35th ANNIVERSARY

AEON CREDIT SERVICE (ASIA) COMPANY LIMITED

AEON信貸財務(亞洲)有限公司

(Incorporated in Hong Kong with limited liability) Stock Code: 900

2024/25 ANNUAL REPORT

Planting Seeds of Growth
We are ÆON

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Wei Aiguo *(Managing Director)*
Lai Yuk Kwong *(Deputy Managing Director)*
Wan Yuk Fong

Non-executive Directors

Kenji Fujita *(Chairman)*
Jin Huashu

Independent Non-executive Directors

Lee Ching Ming Adrian
Shing Mo Han Yvonne
Junko Dochi
Choi Ping Chung

COMPANY SECRETARY

Hung Tun Shun Jason

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

MAJOR BANKERS

Mizuho Bank, Ltd.
Hong Kong Branch
MUFG Bank, Ltd.
Hong Kong Branch
Sumitomo Mitsui Banking Corporation
Hong Kong Branch

REGISTERED OFFICE

20/F, Mira Place Tower A
132 Nathan Road
Tsimshatsui
Kowloon
Hong Kong

STOCK CODE

900

INTERNET ADDRESS

Website address: http://www.aeon.com.hk
E-mail address: info@aeon.com.hk

INVESTORS RELATIONS

investors@aeon.com.hk

Shareholders' Calendar

26th September 2024	Announcement of interim results for the six months ended 31st August 2024
25th October 2024	Despatch of interim report for the six months ended 31st August 2024
15th – 16th October 2024	Book closing dates for interim dividend
31st October 2024	Payment of interim dividend of 24.0 HK cents per share
3rd April 2025	Announcement of final results for the year ended 28th February 2025
22nd May 2025	Despatch of annual report for the year ended 28th February 2025
23rd – 26th June 2025	Book closing dates for 2025 AGM
26th June 2025	2025 AGM
9th – 10th July 2025	Book closing dates for final dividend
31st July 2025	Payment of final dividend of 25.0 HK cents per share (subject to shareholders' approval at the 2025 AGM)

Key Highlights

FINANCIAL HIGHLIGHTS

Final Dividend
25.0
HK cents per share

Dividend Payout Ratio
51.2%

Revenue HK$1,759.3 million
8.4% ↑

Cost-to-Income Ratio
46.6%
vs 46.9% in FY23/24

Operating Profit* HK$881.2 million
9.1% ↑

* Operating Profit before impairment losses and allowances

Profit after tax HK$400.5 million
2.1% ↑

Sales HK$14.6 billion
10.5% ↑

Gross Advances and Receivables
at 28.2.2025 HK$7,329.4 million
5.3% ↑
vs 29.2.2024

SEGMENT PERFORMANCE HIGHLIGHTS

1 Credit Cards

Revenue
HK$1,377.8 million
7.3% ↑

- Successful targeted marketing
- Well-received promotional programs for overseas spending and dining out

2 Personal Loans

Revenue
HK$350.4 million
11.8% ↑

- Expansion of branch network
- Personalized marketing activities on social media
- Promotion of instant loans

3 Insurance Intermediary Business

Revenue
HK$31.1 million
18.5% ↑

- Change in business model and product offerings

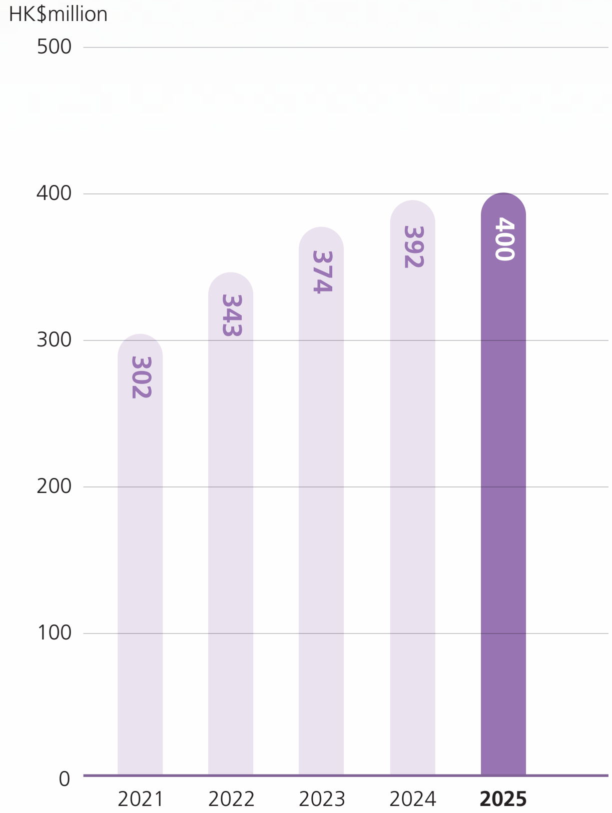
GROWTH STRATEGY

- Revamp the Customer Journey
- Precise Credit Assessment
- Strengthen Foundation for Business Growth in Greater Bay Area
- Expand Cross-selling Development in Peripheral Businesses
- Accelerate Back-office Digitalization
- Development of the AEON Ecosystem

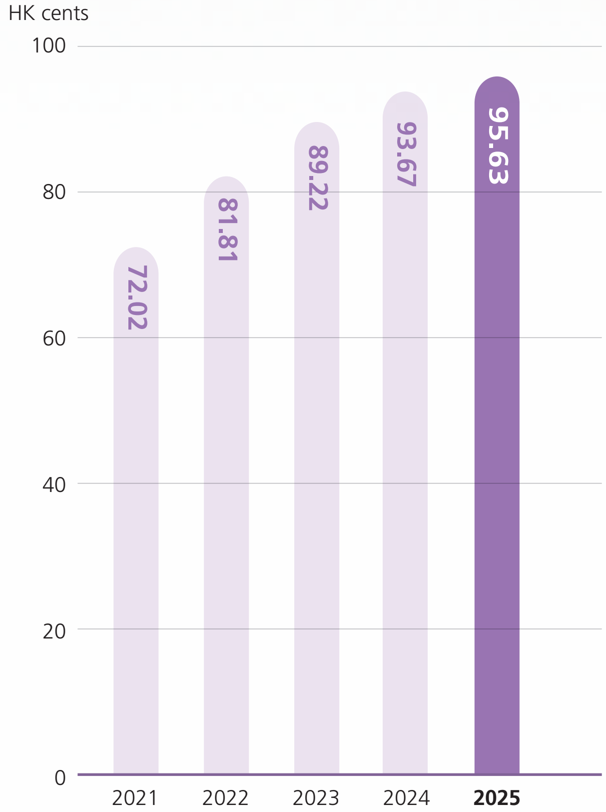
Five Years Financial Summary

CONSOLIDATED RESULTS

Profit (note 1)



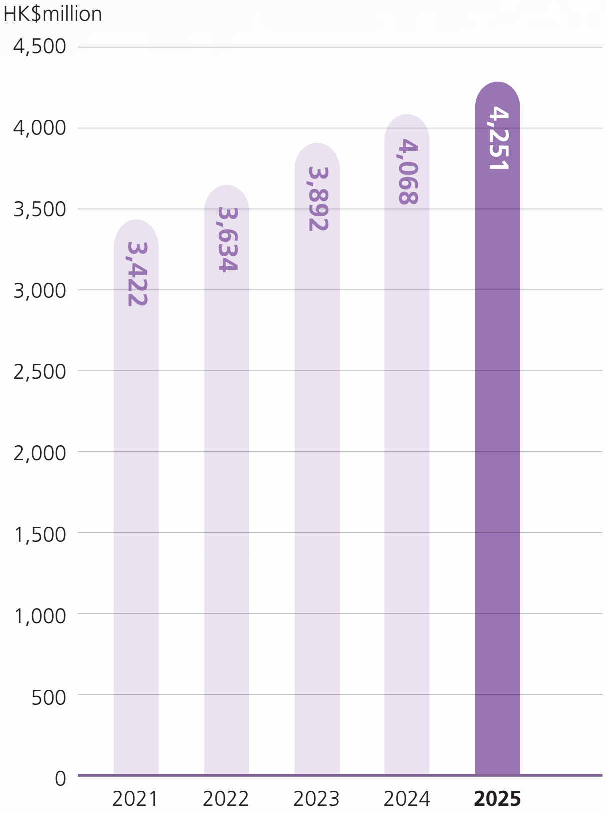
Earnings per share (note 2)



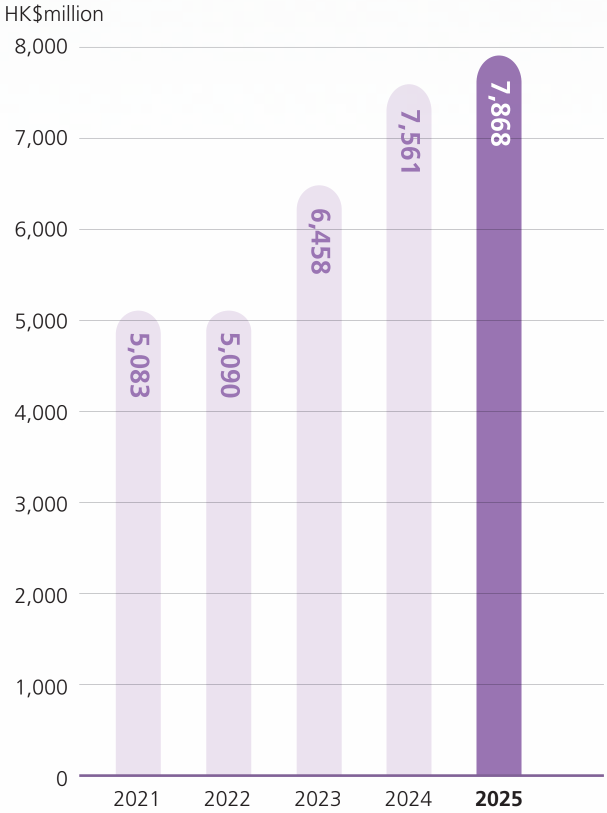
	2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*	2024 *HK$'000*	**2025** ***HK$'000***
Revenue	1,089,858	1,049,589	1,231,631	1,623,321	**1,759,316**
Profit before tax	357,946	397,973	449,294	472,528	**476,816**
Income tax expense	(56,371)	(55,381)	(75,683)	(80,258)	**(76,338)**
Profit for the year	301,575	342,592	373,611	392,270	**400,478**
Earnings per share	72.02 HK cents	81.81 HK cents	89.22 HK cents	93.67 HK cents	**95.63 HK cents**
Dividend per share	40.00 HK cents	44.00 HK cents	44.00 HK cents	48.00 HK cents	**49.00 HK cents**

CONSOLIDATED ASSETS AND LIABILITIES

Total equity (note 3)



Total assets (note 4)



	At				
	28.2.2021 *HK$'000*	28.2.2022 *HK$'000*	28.2.2023 *HK$'000*	29.2.2024 *HK$'000*	**28.2.2025** ***HK$'000***
Total assets	5,083,366	5,089,556	6,457,680	7,561,232	**7,868,329**
Total liabilities	(1,661,336)	(1,456,014)	(2,565,220)	(3,493,239)	**(3,617,168)**
Total equity	3,422,030	3,633,542	3,892,460	4,067,993	**4,251,161**

Notes:

1. Represents the consolidated profit for the financial years ended 28th February 2021, 28th February 2022, 28th February 2023, 29th February 2024 and 28th February 2025.

2. Represents the consolidated earnings per share for the financial years ended 28th February 2021, 28th February 2022, 28th February 2023, 29th February 2024 and 28th February 2025.

3. Represents the consolidated total equity at 28th February 2021, 2022, 2023, 29th February 2024 and 28th February 2025.

4. Represents the consolidated total assets at 28th February 2021, 2022, 2023, 29th February 2024 and 28th February 2025.

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, 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 AMF(SZ) to support growth in the personal loan business. AMF(SZ) experienced positive sales growth throughout the Reporting Year, supported by AIS's telemarketing and business outsourcing services for personal loans and cash advances.

DIVIDEND

The Group maintains a stable dividend policy, targeting an annual dividend payout ratio of not less than 30.0% of consolidated net profit for the financial year. Dividend proposals take into account financial performance, shareholder interests, payout history, the general business environment, and cash flow requirements.

The Board recommends a final dividend of 25.0 HK cents per share, resulting in a total dividend for FY2024/25 to 49.0 HK cents per share, representing a dividend payout ratio of 51.2%.

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$5,188.5million 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.

INFORMATION TECHNOLOGY DEVELOPMENT

In FY2024/25, the Group successfully upgraded its core system infrastructure, replacing aging hardware and redesigning the system architecture for enhanced reliability. The relocation of the data center to the Data Technology Hub in Tseung Kwan O InnoPark will further improve system scalability and environmental sustainability.

In FY2025/26, the Group will prioritise strengthening data loss prevention capabilities by leveraging artificial intelligence to analyse data, identify unusual patterns and potential threats, and enable prompt responses to potential security breaches.

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. Hybrid learning mode is continue as our key initiative. We encourage our employees to take training anytime and anywhere. To further improve our employees' skill sets and expertise, we set up learning regime with staff recognition and face to face leadership training program for talents cultivation.

To further enrich the employees' well-being, engagement and productivity, we planned and organized continuous employee engagement activities, such as monthly team lunch, annual dinner, monthly birthday party, Friday drinks sessions, BBQ event, financial planning talk and wellness talks etc. to employees to promote work-life-balance. 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.

CREDIT BUSINESS MODEL AND KEY INTERNAL CONTROLS

The Group strives for customer service excellence, aligning with its mission of "To bring finance closer to everyone", whilst maintaining sustainable profitability and asset growth through a flexible business model and strategy, a prudent risk and capital management framework, and robust internal controls.

The Company addresses the diverse and evolving credit needs of its existing and potential customers by providing personal loans and credit cards exclusively to individuals in Hong Kong.

The Group's strategy centers on attracting new customers primarily through its credit card business and subsequently cross-selling other consumer finance products and services. The Group leverages its strong merchant networks and online acquisition channel for customer recruitment and cross-selling opportunities, particularly for fee and commission-based income through card acquiring and insurance agency services.

In Hong Kong, the Company operates its personal loan business as a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), while its credit cards are issued under the licenses granted by the relevant international card associations.

The Company offers personal loan products with fixed, larger loan amounts and longer repayment terms to address specific customer cash flow needs. Credit card products provide revolving credit facilities for smaller retail transactions and short-term cash requirements. Both personal loans and credit card are offered on an unsecured basis, requiring no guarantees or collateral. The Company primarily competes with other licensed money lenders, authorised banking institutions, and non-bank credit card issuers.

As a licensed money lender, the Company offers streamlined and expedited loan approval processes, providing flexible and tailored solutions to meet individual customer circumstances. Personal loan products are offered as installment loans, generating interest income throughout the loan term. For FY2023/24 and FY2024/25, loan amounts extended generally ranged from HK$5,000 to either 12 times the applicant's monthly salary or HK$1,000,000 (whichever is lower). Interest rates for such loan ranged from 2.3% to 47.8%, determined in most instances by factors such as the loan type, applicant credit score, and identified credit risks, as detailed in the "Credit Assessment" section below. Generally, excluding specific circumstances, (i) interest rates range from 2.0% to less than 23.0% for applicants with credit scores assigned by credit rating agency in the range of AA to CC, 24.0% to 30.0% for DD to GG, and 31.0% or above for HH to II and applicants undergoing debt rescheduling; and (ii) tenors are up to 36 months for tax loans, up to 60 months for a large majority of personal loans, and up to 10 years for debt rescheduling loans.

For its card issuing business, the Company issues cards with approved credit limits, and cardholders may incur an annual fee. The Company earns interchange fees from card associations for 'off-us' transactions (i.e., transactions made through a card association's network) and commissions from merchants for 'on-us' transactions (i.e., transactions made only through the Company's own network but not through a card association's network) and card installment plans. Cardholders benefit from an interest-free period of up to approximately 52 days, with interest charged on the outstanding balances after the statement date and on new transactions (i.e., posted on the 2nd, 12th and 22nd of each month). For credit purchase card installment plans, cardholders can choose to repay transactions in installments with tenor up to 24 months and associated monthly handling charges. Cash advances incur a one-time handling fee and interest accrues on the outstanding balances from the drawdown date. Each credit card account is subject to a minimum monthly payment, and late payment fees apply. For FY2023/24 and FY2024/25, the Company provided credit limits under credit card facilities ranging from HK$5,000 to HK$590,000, with effective interest rates up to 35.9% (with reference to the nature of the credit card transactions).

During FY2023/24 and FY2024/25, all the customers of the Group's credit financing business resided in either Hong Kong or Mainland China.

Customer Acquisition

The Company acquires personal loan customers through online and media advertising, telemarketing and its extensive branch network. This approach results in a diversified customer base with low customer concentration (e.g., less than 1% based on the aggregate outstanding balances of the top five customers in terms of the total outstanding balance of the entire personal loan portfolio as at 28th February 2025), primarily comprising individuals with stable incomes. Credit card customer acquisition utilises similar channels, supplemented by merchant referrals and roadshows. Strategic promotional activities with co-branded partners foster brand loyalty and maintain a steady stream of credit card customers, predominantly housewives and working women who are frequent retailers within the Group's network. To expand its reach to younger demographics and male customers, the Company launched the Wakuwaku Card, targeting the 20 to 30 age group, who are often digitally savvy and responsive to spending rewards and incentives. With approximately 45.6% of the Company's customers currently aged 40 to 60, this diversification strategy mitigates potential impacts from structural economic shifts and evolving spending patterns. The Company continues to enhance its Mobile App and Netmember functionalities, including virtual card issuance, to provide more convenient, efficient, and premium customer experiences.

The cardholder base provides a key source for cross-selling personal loans and other financial services. To further leverage these synergies, the Company maintains 'card-binding' offers with major payment solution providers.

Credit Assessment

For personal loan credit assessment, the Company's credit control department, supported by the Group's outsourced business process center, conducts thorough background checks, considering factors such as occupation, income, age, credit status, internal credit history and external credit ratings from credit reference agencies. A proprietary credit assessment model is used for approvals and interest rate determination. Approvals for loans below HK$400,000 are reviewed by credit officers and approved by credit managers, while those exceeding HK$400,000 require senior management approval. Due to the complexity of personal loan approvals, this process is not yet fully automated. Personal loan refinancing is treated as a new application, requiring updated income documentation and contact information.

Credit card assessments utilise similar criteria, with approved credit limits generally lower than average personal loan amounts. Interest rates for cash advances and credit purchases after the interest-free period are fixed for all cardholders for each type of card. Credit lines up to HK$100,000 are automatically determined by the outsourced business process center's automated judgment system (with credit approval criteria pre-set in the system). Lines between HK$100,000 and HK$400,000 are approved by credit officers and credit managers, while those above HK$400,000 require senior management approval. Interest rates (not applicable to interest-free installment plans) and loan durations for credit purchase or cash advance installment plans are fixed for each card type. Credit limits are reviewed quarterly, considering repayment history and updated credit reference agency reports.

To enhance the reliability of its credit assessment models, the Company utilises advanced reports and credit scores from subscribed credit reference agencies to improve default prediction accuracy.

To prevent misuse of its products and services from money laundering and terrorism financing, the Company conducts rigorous customer due diligence, including AML and CTF checks. A real-time credit card fraud alert system monitors authorisation data to detect and prevent fraudulent transactions, minimising potential losses.

Credit Management

The Company provides multiple convenient payment channels for customers, including convenience store networks, phone banking, internet banking and JETCO ATMs in Hong Kong. Credit management utilises the Shenzhen-based outsourced business process center for reminder calls, while the Hong Kong debt servicing team and external agencies manage reminder letters, legal demand letters, and field visits. Reminder calls are initiated for contactable accounts within 30 days overdue. For unreachable customers or those over 30 days overdue, further actions, including, legal demand letters, field visits, or referral to external collection agencies, are initiated. For customers experiencing financial difficulties, the Company may offer debt rescheduling with extended repayment periods and reduced monthly repayment amounts or a debt haircut arrangement for full settlement of the outstanding balance, depending on individual circumstances.

The credit control department regularly reviews and updates its credit assessment guidelines. Monthly portfolio management meetings ensure alignment between departments responsible for sales and marketing, credit assessment and debt servicing to optimise the balance between revenue and credit costs. The Company convenes monthly Risk Management Committee meetings to review key risk indicators and mitigate credit business risks. Monthly business review meetings report key performance indicators to senior management.

Money Lending Business in Mainland China

In Mainland China, AMF (SZ), a microfinance subsidiary in Shenzhen, provides loans to the individuals residing in Shenzhen under a microfinance license granted by the Shenzhen Local Financial Supervision and Administration Bureau. The microfinance subsidiary offers installment loans, generating interest income throughout the loan term. Loan amounts mainly ranging from RMB3,500 to RMB500,000 for FY2023/24 and from RMB3,500 to RMB500,000 for FY2024/25. Interest rates ranged from 6.7% to 34.9% for FY2023/24 and from 8.0% to 36.0% for FY2024/25, determined by factors such as loan purpose, applicant credit score, loan amount and tenor (generally from six months to three years for FY2023/24 and from one month to three years for FY2024/25).

Credit assessment, credit monitoring, risk management and internal control processes at AMF(SZ) are broadly in line with those employed for the personal loan business in Hong Kong.

MANAGEMENT OF RISKS

Market Risk

The Group's activities expose it primarily to financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risks, including:

- currency swaps that convert the foreign currency debts to the functional currency of the relevant group entity; and
- interest rate swaps and interest rate caps to mitigate the cash flow interest rate risk.

The use of financial derivatives is governed by the Group's policies approved by the Board, which provide written principles on foreign exchange risk, interest rate risk, and the use of derivative financial instruments. There has been no change to the Group's exposure to market risks or in the way in which risk is managed and measured. The Group does not enter into or trade derivative financial instruments for speculative purposes.

Foreign Currency Risk

Certain bank balances and bank borrowings of the Group are denominated in foreign currencies, which expose the Group to foreign currency risk as a result of a change in foreign currency exchange rates.

In order to mitigate the foreign currency risk, the Group has been using cross-currency swaps which are designed to convert the foreign currency debts to the functional currency of the relevant group entity. The critical terms of these currency swaps are structured to factor in and reflect those of hedged borrowings in order to ensure that the net foreign currency risk after taking derivative financial instruments into consideration is not material to the Group.

Interest Rate Risk

The Group's exposure to fair value interest rate risk relates primarily to fixed-rate loans and borrowings, including variable/floating rate borrowings that change from variable rate to fixed rate under hedge accounting. All interest-bearing financial assets are exposed to fair value interest rate risk only.

The Group's cash flow interest rate risk relates primarily to financial liabilities with floating rates, except for those that change from variable rate to fixed rate under hedge accounting.

The Group monitors the interest rate risk exposure through assessing the interest rate gap of its interest-bearing financial assets and financial liabilities. To mitigate interest rate gap on cash flows, the Group has been using interest rate swaps to convert its variable rate debts to fixed rates. The key terms of these interest rate swaps are structured to factor in and reflect those of hedged borrowings.

Equity Price Risk

The Group is exposed to equity price risk through its equity instruments at FVTOCI. The management will monitor the price movements and take appropriate actions when it is required.

Credit Risk

The Group's credit risk exposures are primarily attributable to advances and receivables (including unused credit limit granted to credit card customers), other debtors, amount due from an intermediate holding company, time deposits and bank balances.

In order to mitigate the credit risk, the Group has established policies and systems for the monitoring and control of credit risk. The management has delegated to different divisions and departments the responsibility to determine credit limits, credit approvals and other monitoring processes to ensure appropriate follow-up action is taken to recover overdue debts. The Board has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's asset portfolio. In this regard, management considers that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under Expected Credit Loss model.

The Group is potentially exposed to loss in an amount equal to the total unused credit card limit granted to credit card customers. The Group monitors the credit quality of its customers and has the contractual right to adjust or cancel the credit facilities granted, therefore management considers that the Group's credit risk is limited and controllable.

Other than concentration of credit risk on liquid funds and derivative financial instruments which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity Risk

The Group has an appropriate liquidity risk management framework in place for the management of short, medium and long-term funding and liquidity management requirements, which is reviewed regularly by the Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows as well as maintaining a conservative level of long-term funding to finance its short-term financial assets.

Capital Risk

It is the Group's policy to maintain a strong capital base to support the sustainable development of the Group's businesses. The Group relies principally on internally generated capital and external borrowings for the working capital. The funding position is regularly monitored and reviewed to ensure that it is within internally established limits and at reasonable costs.

Operational Risk

The Group's operational risk includes processing risk, system risk, human risk, tangible assets risk and reputational risk. Based on the Group's business nature, the main inherent operational risk is service suspension that can be caused by violation of laws, regulations, and information security including data leakage and cyber-attack risk. The Group has a very low risk tolerance towards these operational risks; thus, the Group's operational risk management framework provides a system of risk management and internal controls for the identification, assessment, mitigation, reporting and prevention of risks. The primary responsibility of each division head, department head and branch manager are to manage all risks, include but not limited to inherent risks, to the extent that they can be tolerated based on management's risk appetite.

The Group’s policy is to implement a Group-wide operational risk management framework. It provides a system of risk management and internal control for the timely identification, assessment, mitigation and prevention of risks. The primary responsibility of each division head, department head and branch manager is to manage inherent risks to an acceptable level. The Group’s risk appetite, which reflects the level of risk that it is prepared to accept in pursuit of its business objectives, is regularly reviewed. In addition, all business units have established procedures, key risk indicators and key performance indicators to ensure continuity of operations capability, high quality customer service and effective risk control through proactive management, operational excellence and alignment with best market practices. Management manages significant risks and ensures that risk mitigation efforts are prioritized and adequately controlled.

Cybersecurity Risk

Cyber security risk is the risk of loss resulting from a cyber-attack or information security breach in the Group. The Group has invested proper resources in manage cyber security risks, improve cyber resilience for critical business functions and operations, and ensure adequate cyber security awareness across the Group. The Group also periodically engages qualified professional assessors to conduct assessments and simulation attacks to assess the robustness of the Group’s cyber security controls.

Climate Risk

Climate risk is the risk of loss due to changes in climate or the Group’s adjustment to operate in a lower-carbon and more environmentally sustainable economy. The Group has incorporated climate-related risks into operational, regulatory, reputational and strategic risks. The Group has identified strong typhoons, power suspensions, fire hazards and pandemics as physical climate-related risk drivers. The Group combats physical climate-related risks by digitalization of the process in which financial services are delivered, for example, via the “AEON Netmember” and “AEON HK” mobile App. To ensure essential and critical business functions remain operational during and after an extreme event of a disaster, the Group also implemented Business Continuity Management System (“BCMS”) to prepare for the response and actions necessary when climate change poses challenges to operational continuity. For transitional climate-related risks, the Company’s Strategy Committee oversees medium and long-term strategy planning and development of the Group, taking into consideration of the risks faced by the Group, including climate risk.

Wei Aiguo
Managing Director
Hong Kong, 3rd April 2025

Board of Directors

Mr. Kenji Fujita, aged 55, was appointed as a Non-executive Director and the Chairman of the Board on 26th June 2024. He is currently a director of AFS, a listed public company in Japan; and a non-executive director of AEON Stores, a public company listed on the Stock Exchange (stock code: 984).

