK$176,815,000 (29th February 2024: HK$135,744,000).

Set out below is an analysis of gross balance of advances and receivables (excluding impairment allowances):

	28.2.2025		29.2.2024	
	HK$'000	***%****	*HK$'000*	*%**
Stage 1	**7,018,669**	**95.8**	6,682,702	96.0
Stage 2	**65,548**	**0.9**	75,389	1.1
Stage 3	**245,161**	**3.3**	202,768	2.9
	7,329,378	**100.0**	6,960,859	100.0

* Percentage of gross advances and receivables

18. IMPAIRMENT ALLOWANCES

	28.2.2025	29.2.2024
	HK$'000	*HK$'000*
Analysis by products as:		
Credit card receivables	**140,479**	146,731
Unused credit card limit	**2,668**	1,880
Personal loan receivables	**116,177**	93,147
Accrued interest and other receivables	**5,615**	5,333
	264,939	247,091

At 28th February 2025, the impairment allowance of personal loan receivables includes impairment allowance on rescheduled loan receivables of HK$41,679,000 (29th February 2024: HK$36,082,000).

An analysis of changes in impairment allowances including commitments on unused credit card limit are set out below:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 1st March 2024	**123,883**	**32,208**	**91,000**	**247,091**
Net effect of advance (repayment) in advances and receivables	**16,485**	**(6,436)**	**(4,282)**	**5,767**
Transfer to 12 months expected credit loss ("ECL") (Stage 1)	**54,312**	**(24,791)**	**(29,521)**	**–**
Transfer to lifetime ECL not credit impaired (Stage 2)	**(7,276)**	**8,963**	**(1,687)**	**–**
Transfer to lifetime ECL credit impaired (Stage 3)	**(5,108)**	**(121,187)**	**126,295**	**–**
Total transfer between stages	**41,928**	**(137,015)**	**95,087**	**–**
Remeasurement of ECL during the year	**(32,632)**	**135,997**	**337,136**	**440,501**
Amounts written-off as uncollectable	**–**	**–**	**(428,300)**	**(428,300)**
Exchange realignment	**(41)**	**(33)**	**(46)**	**(120)**
At 28th February 2025	**149,623**	**24,721**	**90,595**	**264,939**

	Stage 1	Stage 2	Stage 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1st March 2023	97,642	18,878	75,189	191,709
Net effect of advance (repayment) in advances and receivables	25,680	(1,302)	12,407	36,785
Transfer to 12 months ECL (Stage 1)	53,443	(35,575)	(17,868)	–
Transfer to lifetime ECL not credit impaired (Stage 2)	(6,642)	9,851	(3,209)	–
Transfer to lifetime ECL credit impaired (Stage 3)	(1,951)	(88,349)	90,300	–
Total transfer between stages	44,850	(114,073)	69,223	–
Remeasurement of ECL during the year	(44,236)	128,732	252,691	337,187
Disposal of distressed assets	–	–	(41,913)	(41,913)
Amounts written-off as uncollectable	–	–	(276,500)	(276,500)
Exchange realignment	(53)	(27)	(97)	(177)
At 29th February 2024	123,883	32,208	91,000	247,091

19. PREPAYMENTS, DEPOSITS AND OTHER DEBTORS

	28.2.2025	29.2.2024
	HK$'000	*HK$'000*
Deposits for property, plant and equipment	**2,137**	22,071
Deposits for intangible assets	**23**	850
Rental and other deposits	**15,071**	16,463
Prepaid operating expenses	**53,696**	43,108
Other debtors	**30,072**	31,981
	100,999	114,473
Current portion included under current assets	**(79,388)**	(78,691)
Amount due after one year	**21,611**	35,782

20. CREDITORS AND ACCRUALS/CONTRACT LIABILITIES

(a) The aged analysis of creditors presented based on the invoice date at the end of the reporting period is as follows:

	28.2.2025	29.2.2024
	HK$'000	*HK$'000*
Less than 1 month	**77,449**	110,010
Over 1 month but less than 3 months	**1,044**	3,134
Over 3 months	**429**	315
	78,922	113,459

(b) At 28th February 2025, included in contract liabilities is deferred revenue in relation to customer loyalty programmes of **HK$42,024,000** (29th February 2024: HK$21,554,000).