He joined JUSCO Co., Ltd. (now known as AEON Co., Ltd.), a listed public company in Japan, in April 1992. He was an executive director of AEON Stores from March 2010 to March 2011; a director of AFS (HK) from July 2012 to May 2013; a director of AEON Malaysia, a listed public company in Malaysia, in June 2013 (subsequently becoming its managing director from June 2014 to June 2019); the managing director of AEON Thana Sinsap (Thailand) PCL, a listed public company in Thailand, in June 2019; and the chairman of AEON Specialized Bank (Cambodia) PLC from December 2019. In May 2020, he was also appointed as a director of AEON Credit Service Co., Ltd. ("ACS"), a wholly-owned subsidiary of AFS with which ACS later merged (subsequently becoming its representative director and president in May 2022). From June 2022 to June 2024, he was a director of AEON Bank, Ltd. ("AEON Bank"). He has a total of more than 30 years of extensive experience in business administration and development in retail, financial services and related aspects. He graduated from Yamaguchi University in Japan with a Bachelor's degree in Humanities and holds a Master of Business Administration degree from the International University of Japan.

Mr. Wei Aiguo, aged 56, was appointed as an Executive Director on 23rd June 2022 and the Managing Director on 1 March 2024. He is also the managing director of AFS (HK), an immediate holding company of the Company, the chairman of AMF (SZ) and AIS, both of which are subsidiaries of the Company. He first joined the Company in January 2000, and rejoined AEON group in June 2006 as a general manager of AIS and AEON Credit Guarantee (China) Co., Ltd., a previous associate of the Company dissolved by means of members' voluntary liquidation. He subsequently became a Senior Manager of the Company with a focus on the Mainland China business in 2009. From October 2013 to May 2016, he was the managing director of AEON Micro Finance (Tianjin) Co., Ltd., a previous subsidiary of the Company dissolved by means of members' voluntary liquidation, before his later return to the Company to take charge of marketing, sales, branch management and operations. He graduated from the Ritsumeikan University in Kyoto, Japan, with a Bachelor of Arts degree in Economics.

Mr. Lai Yuk Kwong, aged 62, was appointed as an Executive Director and the Deputy Managing Director on 23rd June 2017. He is currently a director of AFS (HK), an immediate holding company of the Company. He was a member of the Board from June 1999 to June 2016 and the deputy managing director of AFS (HK) from July 2012 to June 2015. After he retired from the Board in June 2016, he served as an advisor of the Company. He joined the Company in July 1996. He holds a Professional Diploma in Accountancy from the Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England & Wales and the Association of Chartered Certified Accountants.

Ms. Wan Yuk Fong, aged 55, was appointed as an Executive Director on 26th June 2024. She oversees the work of the Marketing Division, the Operations Division and the Corporate Business Division of the Company. She has over 20 years of credit card marketing and product-related experience with banks and other financial institutions, before she joined the Company in August 2021 as an assistant general manager in charge of Marketing and Promotions Department of the Company. She graduated from The University of Sydney with a Bachelor of Arts degree in Economics.

Ms. Jin Huashu, aged 47, was appointed as a Non-executive Director on 25th June 2021. She is currently the managing director of AMF (SZ), a subsidiary of the Company. She joined AIS in March 2008 as a department manager in charge of external business development. She was first appointed as a director of AIS and AMF (SZ) in April 2010 and June 2015 respectively, and took up the position as a general manager of AFS (HK) from June 2017 to June 2019. She graduated from Jilin University with a Bachelor's degree in Economic Trading Japanese and holds a Master of Business Administration degree from the University of Minnesota.

Mr. Lee Ching Ming Adrian, aged 73, was appointed as an Independent Non-executive Director on 1st October 2016. He was the Chief Executive Officer and an Executive Director of Eagle Asset Management (CP) Limited, the manager of Champion REIT from 2008 till he retired on 30th June 2016. Mr. Lee has acquired extensive property and banking industry experience over a career spanning over 43 years. Mr. Lee held senior management positions for more than 22 years in the Great Eagle Group of companies, a major listed real estate company in Hong Kong, where his responsibilities included the management of marketing, leasing and sale activities, banking relationships, corporate communications and investor relations, as well as the management of Champion REIT. Mr. Lee also had over two decades of corporate real estate lending and advisory experience with a multinational banking institution. Mr. Lee was a Non-executive Director of Cinderalla Media Group Limited, a listed public company, from June 2002 to September 2015. Mr. Lee graduated from the University of Hong Kong with a Bachelor of Social Sciences degree.

Ms. Shing Mo Han Yvonne, BBS, JP, aged 69, was appointed as an Independent Non-executive Director on 23rd June 2020. She was appointed as a Justice of Peace of the HKSAR in 2013 and awarded Bronze Bauhinia Star in 2017. Ms. Shing is currently the chairman of Yinn Advisory Services Limited. She is an independent non-executive director of the following companies listed on the Stock Exchange: China Resources Pharmaceutical Group Limited, CSSC (Hong Kong) Shipping Company Limited and Analogue Holdings Limited. She is also an independent director of China Merchants Energy Shipping Company Limited, a public company listed on the Shanghai Stock Exchange.

Ms. Shing was a partner of Deloitte China for over 26 years until her retirement in May 2016. She was also a member of the 10th, 11th and 12th Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference. She is a founding member and former president of the Association of Women Accountants (Hong Kong) Limited and the former chairman of the Hong Kong Institute of Certified Public Accountants Taxation Committee. Her professional qualifications include fellow member of the Hong Kong Institute of Certified Public Accountants, Association of Chartered Certified Accountants and Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries).

Ms. Shing's current appointments include member of the Hong Kong Deposit Protection Board, court member of the Hong Kong Polytechnic University, member of the Board of Governors of Extension and Continuing Education for Life (EXCEL) of the Hong Kong Academy for Performing Arts and independent non-executive director of the Hongkong International Theme Parks Limited (commonly known as Hong Kong Disneyland). In 2006, Ms. Shing received the National Hundred Outstanding Women Entrepreneurs Award in the Great Hall of the People in Beijing. She also received the Outstanding Alumni Award of Hong Kong Polytechnic University in 2007 and has been its University Honorary Fellow since 2016/17. Ms. Shing has been consecutively named from 2001 to 2015 in International Tax Review as one of the World's Leading Tax Advisors in Hong Kong and Mainland.

Ms. Shing graduated from the Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) and obtained a Higher Diploma in Accountancy and was subsequently awarded Honorary Fellow.

Ms. Junko Dochi, aged 61, was appointed as an Independent Non-executive Director on 23rd June 2020. She is an attorney at law admitted in Japan and in the State of California in the USA. She was previously with a major US law firm, and is currently the representative lawyer of DOCHI Law Office in Tokyo, with her main areas of practice focusing on corporate matters and international business transactions. Before qualified as an attorney at law, Ms. Dochi had worked for a number of sizeable Japanese and international business enterprises. She graduated from Sophia University, Tokyo with the Bachelor of Arts degree and has the Master of Laws degree from Duke University School of Law, North Carolina, the USA.

She is an outside director of AEON Bank, a fellow subsidiary of the Company, as well as COMTURE Corporation and SUMIDA Corporation, both of which are listed public companies in Japan.

Mr. Choi Ping Chung, aged 66, was appointed as an Independent Non-executive Director on 29th June 2023. He is a seasoned professional in the financial service industry with over 40 years of regional and international experience. He is currently an independent non-executive director of PingAn OneConnect Credit Reference Services Agency (HK) Limited (a subsidiary of OneConnect Financial Technology Co., Ltd., which is listed on the Stock Exchange) and Paofoong Insurance Company (Hong Kong) Limited (a subsidiary of Shanghai Commercial Bank Limited). For a total of over 10 years, he was first the managing director of TransUnion Limited and subsequently the chief executive officer of Joint Electronic Teller Services Limited (JETCO), a consortium of banks engaged in the provision of automated teller machine (ATM) switching network services. He has previously held various senior management positions in charge of consumer and corporate banking, card association and payment businesses, and information technology, in entities and organisations such as DBS Bank (Hong Kong) Limited, Citibank, N.A., Visa Inc. and American Express Limited.

Mr. Choi graduated from Hong Kong Chu Hai College with a Bachelor of Business Administration degree, and holds an Executive Master of Business Administration degree from Southern Illinois University Carbondale, Illinois, USA. He is an associate member of the Chartered Institute of Marketing.

Corporate Governance Report

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 CG 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.

CULTURE

Business Principles, Purpose and Values:

The Group is guided by the AEON Group's foundational ideals of "Pursuing peace, respecting humanity, and contributing to the local communities, always with customers as our starting point" ("AEON Foundational Ideals") and the AFS's basic management policies "to put customers first, provide financial services that are closely attuned to customers' lives, earn the trust of society and meet its expectations and maintain a corporate culture that encourages our people to excel".

The Group's purpose as an organisation is defined as "**To bring finance closer to everyone. By committing to each and every person, we brighten up everyday lives with peace of mind and smiles.**"

To bring finance closer to everyone.

As the financial services business of the AEON Group, we provide convenient and easy-to-understand financial services by adopting a consumer perspective. We also promote financial education for all generations and bring financial mechanisms closer to everyone through financial inclusion that responds to diverse financing needs.

By committing to each and every person,

We commit sincerely with each consumer to provide financial services tailored to changing life stages and living environments. We also generate new value by cooperating with various business partners in local communities, including participating merchants and local authorities. Acting empathetically from a customer perspective is one of our core values.

we brighten up everyday lives with peace of mind and smiles.

As a financial institution supporting customers' everyday lives, we enrich their lives and help them to experience happiness. We respect our colleagues' diversity and value the environment and corporate culture that allow us to work with pride and a spirit of freedom and open-mindedness. Through these, we provide value by filling everyday lives with peace of mind and smiles and by brightening up their minds with uplifting feelings and excitement.

The core values derived from AEON Foundational Ideals, as evident in the Group's action, are:

- customer orientation
- integrity
- diversity
- innovation

The Board has played a proactive role in the development of effective and sustainable business strategy and in aligning the Group's evolving culture with the Group's purpose, values and strategy. All Directors are expected to (i) act with integrity; (ii) lead by example in a consistent and desirable manner; (iii) promote the desired culture and behaviour which instils and continually reinforces across the Group the values of acting lawfully, ethically and responsibly; and (iv) bring to life the corporate values in everyday work.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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.

BOARD OF DIRECTORS

Role of the Board

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting its success by directing and supervising its affairs. The Board has a formal schedule of matters reserved for its approval. Matters reserved for the Board's consideration and decision include:

- long-term objectives and strategy;
- risk management and internal control systems;
- annual budgets and business plans;
- capital management;
- annual, interim and quarterly financial reporting;
- declaration of dividends;
- Board membership; and
- corporate governance matters.

Directors, as members of the Board, jointly share responsibility for the proper direction and management of the Company. Daily operations and administration are delegated to the management. Matters reserved for the Board are reviewed periodically to ensure that they remain relevant and appropriate to the Board and the Company.

Composition and Diversity

Composition:

As at the date of this report, the Board comprises nine Directors, consisting of three Executive Directors, two Non-executive Directors and four Independent Non-executive Directors. The Company has complied with Rules 3.10 and 3.10A of the Listing Rules regarding the appointment of at least three independent non-executive directors (including at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise) and that the number of independent non-executive directors must be at least one third (1/3) of the board of directors. The name and biographical details of each Director are set out on pages 23 to 25 of this annual report.

Independent Non-executive Directors are identified in all corporate communications containing the names of the Directors. An updated list of the Directors identifying the Independent Non-executive Directors and the role and function of the Directors is maintained on the Company's website and the Stock Exchange's website.

The Board has a balanced mix of executive directors, non-executive directors and independent non-executive directors. Non-executive Directors are of sufficient calibre and number for their views to carry weight. There is thus a strong element of independence in the Board.

Diversity:

The Board has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity on the Board. The Company recognizes the benefits of having a diverse Board and believes that Board diversity is an essential element in maintaining an effective Board for the sustainable and balanced development of the Company. The Board Diversity Policy is subject to annual review to ensure its ongoing effectiveness and the last review was conducted in April 2024.

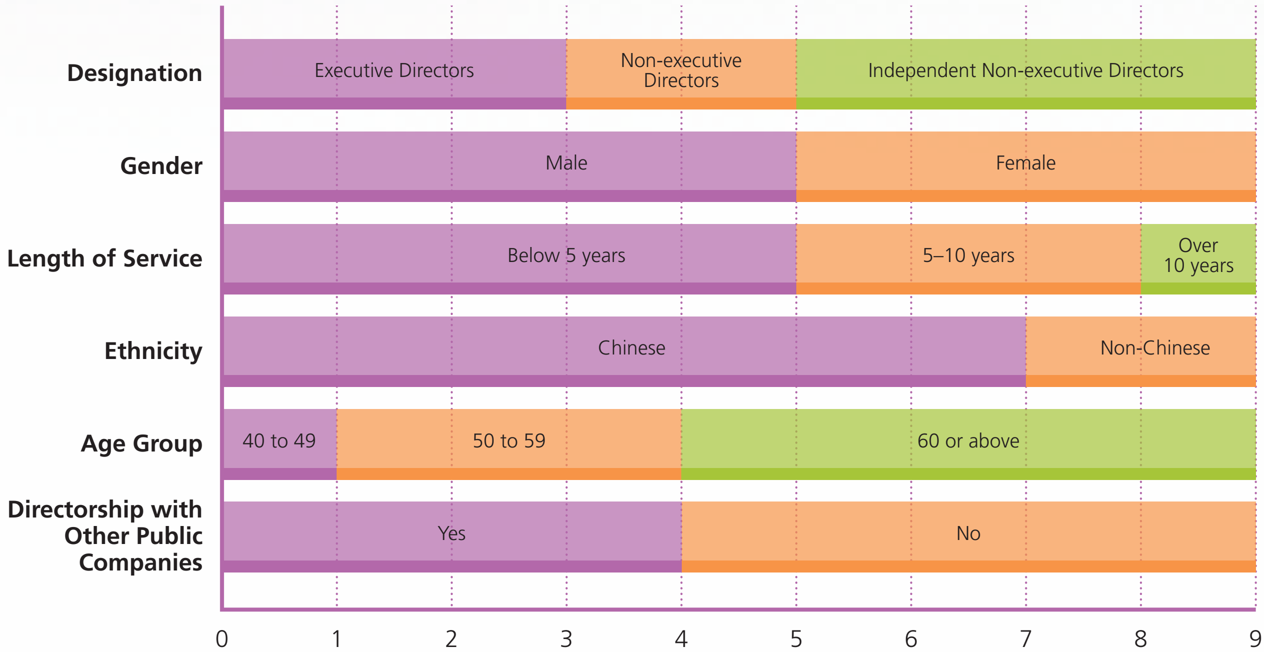
Pursuant to the Board Diversity Policy, (i) Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard to the benefit of diversity on the Board including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. (ii) Specifically with respect to gender diversity, both the Board and the Nomination Committee are committed to take opportunities that may arise to increase the ratio of female Board members towards greater gender parity (including without limitation building of a pool of potential successors to the Board that is adequately diverse), and seek to ensure that there is an appropriate level of gender diversity on the Board on an ongoing basis by reference to, among others, international and local recommended best practices. (iii) The Company currently targets to at least maintain the existing level of no less than 30% female representation on the Board.

During the year, the Nomination Committee has reviewed the structure, size, and diversity of the Board as well as the selection criteria for Director candidate(s) and the Board Diversity Policy, to ensure that the Board's composition complies with the Main Board Listing Rules and reflects an appropriate mix of skills, experience, and diversity that are relevant to the Group's strategy, governance, and business and contribute to the Board's effectiveness and efficiency.

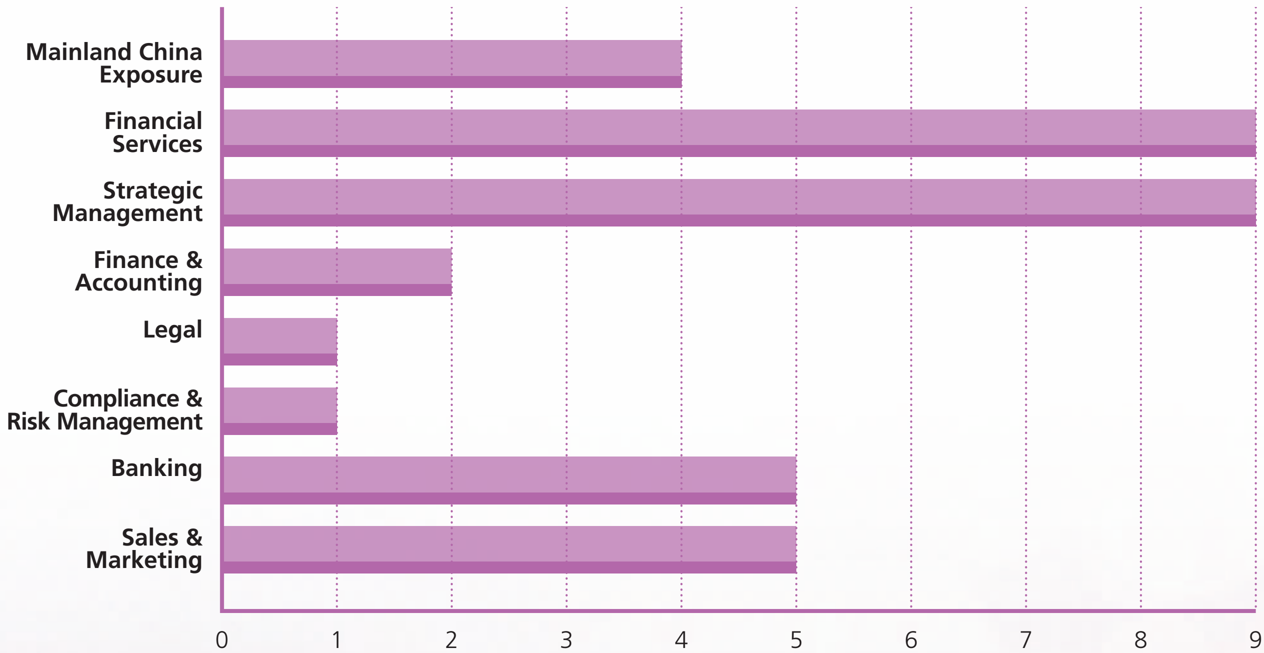
As at the date of this report, the Board consists of five male members and four female members, the female representation of the Board was around 44%, which is above the Board's current target of no less than 30% female representation on Board according to the Board Diversity Policy. Members of the Board come from diverse backgrounds and have a diverse range of business, financial services, banking and professional expertise and experience in such a way that (i) there is a balance of skills, experience and diversity of perspectives that is both adequate and appropriate to the requirements of the Company's business; and (ii) the mix facilitates the making of informed and critical decisions in providing leadership to the Company.

The following charts show the diversity profile of the Board as of the date of this report:

Board Composition



Experience or Expertise



There is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Board members.

Board Process

Board meetings are held on a monthly basis and scheduled at least three months in advance. The date of the next Board meeting is fixed at the close of each Board meeting. At least 14 days' notice is given to all Directors before each Board meeting and all Directors are given an opportunity to include matters for discussion in the agenda. The agenda and accompanying Board papers are sent to all Directors at least three days in advance of every Board meeting to facilitate informed discussion and decision-making. Management provides appropriate and sufficient information to the Board and its committees in a timely manner to enable them to make informed decisions. Members of the senior management may be invited to attend Board meetings to make presentations or answer the Board's and individual Directors' enquiries.

Minutes of the Board and committee meetings record in sufficient detail of matters and concerns discussed, including any dissenting views expressed, are kept by the Company Secretary and open for inspection at any reasonable time on reasonable notice by any Director. Draft and final versions of minutes of Board and committee meetings are sent to Directors for their comments and records within a reasonable time after each meeting.

Under the Articles, a Director shall not vote or be counted in the quorum in respect of any contract, arrangement or other proposal in which he/she or any of his/her associates is/are materially interested. All material matters or those involving a conflict of interest with a substantial shareholder or a director are dealt with by a physical board meeting with all disinterested Independent Non-executive Directors present, rather than a written resolution.

Appropriate liability insurance is in place to indemnify the Directors in respect of legal action against them.

Independent Views and Input

The Company has established mechanisms to ensure independent views and input are available to the Board for enhancing an objective and effective decision making. The following mechanisms are subject to annual review by Board, including without limitation:

(a) Directors may, upon reasonable request to the Chairman or the Managing Director, seek independent professional advice in appropriate circumstances, at the Company's expense to assist them to perform their duties to the Company;

(b) each and every Director is given the opportunity to express his/her different views at Board meetings and to voice his/her concerns; and

(c) the Chairman holds meeting with the Independent Non-executive Directors without the presence of other directors at least annually.

During the year under review, there was a meeting between Mr. Kenji Fujita and all Independent Non-executive Directors held in November 2024 in the absence of the executive members of the Board.

The Company has received from each Independent Non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors are independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules. The Nomination Committee reviews and assesses the independence of all Independent Non-executive Directors on an annual basis. None of the Independent Non-executive Directors has served more than nine years during the year under review.

Attendance at Board Meetings

During the year, the Board held 12 meetings and important matters discussed included:

- approval of annual budgets and business plans;
- approval of the quarterly, half-yearly and annual results;
- approval of the annual and interim reports;
- approval of proposals for final and interim dividends;
- appointments to boards of subsidiaries;
- approval of the reappointment of external auditor;
- approval of the appointment of the Directors;
- approval of the Directors' fees of the Independent Non-executive Directors;
- approval of the capital injection into a subsidiary;
- approval of a connected transaction and continuing connected transactions;
- review of financial and business performance;
- review of Risk Management Committee reports;
- review of Compliance Committee reports;
- review of Executive Committee reports;
- review of internal audit reports; and
- recommendation on the re-election of Directors.

The attendance record of each Director at the Board meetings is set out below:

Directors	Attendance/ No. of Meetings
Executive Directors	
Wei Aiguo *(Managing Director)*	12/12
Lai Yuk Kwong *(Deputy Managing Director)*	12/12
Wan Yuk Fong[1]	8/8
Tomoharu Fukayama[2]	3/3
Non-executive Directors	
Kenji Fujita *(Chairman)*[1]	8/8
Jin Huashu	12/12
Tomoyuki Mitsufuji *(Chairman)*[2]	3/3
Independent Non-executive Directors	
Lee Ching Ming Adrian	11/12
Shing Mo Han Yvonne	12/12
Junko Dochi	12/12
Choi Ping Chung	12/12

1 Appointed on 26th June 2024
2 Retired on 26th June 2024

Directors' Training

Every newly appointed Director will receive a comprehensive, formal and tailored induction on appointment. Subsequently, they shall receive any briefing and professional development as necessary to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under the statute and common law, the Listing Rules, other regulatory and supervisory requirements, the Articles and the Company's relevant policies and guidelines, as well as a briefing given by an external lawyer on the general and specific duties of director under legal and regulatory requirements. The Company Secretary continuously updates the Directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the year, a training session was arranged for all Directors on the Stock Exchange's latest climate-related disclosure requirements. On the operations front, in-house compliance training covering the topics of information security, PCI DSS, AML and CTF, prevention of bribery and corruption and equal opportunities at workplace was also arranged for all staff, including the Executive Directors. All Directors participated in continuous professional development training by attending seminars/conferences/forums relevant to the Company's business or their duties. All Directors had provided the Company Secretary with their training records for the year under review.

During the year ended 28th February 2025, the Directors received training on the following key areas:

Directors	Corporate Governance	Legal/ Regulatory Updates	Business/ Financial/ Management
Executive Directors			
Wei Aiguo	✓	✓	✓
Lai Yuk Kwong	✓	✓	✓
Wan Yuk Fong	✓	✓	✓
Non-executive Directors			
Kenji Fujita	✓	✓	✓
Jin Huashu	✓	✓	✓
Independent Non-executive Directors			
Lee Ching Ming Adrian	✓	✓	✓
Shing Mo Han Yvonne	✓	✓	✓
Junko Dochi	✓	✓	✓
Choi Ping Chung	✓	✓	✓

CHAIRMAN AND MANAGING DIRECTOR

The Chairman of the Board is Mr. Kenji Fujita and the Managing Director is Mr. Wei Aiguo. The respective roles of the Chairman and the Managing Director are segregated and assumed by two separate individuals who have no relationship with each other to ensure the power and authority are not concentrated in any one individual. The division of responsibilities between the Chairman and the Managing Director have been clearly established and set out in writing.

The Chairman is responsible for the leadership and effective running of the Board. The Managing Director is responsible for the day-to-day management of the Company.

During the year, the Chairman, who is a Non-executive Director, held a meeting with the Independent Non-executive Directors without the presence of other Directors.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company has a formal procedure for the appointment of new Directors. A proposal for the appointment of a new Director will be first reviewed by the Nomination Committee taking into consideration the Company's Nomination Policy and Board Diversity Policy. Upon recommendation by the Nomination Committee, the Board will make the final decision.

The Board may at any time appoint any person as a Director either to fill a vacancy or as an addition to the existing Board. All newly appointed Directors hold office until the next following annual general meeting of the Company and are eligible for re-election. All Directors retire at each annual general meeting of the Company and are eligible for re-election.

A letter of appointment setting out the terms and conditions of appointment is provided to each Director. None of the Directors has a service contract with the Group.

On 26th June 2024, the Board approved (i) the appointment of Mr. Kenji Fujita as a Non-executive Director and the Chairman of the Board; and (ii) the appointment of Ms. Wan Yuk Fong as an Executive Director. Mr. Kenji Fujita and Ms. Wan Yuk Fong will retire at the 2025 AGM in accordance with the Articles and shall be eligible for re- election.

BOARD COMMITTEES

The Board has four committees, namely, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee. All the Board committees are empowered by the Board under their own respective terms of reference, which have been posted on the Company's website, while the terms of reference of the Audit Committee, the Nomination Committee and the Remuneration Committee are also available on the Stock Exchange's website.

Audit Committee

The Audit Committee comprises one Non-executive Director and two Independent Non-executive Directors. The Audit Committee is chaired by Ms. Shing Mo Han Yvonne. The other members are Mr. Kenji Fujita and Ms. Junko Dochi. Members of the Audit Committee possess appropriate professional qualifications or accounting or related financial management expertise. The Audit Committee meets at least twice a year.

The duties of the Audit Committee include:

- monitoring the effectiveness of external audit and overseeing the appointment, remuneration and terms of engagement of the Company's external auditor as well as its independence;
- reviewing and monitoring the integrity of the Company's financial information and overseeing the financial reporting system;
- overseeing the Company's internal audit, risk management and internal control systems as well as arrangements for concerns raised by staff on financial reporting, internal control and other matters; and
- undertaking corporate governance functions delegated by the Board.

The Audit Committee will also discuss matters raised by the external auditor to ensure that appropriate recommendations are implemented.

During the year, the external auditor held two meetings with the members of the Audit Committee in the absence of the Executive Directors.

The Audit Committee held four meetings for the year ended 28th February 2025, and three meetings were attended by the external auditor. The major work performed by the Audit Committee in 2024/25 was as follows:

- met with the external auditor to discuss the general scope of their audit work;
- reviewed the external auditor's management letter and management's response;
- reviewed the management representation letter;
- reviewed the effectiveness of risk management and internal control systems;
- reviewed the internal audit reports;
- reviewed and approved the annual internal audit plan;
- approved the engagement and remuneration of external auditor for providing audit services;
- reviewed the engagement of external auditor for providing permitted non-audit services;
- reviewed the independence and objectivity of external auditor;
- met with the external auditor to discuss issues arising from the audit of annual accounts and review of interim accounts;
- reviewed the quarterly, half-yearly and annual results;
- reviewed the annual report and accounts and half-year interim report;
- recommended to the Board the reappointment of external auditor;
- reviewed the continuing connected transactions;
- reviewed the training and continuous professional development of the Directors; and
- reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The attendance record of each member at the Audit Committee meetings is set out below:

Members	Attendance/ No. of Meetings
Shing Mo Han Yvonne *(Chairman)*	4/4
Kenji Fujita[1]	2/2
Junko Dochi	4/4
Tomoyuki Mitsufuji[2]	2/2

1 Appointed on 26th June 2024
2 Retired on 26th June 2024

Nomination Committee

The Nomination Committee comprises one Non-executive Director and two Independent Non-executive Directors. The Nomination Committee is chaired by Mr. Kenji Fujita. The other members are Ms. Junko Dochi and Mr. Choi Ping Chung.