Contract liabilities represent deferred revenue in relation to customer loyalty programmes.

Under the Group's customer loyalty programmes, the Group grants credits to customers for credit card transactions. The customers can redeem the awarded credits for goods or services or settlement of outstanding balances in the future at their discretion and the awarded credits have expiration dates.

21. BANK BORROWINGS AND BORROWINGS FROM IMMEDIATE HOLDING COMPANY

	28.2.2025		29.2.2024	
	Bank borrowings	**Borrowings from immediate holding company**	Bank borrowings	Borrowings from immediate holding company
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Carrying amount repayable *(Note)*				
Within one year	**1,015,149**	**900,000**	468,685	800,000
Within a period of more than one year but not more than two years	**489,685**	**–**	720,000	–
Within a period of more than two years but not more than five years	**750,000**	**–**	989,571	–
	2,254,834	**900,000**	2,178,256	800,000
Amount repayable within one year included under current liabilities	**(1,015,149)**	**(900,000)**	(468,685)	(800,000)
Amount repayable after one year	**1,239,685**	**–**	1,709,571	–

Note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

22. LEASE LIABILITIES

	28.2.2025	29.2.2024
	HK$'000	*HK$'000*
Lease liabilities payable:		
Within one year	**39,586**	38,243
Within a period of more than one year but not more than two years	**26,320**	19,787
Within a period of more than two years but not more than five years	**50,462**	57,992
More than five years	**–**	6,318
	116,368	122,340
Amount due for settlement within one year included under current liabilities	**(39,586)**	(38,243)
Amount due for settlement after one year	**76,782**	84,097

The weighted average incremental borrowing rates applied to lease liabilities range from **3.1%** to **4.4%** (2024: from 3.5% to 4.7%).

23. DERIVATIVE FINANCIAL INSTRUMENTS

	28.2.2025		29.2.2024	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Interest rate swaps	**10,718**	**5,864**	23,628	2,471
Cross-currency interest rate swaps	**–**	**21,774**	–	78,578
	10,718	**27,638**	23,628	81,049
Current portion	**(288)**	**(1,319)**	–	(59,109)
Non-current portion	**10,430**	**26,319**	23,628	21,940

All derivative financial instruments entered into by the Group that remain outstanding at 28th February 2025 and 29th February 2024 are for hedging purposes. The credit risk on those derivative financial instruments is limited as the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The classification of current/non-current for derivative financial instruments is in accordance with the maturity dates of the corresponding bank borrowings, the designated hedged items.

24. DEFERRED TAX

The followings are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the years ended 28th February 2025 and 29th February 2024:

	Accelerated tax depreciation	**Impairment allowances**	**Derivative financial instruments**	**Right-of-use assets**	**Lease liabilities**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st March 2023	10,863	(18,944)	(2,102)	–	–	–	(10,183)
Charge (credit) to profit or loss for the year	18,543	(6,442)	–	1,954	(1,866)	–	12,189
Credit to other comprehensive income or expense for the year	–	–	(7,372)	–	–	–	(7,372)
At 29th February 2024	**29,406**	**(25,386)**	**(9,474)**	**1,954**	**(1,866)**	**–**	**(5,366)**
(Credit) charge to profit or loss for the year	**(1,139)**	**(2,551)**	**–**	**(648)**	**597**	**(1,392)**	**(5,133)**
Charge (credit) to other comprehensive income or expense for the year	**–**	**–**	**6,682**	**(25)**	**28**	**–**	**6,685**
At 28th February 2025	**28,267**	**(27,937)**	**(2,792)**	**1,281**	**(1,241)**	**(1,392)**	**(3,814)**

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders who are entitled to attend and vote at the 2025 AGM, the register of members of the Company will be closed from 23rd June 2025 to 26th June 2025, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for attending and voting at the 2025 AGM, all transfers of share accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 20th June 2025.

For the purpose of determining the shareholders who qualify for the proposed final dividend, the register of members of the Company will be closed from 9th July 2025 to 10th July 2025, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of share accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 8th July 2025.