The duties of the Nomination Committee include:

- reviewing the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board;
- reviewing the Board Diversity Policy and Nomination Policy;
- identifying and nominating qualified individuals for appointment to the Board;
- assessing the independence of Independent Non-executive Directors;
- making recommendations to the Board on the appointment and reappointment of Directors; and
- reviewing the time commitment required from Directors to perform their responsibilities.

The Nomination Committee has adopted Nomination Policy which sets out the procedures and criteria for the selection, appointment and reappointment of Directors. The selection criteria that the Nomination Committee has to consider in evaluating and selecting a candidate for directorship include the following:

- reputation for integrity;
- accomplishment in terms of qualifications and experience in industries and/or professions relevant to the Company and its businesses;
- ability to meaningfully contribute to the Board and the Company's success;
- willingness and ability to devote adequate time to discharge his/her duties as a member of the Board and/or Board committees, notably the time for preparation and participation in meetings, training programmes and other associated activities;
- diversity including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
- in the case of an independent non-executive director, fulfilment of the independence criteria as prescribed under the Listing Rules; and
- such other relevant factors that the Committee may consider appropriate.

The Nomination Committee has the discretion to nominate any person as it considers appropriate. The procedures for the appointment and reappointment of a Director are summarized as follows:

- selection of potential new candidates from amongst the senior management or external candidates referred by any Director and external recruitment agent;
- evaluation of the candidate based on the selection criteria as set out in the Nomination Policy and a range of diversity perspectives as set out in the Board Diversity Policy;
- in the case of nomination of an Independent Non-executive Director, assessing the candidate's independence under the Listing Rules;
- making recommendation for the Board's consideration and approval;
- appointment as Director by the Board;
- in the case of reappointment of a retiring Director, reviewing the candidate's performance and making recommendation to the Board for consideration and recommendation to shareholders for re-election at general meeting; and
- reappointment as Director by shareholders.

The Nomination Committee held one meeting for the year ended 28th February 2025 and the major work performed by the Nomination Committee in 2024/25 was as follows:

- reviewed the structure, size and composition of the Board;
- assessed the independence of Independent Non-executive Directors;
- reviewed the time commitment of Directors for performing their responsibilities;
- reviewed the implementation and effectiveness of the Board Diversity Policy;
- made recommendation to the Board on the re-election of Directors at the 2024 AGM; and
- made recommendation to the Board on the appointment of Director(s).

The attendance record of each member at the Nomination Committee meeting is set out below:

Members	Attendance/ No. of Meeting
Kenji Fujita[1] *(Chairman)*	N/A
Junko Dochi	1/1
Choi Ping Chung	1/1
Tomoyuki Mitsufuji[2]	1/1

1 Appointed on 26th June 2024
2 Retired on 26th June 2024

Remuneration Committee

The Remuneration Committee comprises one Non-executive Director and two Independent Non-executive Directors. The Remuneration Committee is chaired by Mr. Lee Ching Ming Adrian. The other members are Mr. Kenji Fujita and Ms. Shing Mo Han Yvonne.

The duties of the Remuneration Committee include determining the remuneration packages of individual Executive Directors and making recommendations to the Board on the fees of the Independent Non-executive Directors.

The Company's remuneration policy aims to provide a fair and competitive remuneration package to attract, retain and motivate high calibre executives. The level of remuneration and fees payable to members of the Board is determined with reference to the Group's operating results, individual performance and responsibilities and comparable market statistics. No Director is involved in deciding his own remuneration, and none of the Independent Non-executive Directors are entitled to equity-based remuneration with performance-related elements. Details of the Directors' emoluments are set out in note 12 to the financial statements.

The Remuneration Committee held one meeting for the year ended 28th February 2025, in which it approved the salaries and discretionary bonuses of the Executive Directors and made recommendation to the Board on the Directors' fees for the Independent Non-executive Directors.

The attendance record of each member at the Remuneration Committee meeting is set out below:

Members	Attendance/ No. of Meetings
Lee Ching Ming Adrian *(Chairman)*	1/1
Kenji Fujita[1]	N/A
Shing Mo Han Yvonne	1/1
Tomoyuki Mitsufuji[2]	1/1

1 Appointed on 26th June 2024
2 Retired on 26th June 2024

Strategy Committee

The Strategy Committee comprises one Executive Director and two Independent Non-executive Directors. The Strategy Committee is chaired by Mr. Choi Ping Chung. The other members are Mr. Wei Aiguo and Mr. Lee Ching Ming Adrian.

The duties of the Strategy Committee include:

- reviewing and making recommendations on the medium and long-term strategic planning and development of the Group, taking into account a range of viable alternatives and their respective limitations, downsides and risks involved;
- making recommendations on plans and matters to be approved by the Board that have significant strategic implications, including without limitation:
  - — market entry and exit, in terms such as geographical locations, sectors and/or industries;
  - — introduction of lines of business, as well as their major expansion or withdrawal;
  - — changes relating to control and capital structure;
  - — major acquisition and disposal of equity stakes and/or assets; and
  - — major investment projects and financing arrangements; and
- overseeing the formulation of the Group's strategic plans and to review, evaluate and supervise their implementation.

The Strategy Committee held two meetings for the year ended 28th February 2025, in which it reviewed and evaluated the Group's business plan and sustainability strategy, and assessed the feasibility of the new products.

The attendance record of each member at the Strategy Committee meeting is set out below:

Members	Attendance/ No. of Meeting
Choi Ping Chung *(Chairman)*	2/2
Wei Aiguo[1]	1/1
Lee Ching Ming Adrian	2/2
Tomoharu Fukayama[2]	1/1

1 Appointed on 26th June 2024
2 Retired on 26th June 2024

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of significant risks (including ESG risks) it is willing to take in achieving the Group's strategic objectives, ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems and reviews their effectiveness. The Board is also responsible for overseeing the design, implementation and monitoring of the risk management and internal control systems. The risk management and internal control systems are designed to provide reasonable, but not absolute, assurance against misstatement or loss and to manage rather than eliminate risks of fraud of failure in operating systems or in the achievement of the Group's business objectives.

The Board, through the Audit Committee, assesses the effectiveness of the Group's risk management and internal control systems, which covers all material controls, including financial, operational and compliance controls, on an annual basis, and also considers the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting. Significant issues in the management letters from both internal and external auditors will be brought to the attention of the Audit Committee to ensure that prompt remedial action is taken. All recommendations will be properly followed up to ensure they are implemented within a reasonable period of time.

Each division across the Group embraces the Group's Enterprise Risk Management (the "ERM") framework for its process management in day-to-day business activities. The ERM framework includes credit, market, liquidity, insurance underwriting, operational (process, system, human, tangible asset, reputational), legal and compliance risks. There are risk management policies, regulations and guidelines issued for operating units to identify, assess, manage, and control risks across the Group. Exposure to risks is continuously monitored by the Board through the management-level Risk Management Committee comprising the Executive Directors and members of senior management on an on-going basis.

The internal control system of the Group includes a defined management structure with specified limits of authority. The Board has clearly defined the authorities and key responsibilities of each division to ensure adequate checks and balances. The internal control system has been designed to safeguard the Group's assets against unauthorized use or disposition, to ensure the maintenance of proper accounting records for producing reliable financial information, and to ensure compliance with applicable laws, regulations and industry standards.

The key processes that have been established under the risk management and internal control systems include the following:

- Three lines of defence model is set up as per the Enterprise Risk Management Policy:
  - First line of defence consists of all operating units;
  - Second line of defence consists of the Risk Management Department and the Risk Management Committee; and
  - Third line of defence consists of the Internal Audit Department and the Audit Committee.
- Each division has to follow the relevant policies, regulations and guidelines to conduct risk assessment in their areas and report any incidents to the Risk Management Committee.
- The Risk Management Department will monitor the key risk indicators and risk events occurred to predict potential risks and negative impact to the business and to ensure effective controls are in place in the operating units.
- Significant risk events, material losses and internal control weaknesses are reported at the Risk Management Committee meetings.
- The Risk Management Committee has the responsibility to oversee the enterprise risk management framework which included internal controls as a key element to access and monitor risks.
- The Internal Audit Department will provide independent assurance on the effectiveness of our risk management and internal control systems.
- The Audit Committee oversees the Group's risk management and internal control systems.
- Members of the Risk Management Committee consist of the Executive Directors, Heads of Divisions, Department Heads and Head of Risk Management Department. The Head of Internal Audit Department and other relevant management are regularly invited to attend the monthly meetings of the Risk Management Committee.
- Members of the Risk Management Committee are responsible for ensuring the effectiveness of implementations and adequacy of the enterprise risk management framework and ensuring that significant risks are mitigated with preventive measures.
- Risk management reports and details of incidents are reported to the Board on a monthly basis and reviewed by the Audit Committee on a quarterly basis.
- On-going trainings on risk management and internal control are provided to the relevant employees.

A review of the effectiveness of the Group's internal control system covering all material controls, including financial, operational, compliance, and risk management controls, is conducted annually against elements such as control environment, risk assessment, control activities, information and communication, and monitoring. During the year under review, no major internal control weaknesses were identified, but several areas for improvement were recommended by the internal and external auditors, as well as the Risk Management Committee, and appropriate improvement actions were taken. The Board considers that the risk management and internal control systems are effective and adequate.

Whistleblowing Policy and Anti-Corruption Policy

The Company is committed to achieving and maintaining a high standard of probity, openness, and accountability. A Whistleblowing Policy is in place to create a system for the employees and those who deal with the Company (e.g. customers, business partners and suppliers) to raise concerns, in confidence and anonymity at their election, about possible improprieties. Designated email accounts, hotlines and other channels have been set up for this purpose. The identity of each whistleblower and all information provided in connection with a whistleblowing report will be treated with the strictest confidence. All whistleblowing cases will be reported to members of Audit Committee.

To uphold the Group's zero tolerance towards all forms of corruption, bribery and extortion and to provide guidance to employees on how to avoid corruption, bribery and extortion in the course of their work, the Company also adopts the Code of Business Ethics which reflects the Company's stance and policies against corruption, and sets out the basic standard of conduct expected of all employees, the Company's policies on acceptance of advantages and entertainment, and declaration of conflict of interest by employees in connection with their positions or official duties.

Continuous Disclosure Policy

A Continuous Disclosure Policy is in place to ensure potential inside information as defined in the SFO is identified and confidentiality of such information is maintained until timely and appropriate disclosure is made in accordance with the Listing Rules. The policy regulates the handling and dissemination of inside information, which includes:

- Roles and responsibilities of the divisions/departments of the Company in identifying and escalating any potential inside information within the Company;
- Procedures for determining the necessity, means and/or extent of disclosure of such information; and
- Designation of persons to act as spokespersons to speak on behalf of the Company and to respond to external enquiries.

Internal Audit

The Company's Internal Audit Department monitors the Group's internal processes and operations and provides independent and objective assurance to the Board that adequate and effective risk management and internal control systems are maintained and operated by the management in compliance with agreed processes and standards by performing periodic checking. The Head of the Internal Audit Department reports functionally to the Audit Committee and administratively to the senior management. The annual internal audit plan, which is prepared based on risk assessment methodology, is approved by the Audit Committee.

The Internal Audit Department conducts audits on financial, operational and compliance controls of the Group on a regular basis. A summary of key audit findings (if any) and recommendations for improvement is reported monthly to the Board and reviewed quarterly by the Audit Committee. Management team is responsible for ensuring that any control deficiencies highlighted in internal audit reports are rectified within a reasonable time. In addition, J-SOX audit is performed yearly by the internal and external auditors where risk management and internal control systems and procedures for key operating areas are evaluated and tested for adequacy and effectiveness.

DIVERSITY AT WORKFORCE LEVEL

The gender ratio in the workforce of the Group in Hong Kong, including senior management as of 28th February 2025 is set out below:

	As of 28th February 2025	
	Number of employees	Percentage of total number of employees
Overall (including senior management)		
— Male	185	49%
— Female	195	51%
Back office staff/branch staff		
— Male	128/57	52%/43%
— Female	119/76	48%/57%

To achieve diversity at workforce level, the Group has put in place appropriate recruitment and selection practices such that a diverse range of both male and female candidates are given equal opportunities to be considered for employment. Opportunities for training, promotion and other career development are equally opened to all eligible employees without discrimination on gender or other unlawful grounds. Currently, the male to female ratio in the workforce of the Group including senior management (both overall and back office/branch) is very close to 50%. The Company considers that the gender diversity in workforce is currently achieved.

During the year under review, the Board was not aware of any factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. Management provides the Board with sufficient explanation and information to enable the Board to make an informed assessment of the financial and other information presented before the Board for approval. Directors are also provided with monthly updates on the Group's performance to assist them to discharge their duties.

The Directors are responsible for preparing the accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 28th February 2025, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and have prepared the accounts on a going concern basis. A statement by the external auditor of the Company about their reporting responsibilities on the Group's financial statements is set out in the Independent Auditor's Report on pages 134 to 137 of this annual report.

The Group has announced its annual, interim and quarterly results within three months, two months and 45 days respectively after the end of the relevant year or period, as laid down in the Listing Rules.

EXTERNAL AUDITOR

Deloitte Touche Tohmatsu has been reappointed as the Company's external auditor at the 2024 AGM until the conclusion of the 2025 AGM.

The Audit Committee reviews and monitors the external auditor's independence, objectivity and effectiveness of the audit process in accordance with applicable standards. Deloitte Touche Tohmatsu has confirmed its independence and objectivity and its compliance with the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants. To ensure the external auditor's independence, all audit and permitted non-audit services to be undertaken by Deloitte Touche Tohmatsu have to be approved by the Audit Committee. The Company has a policy in place which sets out the permissible types of non-audit services that may be provided by the external auditor.

During the year under review, the fees paid or payable to Deloitte Touche Tohmatsu for the provision of audit services amounted to HK$3.55 million. In addition, the following fees were paid or payable to Deloitte Touche Tohmatsu for the provision of non-audit related services to the Group:

Services rendered	**Fees** *HK$'000*
Taxation compliance	55
Interim review	165
Connected party transaction	100
Preliminary results announcement	20
J-SOX annual compliance review	625
Annual compliance review-insurance brokerage	22
Total	987

COMPANY SECRETARY

The Company Secretary's role is to support the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board on governance matters and facilitating induction and professional development of Directors. The Company Secretary is an employee of the Company and reports to the Chairman and the Managing Director. All Directors have access to the advice and services of the Company Secretary. The Company Secretary is delegated with the responsibility for drawing up the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda and that all applicable rules and regulations are followed. All Directors may ask for matters to be included in the agenda for regular board meetings by request to the Company Secretary. For the year under review, the Company Secretary has taken over 15 hours of relevant professional training to update his skills and knowledge.

CONSTITUTIONAL DOCUMENTS

During the year ended 28th February 2025, there was no change in the Company's constitutional documents. A copy of the latest consolidated version of the Articles is posted on the Company's and the Stock Exchange's respective websites.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Board recognizes the importance of good communications with shareholders and investors. The Company has established various communication channels with its shareholders and investors which set out in the Shareholder Communication Policy of the Company. These include the annual general meeting, the annual and interim reports, notices, announcements, circulars, the Company's website and meetings with investors and analysts.

During the year under review, the Company has reviewed the implementation and effectiveness of the Shareholder Communication Policy including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered that the Shareholder Communication Policy has been properly implemented and is effective.

Engagement with Shareholders and Investors

Annual General Meeting:

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. The Board welcomes shareholders to express their opinions at the annual general meeting. Directors, Company Secretary and external auditor attend the annual general meeting to address shareholders' queries. Separate resolutions are proposed at general meetings on each substantially separate issue, including the re-election of individual Directors. The notice of the meeting, the annual report and the circular containing information on the proposed resolutions are sent to shareholders at least 20 clear business days before the meeting. Voting at the annual general meeting is by way of a poll. Details of the poll voting procedures are explained to shareholders at the annual general meeting to ensure that shareholders are familiar with such procedures. The results of the poll are published on the Company's website and the Stock Exchange's website.

The Company's 2024 AGM was held on Wednesday, 26th June 2024 in the form of a hybrid meeting, which gave the shareholders the option to participate and vote physically on-site or virtually in real time. The notice of the 2024 AGM, the annual report and the circular containing relevant information of the proposed resolutions were sent to shareholders more than 20 clear business days before the 2024 AGM. All Board members, including the Chairman of the Board, together with the Company Secretary and the external auditor attended the 2024 AGM. The Company Secretary explained the poll voting procedures at the 2024 AGM. Separate resolutions for each substantially separate issue, including the re-election of individual Directors, were proposed at the 2024 AGM. All the resolutions at the 2024 AGM were dealt with by poll and were verified by an independent scrutineer. The poll results of the 2024 AGM are available on the Company's website and the Stock Exchange's website.

The attendance record of each Director at the 2024 AGM is set out below:

Directors	Attendance/ No. of Meeting
Executive Directors	
Wei Aiguo *(Managing Director)*	1/1
Lai Yuk Kwong *(Deputy Managing Director)*	1/1
Wan Yuk Fong[1]	N/A
Tomoharu Fukayama[2]	1/1
Non-executive Directors	
Kenji Fujita *(Chairman)*[1]	N/A
Jin Huashu	1/1
Tomoyuki Mitsufuji[2]	1/1
Independent Non-executive Directors	
Lee Ching Ming Adrian	1/1
Shing Mo Han Yvonne	1/1
Junko Dochi	1/1
Choi Ping Chung	1/1

1 Appointed on 26th June 2024
2 Retired on 26th June 2024

Media and Investor and Analyst Briefings
The management personnel responsible for investor relations holds regular meetings with equity research analysts, fund managers and institutional shareholders and investors. In addition, press conferences and investors' and analysts' presentations might be held after the interim and final results announcements. Media, investors and analysts will be briefed and given an opportunity to ask questions of the Executive Directors. During the year under review, two media and investor conferences were held in April and September 2024 in the form of hybrid mode. Summaries of the questions and feedback from press, investors and analysts were communicated to Board.

Reports and Announcements
The Annual Report and Interim Report which contain key financial information about the Company are available on the Company's website under the section 'Investor Relations'. For the sake of transparency and to provide investors and shareholders with more up-to-date information on the Company's financial performance, the Group has also been announcing its quarterly results in addition to its annual and interim results within the prescribed deadline, as laid down in the Listing Rules. All information (including financial statements, results announcements, circulars, notices of general meetings, proxy forms and related explanatory documents etc.) submitted by the Company to the Stock Exchange for publication on the Stock Exchange's website will also be posted on the Company's website immediately thereafter in accordance with the requirements of the Listing Rules.

Shareholding Enquiries
Shareholders may direct their questions about their shareholdings to the Company's Share Registrar, Tricor Investor Services Limited.

The market capitalization of the Company as at 28th February 2025 was HK$2,500 million (issued share capital: 418,765,600 shares at closing market price: HK$5.97 per share).

The 2025 AGM will be held at 20/F, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 26th June 2025 at 10:00 a.m.

SHAREHOLDERS' RIGHTS

Calling a general meeting of the Company

Shareholder(s) representing at least 5% of the total voting rights of all shareholders having the right to vote at general meetings may request the Directors to call a general meeting of the Company. The requisition, duly signed by the shareholder(s) concerned, must clearly state the objects of the meeting and must be deposited at the registered office of the Company for the attention of the Company Secretary. The Company would take appropriate actions and make necessary arrangements in accordance with the requirements under sections 566 to 568 of the Companies Ordinance once a valid requisition is received.

Putting forward proposals at a general meeting of the Company

Shareholder(s) representing at least 2.5% of the total voting rights of all shareholders who have the right to vote or at least 50 shareholders who have a relevant right to vote may by requisition in writing to the Company either put forward a proposal at a general meeting or circulate to other shareholders a written statement with respect to matter to be dealt with at a general meeting. The requisition specifying the proposal, duly signed by the shareholders concerned, together with a statement of not more than 1,000 words with respect to the matter referred to in the proposal must be deposited at the registered office of the Company for the attention of the Company Secretary not less than six weeks before the general meeting. The Company would take appropriate actions and make necessary arrangements in accordance with the requirements under sections 581 to 583 of the Companies Ordinance once valid documents are received.

Proposing a candidate for election as a Director at an annual general meeting of the Company ("AGM")

Pursuant to Article 92 of the Articles, if a shareholder of the Company intends to propose a person other than a Director for election as a Director at an AGM, the shareholder concerned shall lodge with the registered office of the Company for the attention of the Company Secretary (i) a written notice of his intention to propose that person for election as a Director; and (ii) a notice in writing by that person of his/her willingness to be elected together with the necessary information within the period commencing no earlier than the day after the despatch of the AGM notice and ending no later than seven days prior to the date of the AGM. Detailed procedures can be found in the document titled "Procedures for Election of Directors by Shareholders" which is available on the Company's website.

Enquiries to the Board

Enquiries may be put forward to the Board through the Company Secretary at 20/F, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Directors' Report

The Directors present the annual report and the audited consolidated financial statements for the year ended 28th February 2025.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of financial services, which includes the issuance of credit cards and the provision of personal loan financing, payment processing services, insurance intermediary business, and microfinance business.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development, description of possible risks and uncertainties that the Group may be facing are provided in the Management Discussion and Analysis on pages 8 to 22 of the annual report. Additionally, financial risk management objectives and policies of the Group can be found in note 38(b) to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Group is Key Highlights and Five Years Financial Summary on pages 4 to 7 of the annual report, in the Management Discussion and Analysis on pages 8 to 22 of the annual report and in notes 5 and 6 to the consolidated financial statements.

Discussion on the Company's policies and practices on different aspects of corporate sustainability, its relationships with key stakeholders as well as compliance with relevant laws and regulations which are of significant impact, are covered in the Corporate Sustainability Report on pages 54 to 133.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year ended 28th February 2025.

NET DEBT TO EQUITY RATIO

At 28th February 2025, the net debt to equity ratio was 0.7 (29th February 2024: 0.7), with the basis on which it is computed as set out in note 37 to the consolidated financial statements.

RESERVES

Distributable reserves of the Company amounted to HK$3,891,923,000 at 28th February 2025 (29th February 2024: HK$3,698,976,000).

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 28th February 2025 and the Group's financial position at that date are set out in the Group's consolidated financial statements on pages 138 to 220.

An interim dividend of 24.0 HK cents per share (2024: interim dividend of 24.0 HK cents per share) amounting to HK$100,504,000 (2024: HK$100,504,000) was paid to the shareholders during the year. The Board have recommended the payment of a final dividend of 25.0 HK cents per share (2024: 24.0 HK cents per share) in respect of the current year to the shareholders on the register of members on 10th July 2025 amounting to HK$104,691,000 (2024: HK$100,504,000).

MAJOR CUSTOMERS

During the year, the aggregate amount of revenue attributable to the Group's five largest customers accounted for less than 30% of the Group's total revenue.

DIRECTORS OF THE COMPANY

The Directors during the year ended 28th February 2025 and up to the date of this report were:

Executive Directors:

Wei Aiguo *(Managing Director)*	
Lai Yuk Kwong *(Deputy Managing Director)*	
Wan Yuk Fong	*(appointed on 26th June 2024)*
Tomoharu Fukayama	*(retired on 26th June 2024)*

Non-executive Directors:

Kenji Fujita *(Chairman)*	*(appointed on 26th June 2024)*
Jin Huashu	
Tomoyuki Mitsufuji	*(retired on 26th June 2024)*

Independent Non-executive Directors:

Lee Ching Ming Adrian
Shing Mo Han Yvonne
Junko Dochi
Choi Ping Chung

In accordance with Article 106 of the Articles, all Directors shall retire at the 2025 AGM and shall be eligible for re-election. With the exception of Mr. Kenji Fujita who will not stand for re-election, the other eight retiring Directors will offer themselves for re-election at the 2025 AGM.

DIRECTORS OF SUBSIDIARIES

The names of all directors who have served on the board of directors of the subsidiaries of the Company during the year and up to the date of this report are as follows:

AEON Insurance Brokers (HK) Limited

Tomoyuki Kawahara
Hiroko Takahashi

AEON Micro Finance (Shenzhen) Co., Ltd.

Wei Aiguo	*(appointed on 31st May 2024)*
Jin Huashu	
Ryo Niimura	*(appointed on 31st May 2024)*
Chen Yiling	*(appointed on 31st May 2024)*
Tomoharu Fukayama	*(retired on 31st May 2024)*
Shinnosuke Aragane	*(retired on 31st May 2024)*

AEON Information Service (Shenzhen) Co., Ltd.

Wei Aiguo	
Hiroko Takahashi	
Wang Tana	*(appointed on 31st May 2024)*
Tomoharu Fukayama	*(retired on 31st May 2024)*

DIRECTORS' SERVICE CONTRACTS

No Director eligible for re-election at the 2025 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS’ INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 28th February 2025, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Long positions in the shares of the Company

Director	Number of shares held under personal interests	Percentage of the issued share capital of the Company
Lai Yuk Kwong	20,000	0.0048

(b) Long positions in the shares of AFS — intermediate holding company of the Company

Director	Number of shares held under personal interests	Percentage of the issued share capital of AFS
Kenji Fujita	10,967	0.0051

(c) Long positions in the shares of AEON Japan — ultimate holding company of the Company

Director	Number of shares held under personal interests	Percentage of the issued share capital of AEON Japan
Kenji Fujita	1,104	0.0001

Other than the holdings disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 28th February 2025.

STATUS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each Independent Non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the Independent Non-executive Directors are independent.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, any of its holding companies, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 28th February 2025, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions in the shares of the Company

Name	Nature of interest	Number of shares held	Percentage of the issued share capital of the Company
AEON Japan *(Note 1)*	Beneficial owner/Interest of controlled corporation	294,888,000	70.42
AFS *(Note 2)*	Interest of controlled corporation	236,768,500	56.54
AFS (HK) *(Note 3)*	Beneficial owner	236,768,500	56.54
FMR LLC	Interest of controlled corporation	37,776,206	9.02

Notes:

1. Out of 294,888,000 shares, 55,990,000 shares were held by Citibank N.A. as a nominee on behalf of AEON Japan. By virtue of AEON Japan's ownership of approximately 48.20% of the issued share capital of AFS, the holding company of AFS (HK), and 60.59% of the issued share capital of AEON Stores respectively, was deemed to be interested in the 236,768,500 shares and 2,129,500 shares owned by AFS (HK) and AEON Stores respectively.

2. AFS owned 100% of the issued share capital of AFS (HK) and was deemed to be interested in the 236,768,500 shares owned by AFS (HK).

3. Out of 236,768,500 shares, 213,114,000 shares were held by AFS (HK) and 8,250,000 shares and 15,404,500 shares were held by the Hongkong and Shanghai Banking Corporation Limited and Everbright Securities Investment Services (HK) Limited respectively, both as nominees on behalf of AFS (HK).

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the share capital of the Company at 28th February 2025.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following continuing connected transactions which were subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules:

(a) Pursuant to a master service agreement dated 25th February 2022 entered into between the Company and AFS, the Company would pay service fees to AFS for the provision of IT-related services.

The total amount of service fees paid by the Company to AFS for the year ended 28th February 2025 amounted to HK$5,131,000 which did not exceed the cap of HK$7,000,000 as disclosed in the Company's announcement dated 25th February 2022.