DIVIDEND

The Group has adopted a stable dividend policy that aims to pay regular dividends with a target annual dividend payout ratio of not less than 30.0% of the Group's consolidated net profit for the financial year. When proposing a dividend, in addition to financial performance, the Board takes into consideration shareholder interests, payout history, the general business environment and cash flow requirements.

The Board has recommended a final dividend of 25.0 HK cents per share, bringing the total dividend for the year ended 28th February 2025 to 49.0 HK cents per share, representing a dividend payout ratio of 51.2%.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the financial year ended 28th February 2025 ("FY2024/25" or the "Reporting Year"), Hong Kong experienced modest economic growth amidst a challenging operating environment, particularly for small and medium-sized businesses and enterprises. Geopolitical risk and shifting consumer behaviour dampened overall consumer spending. While the US Federal Reserve's benchmark rate cuts in the third quarter of 2024, followed by similar drop in HKD interest rates, spurred markets rebound, property prices, especially those for commercial properties, witnessed a progressive decline. Despite improved investment sentiment following interest rate cuts and government stimulus measures, investor confidence and corporate expansion endeavour remained cautious, resulting in a real gross domestic product ("GDP") grew by only 2.5% compared with the previous year. A full economic recovery has yet to take place.

In response to the slower-than-expected market recovery, the Group prioritised stable sales and receivables growth in FY2024/25, focusing on building a high-quality portfolio which emphasises income generation, growth and resilience. Enhanced credit assessment model, incorporating updated market indicators and refined detection mechanisms, facilitated proactive debt settlement and improved account management. A new monitoring mechanism for high-risk accounts further strengthened tracking the growth of default receivables. Concurrently, the Group refined its risk-based pricing mechanism targeting to offer competitive interest rates for customers with reference to their credit scoring so to increase the Group's resilience on both credit card and personal loan portfolios. Despite subdued consumer sentiment, the Group expanded transaction volume and sales channels for its fee-based businesses.

To support ongoing digital transformation, the Group completed a data center relocation and core operating system platform redeployment during the Reporting Year. The credit assessment application platform was upgraded, and a virtual card function had been launched in the second half of the year. An ongoing interactive phone call center system upgrade will provide a flexible and integrated platform for call center services. These enhancements aim to improve customer convenience, experience, and loyalty.

The Group achieved another year of continued overall sales growth of 10.5% compared with the year ended 29th February 2024 ("FY2023/24" or the "Previous Year"). Total advances and receivables grew by 5.3% as at 28th February 2025 compared with the balance as at 29th February 2024. Despite increased credit defaults attributed to negative market sentiment during the Reporting Year, robust credit management procedures and a refined credit assessment methodology mitigated further asset quality deterioration. Stage 2 and stage 3 receivables as a percentage of total advances and receivables saw a marginal increase from 4.0% at 29th February 2024, to 4.2% at 28th February 2025.

Moreover, the Group secured a HK$300 million syndicated sustainability-linked loan during the Reporting Year from a syndicate of nine regional and local banks, further underscoring the Group's unwavering commitment to integrating sustainability into its business operations.

Operational Review

Targeted marketing campaigns and promotions with business partners in various sectors, including theme park, consumer electronics, online travel, health food, and restaurants, promoted the Group's products and services. Themed roadshows at exhibitions and shopping malls broadened market reach. Attractive incentive programmes catered to evolving customer spending needs, including cross-border weekend spending.

To enhance customer service and meet growing demand for face-to-face advisory services, the Group continued its branch network revamp and expansion, including the opening of the new Shatin branch in June 2024, featuring a dedicated insurance consultation counter with an expanding variety of insurance products to meet customers' needs.

The upgraded credit application processing platform facilitated the launch of a virtual credit card function within the "AEON HK" mobile application (the "Mobile App"), enabling immediate credit purchases upon card approval and activation; and eliminating the waiting time and the need to visit a branch in person. In addition, a redesigned credit card, incorporating recycled plastics, underscores the Group's commitment to innovation and sustainability.

Operational digitalisation continued with enhancements to the call center platform, data analysis tools for marketing, credit assessment, and credit management, and a back-office workflow system. The enhanced credit monitoring model, incorporating updated customer credit utilisation indicators, improved credit exposure allocation and facilitated more precise utilisation and monitoring and control of credit risk across customer portfolios. A predictive dialing tool for payment reminders enabled proactive identification of customers requiring credit counseling and the provision of flexible solutions. This balanced customer financial needs with credit risk management. An authorisation monitoring model, implemented in collaboration with card associations, strengthened fraud prevention by detecting and rejecting suspicious credit card transactions.

The Group relocated its core data center to Tseung Kwan O, prioritising uptime, fault tolerance, and cost-effectiveness while adhering to internationally recognised green building certification standards. The revamp of the integrated core operating system platform was completed, and the call center platform upgrade is underway. These enhancements strengthen the Group's information technology infrastructure for future product launches and system upgrades.

To optimise resource allocation within its insurance intermediary business, AEON Insurance Brokers (HK) Limited ("AIB") ceased operations and sought revocation of its insurance brokerage license with the Insurance Authority. The Group's personal and corporate insurance business in Hong Kong will continue under the Company's insurance agency licence.

As for the Mainland China business, the Company injected RMB50 million into AEON Micro Finance (Shenzhen) Co., Ltd. ("AMF(SZ)") to support growth in the personal loan business. AMF(SZ) experienced positive sales growth throughout the Reporting Year, while the Company's growth is supported by AEON Information Service (Shenzhen) Co., Ltd. ("AIS")'s telemarketing and business outsourcing services for personal loans and cash advances.

Financial Review

For FY2024/25, the audited profit before tax was HK$476.8 million, an increase of HK$4.3 million compared with FY2023/24. After deducting income tax expense of HK$76.3 million, the Group recorded an increase in profit of 2.1%, with profit after tax increasing from HK$392.3 million in FY2023/24 to HK$400.5 million in FY2024/25. Earnings per share increased from 93.67 HK cents to 95.63 HK cents for the Reporting Year.

Return on assets was 5.1% in FY2024/25 compared with 5.2% in FY2023/24, while return on equity was 9.4% in FY2024/25 compared with 9.6% as in FY2023/24.

The net debt to equity ratio maintained at 0.7 as at 28th February 2025 and 29th February 2024, while the total equity to total assets ratio was 54.0% and 53.8% as at 28th February 2025 and 29th February 2024, respectively.

Net asset value per share (after final dividend) as at 28th February 2025 and 29th February 2024 was HK$9.9 and HK$9.5, respectively.

Analysis of Consolidated Statement of Profit or Loss

Revenue

Revenue for the Reporting Year was HK$1,759.3 million, an increase of 8.4%, or HK$136.0 million, from HK$1,623.3 million for the Previous Year.

Net Interest Income

Despite slower-than-anticipated recovery in consumer spending, strategic marketing programmes effectively stimulated card spending amidst evolving consumer behavior. This resulted in steady growth in credit card and personal loan receivables, with gross advances and receivables as at 28th February 2025 recording an increase of HK$368.5 million from the end of the Previous Year. Coupled with progressive interest rate increases for loan products under the risk-based pricing mechanism, interest income grew by 8.0%, or HK$110.0 million, from HK$1,367.4 million in FY2023/24 to HK$1,477.4 million in FY2024/25.

Interest expense increased by HK$21.3 million from HK$108.5 million in FY2023/24 to HK$129.8 million in FY2024/25 due to increased bank borrowings to finance higher receivable balances and higher interest rates on refinanced borrowings. The Group's diversified borrowing portfolio with a mix of rates and maturities, which enabled it to maintain the average cost of funds at around 4.1% throughout FY2024/25.

Consequently, the Group's net interest income for FY2024/25 was HK$1,347.6 million, representing an increase of 7.0%, or HK$88.7 million, compared with HK$1,258.9 million in FY2023/24.