(b) Pursuant to a business advisory service agreement dated 29th February 2024 entered into between the Company and AFS, the Company would pay an advisory fee to AFS for the provision of consultation and advisory services.

The total amount of advisory fee paid and payable by the Company to AFS for the year ended 28th February 2025 amounted to HK$10,817,000, which did not exceed the cap of HK$14,400,000 as disclosed in the Company's announcement dated 29th February 2024.

(c) Pursuant to a brand royalty agreement dated 25th November 2024 entered into between the Company and AFS, the Company would pay a royalty to AFS for the use of AEON trademarks in connection with the Group's business in the territory.

The total amount of royalty payable by the Company to AFS for the year ended 28th February 2025 amounted to JPY67,620,000 (approximately HK$3,517,000), which did not exceed the cap of HK$4,500,000 as disclosed in the Company's announcement dated 25th November 2024.

(d) Pursuant to a master agreement-gift certificate dated 22nd February 2022 entered into between the Company and AEON Stores, the Company may from time to time place purchase orders with AEON Stores for cash certificates issued by AEON Stores.

The total amount of consideration paid and payable by the Company to AEON Stores for the year ended 28th February 2025 amounted to HK$15,048,000, which did not exceed the cap of HK$16,500,000 as disclosed in the Company's announcement dated 22nd February 2022.

(e) (i) Pursuant to a master agreement dated 1st February 2023 entered into between the Company and AEON Stores, the Company would receive commission from AEON Stores in respect of purchases made by customers using credit purchase facilities, card instalment facilities, and payment solutions provided by the Company ("On-us Commission Transactions").

The total amount received and receivable by the Company from AEON Stores for On-us Commission Transactions for the year ended 28th February 2025 was HK$9,523,000, of which HK$2,856,000 is classified as interest income under HKFRS 9.

(ii) Pursuant to two card acquiring merchant agreements respectively dated 30th June 2021 and 11th July 2024 entered into between the Company and AEON Stores, the Company would receive commission from AEON Stores in respect of purchases made by customers using credit or debit cards of brands issued by financial institutions other than the Company ("Off-us Acquiring Transactions").

The total amount received and receivable by the Company from AEON Stores for Off-us Acquiring Transactions for the year ended 28th February 2025 amounted to HK$13,048,000.

The aggregate amount received and receivable by the Company from AEON Stores for both On-us Commission Transactions and Off-us Acquiring Transactions for the year ended 28th February 2025 were HK$22,571,000, which did not exceed the aggregate caps of HK$31,200,000 as disclosed in the Company's announcement dated 11th July 2024.

(f) Pursuant to two licence agreements ("TM Licence Agreements") respectively dated 28th February 2024 and 28th February 2025 entered into between the Company and AEON Stores, the Company would pay a fixed monthly licence fee, rates, management fees and utility charges to AEON Stores for the lease of premises insides AEON Stores as a branch office of the Company. The cost of the right-of-use asset recognised by the Company for the lease of the premises under TM Licence Agreements amounted to HK$3,465,000 at 28th February 2025.

The amount of rates, management fees and utility charges paid by the Company to AEON Stores for the year ended 28th February 2025 amounted to HK$350,000 and HK$2,000, which did not exceed the respective caps of HK$420,000 and HK$10,000 as disclosed in the Company's announcements dated 28th February 2024 and 28th February 2025.

Pursuant to Rule 14A.55 of the Listing Rules, the Independent Non-executive Directors have reviewed the transactions in (a) to (f) above and confirmed that the transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The related party transactions as disclosed in note 43 to the consolidated financial statements fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules. The Group has complied with the disclosure and any other requirements, where applicable, in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance, to which the Company's holding company, fellow subsidiaries or subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in the execution of his duties or otherwise in relation thereto. Directors and officers liability insurance has been arranged to indemnify the Directors.

EQUITY-LINKED AGREEMENTS

For the year ended 28th February 2025, the Company has not entered into any equity-linked agreements.

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.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$2,232,000.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules as at 28th February 2025 and the date of this report.

AUDITOR

The financial statements for the year ended 28th February 2025 have been audited by Deloitte Touche Tohmatsu who will retire and, being eligible, offer themselves for reappointment. A resolution will be proposed at the 2025 AGM to reappoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Wei Aiguo
Managing Director
Hong Kong, 3rd April 2025

Corporate Sustainability Report

ABOUT THE REPORT

This Corporate Sustainability Report (the "CS Report") presents an overview of the Environmental, Social, and Governance ("ESG") performance of AEON Credit Service (Asia) Company Limited (the "Company" or "ACSA") and its subsidiaries (the "Group"). It communicates the Group's sustainability strategies, initiatives, policies, and practices to its stakeholders, demonstrating its dedication to promoting sustainability and long-term value creation.

Reporting Scope and Boundary

This CS Report covers the period from 1st March 2024 to 28th February 2025 ("FY2024/25" or "Reporting Year"). The reporting boundary[1] for this year includes one new branch opened and a data centre which has been relocated in FY2024/25, as compared to our last report. The reporting boundary for FY2024/25 includes the Hong Kong head office, data centres in Hong Kong, 17 branches in Hong Kong, and 2 subsidiaries in Mainland China.

Reporting Standard and Principles

This CS Report is prepared in compliance with the Environmental, Social, and Governance Reporting Guide (the "ESG Guide") set out in Appendix C2 of the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Additionally, the report presents how the Group aligns with the relevant United Nations Sustainable Development Goals ("UNSDGs").

In preparing this CS Report, the Group followed the Stock Exchange's reporting principles of materiality, quantitative, balance, and consistency. It fulfils the mandatory disclosure requirements and "comply or explain" provisions of the ESG Guide.

1 The reporting boundary for FY2023/24 includes the Hong Kong head office, data centres in Hong Kong, 16 branches in Hong Kong, and 2 subsidiaries in Mainland China.

ABOUT THE GROUP

Corporate Profile

AEON Credit Service (Asia) Company Limited, a subsidiary of AEON Financial Service Co., Limited ("AFS"), is a member of the AEON Group. ACSA was set up in 1990 and listed on the Main Board of the Stock Exchange in 1995. The Group is principally engaged in the finance business, which includes credit card issuance, personal loan financing, card payment processing services, insurance intermediary business in Hong Kong and microfinance business in Mainland China.

Ideals and Vision

AEON Foundational Ideals

Pursuing peace, respecting humans, and contributing to local communities, always with customers as our starting point

AEON Group Future Vision

Create a future lifestyle
that leads to a smile
for each and every person

The Group adheres to AEON Foundational Ideals and AEON Group Future Vision when managing its business and ensures that all operations are customer centric to the highest degree possible. By embodying and practising these ideals, the Group contributes to maintenance and development of peace, humanity and local communities.

Read more about AEON Foundational Ideals and Future Vision on our website.

Our Purpose

Our purpose is to bring "finance" closer to everyone. By committing to each and every person, we brighten up everyday lives with peace of mind and smiles.

The Group pursues the AFS's Our Purpose and remains dedicated to making financial services accessible and enhancing the daily lives of its customers. By prioritising individual needs, we aim to foster trust and satisfaction, contributing to the well-being and happiness of the communities we serve.

Read more about AFS Background and Purpose on our website.

FY2024/25 SUSTAINABILITY HIGHLIGHTS

ESG Performance

Our Governance and Operation

UNSDGs	Board Diversity	ESG Committee Meeting	Internal Policy	Customer Satisfaction
	• The female representation on the Board is **around 44%.**	• The Sustainability Committee held **4 meetings**.	• Updated internal policies to maintain stringent standards on ESG related matters, including Sustainable Development Policy, ESG Assessment for Suppliers, etc.	• Received **407 customer compliments**, a 132.6% year-on-year increase.

Our Environment

UNSDGs	Tree Planting	Paper Usage	Green Initiatives
	• Compensate for approximately **4.6 tonnes** of CO_2e by planting an estimated **200 saplings**.	• Recycled **1.2 tonnes** of paper. • **87.9%** statements were used in electronic form, reducing paper usage.	• Newly issued vertical credit cards made of recycled plastic.

Our People and Community

UNSDGs	Employee Training	University Scholarships	Community Investment
	• An average of **20.6 training hours** per employee in Hong Kong and Mainland China.	• **110 beneficiaries** received Scholarships in Hong Kong. • Scholarships for Shenzhen University and Sun Yat-sen University in Mainland China.	• Sponsored **5 environmental/social programmes** (excluding scholarship).

Industry Recognition

Environmental Efforts

For the second year in a row, the Group has been awarded the ESG+ Pledge from Chinese Manufacturers' Association of Hong Kong ("CMA"), which reinforces our status as an ESG pioneer and underscores our commitment to improve the ESG performance gradually.

Labour Practice

The Group was proud signatories of the "Good Employer Charter 2024" and was recognised as a "Supportive Family-Friendly Good Employer" by Workplace Consultation Promotion Division of the Labour Department, committing to adopt and strengthen employee-focused, family-friendly employment practices while creating a harmonious workplace.

The Group was honoured with "Happy Company 2024" award by the Promoting Happiness Index Foundation and CMA, recognising our commitment to creating a happy and harmonious working environment.

The Group received "Super MD" recognition from the Employee Retraining Board ("ERB") for achieving the "ERB Manpower Developer" designation for 10 consecutive years, as well as its outstanding contributions to manpower training and development in Hong Kong.

The Group was recognised as "Breastfeeding Friendly Premises 2024/25 Gold Label" and "Breastfeeding Friendly Workplace 2024/25" under 'Say Yes to Breastfeeding' Campaign by the Hong Kong Committee for UNICEF ("UNICEF HK") for supporting breastfeeding and creating breastfeeding-friendly environments in Hong Kong.

Community Investment

The Group received "15 Year Plus Caring Company" Logo (2007–2024) by the Hong Kong Council of Social Service in recognition our long-standing commitment to the community, employees, and the environment over the past years.

The Group was awarded the "Investor and Financial Education Award 2024 (Corporate)" by the Investor and Financial Education Council in recognition of our efforts in improving the financial literacy of the people in Hong Kong.

OUR SUSTAINABILITY APPROACH

Board Statement

The Group recognises that sustainability is necessary for creating long-term value for its stakeholders. The Board of Directors (the "Board") is fully committed to overseeing the work related to Group's ESG issues and to support responsible business growth and operational excellence.

The Board has overall responsibility and ultimate accountability for the oversight of sustainable development of the Group and implementation of the ESG strategies in alignment with business objectives, stakeholder expectations, and regulatory requirements. We maintain a proactive approach to identify, evaluate, and mitigate ESG risks while leveraging opportunities that sustainable development offers.

Our ESG management strategy focuses on embedding sustainability across all aspects of the business. We identify, prioritise, and manage material ESG issues through a structured evaluation process that includes industry benchmarking, stakeholder engagement, and materiality assessments. The Board monitors progress against ESG-related goals and targets through regular Board meetings.

Corporate Governance

The Group has a robust corporate governance framework that ensures ethical, transparent and responsible business practices are followed meticulously. Further details on the Group's corporate governance practices and performance are available in the Corporate Governance Report on pages 26 to 45 of the Annual Report and other documents published on our website.

Board Diversity

The Group is committed to have a diverse Board that brings a wide range of perspectives, expertise, and experiences. The Group has adopted a Board Diversity Policy that outlines the requirements for incorporating diversity factors in the board nomination process. When selecting board members, we consider factors including, skills, experience, background, race, nationality, gender and other qualities of directors. We believe that board diversity is essential for maintaining an effective and sustainable development strategy. For more information relating to board diversity, please refer to the Corporate Governance Report.

Risk Management

We place great importance on robust risk management practices to ensure sustainable business operations and effective governance.

Governance and Oversight

The Board ensures the effectiveness of the Group's risk management and internal control systems. The Board delegates authority to the Audit Committee ("AC") for in-depth evaluation and then the Risk Management Committee ("RMC") supported by the Risk Management Department takes the appropriate steps.

The Group's Enterprise Risk Management ("ERM") framework outlines the structure of risk management and internal control systems that need to be followed. The framework encompasses identifying, assessing, measuring, responding, monitoring and reporting processes. The three lines of defence model has been set up to define the responsibility and ownership of managing risks of the Group, including ESG-related risks.

First Line	**Risk Owners:** All operating units (divisions, departments and project teams)	
	• All operating units own and manage risks.	

Second Line	**Risk Oversight:** The Risk Management Committee and Risk Management Department
	• The Risk Management Committee oversees implementation of the ERM framework, including internal controls to assess and monitor risks. • The Risk Management Department monitors key risk indicators ("KRIs") and risk events that occur to predict potential risks and negative impact to the business and ensures effective controls are in place in operating units.

Third Line	**Independent Assurance:** Audit Committee and Internal Audit Department
	• Internal Audit Department provides independent assurance on the effectiveness of risk management and internal controls

The Audit Committee reviews the effectiveness of the Group's risk management and internal control systems, including material controls for financial, operational, compliance, and ESG-related activities.

During the Reporting Year, the directors participated in the ASEAN Executive Compliance Training and Executive and Management Training organised by AFS to strengthen their understanding of corporate governance and risk management awareness. Additionally, all new employees receive risk management training as part of their onboarding process, ensuring employees understand key risk concepts and management practices in daily operations.

For more information relating to risk management and internal control, please refer to the Corporate Governance Report.

ESG Risk Management

The Group identifies ESG risks on an on-going basis, considering both internal and external factors such as regulatory changes, environmental impacts, and social expectations. The likelihood of ESG risks occurrence and the potential impact within a specified timeframe is assessed. The magnitude or severity of a risk is determined by multiplying its likelihood and impact. Once an ESG risk is identified, an appropriate risk response is formulated.

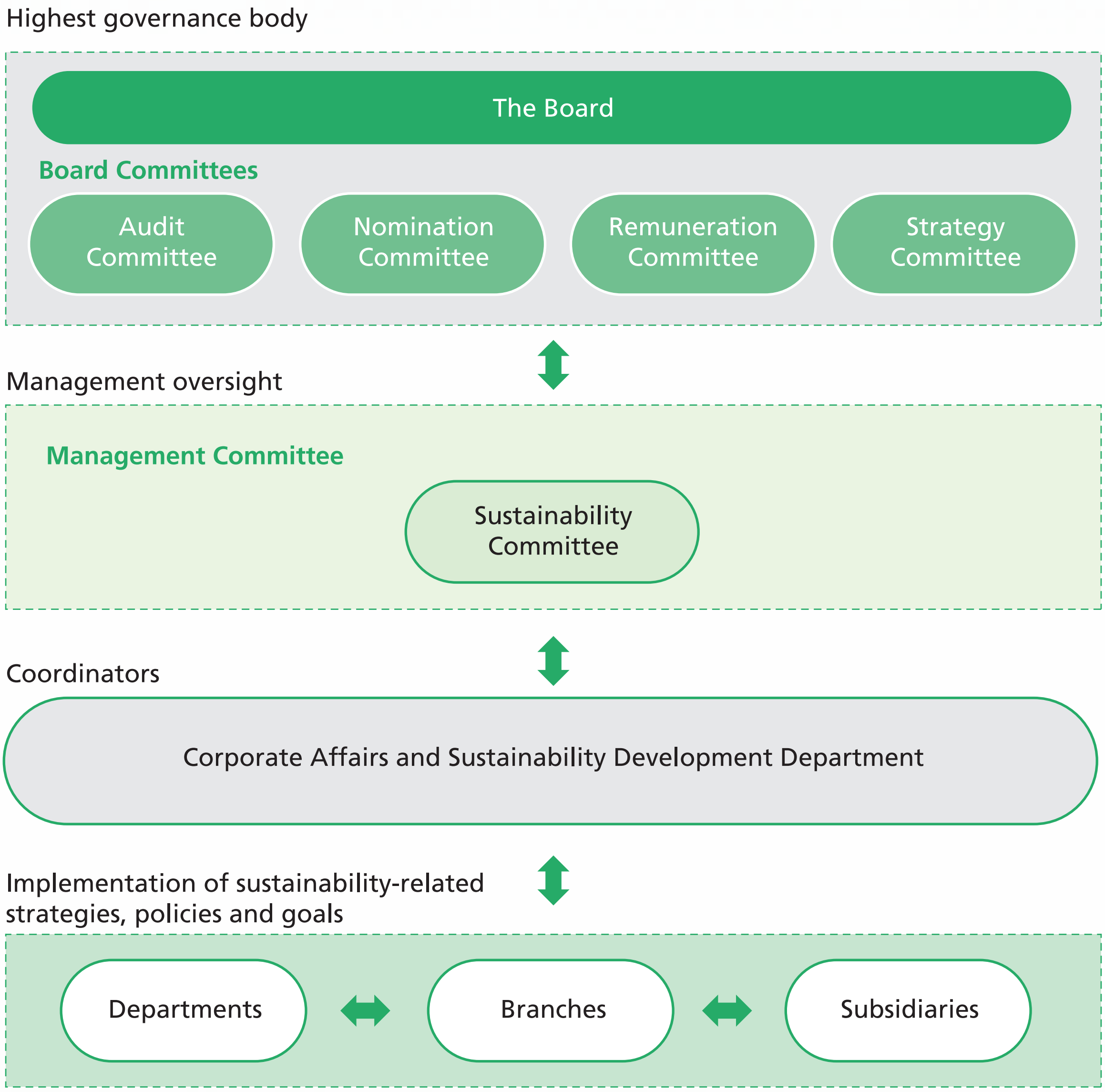
Also, ESG risks, including climate-related risk, human risk, legal & compliance risks are assessed in the regular Risk Control Self-Assessment ("RCSA"), among all other risks of the Group. Results of the assessment and the relevant risk mitigation measures, if any, are reported to the Risk Management Committee and the Audit Committee.

For more information relating to climate-related risk management and ESG-related risk management, please refer to the Addressing Climate Change and Product Risk Management section in this CS Report.

Sustainability Governance

Sustainability governance plays a vital role in supporting attainment of the Group's future vision. The Group's sustainability governance structure comprises the Board of Directors, Sustainability Committee, Corporate Affairs and Sustainability Development Department, individual departments, branches, and subsidiaries at the operational level.

Governance Structure for Sustainability



Roles and Responsibilities

The Board	• The Board serves as the highest authority responsible for sustainability governance. • The Board is responsible for approving ESG strategies, monitoring material ESG risks, and overseeing the Group's sustainability performance.
Sustainability Committee	• The Sustainability Committee, led by the Executive Director overseeing sustainability development, assumes the responsibility of setting ESG targets and regular assessments. • The Sustainability Committee is responsible for assisting and advising the Board on overseeing sustainability of the Group's development by identifying, measuring, and managing the related activities and associated issues.
Corporate Affairs and Sustainability Development Department	• The Corporate Affairs and Sustainability Development Department is responsible for collecting information related to sustainability performance, and closely monitoring progress toward sustainability-related targets as well as implementation of practices required to be followed across the Group for regular reporting and reviewing policy updates.
Departments, Branches and Subsidiaries	• The departments, branches and subsidiaries play a crucial role in implementing ESG policies, procedures, and initiatives set by the Sustainability Committee. They are responsible for supporting sustainability reporting and facilitating effective stakeholder communication, ensuring the Group's commitment to sustainability is sustained.

Sustainability Management Approach

Sustainability Policy

The Group has put in place a Sustainability Development Policy, which serves as a framework to articulate its unwavering dedication to sustainable development. It provides clear guidance to employees on the development and implementation of sustainability initiatives that align with the core principles of the AEON Foundational Ideals and AEON Group's Future Vision.

Sustainability Oversight

During the Reporting Year, the Sustainability Committee held 4 meetings and reported to the Board regularly, which included evaluating, reporting, reviewing and discussing the Group's sustainability targets, sustainability-linked loans, ESG ratings, and sustainability-related business operations. To enhance the oversight and management of the Group's march toward targets and effective response to related issues, frequency of Sustainability Committee meetings is proposed to be increased in the next financial year.

Material ESG Topics

Stakeholder Engagement

The Group recognises that effective stakeholder engagement is essential for understanding expectations, identifying risks and opportunities, and fostering long-term relationships. Through active and continuous engagement with stakeholders on economic, environmental, and social topics, including open communication and regular interaction through various channels, the Group obtains valuable insights into stakeholders' needs, and how its operations impact them.

Stakeholder Groups and Communication Channels

Employees

- Internal Newsletters and Intranet Communications
- Meetings with Employees
- Orientation and Exit Interviews
- Employee Suggestion Box
- Employee Surveys
- Training and Workshops

Investors

- Annual General Meetings and Investors Briefings
- Regular Reporting
- Announcements, Circulars and Other Corporate Communications

Customers

- "AEON Netmember" Service
- "AEON HK" Mobile App
- Branch-level Operations and Interactions
- Customer Service Hotline & Customer Surveys
- Social Media Platforms
- Newsletters and Marketing Materials
- Monthly Statement Inserts
- Company Website
- Year-round Publicity and Donation Campaigns
- Short Message Service and Multimedia Messaging Service

Government & Regulatory Authorities

- Correspondence
- On-site Inspection
- Compliance Reporting
- Enquiries and Clarifications

Business Partners and Suppliers

- Ongoing Performance Audits and Reviews
- Best Practice Adoption
- Mass Communications

Community Partners

- Cultural Exchange, Education, Internship and Sponsorship Programmes
- Yearly Environmental Protection Initiatives

Industry Associations

- Regular Meetings and Correspondence

Materiality Assessment

The Group conducts an annual materiality assessment exercise by engaging both internal and external stakeholders through the above-mentioned channels. During the Reporting Year, we adopted a double materiality assessment approach, evaluating materiality topics from two perspectives:

- **Financial Materiality:** This "outside in" view focuses on whether the ESG topics are expected to have a material impact on the Group's business model, business operations, development strategy, financial condition, results of operations, cash flows, financing methods and costs in the short, medium and long term.

- **Impact Materiality:** This "inside out" view focuses on whether the performance of the Group on the identified ESG topics will have a significant impact on the economy, society and the environment.

The following steps were taken to determine materiality:

Identification

- A comprehensive list of ESG topics was compiled through peer benchmarking, stakeholder feedback, industry trends, regulatory bodies, rating agencies, and sustainability reporting standards.
- 20 potential ESG topics were identified in FY2024/25.

Prioritisation

- Conducted an online assessment survey to collect feedback from internal and external stakeholders to prioritise the identied ESG topics according to their significance to the Group's business and significance of the likely economic, social, and environmental impacts.

Determination

- The results of the assessment survey were consolidated and weighted, leading to the development of a materiality matrix based on these findings.
- The matrix was used to determine the focus areas for sustainability initiatives.

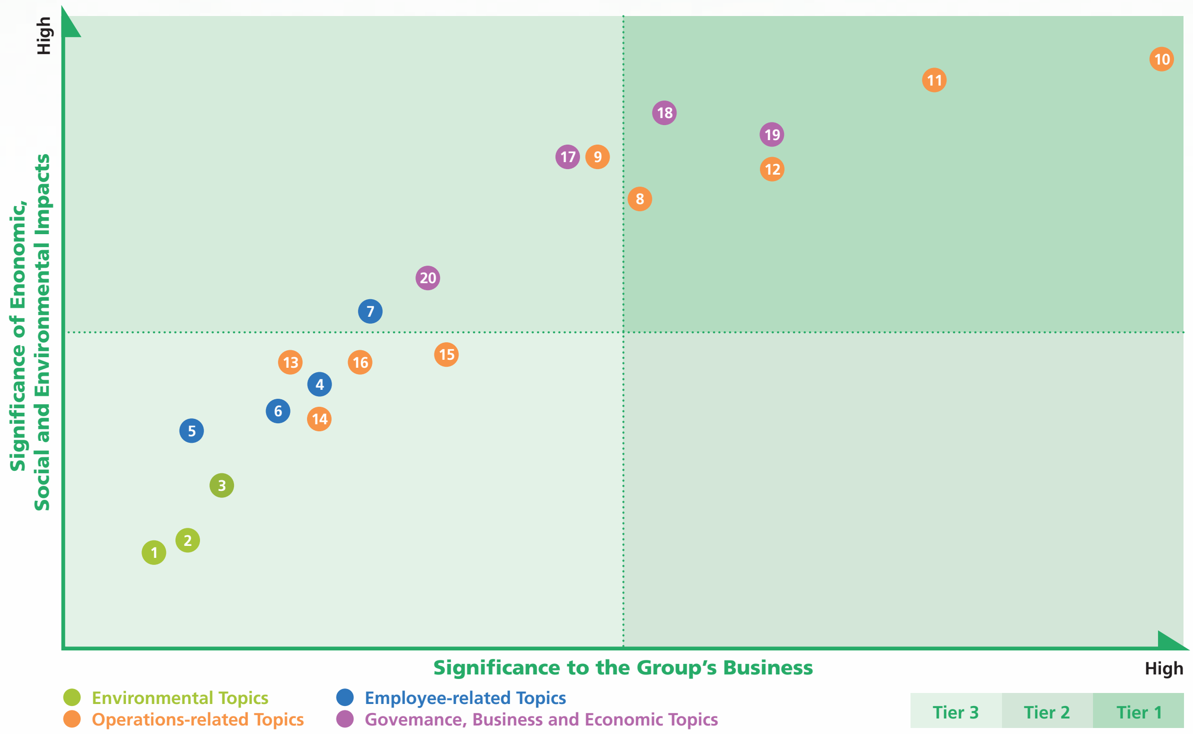
Validation

- The results were reported to and reviewed by the Sustainability Committee.

Materiality Matrix

The assessment results are depicted in the matrix below, where the y-axis represents the magnitude of the Group's impact on the economy, society and the environment, while the x-axis reflects significance of the ESG topics to the Group's business.

Following the materiality assessment, six ESG topics listed in Tier 1 were identified as material, as they meet the criteria for double materiality.



Tier 1

- 8 Customer Satisfaction
- 11 Digital Transformation and Innovation
- 18 Risk Management
- 10 Cybersecurity and Data Privacy
- 12 Product Responsibility and Intellectual Properties
- 19 Corporate Governance

Tier 2

- 7 Labour Practice
- 17 Business Ethics
- 9 Complaint Handling
- 20 Economic Performance

Tier 3

- 1 Addressing Climate Change
- 3 Environmental Management
- 5 Diversity and Inclusivity
- 13 Financial Inclusion
- 15 Supply Chain Management
- 2 Energy Use and Greenhouse Gas Emissions
- 4 Human Capital Development
- 6 Occupational Health and Safety
- 14 Sustainable Finance
- 16 Community Investment

COMMITMENT TO OUR BUSINESS

<table>
<tr><th>UNSDGs</th><th>Targets</th><th>FY2024/25 Initiatives</th></tr>
<tr><td rowspan="3">16 PEACE, JUSTICE AND STRONG INSTITUTIONS</td><td>Target 16.5
Substantially reduce corruption and bribery in all their forms.</td><td rowspan="3">• Updated Whistleblowing Policy and AML/CTF Guidelines to ensure transparency and accountability, contributing to the prevention of corruption.
• Held 2 fraud prevention training sessions and an ICAC talk.</td></tr>
<tr><td>Target 16.6
Develop effective, accountable and transparent institutions at all levels.</td></tr>
<tr><td>Target 16.7
Ensure responsive, inclusive, participatory and representative decision-making at all levels.</td></tr>
</table>

As a responsible provider of consumer finance and related services, our commitment to maintaining the highest ethical standards in our operations is embedded in our corporate culture. We believe that upholding integrity and ensuring transparency in all business practices is critical to building long-term relationships with customers, investors and other stakeholders.