Operating Income

While credit card purchase volume increased, higher commission income was offset by increased operating costs for promotional point rewards and campaigns, leading to a HK$2.3 million decrease in fees and commissions from the credit card issuing business to HK$55.9 million for the Reporting Year. Fees and commissions from the credit card acquiring business increased by HK$10.9 million to HK$55.7 million during the Reporting Year due to growth in both the number of card acquiring merchants and transaction volume. New insurance products launched through diversified distribution channels contributed to a HK$4.8 million increase in fees and commissions from the insurance intermediary business during the Reporting Year. Overall, fees and commissions increased by HK$13.4 million, from HK$129.2 million in the Previous Year to HK$142.6 million in the Reporting Year.

Increased demand for card cash advances, mark-up charges on foreign currency card purchases, and a higher proportion of customers making minimum payments contributed to a HK$12.6 million increase in handling and late charges, from HK$126.8 million in the Previous Year to HK$139.4 million in the Reporting Year.

In terms of other income, the Group received marketing support fund income of HK$16.5 million from card associations and insurance partners during the Reporting Year, compared with HK$11.1 million in the Previous Year. As a result, other income for the Reporting Year increased by HK$4.6 million to HK$19.8 million compared with the Previous Year.

Following the completion of core system and the Mobile App projects in FY2023/24, a loss on disposal of property, plant and equipment of HK$9.4 million was recognised, resulting in a loss of HK$9.1 million in other gains and losses in the Previous Year.

The Group's total operating income for FY2024/25 reached HK$1,649.3 million, representing an increase of 8.4%, or HK$128.4 million, from HK$1,521.0 million in FY2023/24.

Operating Expenses

During the Reporting Year, the Group implemented marketing and promotional activities through a strategic combination of traditional and digital marketing channels, which were precisely targeted to the intended customer segments. This approach effectively managed marketing and advertising expenses, resulting in a decrease of HK$9.0 million from HK$115.1 million in FY2023/24 to HK$106.2 million in the Reporting Year. With the launch of new operating systems and upgraded network facilities, depreciation of property, plant and equipment, and amortisation of intangible assets increased by HK$ 5.3 million from HK$43.0 million in FY2023/24 to HK$48.3 million in the Reporting Year. In order to drive business growth in the sluggish economic environment, additional manpower was deployed to enhance product development and branch operations, resulting in an increase in staff costs of HK$23.3 million compared with the Previous Year. In addition, general administrative expenses increased by HK$29.7 million compared with the Previous Year due to the increase in card sales and the corresponding increase in card association fees.

Cost-To-Income Ratio

Although total operating expenses increased by 7.7%, or HK$55.1 million, from HK$713.0 million in the Previous Year to HK$768.1 million in the Reporting Year, the cost-to-income ratio decreased slightly from 46.9% in the Previous Year to 46.6% in the Reporting Year due to the increase in operating income.

On an operating level, before impairment losses and impairment allowances, the Group recorded an operating profit of HK$881.2 million for the Reporting Year, representing an increase of 9.1%, or HK$73.3 million, from HK$807.9 million for the Previous Year.

Impairment Losses and Impairment Allowances

Although the unemployment rate remained relatively stable during the Reporting Year, the shift in consumer spending behavior across the border resulting in depressed local retail markets and the continued high interest rate environment, combined with a marked decline in transaction values in the capital and real estate markets, increase in corporate insolvencies and ongoing geopolitical conflicts, resulted in an increase in credit defaults and weakened economic indicators. Nevertheless, the Group continued its efforts to refine its credit assessment model to control the proportion of advances and receivables with higher credit risk, and utilised effective credit risk management and debt relief arrangements to relieve the temporary financial burden of overdue customers to reduce the likelihood of credit impairment. Despite the continued increase in gross advances and receivables and high number of personal bankruptcy cases in Hong Kong, the Group was able to stabilise the impairment losses and impairment allowances in the fourth quarter, resulting in a controllable increase of HK$72.3 million from HK$374.0 million in the Previous Year to HK$446.3 million in the Reporting Year.

Gain on Disposal of Distressed Assets

In order to devote more resources to the timely collection of receivables with higher credit risk, the Group continued to dispose of its written-off receivables during the Reporting Year and recorded a gain on disposal of HK$14.6 million, as compared with the gain on disposal of non-performing and written-off receivables of HK$12.1 million in the Previous Year.

Analysis of Consolidated Statement of Financial Position

The Group's total equity as at 28th February 2025 was HK$4,251.2 million, representing an increase of 4.5%, or HK$183.2 million, compared with the balance of HK$4,068.0 million as at 29th February 2024.

Total assets as at 28th February 2025 were HK$7,868.3 million, compared with total assets of HK$7,561.2 million as at 29th February 2024.

Property, Plant and Equipment and Intangible Assets/Right-of-Use Assets

During the Reporting Year, the Group spent approximately HK$47.0 million on computer equipment and intangible assets, HK$3.3 million on leasehold improvements and HK$4.0 million on furniture and fixtures. As for right-of-use assets, the Group recorded an increase of HK$49.8 million as a lessee during the Reporting Year.

Goodwill

Goodwill of HK$15.8 million represented the excess of the consideration paid for the acquisition of AIS over the amount of assets acquired and liabilities assumed. As at 28th February 2025, the management considered that no impairment charge of the goodwill was required as AIS generated positive cash flow during the Reporting Year as originally estimated.

Advances and Receivables

With the launch of successful marketing and advertising activities and the expansion of the service network to stimulate sales during the Reporting Year, cash advances and personal loans sales recorded an increase of 1.1% while credit purchase sales recorded an increase of 13.8%, compared with the Previous Year. Personal loan receivables increased from HK$1,574.0 million as at 29th February 2024 to HK$1,631.8 million as at 28th February 2025, while credit card receivables increased from HK$5,188.5 million as at 29th February 2024 to HK$5,481.5 million as at 28th February 2025.

Gross advances and receivables increased by 5.3%, or HK$368.5 million, to HK$7,329.4 million as at 28th February 2025 from HK$6,960.9 million as at 29th February 2024. Gross advances and receivables exposed to higher credit risk or otherwise credit impaired amounted to HK$310.7 million and HK$278.2 million as at 28th February 2025 and 29th February 2024, respectively. Impairment allowances stood at HK$264.9 million as at 28th February 2025, representing 3.6% of gross advances and receivables, compared with HK$247.1 million as at 29th February 2024, representing 3.5% of gross advances and receivables.

Bank Borrowings and Borrowings from immediate holding company

As a result of the increase in the gross advances and receivables balance, the Group raised additional bank borrowings and borrowings from the immediate holding company during the Reporting Year, with a balance of HK$3,154.8 million as at 28th February 2025, compared with HK$2,978.3 million as at 29th February 2024. Of the borrowings as at 28th February 2025, 60.7% will mature within one year, 15.5% between one and two years and 23.8% between two and five years. Of the borrowings that will mature over one year, 30.7% had fixed interest rates and 69.3% was hedged against interest rate and/or currency exchange rate fluctuations by means of swap instruments.

The average duration of borrowings as at 28th February 2025 was 1.0 years, compared with 1.4 years as at 29th February 2024.

Segment Information

The Group operates across three primary segments: credit cards, personal loans, and insurance intermediary services. For the year ended 28th February 2025, 78.3% of the Group's revenue was derived from credit card operations, compared with 79.1% in the Previous Year, while personal loan operations accounted for 19.9% of the Group's revenue, compared with 19.3% in the Previous Year. In terms of segment results, credit card operations accounted for 95.2% of the Group's consolidated results, compared with 88.9% in the Previous Year, while personal loan operations accounted for 1.7%, compared with 8.6% in the Previous Year.

For the credit card business, targeted marketing and campaigns and successful promotional programmes for overseas spending and dining drove continued growth in credit card sales and revolving balances during the Reporting Year. As a result, credit card revenue increased by 7.3%, or HK$94.0 million, to HK$1,377.8 million from HK$1,283.8 million in the Previous Year. This revenue growth offset rising borrowing costs and increased impairment charges, resulting in an increase in the segment result for the Reporting Year of HK$35.7 million, or 8.5%, to HK$456.7 million from HK$421.0 million in the Previous Year.

Personalised marketing on social media, branch network expansion, and instant loan promotions fueled growth in personal loan receivables. Revenue from personal loan operations increased by 11.8%, or HK$37.1 million, from HK$313.3 million in the Previous Year to HK$350.4 million in the Reporting Year. However, persistently high funding costs and increased impairment charges during the Reporting Year, the segment result of the personal loan business decreased by HK$32.9 million to HK$8.1 million from HK$40.9 million in the Previous Year.