In line with this commitment, we have established comprehensive policies and mechanisms to address key areas such as corruption and bribery, discrimination, confidentiality of information, anti-money laundering, counter-terrorist financing, conflicts of interests, and whistleblowing, etc. The internal policies provide clear guidance to employees at all levels, ensuring that all business activities are conducted with integrity, impartiality, and honesty.

Policies in place
■ Employee Handbook
■ Compliance Policy
■ Whistleblowing Policy
■ AML/CTF Guidelines
■ Guide on Prevention of Money Laundering and Terrorist Financing

Business Ethics

The "Code of Business Ethics" in Employee Handbook sets out the basis standard of conduct expected of all employees and the company policies on acceptance of advantages and entertainment and declaration of conflict of interest by employees in connection with their official duties. Key areas such as corruption and bribery, discrimination, confidentiality of information, conflicts of interest, anti-money laundering, environmental responsibility, occupational health and safety, whistleblowing, etc. are also covered in the Group's internal policies.

The Group does not tolerate any illegal or unethical acts. Anyone who is in breach of the Code of Business Ethics may be subject to summary dismissal. In cases of suspected corruption or other criminal offences, a report may be made to the Independent Commission Against Corruption ("ICAC") or the appropriate authorities. By adhering to these standards, we foster a culture of accountability and responsibility throughout the organisation.

To ensure all employees understand the importance of compliance and the impact of violations on the Group, the AFS Compliance Newsletter is shared with all staff quarterly to help reinforce the need for proper conduct and remind employees to use the correct reporting channels.

Conflicts of Interest

Employees are required to declare to the Group any financial interest, either direct or indirect, that they or their relatives may have in any business or other organisation which competes with the Group or has business dealings with the Group. During the Reporting Year, no conflicts of interest reports were received through the whistleblowing channel.

Anti-corruption

We are steadfast in our commitment to preventing corruption in all forms in our organisation. For more information relating to anti-corruption policy, please refer to the Corporate Governance Report. Employees are prohibited from soliciting/offering any advantage from/to customers, suppliers or any third parties in connection with the Group's business. We maintain a zero-tolerance approach towards corruption, ensuring that our business practices are always transparent and in accordance with both local and international legal standards.

During the Reporting Year, the Group held two fraud prevention training sessions and an ICAC talk that involved 3 Directors and 378 general staff, providing a total of over 493 training hours. Additionally, the annual Compliance refresher training was also conducted. We are not aware of any non-compliance of laws and regulations concerning anti-bribery and corruption by the Group.

Fraud Prevention Training (Session 1)

Fraud Prevention Training (Session 2)

ICAC Talk

Anti-Money Laundering and Counter-Terrorist Financing

The Group takes a proactive stance against money laundering and financing of terrorism. In compliance with international standards and local regulatory requirements, we have implemented an Anti-Money Laundering ("AML") and Counter-Terrorist Financing ("CTF") framework designed to detect, prevent, and report any suspicious financial activities. This includes performing due diligence on customers and merchants, maintaining comprehensive records of all transactions, and reporting any suspicious activities to relevant authorities. All employees are required to identify, assess and take effective action to mitigate AML/CTF risks across the business.

AML and CTF Framework

By adopting a risk-based approach, in resources allocation, the highest priority is given to the greatest points where risks can occur, such as during account opening and after that there is on-going monitoring of accounts. Our Customer Due Diligence ("CDD") procedures includes identification of the customer and verification of the customer's identity by documents, data or information provided by reliable and independent sources. Special attention is paid to customers from jurisdictions subject to sanctions, those with strong links to terrorist activities, or those connected to Politically Exposed Persons ("PEPs"). These high-risk customers undergo Enhanced Due Diligence ("EDD"), with a completed CDD form submitted to the Money Laundering Reporting Officer for further review and approval.

We maintain records of all AML/CTF-related documents, ensuring they are stored for a minimum of five years to comply with regulatory requirements.

To ensure our policies remain up-to-date, the Operations Division and Credit Control Department are responsible for reviewing and handling the AML/CTF Guidelines. In FY2024/25, we updated the list of high-risk countries potentially linked to terrorist financing as part of the AML/CTF guidelines. Additionally, our Internal Audit Department conducts an independent annual assessment of the Group's AML/CTF systems, procedures, and preventive measures to identify areas for improvement and ensure compliance with evolving regulations.

During the Reporting Year, we were not aware of any non-compliance of laws and regulations concerning money laundering, terrorist financing, or insider trading by the Group.

Tax Transparency

Our tax policy aligns with the AEON Group's Basic Tax Policy. We are committed to full compliance with both the letter and spirit of tax laws and regulations in every country where the Group operates. We do not engage in the use of preferential tax systems that do not accurately reflect our business activities, nor do we seek to avoid taxation by leveraging jurisdictions considered tax havens.

Whistleblowing Mechanism

A Whistleblowing Policy is in place and it applies to all employees of the Group as well as the related third parties who deal with the Group (e.g. customers, suppliers, and business partners). The Policy is reviewed by the Audit Committee at least every two years to ensure it remains effective. Any whistleblower possessing reasonable evidence of actual or suspected misconduct, malpractice, or irregularities within the Group is strongly encouraged to report such concerns to the Group.

We have established a confidential and accessible whistleblowing mechanism that allows employees and external stakeholders to report concerns. The reporting channels include internal and external routes.

Whistleblowers have multiple options to report concerns, all of which are treated with the utmost confidentiality. Reports are accessible only to key individuals, including members of the Audit Committee, Managing Director, Company Secretary, Chairman of the Compliance Committee, and/or designated monitoring group members. Reports submitted through the AEON Compliance Hotline or AEON Financial Service Compliance Hotline are directed to AEON China (under the supervision of AEON Japan) and AFS respectively. The online complaint channel is available 24/7, allowing whistleblowers to report concerns at any time. The Legal Attorney Hotline, managed by an external legal attorney engaged by AEON Group, ensures independence and confidentiality.

All reports received through any of the available channels are promptly brought to the attention of the Audit Committee. The committee assesses whether further investigation is necessary, based on the information or evidence provided by the whistleblower or gathered during preliminary inquiries. If the information is found to be credible, a full investigation is initiated, conducted by the Company Secretary and/or other internal or external parties designated by the Audit Committee.

Anyone who is a subject of a whistleblowing report cannot participate or be involved in any related investigation in any manner. In cases where there is sufficient evidence indicating a possible criminal offence or corruption, the matter is promptly reported to the relevant authorities, such as the Police, the ICAC, etc.

Protection of Whistleblowers

We accept reports submitted by whistleblowers anonymously. When the whistleblower discloses his or her identity, we make every effort to treat reports confidentially and sensitively and keep the whistleblower's identity confidential.

The Group places a high priority on protecting whistleblowers and ensuring that they are not subjected to any form of retaliation. Whistleblowers making genuine and appropriate reports are guaranteed protection against unfair dismissal, victimisation, or unwarranted disciplinary action, even if their reported concerns are ultimately found to be unsubstantiated.

The Group reserves the right to take necessary actions against any individual initiating or threatening retaliation against whistleblowers. In particular, employees engaging in such actions may face disciplinary measures, including summary dismissal.

COMMITMENT TO CUSTOMERS AND BUSINESS PARTNERS

UNSDGs	Targets	FY2024/25 Initiatives
8 DECENT WORK AND ECONOMIC GROWTH	**Target 8.10** Strengthen the capacity of the financial institutions to encourage and expand access to banking, insurance and financial services for all.	• Launched the virtual card function. • Opened a new branch in Shatin. • Continued branch renovations, adding dedicated insurance consultation counters and expanding the network.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Target 9.3** Increase the access of small-scale industrial and other enterprises to financial services, including affordable credit, and their integration into value chains and markets. **Target 9.5** Enhance scientific research, upgrade the technological capabilities and encourage innovation.	• Encourage local spending and introduced e-Voucher. • Relocation of the data centre.
17 PARTNERSHIPS FOR THE GOALS	**Target 17.8** Enhance the use of enabling technology, in particular information and communications technology.	• Implemented AI-powered fraud detection.

Being one of Hong Kong's leading credit card issuers and consumer finance services providers since 1990s, we ensure that our offerings constitute convenient and easy-to-understand financial services and are based on consumer perspectives.

Product Responsibility

The Group assumes full responsibility for products and services it delivers. We ensure that all financial offerings comply with applicable regulatory requirements and industry best practices.

Product Risk Management

To ensure responsible delivery of products and services, the Group has incorporated product risk management into its ERM framework, in order to mitigate various risks, such as compliance risk, credit risk, operational risks, etc., during the development and delivery of products and services.

While new product or service introductions undergoes risk assessments to ensure it meet the Group's risk appetite, the Board is ultimately responsible for understanding the nature and magnitude of significant risks, including those related to new products and services, to ensure sustainability of the Group. It ensures that these risks are managed within acceptable tolerance levels and are aligned with the Group's risk policies.

Product Design and Innovation

Innovation is a driving force behind the Group's commitment to enhancing customer experience. We continuously invest in digital transformation to develop user-friendly financial solutions that cater to evolving customer needs.

Innovative Product Design

The Group launched new vertical cards and virtual card function to enhance customer payment experience, offering a more convenient and seamless payment solution during the Reporting Year.

The Vertical Card

The newly designed vertical card from the Group aligns with the increasing demand for tap-to-pay contactless payments. Its vertical design allows customers to hold the card like a mobile phone, bringing a more intuitive payment experience compared with the traditional horizontal card orientation.

The Virtual Card Function

Designed to meet the increasing demand for digital payment options, the virtual card function offers a convenient, electronic alternative to physical credit cards. It eliminates the need to carry a physical card, providing customers with simple payment solutions. Customers can apply for the virtual credit card directly through the "AEON HK" Mobile App. Once activated, users can immediately begin making purchases before the physical card arrives, enjoy a more seamless payment experience.

Digital Transformation

To propel digital transformation, the Group has successfully launched the new card and loan system, and the revamped "AEON Netmember" website, besides "AEON HK" Mobile App. These upgrades provide a flexible and integrated platform for the creation and delivery of new payment solutions and product benefits.

To further strengthen its technological capabilities, the Group has successfully relocated its core data centre to Tseung Kwan O. The infrastructure attained M&O, Tier IV and TVRA certifications in terms of uptime guarantee, fault tolerance and cost-effectiveness. Additionally, the new data centre is located in a building purposely designed to meet internationally recognised green building certification standards, demonstrating the Group's commitment to integrating sustainability into its business operations.

Regarding digitalisation of operations, the Group continues to enhance its call centre platform and provide responsive customer interaction. Data analytics tools are being further developed to heighten the effectiveness of marketing, credit assessment and credit management activities.

Sustainable Finance

The Group is committed to integrating sustainability into its financial strategy, ensuring that its operations contribute to a greener and more sustainable future. As part of this commitment, the Group secured its first sustainability-linked loans in November 2022, with a total carrying amount of HK$320 million and a term of three years. By the end of this Reporting Year, the Group successfully secured a new HK$300 million sustainability-linked loan from a syndicate of nine regional and local banks. This milestone marks a significant step in aligning our financial practices with environmental and social responsibility goals.

The loan agreements stipulate sustainability targets for the Group covering both environmental and social aspects. To ensure accountability and transparency, our sustainability performance metrics are independently assessed on an annual basis by an external reviewer.

Looking ahead, we remain dedicated to expanding our sustainable financing portfolio. We shall actively explore new opportunities to formulate and offer ESG-driven financial solutions, reinforcing our role in the transformation of a greener and more sustainable capital market. By embedding sustainability into our financial operations, we aim to create long-term value for our stakeholders while contributing positively to environmental and social well-being.

Financial Inclusion

The Group is committed to promoting financial inclusion by providing accessible and affordable financial services to individuals from diverse socio-economic backgrounds, including underserved communities. Our comprehensive range of financial products — including credit cards, personal loans, insurance, and instalment payment options — enables more individuals to participate in the financial system and achieve their financial goals.

To further enhance accessibility, the Group continues to launch mass promotion initiatives for its credit card and personal loan businesses, ensuring that a wider customer base can benefit from financial solutions. Additionally, we aim to acquire licenses from new payment gateways, expanding our payment services scope and merchant network to offer greater convenience and financial access. Moreover, we continuously refine our credit assessment policy to provide tailored and sustainable credit facilities, ensuring responsible financial support that meets the diverse needs of our customers.

Recognising that different customer segments have unique needs and preferences, we are committed to customising our service delivery methods. This includes offering multiple digital and offline service channels, such as "AEON HK" Mobile App, official website, dedicated customer service hotline, and in-person support at branches, ensuring that customers from all backgrounds can access financial services conveniently.

Enhancing Customer Access and Support

To meet the increasing demand for face-to-face advisory services, the Group has continued to revamp its branches, adding dedicated insurance consultation counters and expanding its network. This transformation aims to create a one-stop financial centre for customers. In June 2024, a new physical branch opened in Shatin, featuring both dedicated service and insurance consultation counters to better serve our clients.

New Branch at City Link Plaza in Shatin

Additionally, our customer service representatives will provide extra care, especially for senior citizens and those in need of special assistance.

Support Local Economy

To support the local economy, the Group has introduced various initiatives aimed at stimulating local consumption. Our marketing strategies are specifically designed to support local consumption. AEON cardholders can earn extra rewards when they spend at local eateries and selected local merchants, further driving economic activity and benefiting small businesses in the community.

Another initiative is the launch of our e-Voucher programme, where customers can utilise their bonus points to redeem for e-Voucher seamlessly via "AEON Netmember" website or "AEON HK" Mobile App, making it easier to support and promote local spending.

Financial Education

We actively engage in financial literacy programmes to empower underserved groups with the knowledge and tools needed to make informed financial decisions. Through these initiatives, we aim to help individuals better understand credit management, budgeting, and responsible borrowing.

Financial Literacy Education

Since FY2022/23, the Group has partnered with the Hong Kong Family Welfare Society to launch the "Financial Education ON!" ("FE-ON!") Programme, which fosters healthy spending habits and financial literacy among children, youth, and parents.

To date, the FE-ON! Programme has facilitated over 100 educational sessions, benefiting more than 1,300 students and parents. Additionally, the initiative promotes financial literacy through social media, leveraging viral videos and engaging content to reach a broader audience.

Through the FE-ON! Programme, we were honoured to receive the "Investor and Financial Education Award 2024 (Corporate)" from the Investor and Financial Education Council, recognising our efforts in promoting financial literacy. We will continue to support initiatives that enhance financial awareness, foster informed investment choices, and contribute to a more financially resilient community.

Additionally, to enhance employees' financial literacy, we organised a session on Mandatory Provident Fund ("MPF") and a financial awareness seminar on daily expense management, equipping employees with essential knowledge on maintaining financial stability.

Financial Wellness Session

Investor and Financial Education Award 2024 (Corporate)

Customer Satisfaction

"Customer First" is our business philosophy. To keep in line with this business philosophy, the Group takes all possible steps to achieve customer satisfaction through the following steps:

To maintain service excellence, the Group has established a Customer Service Operation Manual and approval procedures that guide customer interactions and ensure a high-quality experience. The Customer Service Sub-Committee plays a key role in overseeing our customer service strategy. It regularly reviews the progress of customer experience initiatives, monitors service standards, and evaluates customer service performance.

The Customer Service Sub-Committee meets monthly to discuss and address customer-related matters, ensuring that our products are responsibly offered and that our service standards are consistently met. In addition, the Customer Service Sub-Committee is responsible for reviewing the work plan for improvement of the following matters.

To further enhance customer satisfaction, we conduct regular training sessions for our marketing personnel and branch employees twice a year. The training covers product knowledge, card features, promotions, and ethical selling practices, ensuring our staff are equipped to provide the best service to customers.

We are also committed to offering responsible products and services. All our products, services, and advertising materials are developed with clear, transparent, and balanced information, in full compliance with relevant requirements of regulatory authorities. We place a strong emphasis on ethical selling practices, clear communication of financial terms, and a customer-first approach, ensuring that targeted groups receive suitable financial solutions without undue pressure or misleading information.

Customer Feedback and Complaint Handling Mechanism

The Group understands and treats customers' complaints as an opportunity to understand customer feedback. We aim to achieve customer satisfaction by implementing an easily accessible complaint mechanism, enabling customers to raise concerns or issues regarding our products and services, ensuring transparency and accountability.

The Group has developed a standard complaint handling procedure to ensure efficient resolution of complaints while maintaining customer satisfaction. We offer various channels for customers to voice their concerns, including in-branch assistance, a customer service hotline, and online chat support via "AEON HK" Mobile App and website. We also have implemented easily accessible complaint mechanisms tailored to financial inclusion clients.

All complaints received are recorded and investigated promptly and followed by internal review and resolution steps, ensuring that each complaint is addressed effectively and professionally.

FY2024/25 Target:

Customer complaint cases at **8** or below per **100,000** incoming calls

FY2024/25 Progress:

1.86 customer complaint cases per **100,000** incoming calls

Feedback and Complaints Channels

- Branch Offices
- Customer Service Hotline
- Mobile App
- Company's Website

To maintain and continuously enhance the quality of our service, our Customer Relationship Management ("CRM") Department prepares weekly complaint reports, which the CRM Manager reviews and reports to Management weekly. Moreover, the CRM Manager reviews customer service standards with Management in monthly Customer Service Sub-Committee meeting.

We have set the following response times for complaints and implemented rigorous procedures to ensure timely handling, ultimately aiming to strengthen customer relationships and demonstrate our commitment to exceptional service.

Verbal Complaint

- Complaints received in person or via telephone are replied to within 2 working days. If the investigation takes longer, a courtesy call is made to advise the progress every 5 working days.

Written Complaint

- For complaints received by letter, fax and email, a written reply is sent out within 10 working days.

Customer Satisfaction Survey

To measure the customer experience, the Group conducts regular customer satisfaction surveys. Insights from these surveys drive continuous improvement initiatives, ensuring that we adapt to changing customer needs while maintaining the quality of our financial services.

We have implemented an online survey system, where customers receive an invitation via email to participate in the survey upon completing a transaction. The Customer Relationship Management Department is responsible to share customer feedback with senior management.

Senior management regularly reviews customer feedback, including customer suggestions, compliments, and complaints. Customer feedback is shared with staff and the relevant business units, to enhance customer service and promote best practices.

Our customer satisfaction assessment covers complaints and compliments received from all customers. In FY2024/25, the Group received 13 customer complaints, mainly about services and other general issues. Besides, a total of 407 customer compliments were received, representing a 132.6% increase as compared to previous year, mainly attributed to delivery of satisfactory branch service.

Data Privacy and Security

At the Group, we prioritise protection of customer and organisational data, ensuring that both are handled with the highest level of confidentiality, integrity, and compliance.

Data Protection Standards

As an organisation that processes, stores and transmits payment card data, we are committed to safeguarding customer information in accordance with the highest data protection standards. We strictly adhere to the Payment Card Industry Data Security Standard ("PCI DSS") and the ISO 27001:2022 Information Security Management Standard.

During the Reporting Year, we have successfully obtained latest version of PCI DSS and ISO 27001 certifications, both of which are essential frameworks for data governance and information security, ensuring the protection of cardholder data privacy and overall information security. We also revised our Information Security Policy to incorporate the expanded requirements of ISO 27001:2022 and updated the PCI DSS Charter, further reinforcing our commitment to data protection.

ISO 27001 Certification


Certificate of Compliance

Awarded to

AEON Credit Service (Asia) Company Limited

PCI DSS Certification

PCI DSS compliance is assessed annually by external qualified security assessors, supplemented by quarterly vulnerability scans of our computer networks. The external qualified security assessors provide a Report on Compliance ("RoC") and an Attestation of Compliance ("AoC").

To ensure effective protection of payment card data and maintain PCI DSS compliance, we enforce rigorous physical and logical security controls. These include encryption of stored payment card data, secure configuration of protection mechanisms such as firewalls, antivirus software, and intrusion prevention systems, as well as strict physical access controls. A two-factor authentication is mandated for computer login to ensure additional security.

All security controls and procedures are thoroughly documented and logged to ensure accountability and facilitate recovery in the event of a data breach or network outage. As custodians of payment card data, we take full responsibility for its security and remain committed to adhering to all relevant controls outlined by PCI DSS.

Data Protection Responsibilities

The Managing Director has been appointed as the Chief Information Security Officer also and bears overall responsibility for overseeing and maintaining the Group's information security. The Head of the Operations Division and the Head of the Risk Management Department oversee the development, implementation, and ongoing maintenance of data protection measures. Additionally, the Risk Management Committee ("RMC") is responsible for monitoring compliance with these policies and procedures.

In the event of policy changes or a data leak, the RMC is responsible for examining any violation of the information security policy and associated procedures by individuals or entities. The RMC is also responsible for recommending disciplinary actions as necessary in time.

All employees and other individuals handling the Group's information resources bear the responsibility of promptly reporting any suspected or actual threats or security breaches to the IT Security Department for further investigation. In the event of a data breach or security incident, the IT Security Department follows the Cyber Security Incident Management Procedure, assembling a Computer Security Incident Response Team ("CSIRT") to respond swiftly and mitigate any potential risks to data breaches. Additionally, we regularly conduct CSIRT drill exercise with the objectives of building preparedness mindset deal with incident anytime and keep fine-tuning existing incident escalation flow.

During the Reporting Year, we were not aware of any reports of customer privacy data breaches.

Data Protection Initiatives

In FY2024/25, we implemented a Data Loss Prevention ("DLP") system to enhance the security of sensitive data. This system adds watermarks to sensitive information, enabling us to trace data access and retrieval events and monitor the flow of data more effectively.

To further safeguard our digital environment, we deployed a new web proxy that integrates user authentication and web filtering, ensuring secure control over the Group's web traffic while mitigating data loss risks. Additionally, we enhanced Internet Protocol ("IP") Address blocking mechanisms, transitioning from a manual process to an automated system using Robotic Process Automation ("RPA") to improve efficiency and security.

Data Protection Training

To ensure that all employees and third-party vendors understand the importance of data protection and comply with applicable regulations, the Group has established a structured training programme. This training is designed to raise awareness about data privacy, reinforce good practices, and prevent data breaches. The key elements of our data privacy training include:

Orientation training for all new hires	• IT Basic Training on information Security • PCI DSS Awareness Training • Introduction to ISO
Annual training for all staff	• IT Basic Training on information Security Refresher • PCI DSS Awareness Refresher Training • AFS IT Security Training
Mandatory training for third parties	• Information Security Training • PCI DSS Awareness Training

Third-party Data Protection Compliance

All third parties, including business partners and vendors, with whom we share data, are required to comply with our data privacy policy. We perform third-party vendor sub-audits to assess compliance, and when suppliers gain network access through account creation, they are required to sign a non-disclosure agreement binding them to adhere to security standards, preventing disclosure of sensitive information to external parties from unauthorised disclosure. When full compliance is not feasible because of some valid reasons, additional approval is required as outlined in the contractual agreement with the third party.

Customer Data Privacy

We are committed to safeguarding the privacy and confidentiality of customer data. Protecting the confidentiality of customer data remains fundamental to our reputation and retaining the trust of our customers.

Data privacy protection is an integral component of our Operational Risk Management, which is embedded within the Enterprise Risk Management framework. To ensure transparency, we have established clear policies on data collection, use, and sharing, empowering customers to remain fully informed and in control of their personal information.

Policies in place

- Information Security Policy
- Data Security Guidelines
- Personal Data Protection Regulation
- Personal Data Protection Policy

These policies apply to all employees

These policies apply across all aspects of the Group's operations. Additionally, a compliance audit is conducted annually to assess whether the Group's data management practices and policies meet the data protection requirements.

Our Personal Data Protection Policy outlines the principles that ensure collection and processing of user data are limited to specific, stated purposes. The Group collects user data through lawful and transparent methods and obtains explicit consent from data subjects when necessary. The customers have the right to opt out of certain data processing activities and request the deletion of their data, providing them with control over their personal information.

Cybersecurity and Fraud Prevention

As cyber threats continue to evolve, the Group has implemented a comprehensive cybersecurity strategy to protect digital assets, customer data, and information of financial transactions. Our proactive approach ensures that our security systems remain resilient against emerging cyber risks.

Cybersecurity Risk Assessment and Protection Measures

To strengthen the cybersecurity framework, we have engaged qualified professional assessors to conduct regular vulnerability assessments and simulated cyberattacks, evaluating the effectiveness of our security controls and identifying potential vulnerabilities.

To mitigate risks associated with financial transactions, we have introduced AI-powered fraud detection tools for all credit card transactions. These tools analyse credit status and customers' purchasing patterns to detect and verify the authenticity of any suspicious transactions. Based on risk levels, the system can approve or reject transactions in real time, providing customers with enhanced security and fraud protection.

Customer Education and Anti-Fraud Awareness

In addition to technological safeguards, we actively educate customers on fraud prevention and cybersecurity awareness. We send anti-fraud reminders via SMS and email, advising customers to avoid suspicious links and phishing attempts. Furthermore, we included Cyber Safety and Security Information on company website and publish monthly anti-fraud alerts on Facebook to raise awareness and help customers remain vigilant against potential security threats.

Intellectual Property Protection

To protect intellectual property, our Guidelines on Compliance with the Copyright Ordinance require employees to adhere to copyright laws. The Group has implemented the IT Security Standard, which strictly prohibits installation of any unlicensed or unauthorised software on company computers.

All marketing materials are sourced after confirming that any copyrighted content is incensed, to ensure compliance with intellectual property rights. We also engage with our suppliers to ensure they are fully aware of and respect intellectual property rights of all concerned in their operations.

Supply Chain Management

The Group is dedicated to responsible supply chain management and ensures that its business partners are in agreement with its ethical, environmental, and social standards. We seek to partner with vendors who share our commitment to sustainability and corporate responsibility, as well as meet the dynamic and evolving expectations of local communities.

We have updated the Guideline for Procurement Procedures, Guideline for Vendor Management, and ESG Guidance Note for Vendors in FY2024/25, ensuring that all sourcing practices are fair, transparent, and aligned with our commitment.

During the Reporting Year, we collaborated with a total of 922 suppliers and business partners. Among these, 493 were based in Hong Kong, 398 in Mainland China, 11 in Japan, and 20 in other regions.

Supplier Selection

To ensure compliance, sustainability, and ethical business practices, all prospective vendors must undergo a structured registration and assessment process.

Supplier Registration

New vendors are required to complete the Vendor Registration Form and submit the necessary supporting documents before the Group initiates any business relationship with them.

Supplier Financial Check & Review

The Group performs a financial assessment, conducts AML/CTF checks, evaluates the vendor's reputation, and requires a conflict of interest declaration from all vendors.

ESG Assessment

The Group conducts ESG assessments to evaluate vendors based on their environmental and social practices, including the environmental management, data and information security, occupational health and safety, quality management and labour practices.

Supplier Selection Procedures

We have published our Statement on Vendor Management on our website which outlines our supply chain requirements, including the processes for supplier registration, ESG assessment, annual vendor evaluations, and vendor de-registration.

We are committed to promoting sustainable practices across our supply chain and prioritise vendors that offer environmentally friendly products and services. We proactively engage with our suppliers to explore environmentally friendly alternatives for plastic used in credit card production. When selecting consumable items, we strive to strike a balance between environmental sustainability, user friendliness, and cost-effectiveness whenever feasible.

To assess and acknowledge vendor's understanding and acceptance of the Group's ESG standards, we invite vendors to sign our ESG Guidance Note for Vendors which outlines our expectations and standards for environmental, anti-corruption, data privacy, labour standards, and governance practices.

Supply Chain Management Approach

Our supply chain management approach is built on the foundation of sustainability, ethical practices, and operational efficiency.