The insurance intermediary business demonstrated renewed growth following changes in its business model and product offerings during the Reporting Year, with segment revenue and result amounting to HK$31.1 million and HK$14.9 million, respectively, for the Reporting Year, compared to HK$26.3 million and HK$11.6 million, respectively, for the Previous Year.

Geographically, improving economic conditions, government stimulus measures, and effective marketing promotions contributed to continued growth in both credit card and personal loan sales in Hong Kong. Revenue from Hong Kong operations achieving an increase of 7.4%, or HK$118.6 million, from HK$1,596.2 million in the Previous Year to HK$1,714.8 million in the Reporting Year, driven by higher revolving receivable balances. This offset increased borrowing costs and impairment charges, and the segment result of the Hong Kong operation recorded an increase of 0.8%, or HK$3.7 million, from HK$468.4 million in the Previous Year to HK$472.1 million in the Reporting Year.

As for the Mainland China operation, the Group focused on enhancing the performance and corporate governance of its microfinance subsidiary in Shenzhen. Revenue recorded an overall increase of HK$17.4 million, from HK$27.1 million in the Previous Year to HK$44.5 million in the Reporting Year. The segment result increased to HK$7.5 million in the Reporting Year from HK$5.0 million in the Previous Year.

Funding and Capital Management

The Group primarily utilises internally generated capital and direct borrowings for funding. As at 28th February 2025, 57.4% of its funding was derived from total equity, 12.2% from the immediate holding company and 30.4% from direct borrowings from financial institutions. The Group maintains sufficient working capital, including loan facilities available to it, to meet its current operational requirements.

With principal operations transacted and recorded in HKD, the Group's core assets are not materially exposed to exchange rate fluctuations. During the Reporting Year, derivative financial instruments are primarily used to hedge interest rate and exchange rate risks associated with bank borrowings. As at 28th February 2025, capital commitments primarily related to the purchase of property, plant and equipment.

Prospects

Looking ahead to 2025, the global economy is expected to maintain moderate growth, although the recovery may be uneven due to risks from escalating trade protectionism and geopolitical tensions. Despite this uncertain external environment, Mainland China's commitment to stronger policy support, including monetary easing and increased fiscal spending, is expected to bolster domestic demand and stabilise asset markets. Hong Kong's economy should benefit from these stimulus measures, anticipated further reductions in global interest rates, and the continued recovery in inbound tourism. These factors, combined with a supportive policy environment and improved market confidence, are expected to further stabilise Hong Kong's property market and fuel economic growth. Government initiatives to attract capital and talent may further boost consumer spending.

Anticipating a continued gradual recovery in the domestic consumer market, the Group will prioritise sales and receivables growth through overseas and online spending. Credit assessment and monitoring methods will be refined to maintain a sustainable asset quality portfolio and expedite decision making. Marketing efforts will leverage mass promotions and targeted broadcast channels to enhance market penetration and expand market share, particularly among younger demographics, utilising gamification and incentive programmes to stimulate spending. New mobile payment products and a self-service branch concept will further enhance the customer experience and maintain the Group's competitive edge.

The Group has been dedicated to innovation and technology, always providing customers with unparalleled user experience. In coming year, the Group plans to develop and implement a new all-in-one bonus point platform to streamline bonus point management process. The new bonus point platform allows customers to manage and accumulate bonus points earned from AEON Cards and other participating merchants seamlessly in one single platform to ensure ease of use. Under a common user interface accessible from the "AEON HK" Mobile App and mobile apps of participating merchants, customers can connect their bonus point accounts and track detailed bonus point transaction history from each merchant for easy management.

As a responsible consumer finance service provider in Hong Kong, the Group embraces sustainability and recognises the importance of strong ESG performance for long-term business development. The Group remains committed to integrating sustainability into its operations and will continue to promote sustainable and digitalised products and services, including upcoming loan products designed to support customers' transition to a low-carbon lifestyle. New features within the Mobile App supporting AEON Stores' digital gift certificates and conditional e-coupons will enhance customer convenience while reducing paper consumption. Recognising the importance of human capital, the Group will invest in employee development and training to strengthen succession planning. The Group will also enhance its overall ESG initiatives and disclosures and refine business practices to deliver sustainable value to all stakeholders and fulfill its corporate social responsibility.