Engagement

- Engage with suppliers through various communication channels, including annual vendor evaluation and ESG assessments.
- Proactively communicate with suppliers to enhance their understanding and recognition of the Group's commitment to regulatory requirements, its internal standards, and overall values.

Training

- The Group's designated business consultants and advisors are required to complete mandatory training on Information Security, PCI DSS Awareness, and Compliance to foster a cooperative relationship based on mutual trust and assistance.

Risk Management

- During the prequalification and supplier selection process, we conduct several assessments on new suppliers, including due diligence on compliance with AML and CTF rules, reputation checks on new suppliers , financial evaluations, and conflict of interest screenings to minimise any risks along our supply chain.
- ESG assessment

Reviews & Audits

- Conduct continuous and regular reviews of supplier performance, with a particular emphasis on annual assessments and evaluations of specific contractors and recurring suppliers, for evaluating their service delivery, completeness, quality, ESG performance, reputation, etc.

COMMITMENT TO OUR ENVIRONMENT

UNSDGs	Targets	FY2024/25 Initiatives
11 SUSTAINABLE CITIES AND COMMUNITIES	**Target 11.6** Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	• Installed waste recycling bins in designated common areas.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Target 12.5** Reduce waste generation through prevention, reduction, recycling and reuse.	• Adopted recycled materials for credit card production. • Enhanced knowledge and awareness through Board ESG Training and ESG Awareness Training for all employees. • Strengthened ESG assessments within the vendor management procedure.
	Target 12.8 Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	
13 CLIMATE ACTION	**Target 13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.	• Conducted climate scenario analysis to evaluate the impact of climate-related risks.

As a financial services provider, our responsibility extends beyond economic growth to include environmental sustainability. As part of our sustainability strategy, we are focused on reducing our carbon footprint, minimising waste, and integrating eco-friendly practices into our operations.

From eco-friendly uniforms to recycled plastic credit cards, we are committed to minimising the environmental impact arising from the Group's operations, aligning with UNSDGs, and enhancing environmental performance across the Group.

Addressing Climate Change

Climate change poses risks and opportunities for business, including financial institutions like us. We recognise the need to address climate change and are committed to integrating sustainable practices into our operations. By addressing climate change, we aim to strengthen business resilience, support sustainable finance, and contribute to the transition to a low-carbon economy.

In line with global sustainability trends and regulatory expectations, the Group is committed to enhancing transparency in climate-related disclosures. We have gradually aligned our climate-related disclosures with reference to the International Financial Reporting Standards S2 Climate-related Disclosures ("IFRS S2"), which provides a structured approach to assessing and disclosing climate risks and opportunities. This includes governance, strategy, risk management, and metrics and target to track climate impact and performance.

Governance

The Group has a structured governance framework for addressing climate change, which is integrated into the Group's sustainability governance framework.

Board Oversight

The Board has the ultimate responsibility for the Group's climate-related initiatives. The Board plays a crucial role in developing and reviewing the climate strategy, ensuring alignment with the Group's objectives, values, and long-term sustainability goals. Additionally, the Board oversees climate-related risks and opportunities, ensuring they are effectively managed across the organisation.

During the Reporting Year, to ensure the Board stays informed of the latest trend of climate-related risks and opportunities, we invite an external climate expert to provide climate-related training on climate trends, regulatory developments, equipping Board members with the knowledge needed to drive effective climate governance.

Committees Support

The Board is supported by two key committees in addressing climate change:

The Sustainability Committee

Chaired by the Executive Director, the committee comprises heads of different divisions and representatives from various business functions. It is responsible for overseeing the Group's climate-related initiatives, including:

- Identifying, measuring, monitoring, and managing climate-related risks, opportunities, and performance metrics.
- Setting and tracking progress against climate-related targets.
- Ensuring the integration of sustainability principles across business operations.

The Risk Management Committee

The committee focuses on overseeing climate-related risk management processes. It ensures that climate risks are systematically assessed and integrated into the Group's Enterprise Risk Management framework.

Both committees report regularly to the Board, providing updates on sustainability performance, climate-related targets, and climate-related risks and opportunities assessments in regular meetings. We believe the structured reporting ensures that climate considerations are embedded in corporate decision-making.

Management Responsibilities

Sustainability Committee meeting is held regularly to discuss sustainability and climate-related matters. Each division and department within the Group also has the responsibility to stay aware of any climate-related risk that may affect their areas of responsibility. The Group identifies and assesses climate-related risks on the enterprise level, among all other risks altogether, based on the Enterprise Risk Management framework. Once identified, the risk is to be reported to the Risk Management Committee and Sustainability Committee.

Strategy

The Group faces climate-related risks mainly in Hong Kong and the Greater Bay Area, where extreme weather events like Typhoons and heavy rainfall can impact operations. Key risks include disruptions to data centres, IT systems, and physical branches, as well as potential credit risks if customers face financial strain due to climate impacts. At the same time, the Group sees opportunities in strengthening risk management, integrating ESG into its products and services, and promoting sustainable finance initiatives.

To develop a comprehensive climate strategy, during the Reporting Year, we conducted climate-related risks and opportunities assessment to identify climate-related risks and opportunities, and their potential impact on the business model and value chain, and formulated corresponding mitigation and adaptation strategies to enhance our resilience to climate change.

Effects of Climate-related Risks and Opportunities

The assessment considers both the physical risks, transition risks, and climate-related opportunities posed by climate change, including potential impacts on operations, supply chains, and customer demand. Assessment results are detailed as follows:

Physical Risks	Climate-related Risks	Effects on Business Model	Effects on Value Chain	Potential Financial Impact
Acute Risk	Extreme Weather Events	• Disruptions to operations and service delivery • Damage to infrastructure of the Group or its service providers • Negative impacts on the workforce • Potential relocation of key branches	• Disruptions in logistics and supply chains • Increased insurance costs	• Revenue loss due to the temporary closure of the head office, branches, and service centres. The estimated business loss during extreme weather events, including sales losses incurred during the incident period and the following days before resumption of normal operation. • Reduced revenue and higher costs from negative impacts on workforce
Chronic Risk	Rising Sea Levels			
	Rising Temperatures			

Transition Risks	Climate-related Risks	Effects on Business Model	Effects on Value Chain	Potential Financial Impact
Policy and Legal Risk	Tightening Carbon Emissions Regulations	• Increased compliance costs • Increased focus on transparency and data collection to meet disclosure standards	• Suppliers and partners may face similar regulatory pressures, requiring collaboration to ensure compliance • Supplier chain partners need to provide additional data to support the Group's disclosure	• Additional expenses related to carbon assessments, reporting, and related processes • Increased audit and compliance costs for report preparation, third-party audits, and data system upgrades
	Mandatory Climate Disclosure Requirements			
Technology Risk	Low-Carbon Technology Transition	• New technology development • Early retirement of existing high emission equipment	• Supply chain adaptation to new technology standards	• Increased capital expenditure for allocating significant capital toward technology upgrades and infrastructure development
Market Risk	Customer Preference Shifts	• Shifts focus towards sustainable finance products offering	• Pressure on suppliers to provide eco-friendly alternatives	• A shift in customer preferences towards competitors offering sustainable solutions could reduce potential revenue for the Group
Reputational Risk	Increased Stakeholders' Concern	• Stronger ESG commitments required • Potential brand value impact	• Stricter sustainability requirements for partners, suppliers and customers	• Failure to attract and retain climate-conscious customers may result in a decline in revenue and loss of market share

Opportunities	Climate-related Opportunities	Effects on Business Model	Effects on Value Chain	Potential Financial Impact
Products and Services	Sustainable Financial Products	• Integration of sustainability into product offerings	• Increased demand for sustainable financial products across markets	• Increase revenue, competitiveness and market share from growing demand for sustainable finance products
Energy Source	Energy Efficient Operations	• Reduced exposure to future fossil fuel price increases • Reduced exposure to GHG emissions	• Anticipated reputational benefits leading to a rise in demand for products and services	• Cost savings from reduced energy consumption and lower utility expenses

Climate-related Scenario Analysis

To ensure a comprehensive risk assessment, the Group adopts scenario frameworks proposed by internationally recognised organisations. We evaluate two high-contrast climate scenarios under different scenario frameworks to analyse and discuss potential impacts of climate-related risks and opportunities under varying conditions, for long-term resilience planning and strategic decision-making:

Low Emission Scenario: the global temperature increase is limited to 1.5°C in this century, aligning with the Paris Agreement's goal.

High Emission Scenario: the global temperature increase is more than 2°C in this century, representing a future with more severe climate impacts and fewer mitigation efforts.

Under the selected climate scenarios, we assessed the impact level and time horizon in which climate-related risks may occur. Regarding climate-related opportunities, we focused solely on evaluating the time horizon in which these opportunities are expected to materialise for the Group.

The assessment scope includes all geographical locations where the Group operates, covering our operations in Hong Kong and Mainland China.

Physical Risk Scenarios

We selected Shared Socioeconomic Pathway ("SSP") proposed by International Panel on Climate Change ("IPCC") in the Sixth Assessment Report ("AR6") to assess physical risks, given its credibility and focus on physical science impacts.

SSP1-2.6 (Low Emission Scenario)	Characteristic[2]	SSP5-8.5 (High Emission Scenario)
The world actively adopts carbon reduction measures, with greenhouse gas emissions peaking before 2030 and then declining rapidly.	Scenario Description	The world continues to rely heavily on fossil fuels, and greenhouse gas emissions keep growing.
By 2100, the global yearly average temperature is expected to rise by about 1.3°C to 2.4°C.	Temperature Changes	By 2100, the global yearly average temperature is expected to rise by about 3.3°C to 5.7°C.
By 2100, sea levels are expected to rise by approximately 0.32 metres to 0.62 metres, posing a relatively low threat to coastal infrastructure.	Sea Level Rise	By 2100, the median sea level rise approaches 0.63 metres to 1.01 metres, presenting severe risks to coastal areas.

2 The characteristics of the IPCC scenarios were referenced from the Summary for Policymakers of the IPCC Sixth Assessment Report.

Transition Risk Scenarios

We selected Network for Greening the Financial System ("NGFS") climate scenarios to assess transition risks, as NGFS provides a comprehensive set of metrics relevant to the financial services industry.

Net Zero 2050 (Low Emission Scenario)	Characteristic[3]	Fragmented World (High Emission Scenario)
This scenario assumes global warming shall be limited to 1.5°C due to use of stringent climate policies and innovation, implying global net zero CO_2 emissions by around 2050.	Scenario Description	This scenario assumes delayed and divergent climate policy actions around the globe, leading to high physical and transition risks.
1.4°C	°C Policy Ambition	2.4°C
Immediate and smooth	Policy Reaction	Delayed and fragmented
Fast change	Technology Change	First slow, then fragmented
Medium-high use	Carbon Dioxide Removal	Low-Medium use
Medium variation	Regional Policy Variation	High variation

3 The characteristics of the NGFS scenarios were referenced from the NGFS Climate Scenario for Central Banks and Supervisors.

Time Horizon Definition

Since the Group operates in both Hong Kong and Mainland China, the timeframes are aligned with the Hong Kong's Climate Action Plan 2050 and China's Dual Carbon Goals[4], ensuring consistency with regional climate policies.

Short-term Before 2030	Medium-term 2030 to 2050	Long-term Beyond 2050

Impact Level Definition

Low Impact Level:
Risks that are unlikely to occur, with minor effects on the business. The Group can quickly adapt, and recovery requires minimal resources and time (weeks to months).

Medium Impact Level:
Risks with a moderate chance of occurring. They can cause moderate disruptions to operations, but the Group can manage with some adjustments. Recovery may take several months to a year, requiring moderate resources.

High Impact Level:
Risks with a high likelihood of occurrence, leading to significant disruptions that could affect the Group's long-term viability. Adapting may require major changes, and recovery could take a year or more, needing substantial resources.

[4] China's Dual Carbon Goals: To peak carbon emissions before 2030 and achieve carbon neutrality by 2060.

Assessment Results

- Low Impact Level (orange)
- Medium Impact Level (blue)
- High Impact Level (purple)

Physical Risk	Relevance and Assumptions	IPCC AR6 SSP1-2.6			IPCC AR6 SSP5-8.5		
		Before 2030	2030–2050	Beyond 2050	Before 2030	2030-2050	Beyond 2050
Extreme Weather Events	We assessed how physical risks might impact the locations of our assets and the potential risks to asset value.	Low	Low	Low	Medium	Medium	High
Rising Sea Levels		Low	Low	Low	Medium	Medium	Medium
Rising Temperatures		Low	Medium	Medium	Medium	Medium	High

Transition Risks	Relevance and Assumptions	NGFS Net Zero 2050			NGFS Fragmented World		
		Before 2030	2030–2050	Beyond 2050	Before 2030	2030-2050	Beyond 2050
Tightening Carbon Emissions Regulations	We estimated that tightening climate-related policies and laws may result in additional carbon taxes and compliance costs.	Low	Low	Low	Low	Medium	High
Mandatory Climate Disclosure Requirements		Low	Medium	Low	Medium	Medium	Medium
Low-Carbon Technology Transition	We estimated that adopting low-carbon technologies could involve substantial upfront investments, R&D costs, and technological risks.	Low	Low	Low	Low	Low	High
Customer Preference Shifts	We assessed how customer environmental requirements and market structural changes may affect costs.	Low	Medium	Low	Medium	Medium	High
Increased Stakeholders' Concern	We estimated that negative reputational impacts could lead to sustained reductions in business volume and revenue.	Low	Medium	Medium	Medium	Medium	High

Opportunities	Relevance and Assumptions	Time Horizon
Sustainable Financial Products	We evaluated the timeline for realising climate-related opportunities during the Group's transition to net-zero.	Medium-term
Energy Efficient Operations		Short to Medium-term

Risk Management

The Group has established a comprehensive approach to managing climate-related risks, integrating them into our Enterprise Risk Management framework. These risks are systematically evaluated through our regular Risk and Control Self-Assessment ("RCSA") process, which evaluates the likelihood of occurrence and potential impact within a defined timeframe.

Risk Control

The Enterprise Risk Management Policy and Climate Risk Management Regulation provide a standardised approach across the Group to effectively address the Group's risks, including climate-related risks. The Group's primary goal is to ensure the identification of climate risks, the establishment of appropriate countermeasures, and continuous monitoring of both existing and emerging climate-related risks.

Each climate risk has to be identified, assessed, responded to, monitored and reported. The implication of each climate risk should be analysed and grouped into the existing risk categories. Once identified, the corresponding risk owner division/department should take the lead to manage the risk in accordance with relevant risk management regulations and guidelines.

Risk Mitigation

To manage identified risks, we implement various mitigation strategies based on our climate-related risks and opportunities assessment results.

Climate-related Physical Risks	Mitigation Initiatives
Extreme Weather Events Rising Sea Levels Rising Temperatures	• Promote digitalisation of our financial services through 'AEON Netmember' service and the 'AEON HK' Mobile App. • Implement remote access to minimise any potential service disruptions. • Establish back-up data centres and service centres in areas with lower risks. • Periodic maintenance on the Group's business continuity plans and performance of drill tests and rehearsals on a regular basis to reduce the residual risk and impact of climate change.

Climate-related Transition Risks	Mitigation Initiatives
Tightening Carbon Emissions Regulations Mandatory Climate Disclosure Requirements	• Invest in sustainability initiatives and approaches. • Improve reporting and compliance frameworks. • Requiring acquiring merchants and business partners to adapt to the new environmental rules.
Low-Carbon Technology Transition	• Prudent investments ensure cost-efficiency in technology development and adaptation.
Customer Preference Shifts	• Secured sustainability-linked loan agreements totaling HK$320 million with three banks in FY2022/23 for a term of three years, and an additional HK$300 million through a new agreement with a syndicate of nine regional and local banks in FY2024/25. • Issue eco-friendly credit card which uses recycled materials.
Increased Stakeholders' Concern	• Invest more in climate-related issues. • Promote sustainability in marketing efforts. • Engage stakeholders and ensure transparency. • Delegate staff members to be responsible for promoting sustainability to enhance the responsible corporate image and ensure proper disclosure to the public.

Metrics and Targets

To effectively address climate-related risks and opportunities, the Group has established clear targets and metrics to monitor progress, ensure accountability, and evaluate the success of our climate risk management strategies.

We actively monitor and disclose emissions across Scope 1, Scope 2, and employee business travel under Scope 3. In alignment with the latest ESG Guide requirements from the Stock Exchange, we plan to expand our disclosure to include additional Scope 3 categories in the future.

Our specific targets include goals related to greenhouse gas ("GHG") emissions, energy efficiency, resource usage, and waste management. These targets are closely aligned with our broader sustainability objectives and are designed to strengthen our resilience to climate-related impacts, enhance operational efficiency, and seize emerging opportunities.

We regularly track and report on these metrics and the progress toward our targets, making adjustments as needed to ensure we achieve our objectives.

For detailed information on energy consumption and GHG emissions, please refer to the Green Operation section of this CS Report.

Green Operation

Acknowledging the pressing need to tackle environmental issues, we have established Board-approved guidelines aimed at reducing our environmental footprint and enhancing sustainability across all facets of our operations.

Policies in place
■ Environmental Guideline
■ Environmental Instruction
■ Sustainability Development Policy

The Sustainability Committee is responsible for reviewing objectives and developing relevant action plans for both the headquarters and branch offices. Additionally, we keep strengthening ESG assessments in the vendor management process, fostering a mutually beneficial relationship that promotes environmental stewardship. To achieve these goals, we enhance knowledge and awareness through Board ESG Training and ESG Awareness Training for all staff.

Since 2009, the Group has obtained ISO 14001 Environmental Management System Certification for both its headquarters and branch offices, demonstrating that its environmental management efforts comply with internationally recognised standards.

We are committed to reducing our carbon footprint, enhancing operational efficiency, and promoting the responsible use of resources throughout the Group's operations by taking actions aligned with the following targets:

Aspects	Target[5]	Base Year	Target Year	FY2024/25 Progress
GHG Emissions	Reduce Scope 1 and Scope 2 GHG emissions intensity by 8%	FY2023/24	FY2027/28	Increased by 1.9%
Energy Use Efficiency	Reduce electricity usage intensity at the head office by 8%	FY2023/24	FY2027/28	Decreased by 8.5%
Resources and Waste Management	Reduce printing paper usage by 8%	FY2023/24	FY2027/28	Decreased by 12.8%

5 The targets for GHG Emissions and Energy Use Efficiency are applicable to the Group's operations in Hong Kong only.

Energy Saving and Emissions Reduction

Energy Consumption

We are committed to reducing our environmental footprint by optimising energy use across all operations. The Group's energy consumption is primarily coming from two sources: petrol and electricity. During the Reporting Year, the Group's total energy consumption amounted to 1,187,554.24 kWh, with an energy consumption intensity of 14.90 kWh/sq ft. Among these sources, electricity accounts for significant proportion, accounting for approximately 94.2% of our total energy consumption.

GHG Emissions

As part of our ongoing commitment to sustainability, we regularly track and report our GHG emissions. In FY2024/25, the Group's total GHG emissions were 537.42 tCO_2e, and the emission intensity was 0.0067 tCO_2e/sq ft. Direct emissions (Scope 1) were 18.88 tCO_2e. Electricity use on our premises (Scope 2) is the largest contributor to our carbon footprint, which amounted to 499.97 tCO_2e, accounting for approximately 93.0% of total emissions. Other indirect emissions (Scope 3[6]) were 18.57 tCO_2e.

Air Emissions

In FY2024/25, sulfur oxides ("SO_x"), nitrogen oxides ("NO_x"), and particulate matter ("PM") generated by the Group were 0.10 kg, 4.17 kg, and 0.30 kg, respectively. Air emissions of the Group are from company vehicles.

Though the Group's operations result in minimal air emissions, we remain focused on minimising pollutants. We ensure regular maintenance of vehicles to minimise exhaust smoke and ensure efficient combustion of fuel.

Our Initiatives

We are committed to building resilience to climate change risks by adopting proactive measures to safeguard our operations and interests of our stakeholders.

- Adapting new energy-efficient measures after office renovation, including installing timers for lighting and air conditioning, LED lighting, motion sensor control.
- Sharing monthly reports on electricity and paper usage via email with staff members, along with comparisons with the previous month's data.
- Posting reminders in prominent areas or using internal newsletters to advocate environmentally responsible use of lighting, air conditioning, and office equipment.
- Adhering to legal requirements, we use unleaded petrol and low-sulphur content diesel for our company vehicle to minimise environmental impact and promote cleaner fuel alternatives.

Additionally, we relocated our core data centre to Tseung Kwan O in this year. Situated in a building certified with globally recognised green building standards, such as LEED certifications, we believe this relocation underscores the Group's commitment to integrating sustainability into its operations.

6 Scope 3 disclosure includes air freight business travel only.

Paper Usage

We understand the importance of reducing paper usage to minimise waste and conserve valuable resources. As a financial services provider, we have implemented several initiatives to reduce unnecessary paper consumption across our operations, focusing on digital transformation and paperless workflows.

Digital Transformation

We embrace advanced technology and digital platforms to reduce paper usage while enhancing customer convenience and operational efficiency. Key initiatives include:

Digital Credit Card Applications

- We have streamlined the credit card application process through a secure online platform, enabling a direct, efficient, and paperless experience.

Online Customer Services

- Through the 'AEON Netmember' service and the 'AEON HK' Mobile App, customers enjoy access to an extensive range of online services without the need for printed materials.
- Launch of e-voucher for bonus point redemption to reduce consumption of paper voucher.

Incentivising E-Statements

- Starting in June 2021, a monthly fee of HK$10 per paper statement was introduced to encourage customers to switch to electronic statements. In the Reporting Year, over 87.9% of customer statements were delivered electronically, marking a year-on-year increase of 0.8 percentage point.

Corporate Communications

- From last year, the Group has transitioned to delivering Corporate Communications (e.g., financial reports, notices of meetings, circulars, and proxy forms) electronically to shareholders, significantly reducing paper consumption. Printed versions are provided only upon request.

Paperless Operation

To achieve paperless business operations, we actively encourage employees to prioritise digital communication and documentation. Through innovative systems and initiatives, we aim to minimise reliance on printing and paper-based workflows while promoting sustainable practices:

Online Workflow System

- We have launched an online workflow system to streamline internal payment and approval processes. During the Reporting Year, the online workflow system further expanded and the last module was launched in March 2025, hence reduce paper consumption for internal administrative work.

Employee Self-Service Platforms

- Tools like the Employee Self-Service and iLeave Portal enable employees to handle administrative tasks such as leave applications, accessing payslips, and reviewing tax returns online.

Learning Management and Operational Systems

- The introduction of a Learning Management System and a new card and loan system has further reduced paper-based training and transaction processes.

Electronic Signatures

- We have adopted electronic signatures for internal approvals, helping to further reduce paper consumption and enhance operational efficiency.

Awareness Campaigns

- Monthly paper consumption data is shared with employees to promote awareness and encourage mindful use of paper.

During the Reporting Year, the total use of printing paper was 4.89 tonnes, with 1.20 tonnes of printing paper successfully recycled.

Waste Reduction

The Group is committed to minimising waste generation and enhancing recycling efforts across its operations. We have implemented various measures at our head office and branches to promote reuse and recycling, with a focus on reducing our environmental footprint.

Waste Recycling Bins

Hazardous Waste

The Group's hazardous waste primarily consists of ink cartridges, fluorescent tubes, and outdated equipment. These items are collected and managed by designated suppliers and the building management office. Electronic waste, including computers and servers, is either recycled internally or donated to certified recycling facilities. The IT Division ensures that all stored data are properly erased, and disposal procedures are carried out in accordance with internal regulations.

During the Reporting Year, the Group generated a total of 130 hazardous waste items, with a hazardous waste intensity of 0.22 pieces per employee.

Non-hazardous Waste

We follow effective waste management practices to handle non-hazardous waste, including general office waste. This includes recycling of paper through certified recyclers and the recycling of plastic bottles in partnership with V Cycle, a local green enterprise, which upcycles them into useful products.

To promote a culture of waste reduction, we do not provide personal rubbish bins in the office. Instead, general waste is collected centrally in designated common areas. We have also placed recycling bins for metals, plastics, and paper throughout the office to encourage proper recycling practices.

Building on last year's practice, we have adopted sustainable plastic materials for our newly issued vertical cards. The cards are made from recycled polyvinyl chloride ("rPVC") plastic, which is certified by the Global Recycled Standard. The initiative aligns with our commitment to reducing plastic waste and supporting the circular economy. By using rPVC, we not only minimise the environmental impact of producing new plastic but also contribute to the reduction of landfill waste.

During the Reporting Year under review, the Group generated 204.60 tonnes of non-hazardous waste, resulting in a non-hazardous waste intensity of 0.35 tonnes per employee. Additionally, we recycled 0.10 tonnes of plastics and 0.09 tonnes of aluminum.

Water Efficiency

During the reporting year, the Group consumed 3,705.43 m^3 of water, resulting in a water intensity of 0.06 m^3/square feet. The majority of this consumption came from our two subsidiaries in Mainland China, which accounted for approximately 88.3% of the Group's total water usage.

We primarily rely on local municipal water sources, and both Hong Kong and Mainland China are regions with low water stress, which ensures reliable supply that meets our operational needs. There is no issue in sourcing water fit for the purpose. Despite this, the Group remains committed to promoting responsible water use across all its operations.

To encourage water conservation, we have implemented initiatives such as placing water-saving reminders near taps to ensure that employees properly turn off faucets after use, in order to prevent leaks and reduce wastage.

COMMITMENT TO OUR PEOPLE

UNSDGs	Targets	FY2024/25 Initiatives
4 QUALITY EDUCATION	**Target 4.4** Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	• Implemented various training programs, effective communications training, leadership development initiatives, management trainee programs, and summer internships foster skill-building and professional growth.
5 GENDER EQUALITY	**Target 5.5** Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making.	• Promoted diversity and inclusion through equal opportunity policies, grievance mechanisms, ensuring all employees have equal opportunities to thrive.
8 DECENT WORK AND ECONOMIC GROWTH	**Target 8.8** Protect labour rights and promote safe and secure working environments for all workers.	• Conducted ESG assessments to ensure compliance and address any violations within our supply chain.

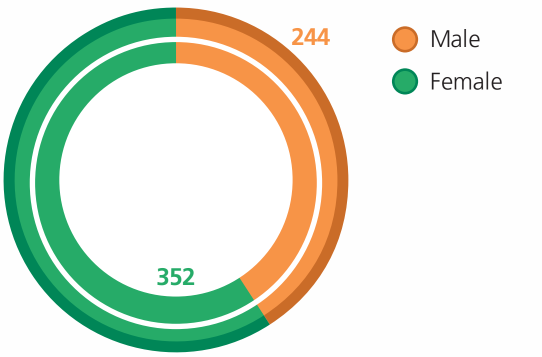
Our people are the heart of our organisation. We are dedicated to creating a workplace that fosters diversity, inclusion, and personal growth. By promoting employee well-being, offering professional development opportunities, and ensuring a supportive and safe work environment, we empower our team to reach their full potential.

Diversity and Inclusive Workplace

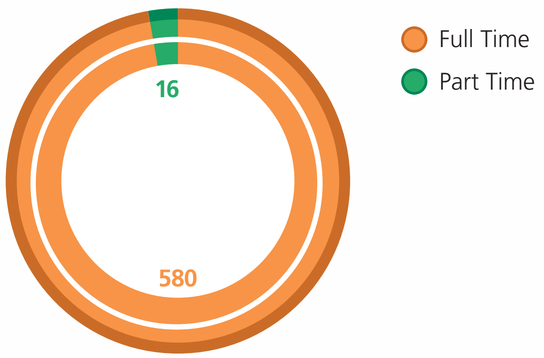
We believe diversity drives innovation and strengthens the ability to serve customers effectively. The Group values the differences that can be brought about by a diverse and inclusive workforce, and accordingly upholds the principles of equal employment opportunities to eliminate discrimination, harassment and vilification on grounds of age, sex, sexual orientation, marital status, pregnancy, disability, family status, race, colour, ethnic origins, nationality or religion.

During the Reporting Year, the Group had a total of 596 employees. Our workforce is diverse, with employees from various countries and regions.

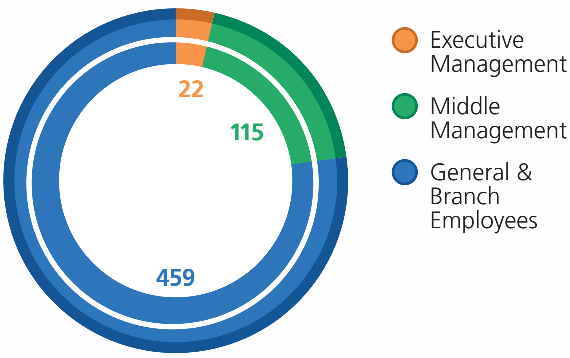
Gender



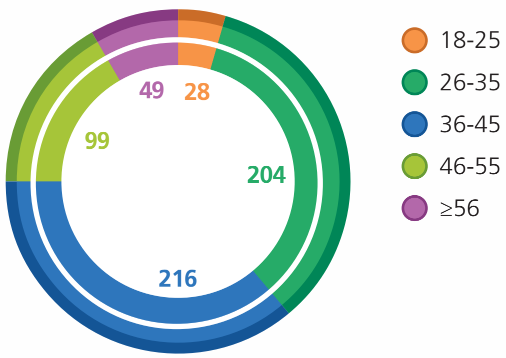
Employment Type



Employee Category



Age Group



Promoting Diversity and Inclusion

We actively promote an inclusive culture where every employee feels respected and has equal opportunities to thrive. The Group has established the Diversity, Inclusion and Equal Opportunities Policy and all policies and practices are designed to eliminate bias and ensure fairness in recruitment, career development and decision-making processes.

Grievance Redressal Mechanism

The group strictly prohibits any forms of discrimination and harassment, including both sexual and non-sexual harassment. Any employee who encounters discrimination, harassment, or victimisation is encouraged to report to the Division/ Department Head and the Human Resources ("HR") Department. The Group maintains a zero-tolerance policy towards any form of discrimination, harassment, victimisation, or vilification in the workplace, including sexual and other forms of harassment. These behaviours are not tolerated under any circumstances.

Any employee found to have violated any relevant ordinances, or any code of conduct issued under the ordinances, or has made allegations that are false or not in good faith faces disciplinary action, including dismissal.

During the Reporting Year, we didn't receive any reports of discrimination or harassment.

Risk Control

The Group prioritises prevention of workplace harassment and have incorporated it into key risk indicators. We continuously monitor relevant regulations to ensure compliance and take appropriate measures to prevent harassment. Additionally, we regularly report the Group's performance on this matter to AFS.

Diversity, Equity & Inclusion Training

In FY2024/25, the Group provided four training sessions on diversity and inclusion to give all employees a better understanding of diversity and thus create a more cohesive and harmonious workplace.

Equal Opportunity Commission Training

Diversity, Equity & Inclusion Training

Talent Recruitment and Retention

We believe that attracting, developing and retaining talent is the key to driving long-term success. We are committed to build a robust and transparent talent management framework that ensures a diverse, skilled, and motivated workforce.

The Group is committed to providing its employees with market-competitive remuneration packages, a broad platform for career growth and a positive corporate culture. To attract and retain talents, we have introduced various initiatives, including the Staff Referral Bonus Programme, team-building lunch programme, and Friday Drinks sessions. Additionally, we recognise and reward long-serving employees through Long-Service Award; and outstanding employees through Staff Recognition and Branch Appreciation Awards. The AFS Group also introduced "Senior Executive Award" to recognise senior executives from different subsidiaries with outstanding contributions in enhancing company performance. To ensure market competitiveness, we continuously review and refine our remuneration packages.

Long Service Award-10 Years of Service

Staff Recognition Award

Recruitment

Our Staff Recruitment and Selection Procedure outlines the process for recruiting candidates. All job opportunities are advertised both internally and externally to ensure equal access for all probable candidates. We actively promote diversity in our talent pool by using a variety of recruitment channels, including but not limited to job board posting, head hunting through recruitment agents, career fairs, etc.

We follow a standardised recruitment process that includes candidate sourcing, screening, interviews, selection, employment offers and pre-employment checks. We prohibit any discrimination in the recruitment process. Candidate evaluations are based solely on qualifications, aptitude, skills, and other relevant factors.

In FY2024/25, we participated in several career fairs organised by local universities and the Hong Kong Labour Department. And a total of 142 new employees joined the Group.

University Career Fairs

Employee Wellbeing

We are proud to be a signatory to the "Good Employer Charter 2024" and are recognised as a "Supportive Family-friendly Good Employer" by the Hong Kong Labour Department. We are committed to implementing employee-centric human resources management practices that prioritise the well-being and development of the workforce.

We have established a comprehensive policy and a set of operational procedures in our Employee Handbook covering various key areas such as employee benefits, working hours, leave policy, termination of employment, recruitment and promotion mechanism, code of business ethics, equal employment opportunity, diversity development and anti-discrimination.

We place the physical, mental and emotional well-being of our employees at the forefront of our priorities. In FY2024/25, we expanded our well-being initiatives to foster a healthier and more balanced work environment.

Family Friendly Practices

As a dedicated family-friendly employer, the Company has implemented various family-friendly practices and reviews them on an ongoing basis in order to help employees strike a better balance between work and family commitments.

Special Leave

In addition to national statutory holidays, we also provide paid annual leave, fully paid sick leave, marriage leave, compassionate leave and jury leave, etc. to ensure that our employees enjoy sufficient time for rest and personal affairs.

When an employee gives birth to a new baby, we provide paid maternity and paternity leave as per Employment Ordinance, ensuring the parents are able to bond with their new-borns without compromising their career progression.

Flexible Work Arrangements

We deeply understand the importance of maintaining a healthy work-life balance and therefore do not advocate a culture of overtime work. When employees at specific levels are required to work overtime, we offer additional compensation.

Additionally, we provide flexible working arrangements, including a five-day workweek and work-from-home options under certain circumstances, to help employees better manage their professional responsibilities alongside personal commitments.

Wellbeing Support

We have designed a wide range of insurance programmes for all employees, including medical insurance, life insurance, personal accident insurance and travel insurance, to protect their health and safety in all aspects.

For female employees with newly born babies, we have a dedicated wellness room at head office equipped with necessary equipment such as sanitising utensils, sofa, electric sockets, individual refrigerator, etc. to ensure a comfortable and private space for breastfeeding mother. This year, our wellness room was bestowed a Breastfeeding Friendly Workplace and Breastfeeding Friendly Premises Gold Label award by the UNICEF HK for its design and functionality, recognising our commitment to support the well-being of our employees.

To better promote harmonisation of work and life for our employees, we have set up an Employee Activity Committee, which is committed to creating a positive and harmonious working environment.

Employee Engagement

We are committed to fostering a culture of engagement by encouraging open communication, collaboration, and mutual respect. Through employee satisfaction surveys, feedback channels, and team-building activities, we actively involve our employees in shaping the workplace and creating a sense of belonging.

Employee Communication

Transparent and effective communication remains a cornerstone of our commitment to our people. The Human Resources Department conducts quarterly employee satisfaction surveys on randomly selected employees to get a better understanding of the employees' sense of job satisfaction, recognition of their work, the atmosphere, and general feeling on company culture, management style and any concern in the workplace.

We also communicate regularly with employees at all levels through the following channels:

Over **90%**
of employees responded to the survey

Over **80%**
of employees with positive satisfaction

Employee Meeting

- Managerial staff participates in the annual Division Policy Announcement hosted by the Corporate Planning Department for the Group's long-term strategy.
- To enhance our employees' awareness of AEON Group's Ideals, Value Framework and Our Purpose, we hold the AEON Group Vision Meeting every quarter.

Newsletters & Media

- Quarterly distribution of internal newsletters and AFS Group internal magazine 'As ONE' to update all employees on Company and Group developments and boost staff morale.
- Sharing group information and employee stories on public channels such as social media platforms, the company website, and mobile app to engage employees.
- Providing an online suggestion box on the intranet for employees to share feedback and suggestions.

Employee Activities

We organise a variety of employee activities to enhance work-life balance and build stronger connections among our teams. These include wellness programmes, team outings, annual dinner, monthly birthday party, and holiday celebrations that promote camaraderie and a healthy lifestyle.

Annual Dinner

Christmas Party

Mid-Autumn Party

Monthly Birthday Party

Staff BBQ

Wellness Activities

Employee Training and Development

We are committed to encourage continuous professional growth of employees. Through comprehensive training programmes, skill-building workshops, and leadership development initiatives, we provide opportunities for career advancement and personal enrichment.

Employee Training

Our Employee Training and Development Policy provides a framework and lays down procedures for effectively training and developing employees across the organisation. In FY2024/25, our focus on employee training and development continued to be a key priority in supporting both individual and organisational growth.

To ensure employees have the necessary knowledge and skills, we conduct an annual Training Needs Analysis to identify their training and development requirements. One of the major priorities this year is the development of middle management. We aim to enhance the leadership capabilities of our middle managers through targeted training programmes. In terms of specific training, we place significant emphasis on digital skills development, particularly in data analysis. As digital transformation accelerates, equipping employees with the necessary technical expertise is critical to maintaining a competitive edge in the industry. We have introduced the Professional Membership Reimbursement Scheme to support employees' professional growth and encourage continuous learning.

Additionally, we have increased the number of training hours offered through our Learning Management System ("LMS"), ensuring that employees at all levels have access to continuous learning opportunities. To cultivate the culture of life-long learning, a Learning and Development Scheme and the Top Talent Award were launched to recognise employees who actively engaged in training and development.

Learning Management System

LMS is an online platform with a mobile app, offering a wide range of both mandatory and optional training courses. It allows employees to learn at their own pace, providing flexibility and accessibility to support their ongoing development.

To ensure continuous improvement, the Human Resources Department evaluates the efficacy of most training sessions on an anonymous and voluntary basis. The feedback collected is used to assess the effectiveness of the training and to identify areas for improvement in case of unsatisfactory results.

Percentage of Employees Trained
100%

Average Training Hours of Employees
20.6 Hours

For the upcoming year, we plan to enhance compliance training to mitigate risks such as fraud and improve loan judgment skills, while also prioritising leadership development to engage employees and strengthen our talent pipeline.

Training Programmes

Under our diversified training framework, we offer a range of staff development opportunities through both external and internal training programmes. These programmes are designed to cater to the varied needs of our employees, enhancing their skills and knowledge in alignment with both individual career goals and organisational objectives.

Internal Training

Internal training refers to all training programmes organised by ACSA, AFS, AEON Group and its subsidiary companies. All new employees are required to undergo orientation training and all employees and directors are required to attend the following annual refresher training programmes.

Compliance Refresher Training	IT Basic Training on Information Security Refresher	PCI DSS Awareness Refresher Training	Occupational and Health Safety Refresher Training

Management training and other internal training programmes are offered on an as-needed or periodic basis depending on the role. For instance, branch and back office employees who need to interact with customers have joined the Effective Communication Training to enhance their skills to foster better relationships and improve overall communication effectiveness. In addition to employees, business consultants, advisors, interns, and other relevant personnel of the Group are also required to complete mandatory trainings, including IT Basic Training on Information Security, PCI DSS Awareness, and Compliance training. During the Reporting Year, this specific group had aggregate attendance of a total of 180 persons, totalling 526.5 training hours.

External Training

External training refers to courses offered outside our Group. Examples of such training are workshops, seminars and training courses organised/conducted by external training consultants, vendors, or business partners.

Employee Development

Beyond training, we also invest in career development programmes to support long-term professional growth.

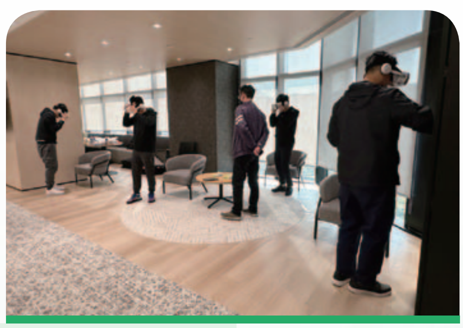
In FY2024/25, we focused on talent mobility and provided employees with more opportunities to move between departments, helping to foster a dynamic and adaptable workforce. Our programmes for cultivating young talents and leadership development were further strengthened to support employees in realising their full potential and discovering new career opportunities within the organisation.

Cultivating Leadership for Tomorrow

We have launched a new Leadership Programme aimed at fostering professional development of team members. The programme is designed to enhance participants' leadership capabilities and promote innovative thinking, and build a strong talent pool for future succession planning within the Group. By developing stronger leaders, we aim to drive adaptability, encourage innovation, strengthen our competitive edge, support employee development, promote strategic thinking, and create valuable networking opportunities.

A group of selected talents were nominated to participate in this initiative, which covered five key topics:

Decoding Personality	Mind Game of Changes	Creative Problem Solving	Just-in-Time Coaching	VR Team Building Training



Leadership Training

Management Trainee

To support the Group's long-term growth and success, we have launched a Management Trainee Programme aimed at identifying and nurturing young talents with strong leadership potential. This one-year programme is designed to equip participants with the skills and experience required for middle and senior management roles. By developing a pool of talented and skilled individuals, the programme ensures a capable workforce and effective leadership to drive the Group's future success.

Management Trainee Programme

In FY2024/25, we onboarded 5 trainees who participate in departmental rotations, gaining experience in two office departments and two branches to develop a well-rounded understanding of operations. The programme also includes company visits, team-building activities, and professional development training, covering communication and presentation skills, fraud trends and prevention, ICAC talks, and ESG initiatives.

- Comprehensive training courses are provided to help trainees build a systematic management knowledge system.
- Job opportunities for specific functional assessment are set up to allow trainees to practice their abilities and clarify their development direction.
- Job rotation is arranged to familiarise trainees with the operational processes of different departments.
- Supervisors are provided to offer one-on-one career development advice to trainees.

Internship Programme

The Group's summer internship programme is designed to provide students with a valuable opportunity to gain first-hand experience in the financial services industry.

In FY2024/25, we hired 8 interns who actively contributed during their internship period. They rotated across various departments, engaged in specialised tasks aligned with their areas of interest, and gained comprehensive exposure to different aspects of financial services.

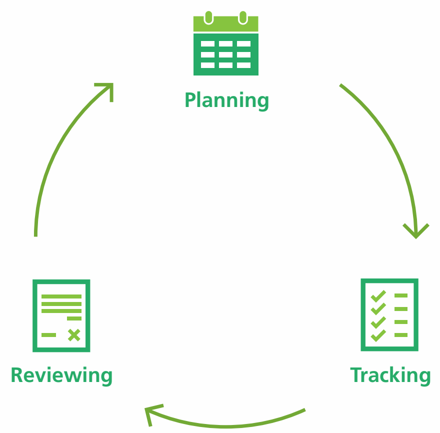
Performance Management

We recognise the importance of a robust performance management system to empower employees and drive organisational success. By adopting a management by objectives approach, we focus on setting clear goals, providing continuous feedback, and fostering a culture of accountability and growth.

Process of Performance Management System

The process is divided into three key stages that ensure alignment between individual and organisational goals.

Planning	• Employees and their managers collaboratively define goals that are aligned with the Group's strategic priorities. • Specific, measurable targets and action plans are developed to guide individual performance.
Tracking	• Regular mini reviews are conducted continuously, with ongoing feedback provided to monitor performance against established targets. • Managers offer necessary resources and assistance to help employees meet goals.
Reviewing	• Conduct year end performance review according to designated timeline. • Review final results and outcomes. • Employees and managers identify areas for improvement in the next performance period.



Appraisal Components

The PMS evaluates employees using two key components: Target Management and Competency Evaluation.

Target Management: Employees set specific targets at the start of the performance period. Progress toward targets is continuously monitored through mini-reviews and mid-year adjustments. At the end of the financial year, employees' target achievements are formally reviewed and evaluated.

Competency Evaluation: Employees are evaluated on key competencies relevant to their roles. The assessment incorporates several key components, including business attitude, code of conduct, communication effectiveness, overall work performance, face-to-face feedback session, and specific team and individual targets aligned with the Group's overall strategy.

All employees are encouraged to complete self-assessments as part of the evaluation process, which are then combined with the appraiser's evaluation to form the final assessment result.

Outcomes

Results of the performance evaluation and appraisal process serve as the basis for key HR decisions. Appraisal outcomes are directly linked to salary increments, discretionary bonuses, and other rewards. High-performing employees are recognised and considered for leadership roles, internal mobility, and promotion opportunities. For employees who require additional support, tailored improvement plans and coaching are provided to help them enhance their performance and achieve success.

Human Rights and Labour Practices

The Group is committed to upholding the highest standards of human rights and labour practices throughout the organisation. Guided by international principles and practices, including the United Nations Universal Declaration of Human Rights and the International Labour Organisation ("ILO") standards, we strive to create a workplace that respects human dignity, promotes equality, and ensures fair and ethical treatment for all employees.

Our policies and procedures are designed to ensure compliance with minimum wage laws, working hour regulations, workplace safety standards, and anti-discrimination laws. This year, we have updated our policies to include enhanced protection for labour, reinforcing our commitment to upholding human rights.

We reject and condemn all forms of forced labour, including bonded labour, child labour, human trafficking, and modern slavery. We do not tolerate any practices that deprive individuals of their freedom, coerce or deceive them into work, or subject them to physical or psychological harm. We are committed to ensuring that our employees and suppliers operate under fair and voluntary employment conditions.

Suppliers and business partners are required to comply with our ESG Guidance Note, which outlines expectations regarding human rights, labour practices, and ethical business behaviour. Regular audits and ESG assessments are conducted to ensure compliance and address violations.

The Human Resources Department is responsible for age verification and integrity background checks on candidates to ensure that misuse of child labour is eliminated. In the event of any instance of use of child labour or forced labour, we take immediate action to resolve the issue quickly and take measures to prevent such incidents from recurring.

We inform employees about relevant labour laws and regulations during orientation and conduct annual refresher compliance training. We have confidential channels for making complaints in place so as to address any relevant complaints of employees.

Occupational Health and Safety

Protecting the health and safety of our employees is our primary responsibility. The Group strictly complied with relevant Occupational Health and Safety ("OHS") laws and regulations[7]. We have developed the Occupational Safety and Health Guidelines as a comprehensive framework to minimise risks and protect employees from occupational hazards. Our safety performance for the Reporting Year is set out below:

Occupational Health and Safety	FY2024/25	FY2023/24	FY2022/23
No. of work-related fatalities	**0**	0	0
Rate of work-related fatalities	**0**	0	0
Work-related injury (case)	**0**	0	2
Lost days due to work-related injury	**0**	0	14

The Group is committed to continually enhancing the performance of its OHS management. To promote workplace safety, we conduct annual workstation risk and safety assessment survey, along with comprehensive inspections of office areas and essential facilities, such as water and electricity systems, to identify potential risks and address any issues promptly. For material risks identified, we establish a prioritisation framework and action plan to ensure timely mitigation.

To ensure a well-prepared work environment, we organise regular fire drills and provide annual OHS refresher training to reinforce safety awareness and emergency preparedness.

A workplace injury investigation procedure is in place to ensure proper handling of work-related injuries. In the event of an injury, the employee who is injured at work should immediately report to the division/department head and complete an "Employee Work Accident Report" after receiving treatment. The report should detail the date, time, nature, location, and cause of the accident and will be submitted to the Human Resources Department.

OHS Training

Promote Employee Health

To alleviate employee work-related stress and promote both physical and mental well-being, we have organised several initiatives aimed at supporting our employees' health.

In FY2024/25, first aid training was arranged for assigned employees at headquarters and branches to enhance emergency response capabilities. Additionally, to promote mental and physical health, we have also organised a "Bonsai Creation" activity to offer a meditative way to manage work-related stress; as well as launched a "Health Diet Day" and a healthcare session to provide employees with professional health advice and maintain their well-being.

First Aid Training

Mental Wellness-
Bonsai Creation

Physical Wellness-
Health Diet Day

[7] List of applicable laws and regulations available in "Laws and Regulations" section in this CS Report.

COMMITMENT TO OUR COMMUNITY

UNSDGs	Targets	FY2024/25 Initiatives
4 QUALITY EDUCATION	**Target 4.4** Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	• Sponsored the 'SDG Actioner Challenge' for Ethnic Minority Youth Programme organised by UNICEF HK for 2 consecutive years. • Sponsored the "Young Envoys Programme" organised by UNICEF HK for 17 consecutive years. • Provided scholarships for 7 government funded universities in Hong Kong and 2 universities in Mainland China.
13 CLIMATE ACTION	**Target 13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.	• Organised an annual tree planting event, planting approximately 200 saplings at Tai Lam Country Park.

We are deeply committed to making a positive difference in the communities where we operate. The Group is dedicated to being a responsible corporate citizen and actively contributes to betterment of the society, with a focus on creating sustainable impacts that benefit all stakeholders. During the Reporting Year, the Group donated approximately HK$2.232 million and gifted 170 volunteer hours to organisations working for the community.

Guided by AEON's foundational ideals of "***Pursuing peace, respecting humans, and contributing to local communities, always with customers as our starting point***" along with our Sustainability Development Policy and Corporate Social Responsibility Guidelines, we continue to engage with the community. Our efforts primarily focus on environmental protection and youth education, aiming to uplift individuals and communities in need.

Environmental Protection

Annual Tree Planting

We have joined hands with AEON Stores (Hong Kong) for the last two consecutive years and co-hosted "Tree Planting Challenge 2024". Under the instructions of a certified tree arborist, around 40 employees from the Group successfully planted approximately 200 saplings at Tai Lam Country Park, expecting to offset approximately 4.6 tonnes of carbon dioxide equivalent.

Earth Hour 2024

We participated in the global environmental initiative, "Earth Hour 2024" organised by the World Wide Fund for Nature Hong Kong ("WWF-Hong Kong"). As part of our commitment to sustainability, the Company turned off its LED rooftop signage at Centre Point in Wanchai for an hour. Through this action, we demonstrated our dedication to reducing energy consumption and contributing to a more sustainable future.

Bonus Point Donation

The Group also encourages customers to support community development through "Bonus Point Donation Scheme". Under the scheme, our cardholders can channel their donations to support the environmental conservation works of the WWF-Hong Kong and community projects of Sowers Action.

WWF 苗圃行動 SOWERS ACTION

Education

UNICEF 'SDG Actioner Challenge' for Ethnic Minority Youth 2024

Sponsored by AEON Credit Service for two consecutive years, the 'SDG Actioner Challenge' for Ethnic Minority Youth Programme was organised by UNICEF HK, with the goal of championing United Nations Sustainable Development Goal 13, Climate Action; and fostering impactful school-based/community projects with a focus on 'Waste Solution'. The 'Waste Solution' projects include transforming food waste into fertiliser for plants, creating smart recycling bins to track campus waste, making eco-friendly cleaning agents from recycled fruit peels, and upcycling plastic waste; demonstrating how the public could engage in climate action in their daily lives.

University Scholarships

The Group is currently providing scholarships to students of seven government funded universities in Hong Kong and two universities in Mainland China. Undergraduate students with outstanding academic performance are selected every year and each awardee in Hong Kong receives a scholarship of HK$10,000. These scholarships were established in a hope of encouraging the young generation to contribute to the society while pursuing their dreams.

Universities in Hong Kong
- The University of Hong Kong
- The Hong Kong University of Science and Technology
- New Asia College, The Chinese University of Hong Kong
- City University of Hong Kong
- The Hong Kong Polytechnic University
- Hong Kong Baptist University
- Lingnan University

Universities in Mainland China
- Shenzhen University
- Sun Yat-Sen University

Cultural Exchange

UNICEF Young Envoys Programme 2024

Since 2008, our group has been the exclusive sponsor of the "Young Envoys Programme" organised by UNICEF HK. In FY2024/25, 18 outstanding Young Envoys were selected for a field trip to Japan, in July. During the four-day tour, they visited The Japan Committee for UNICEF, Hanegi Playground, a youth centre in Setagaya Ward, and Machida City, a child-friendly city. The Young Envoys had the chance to meet local government officials, interact with Japanese youth and children and share their experiences in community services, environmental projects, and surveys.

Community Partnership

Healthy Children • Happy Family

The social programme "Healthy Children • Happy Family," organised by Sowers Action, focuses on promoting personal development, advocating sustainable lifestyles, and supporting underprivileged children and their families in the Sham Shui Po district to improve their living conditions. In May 2024, our volunteers joined the visit to Go Green Organic Farm at Yuen Long for event support and management. They took this opportunity to communicate and interact with beneficiary families.

APPENDIX

Laws and Regulations

Aspect	Applicable Laws and Regulations	Compliance Statement
Environment	• Air Pollution Control Ordinance • Ozone Layer Protection Ordinance • Road Traffic Ordinance • Noise Control Ordinance • Waste Disposal Ordinance • Water Pollution Control Ordinance • Sewage Services Ordinance • Environmental Protection Law of the People's Republic of China	We strictly comply with relevant laws and regulations regarding environmental protection. During the Reporting Year, the Group was not aware of any significant impact of its activities relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
Employment	• Employment Ordinance • Employees' Compensation Ordinance • Minimum Wage Ordinance • Mandatory Provident Fund Schemes Ordinance • Sex Discrimination Ordinance • Disability Discrimination Ordinance • Family Status Discrimination Ordinance • Race Discrimination Ordinance • Labour Law of the People's Republic of China • Provisions of the Prohibition of Using Child Labour of the People's Republic of China Law	We strictly comply with relevant laws and regulations regarding employment and labour practices. During the Reporting Year, the Group was not aware of any legal or regulatory matters relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, prevention of child labour and forced labour that have a material impact on the Group.
Health and Safety	• Occupational Safety and Health Ordinance • Fire Safety (Commercial Premises) Ordinance of Hong Kong	We strictly comply with relevant laws and regulations regarding occupational health and safety. During the Reporting Year, the Group was not aware of any instances of breach of laws or regulations relating to occupational health and safety standards.

Aspect	Applicable Laws and Regulations	Compliance Statement
Product Responsibility	• Insurance Ordinance • Money Lenders Ordinance • Trade Descriptions Ordinance • Personal Data (Privacy) Ordinance • Copyright Ordinance • Unsolicited Electronic Messages Ordinance • Competition Ordinance	We strictly comply with relevant laws and regulations regarding product responsibility. During the Reporting Year, the Group was not aware of any breach of laws and regulations relating to its products, services, operations, sales and promotions or other business practices that could have resulted in sanctions or lead to liabilities for material adverse effect. The Group was also not aware of any breach of data security as it strictly complied with the relevant laws and regulations in all jurisdictions in which it operates.
Anti-corruption	• Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance • The Drug Trafficking (Recovery of Proceeds) Ordinance • The Organised and Serious Crimes Ordinance • Prevention of Bribery Ordinance • The United Nations (Anti-Terrorism Measures) Ordinance ("UNATMO") • The United Nations Sanctions Ordinance • Weapons of Mass Destruction (Control of Provision of Services) Ordinance • Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Money Lenders)	We strictly comply with all laws and regulations regarding anti-corruption. During the Reporting Year, the Group was not aware of any activities relating to bribery, extortion, fraud and money laundering laws that could have had a significant impact on the Group.