With the increasing adoption of contactless mobile payments in Hong Kong, the Group will further invest in developing virtual card functionalities. The Mobile App, enhanced with advanced credit assessment and drawdown capabilities, is expected to become the primary channel for new customer acquisition for credit card and personal loan services. Ongoing updates to the Mobile App will prioritise enhanced cybersecurity and fraud prevention measures to improve the online customer experience.

The Group will continue to enhance the operating models of its acquiring and insurance intermediary businesses. For acquiring, the focus will be on strengthening cooperation with payment gateways to expand payment services and the merchant network. The insurance intermediary business will enhance its customer-centric approach by expanding its range of insurance products.

For the Mainland China operation, the Group will focus on continued business growth and strengthening its microfinance and business process center subsidiaries in Shenzhen. Leveraging the significant potential of the Greater Bay Area, the Group aims to expand its customer base, supported by enhanced corporate governance, improved management oversight, strengthened sustainability practices, and increased shareholder value.

The Group is pleased to celebrate AEON Credit Service's 35th anniversary of serving the Hong Kong market. Guided by the AEON Vision Statement and the Three Principles of the AEON Group, namely "moving forward hand in hand", "transcending the boundaries between groups and companies", and "building multifaceted connections and creating a future full of smiles together", the Group remains committed to providing exceptional, customer-centric credit card services and expanding its customer base through innovative and customised products. The Group's strong liquidity and robust balance sheet position it well to capitalise on growth opportunities in the consumer finance market.

HUMAN RESOURCES

The Group's total number of staff at 28th February 2025 and 29th February 2024 was 596 (Hong Kong: 380; PRC:216) and 567 (Hong Kong: 383; PRC:184), respectively. Apart from different fringe benefits such as group medical and life insurance and provident funds, employees are remunerated according to their job nature and market trends, with annual salary increments and discretionary bonuses to reward and motivate individual employees based on their individual performance and the group's financial performance. The Group also provides a variety of different in-house training programmes and external training sponsorships for its employees. Our training scope is not limited to Group's values and vision but also the selected topics on compliance including information and data security, anti-money laundering. We promote the winning company culture that the team can find a good balance of creativity and collaboration. To enhance the working harmony, we also emphasize the diversity, equity, inclusive in workplace and zero harassment acceptance.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance to balance the interests of shareholders, customers, employees and other stakeholders. The Company has continued to comply with the code provisions of the Corporate Governance Code as applicable to the Company throughout the year ended 28th February 2025 and set out then in Appendix C1 to the Listing Rules, with the exceptions of code provision B.2.2 which is explained below.

Code provision B.2.2 provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company's Directors are not subject to retirement by rotation. However, all Directors, including the executive, non-executive and independent non-executive, are subject to retirement at each annual general meeting of the Company in accordance with the articles of association of the Company.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code for securities transactions by Directors pursuant to its own Securities Dealing Code. Having made specific enquiries of all Directors, they confirmed that they have complied with the required standard set out in the Model Code and the Company's own Securities Dealing Code throughout the year under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, there was no purchase, sale or redemption by the Company or its subsidiaries of the Company's listed securities.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed the annual results.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 28th February 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 3rd April 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2024/25 annual report of the Group, containing the relevant information required by the Listing Rules, will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Wei Aiguo (Managing Director), Mr. Lai Yuk Kwong (Deputy Managing Director) and Ms. Wan Yuk Fong as Executive Directors; Mr. Kenji Fujita (Chairman) and Ms. Jin Huashu as Non-executive Directors; and Mr. Lee Ching Ming Adrian, Ms. Shing Mo Han Yvonne, Ms. Junko Dochi and Mr. Choi Ping Chung as Independent Non-executive Directors.

By order of the Board
Wei Aiguo
Managing Director

Hong Kong, 3rd April 2025