Performance Data Summary

Environmental

Environmental KPIs	Unit	Hong Kong		Mainland China		Group Total	
		FY2024/25	FY2023/24	FY2024/25	FY2023/24	FY2024/25	FY2023/24
Air Emissions							
Nitrogen oxides (NO_X)	Kg	**1.29**	0.97	**2.89**	2.79	**4.18**	3.76
Sulphur oxides (SO_X)	Kg	**0.02**	0.02	**0.08**	0.09	**0.10**	0.11
Particulate matter (PM)	Kg	**0.09**	0.07	**0.21**	0.21	**0.30**	0.28
Energy Consumption							
Direct Energy							
Petrol	kWh	**15,181.04**	12,149.72	**53,583.95**	59,861.82	**68,764.99**	72,011.54
Petrol	Litres	**1,566.45**	1,253.66	**5,529.04**	6,176.82	**7,095.49**	7,430.48
Indirect Energy							
Electricity	kWh	**926,174.75**	773,359.84	**192,614.50**	189,017.50	**1,118,789.25**	962,377.34
Total energy consumption	kWh	**941,355.79**	785,509.56	**246,198.45**	248,879.32	**1,187,554.24**	1,034,388.88
Energy consumption intensity	kWh/sq ft	**17.32**	15.16	**9.72**	11.20	**14.90**	13.97
GHG Emissions[8]							
Scope 1 (Direct GHG emissions)[9]	tonnes CO_2e	**4.17**	3.33	**14.71**	16.43	**18.88**	19.76
Scope 2 (Energy indirect GHG emissions)[10]	tonnes CO_2e	**396.61**	371.64	**103.36**	107.8	**499.97**	479.44
Scope 3 (Other indirect GHG emissions)[11]	tonnes CO_2e	**11.60**	7.91	**6.97**	2.99	**18.57**	10.90
Total GHG emissions (Scope 1, 2 and 3)	tonnes CO_2e	**412.38**	382.88	**125.04**	127.22	**537.42**	510.10
Total GHG emissions intensity	tonnes CO_2e/sq ft	**0.0076**	0.0074	**0.0049**	0.0057	**0.0067**	0.0069

8 Our GHG emissions include CO_2, CH_4 and N_2O and are converted to reflect the CO_2 equivalent. The GHG emissions are calculated in accordance with "How to Prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange ("HKEX"), which is aligned with Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and "GHG Protocol Value Chain (Scope 3) Accounting and Reporting Standard (2011)". The consolidation approach is based on operational control, as it provides access to relevant operational data.

9 Scope 1 refers to direct GHG emissions. Its disclosures mainly include emissions from the consumption of liquid and gaseous fuels in motor vehicles. The source of emission factors is from GHG Protocol Emission Factors from Cross-Sector Tools

10 Scope 2 refers to indirect GHG emissions from the consumption of purchased electricity of our head office, all branches in Hong Kong, data centres in Hong Kong and two companies in Mainland China. Emission factors are obtained from local utility companies and updated yearly according to the annual report of CLP Power Hong Kong Limited ("CLP"), Hongkong Electric Company ("HKE"), and "Announcement of the Release of the 2022 CO_2 Emission Factors for Electricity " published by the Ministry of Ecology and Environment of the People's Republic of China (《關於發佈2022 年電力二氧化碳排放因子的公告》).

11 Scope 3 disclosure includes air freight business travel only.

Environmental KPIs	Unit	Hong Kong		Mainland China		Group Total	
		FY2024/25	FY2023/24	FY2024/25	FY2023/24	FY2024/25	FY2023/24
Waste							
Hazardous Waste							
Miscellaneous electronic equipment (including computers and monitors)	pcs	**78**	1,146	**52**	45	**130**	1,191
Fluorescent tubes/light bulb	pcs	**0**	552	**0**	0	**0**	552
Total hazardous waste	pcs	**78**	1,698	**52**	45	**130**	1,743
Hazardous waste intensity	pcs/employee	**0.21**	4.43	**0.24**	0.24	**0.22**	3.07
Non-hazardous Waste							
General waste	tonnes	**185.28**	163.95	**19.32**	19.18	**204.60**	183.13
Non-hazardous waste intensity	tonnes/employee	**0.49**	0.43	**0.09**	0.10	**0.35**	0.32
Waste Recycling							
Miscellaneous electronic equipment recycling	pcs	**78**	1,116	**0**	0	**78**	1,116
Plastic recycling	tonnes	**0.10**	0.06	**N/A**	N/A	**0.10**	0.06
Paper recycling	tonnes	**1.20**	7.09	**N/A**	N/A	**1.20**	7.09
Water Consumption							
Water consumption	m^3	**432.00**	328	**3,273.43**	4,098.56	**3,705.43**	4,426.56
Water consumption intensity	m^3/sq ft	**0.01**	0.01	**0.13**	0.18	**0.06**	0.07

Social

Social KPIs	Unit	Hong Kong		Mainland China		Group Total	
		FY2024/25	FY2023/24	FY2024/25	FY2023/24	FY2024/25	FY2023/24
Workforce							
Total Workforce[12]	People	**380**	383	**216**	184	**596**	567
By Gender							
Male	People	**185**	189	**59**	40	**244**	229
Female	People	**195**	194	**157**	144	**352**	338
By Employment Type							
Full-time	People	**364**	368	**216**	184	**580**	552
Part-time[13]	People	**16**	15	**0**	0	**16**	15
By Age Group							
18-25	People	**19**	32	**9**	4	**28**	36
26-35	People	**118**	117	**86**	68	**204**	185
36-45	People	**116**	115	**100**	96	**216**	211
46-55	People	**79**	75	**20**	15	**99**	90
Over 56	People	**48**	44	**1**	1	**49**	45
By Employee Category							
Executive management	People	**17**	18	**5**[14]	3[14]	**22**[14]	21[14]
Middle management	People	**90**	89	**25**[14]	19[14]	**115**[14]	108[14]
General & branch employees	People	**273**	276	**186**[14]	162[14]	**459**[14]	438[14]
By Geographical Region							
Hong Kong	People					**380**	383
Mainland China	People					**216**	184

12 Independent Non-executive Directors are not included in total number of employees.
13 Only included employee who is employed under a continuous contract.
14 Restated data.

Social KPIs	Hong Kong		Mainland China FY2024/25		Group Total	
Share of Workforce in Specific Positions						
	People	%	People	%	People	%
All Management Positions[15]						
Male	93	58.9	21	46.7	114	56.2
Female	65	41.1	24	53.3	89	43.8
Executive Management Positions						
Male	12	70.6	2	40.0	14	63.6
Female	5	29.4	3	60.0	8	36.4
Middle Management Positions						
Male	54	60.0	12	48.0	66	57.4
Female	36	40.0	13	52.0	49	42.6
Junior Management Positions						
Male	27	52.9	7	46.7	34	51.5
Female	24	47.1	8	53.3	32	48.5
Management Position in Revenue-generating Functions[16]						
Male	23	50.0	3	21.4	26	43.3
Female	23	50.0	11	78.6	34	56.7
STEM-related Positions[17]						
Male	30	81.1	7	100.0	37	84.1
Female	7	18.9	0	0	7	15.9

15 All management positions include executive management, middle management, and junior management.

16 Revenue-generating functions include Corporate Business, Marketing & Promotion and Branch Sales Department.

17 STEM-related positions include roles in IT Infrastructure Operations, IT Security, Systems Department and Support, as well as Data Analytics Department.

Social KPIs	Unit	Hong Kong		Mainland China		Group Total	
		FY2024/25	FY2023/24	FY2024/25	FY2023/24	FY2024/25	FY2023/24
Turnover Rate (Full-time Staff Only)							
Total Employee Turnover Rate	%	**15.9**	25.1	**18.0**	13.5	**16.6**	21.3
By Gender							
Male	%	**7.7**	12.1	**7.0**	7.3	**7.4**	10.5
Female	%	**8.2**	12.9	**11.0**	6.2	**9.2**	10.7
By Age Group							
18-25	%	**1.1**	2.8	**0.5**	1.7	**0.8**	2.4
26-35	%	**6.0**	10.2	**8.5**	5.6	**6.9**	8.7
36-45	%	**3.6**	5.5	**8.5**	5.1	**5.3**	5.4
46-55	%	**2.5**	4.1	**0.5**	1.1	**1.8**	3.1
Over 56	%	**2.7**	2.5	**0.0**	0.0	**1.8**	1.7
By Employee Category							
Executive management	%	**0.3**	–	**0.0**	–	**0.2**	–
Middle management	%	**3.3**	–	**2.5**	–	**3.0**	–
General & branch employees	%	**12.3**	–	**15.5**	–	**13.4**	–
Voluntary Employee Turnover Rate	%	**13.7**	–	**17.0**	–	**14.8**	–
New Hires							
Total New Hires	People	**74**	–	**68**	–	**142**	–
By Gender							
Male	People	**33**	–	**32**	–	**65**	–
Female	People	**41**	–	**36**	–	**77**	–
By Age Group							
18-25	People	**16**	–	**7**	–	**23**	–
26-35	People	**22**	–	**39**	–	**61**	–
36-45	People	**18**	–	**20**	–	**38**	–
46-55	People	**9**	–	**2**	–	**11**	–
Over 56	People	**9**	–	**0**	–	**9**	–
By Employee Category							
Executive management	People	**1**	–	**1**	–	**2**	–
Middle management	People	**5**	–	**12**	–	**17**	–
General & branch employees	People	**68**	–	**55**	–	**123**	–

Social KPIs	Unit	Hong Kong		Mainland China		Group Total	
		FY2024/25	FY2023/24	FY2024/25	FY2023/24	FY2024/25	FY2023/24
Employee Training and Development							
The Total Percentage of Employees Trained[18]	%	**100**	100	**100**	100	**100**	100
By Gender							
Male	%	**100**	100	**100**	100	**100**	100
Female	%	**100**	100	**100**	100	**100**	100
By Employee Category[19]							
Executive management	%	**100**	100	**100**	100	**100**	100
Middle management	%	**100**	100	**100**	100	**100**	100
General & branch employees	%	**100**	100	**100**	100	**100**	100
The Average Training Hours Completed Per Employee[20]	Hour	**23.3**	22.3	**15.9**	21.2	**20.6**	21.9
By Gender							
Male	Hour	**24.4**	21.4	**15.3**	20.7	**22.2**	21.3
Female	Hour	**22.3**	23.1	**16.1**	21.3	**19.5**	22.3
By Employee Category[21]							
Executive management	Hour	**19.7**	23.6	**15.1**	17.1[22]	**18.7**	22.7[22]
Middle management	Hour	**26.6**	23.2	**14.9**	20.5[22]	**24.1**	22.7[22]
General & branch employees	Hour	**22.4**	20.5	**16.1**	21.3[22]	**19.9**	20.8[22]

18 The percentage of employees trained is calculated as "total number of employees trained during the financial year divided by total number of employees at the end of the financial year and then multiplied by 100%".

19 For meaningful comparison, the employee categories have been adjusted to 3 levels – Executive Management, Middle Management and General & Branch Employees, aligning with the disclosure in total workforce.

20 Average training hours completed per employee is calculated as "total hours of employees trained during the financial year divided by total number of employees at the end of the financial year".

21 For meaningful comparison, the employee categories have been adjusted to 3 levels – Executive Management, Middle Management and General & Branch Employees, aligning with the disclosure in total workforce.

22 Restated data.

Social KPIs	Unit	Hong Kong		Mainland China		Group Total	
		FY2024/25	FY2023/24	FY2024/25	FY2023/24	FY2024/25	FY2023/24
Supply Chain							
Total Suppliers	Number	**526**	573	**396**	360	**922**	933
By Geographical Region							
Hong Kong	Number	**491**	533	**2**	1	**493**	534
Mainland China	Number	**8**	10	**390**	359	**398**	369
Japan	Number	**7**	7	**4**	0	**11**	7
Other regions	Number	**20**	23	**0**	0	**20**	23

ESG GUIDE CONTENT INDEX

Material Aspects	Content	Reference/Remarks
Mandatory Disclosure Requirements		
Governance Structure		
Board Statement	A disclosure of the Board's oversight of ESG issues;	OUR SUSTAINABILITY APPROACH — Board Statement
	The Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and	OUR SUSTAINABILITY APPROACH — Board Statement
	How the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	OUR SUSTAINABILITY APPROACH — Board Statement
Reporting Principles		
Description of the application of the Reporting Principles	Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	Materiality assessment is conducted to identify and prioritise material sustainability topics. The topics are reviewed and validated by the Board.
	Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	Performance Data Summary is prepared for our stakeholders to keep track of and evaluate the Group's ESG performance.
	Balance: The ESG report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	This CS Report provides an unbiased disclosure of the Group's sustainability performance, facilitating an informed evaluation of the overall performance.
	Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Consistent methodologies have been adopted to allow for a fair comparison over time.

Material Aspects	Content	Reference/Remarks
Reporting Boundary		
Description	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	ABOUT THE REPORT — Reporting Scope and Boundary
Comply or Explain Provisions		
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	COMMITMENT TO OUR ENVIRONMENT — Green Operation APPENDIX — Laws and Regulations
A1.1	The types of emissions and respective emissions data.	COMMITMENT TO OUR ENVIRONMENT — Green Operation — Energy Saving and Emissions Reduction — Air Emissions APPENDIX — Performance Data Summary
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	COMMITMENT TO OUR ENVIRONMENT — Green Operation — Energy Saving and Emissions Reduction — GHG Emissions APPENDIX — Performance Data Summary
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Since the Group does not produce hazardous waste in substantial quantities, we have not established a reduction target for hazardous waste.

Material Aspects	Content	Reference/Remarks
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity. (e.g. per unit of production volume, per facility)	COMMITMENT TO OUR ENVIRONMENT — Green Operation — Waste Reduction — Non-hazardous Waste APPENDIX — Performance Data Summary
A1.5	Description of emissions target(s) set and steps taken to achieve them.	COMMITMENT TO OUR ENVIRONMENT — Green Operation
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	COMMITMENT TO OUR ENVIRONMENT — Green Operation — Waste Reduction
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	COMMITMENT TO OUR ENVIRONMENT — Green Operation
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENT — Green Operation — Energy Saving and Emissions Reduction — Energy Consumption APPENDIX — Performance Data Summary
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	COMMITMENT TO OUR ENVIRONMENT — Green Operation — Water Efficiency APPENDIX — Performance Data Summary
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	COMMITMENT TO OUR ENVIRONMENT — Green Operation

Material Aspects	Content	Reference/Remarks
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Given that water resources do not constitute a significant material aspect of our operations, we have not set a reduction target for water consumption.
A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging materials are not material to the operations of the Group as it is a financial services provider.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	COMMITMENT TO OUR ENVIRONMENT — Green Operation
A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	COMMITMENT TO OUR ENVIRONMENT — Green Operation
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	COMMITMENT TO OUR ENVIRONMENT — Addressing Climate Change — Risk Management
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	COMMITMENT TO OUR ENVIRONMENT — Addressing Climate Change — Strategy
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	COMMITMENT TO OUR PEOPLE APPENDIX — Laws and Regulations

Material Aspects	Content	Reference/Remarks
B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	COMMITMENT TO OUR PEOPLE — Diversity and Inclusive Workplace APPENDIX — Performance Data Summary
B1.2	Employee turnover rate by gender, age group and geographical region.	APPENDIX — Performance Data Summary
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	COMMITMENT TO OUR PEOPLE — Occupational Health and Safety APPENDIX — Laws and Regulations
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	COMMITMENT TO OUR PEOPLE — Occupational Health and Safety
B2.2	Lost days due to work injury.	COMMITMENT TO OUR PEOPLE — Occupational Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	COMMITMENT TO OUR PEOPLE — Occupational Health and Safety — Occupational Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	COMMITMENT TO OUR PEOPLE — Employee Training and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	APPENDIX — Performance Data Summary
B3.2	The average training hours completed per employee by gender and employee category.	APPENDIX — Performance Data Summary

Material Aspects	Content	Reference/Remarks
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	COMMITMENT TO OUR PEOPLE — Human Rights and Labour Practices
B4.1	Description of measures to review employment practices to avoid child and forced labour.	COMMITMENT TO OUR PEOPLE — Human Rights and Labour Practices
B4.2	Description of steps taken to eliminate such practices when discovered.	COMMITMENT TO OUR PEOPLE — Human Rights and Labour Practices
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	COMMITMENT TO OUR CUSTOMERS AND BUSINESS PARTNERS — Supply Chain Management
B5.1	Number of suppliers by geographical region.	APPENDIX — Performance Data Summary
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	COMMITMENT TO OUR CUSTOMERS AND BUSINESS PARTNERS — Supply Chain Management — Supplier Selection
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	COMMITMENT TO OUR CUSTOMERS AND BUSINESS PARTNERS — Supply Chain Management — Supply Chain Management Approach
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	COMMITMENT TO OUR CUSTOMERS AND BUSINESS PARTNERS — Supply Chain Management

Material Aspects	Content	Reference/Remarks
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	COMMITMENT TO OUR CUSTOMERS AND BUSINESS PARTNERS
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product recalls for safety and health reasons are not material to the operations of the Group as a financial service provider.
B6.2	Number of products and service related complaints received and how they are dealt with.	COMMITMENT TO OUR CUSTOMERS AND BUSINESS PARTNERS — Customer Satisfaction
B6.3	Description of practices relating to observing and protecting intellectual property rights.	COMMITMENT TO OUR CUSTOMERS AND BUSINESS PARTNERS — Data Privacy and Security — Intellectual Property Protection
B6.4	Description of quality assurance process and recall procedures.	Refer to B6.1
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	COMMITMENT TO OUR CUSTOMERS AND BUSINESS PARTNERS — Data Privacy and Security

Material Aspects	Content	Reference/Remarks
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	COMMITMENT TO OUR BUSINESS
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	COMMITMENT TO OUR BUSINESS — Business Ethics — Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	COMMITMENT TO OUR BUSINESS — Whistleblowing Mechanism
B7.3	Description of anti-corruption training provided to directors and staff.	COMMITMENT TO OUR BUSINESS — Business Ethics — Anti-corruption training
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	COMMITMENT TO OUR COMMUNITY
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	COMMITMENT TO OUR COMMUNITY
B8.2	Resources contributed (e.g. money or time) to the focus area.	COMMITMENT TO OUR COMMUNITY

Independent Assurance Statement

Alaya Consulting Limited (hereinafter referred to as "Alaya Consulting") has been engaged by AEON Credit Service (Asia) Company Limited (hereinafter referred to as "ACSA") to conduct an independent verification of the data and information collection processes contained in its FY2024/25 Corporate Sustainability Report ("the CS Report").

This independent assurance opinion statement is based on the conclusions derived from ACSA's CS Report provided to Alaya Consulting. Therefore, the scope of the assurance engagement is based on and limited to the information contained within these provided materials, which Alaya believes to be complete and sufficient.

Scope and Purpose

The scope of the assurance engagement agreed between Alaya Consulting and ACSA includes:

1. The data and content contained in the CS Report.

2. The CS Report was compiled in accordance with the AA1000 Assurance Standard and the requirements outlined in Appendix C2 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), namely the "Environmental, Social and Governance Reporting Guide" (the "ESG Guide").

Through this verification process, Alaya Consulting conducted an independent validation of the integrity, accuracy, and reliability of the data and information contained in the CS Report, with the aim of:

- Verify whether the CS Report complies with the requirements of the AA1000 Assurance Standard and the ESG Guide;

- Verify the accuracy and consistency of the data and information selected and presented in the CS Report; and

- Assess the reliability of the data and information collection processes used to compile the CS Report.

Assurance level and verification methods

To gather evidence that supports our conclusions, we performed the following work:

- Reviewed key organisational developments of ACSA;

- Examined supporting evidence for the disclosures made in the CS Report; and

- Evaluated ACSA's CS Report and management processes based on the inclusivity, materiality, responsiveness, and impact principles of the AA1000 Accountability Principles.

Independence

ACSA is responsible for collecting and presenting the contents of the CS Report. Our responsibility is to perform the corresponding independent assurance work in accordance with the terms of our engagement, and to issue a limited assurance conclusion to ACSA's board of directors regarding the selected data and information. The CS Report is prepared solely for the use of ACSA's board of directors.

Verification Conclusions

The review conducted based on the inclusivity, materiality, responsiveness, and impact principles of the AA1000 Assurance Standard V3 and the Stock Exchange's Appendix C2 ESG Guide is as follows:

Based on the review results, we have determined that the sustainability-related indicators in the CS Report are disclosed in accordance with the AA1000 Accountability Principles and the Stock Exchange's Appendix C2 ESG Guide.

Alaya Consulting Limited

Alaya Consulting
本識顧問

AA1000
Licensed Assurance Provider
000-180

3rd April 2025

Independent Auditor's Report

Deloitte. 德勤

To the Members of AEON Credit Service (Asia) Company Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of AEON Credit Service (Asia) Company Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 138 to 220, which comprise the consolidated statement of financial position as at 28th February 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 28th February 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of advances and receivables	
We identified impairment assessment of advances and receivables as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with management's estimation in measuring the expected credit loss ("ECL") under ECL model as stipulated in HKFRS 9 "Financial Instruments" ("HKFRS 9"). As explained in note 22 to the consolidated financial statements, advances and receivables are unsecured and the carrying amount of advances and receivables was approximately HK$7,064,439,000 as at 28th February 2025, representing approximately 90% of the Group's total assets. As explained in note 23 to the consolidated financial statements, the balance of impairment allowances is approximately HK$264,939,000 as at 28th February 2025, of which approximately HK$446,268,000 has been charged to the consolidated statement of profit or loss during the year ended 28th February 2025. As set out in note 4 to the consolidated financial statements, the measurement of ECL requires estimation of the amount and timing of future cash flows and the assessment of whether have been a significant increase in credit risk. The estimations and assumptions applied in the ECL model include (i) the selection of inputs which the entity used in the ECL model including loss given default and probability of default; (ii) the portfolio segmentation of financial assets based on risk characteristics of the customers; and (iii) the selection of forward-looking information. The Group applies the general impairment approach of HKFRS 9 for advances and receivables based on a three-stage process to recognise impairment. The ECL on advances and receivables is assessed individually or collectively using a provision matrix based on internal credit rating.	Our procedures in relation to impairment assessment of advances and receivables included: — Obtaining an understanding of the Group's credit loss policy and methodology for impairment assessment in relation to the application of ECL model under HKFRS 9 including the formulation of the model and inputs used in the ECL model; — Understanding and evaluating the management's judgement in determining significant increase in credit risk and the staging criteria based on the internal credit rating which reflect the shared risk characteristics; — Engaging our internal modelling specialist to assess the reasonableness and appropriateness of the Group's methodology of ECL model, including the model design and calculation and model inputs in compliance with HKFRS 9; — Engaging our internal information technology specialist to test relevant automated controls related to delinquency system used in the ECL calculation; and — Testing the completeness and accuracy of a selection of input data used in the ECL model on a sampling basis.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
3rd April 2025

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	13	**14,605**	12,067
Profit before tax		**476,816**	472,528
Income tax expense	14	**(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	16	**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 HK$'000	2024 HK$'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 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	17	**180,608**	172,341
Intangible assets	18	**27,959**	31,133
Right-of-use assets	19	**110,049**	118,631
Goodwill	20	**15,820**	15,820
Equity instruments at fair value through other comprehensive income	21	**106,181**	92,644
Advances and receivables	22	**1,459,302**	1,512,414
Prepayments, deposits and other debtors	24	**21,611**	35,782
Derivative financial instruments	33	**10,430**	23,628
Deferred tax assets	34	**3,853**	5,454
		1,935,813	2,007,847
Current assets			
Advances and receivables	22	**5,605,137**	5,201,354
Prepayments, deposits and other debtors	24	**79,388**	78,691
Amount due from immediate holding company	30	**1**	1
Amount due from an intermediate holding company	30	**–**	31
Derivative financial instruments	33	**288**	–
Time deposits	25	**21,482**	15,319
Bank balances and cash	26	**226,220**	257,989
		5,932,516	5,553,385
Current liabilities			
Creditors and accruals	27	**226,351**	261,832
Contract liabilities	28	**42,024**	21,554
Amounts due to fellow subsidiaries	29	**9,286**	17,872
Amount due to an intermediate holding company	30	**9,504**	4,722
Borrowings from immediate holding company	31	**900,000**	800,000
Bank borrowings	31	**1,015,149**	468,685
Lease liabilities	32	**39,586**	38,243
Derivative financial instruments	33	**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 HK$'000	29.2.2024 HK$'000
Capital and reserves			
Share capital	35	**269,477**	269,477
Reserves	36	**3,981,684**	3,798,516
Total equity		**4,251,161**	4,067,993
Non-current liabilities			
Bank borrowings	31	**1,239,685**	1,709,571
Deferred tax liabilities	34	**39**	88
Lease liabilities	32	**76,782**	84,097
Derivative financial instruments	33	**26,319**	21,940
		1,342,825	1,815,696
		5,593,986	5,883,689

The consolidated financial statements on pages 138 to 220 were approved and authorised for issue by the Board on 3rd April 2025 and are signed on its behalf by:

WEI AIGUO
MANAGING DIRECTOR

LAI YUK KWONG
DIRECTOR

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 **HK$'000**	2024 HK$'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)

Consolidated Statement of Cash Flows

	2025 *HK$'000*	2024 *HK$'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. GENERAL INFORMATION

The Company is a public limited liability company incorporated in Hong Kong and its shares are listed on the Stock Exchange. Its immediate holding company is AFS (HK), incorporated in Hong Kong and its ultimate holding company is AEON Japan, incorporated in Japan and listed on the Tokyo Stock Exchange. The address of the registered office and principal place of business of the Company is 20/F, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

The Group is engaged in the consumer finance business, which includes the issuance of credit cards and the provision of personal loan financing, card payment processing services, insurance intermediary business and microfinance business.

The consolidated financial statements are presented in HKD, which is the same as the functional currency of the Company.

2 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:

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Cont'd)

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year (Cont'd)

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") (Cont'd)

- 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.

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Cont'd)

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 Standards, 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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, as explained in the accounting policies set out below.

3.2 Material accounting policies information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of 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 recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in notes 5 and 28.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 *Leases* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Leases (Cont'd)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies the practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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). 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

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 recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the 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 recognised 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 (i.e. HKD) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Employee benefits (Cont'd)

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standards requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Taxation (Cont'd)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income taxes* requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses (if any).

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets are initially recognised at cost. The cost less estimated residual values, if any, of the intangible assets is amortised on a straight-line basis over their useful lives, and charged to profit or loss. Impaired intangible assets are amortised net of accumulated allowance for impairment losses.

Impairment on property, plant and equipment, intangible assets and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, intangible assets and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generated unit) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Impairment on property, plant and equipment, intangible assets and right-of-use assets (Cont'd)

If the recoverable amount of an asset (or a cash-generated unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generated unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value, except for debtors arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability 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 financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Group's ordinary course of business is presented as revenue.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Financial instruments (Cont'd)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations applies*.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit- impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Impairment of financial assets and unused credit card limit

The Group performs impairment assessment under ECL model on financial assets (including advances and receivables, other debtors, amounts due from immediate holding company and an intermediate holding company, time deposits and bank balances) and unused credit card limit which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets and unused credit card limit (Cont'd)

The Group always recognises lifetime ECL for debtors and amounts due from related parties which are trade-related arising from contracts with customers which are initially measured in accordance with HKFRS 15. The ECL on these assets are assessed individually based on past due analysis.

The Group applies the general impairment approach of HKFRS 9 for other financial assets and unused credit card limit to recognise impairment based on a three-stage process which is intended to reflect the deterioration in credit quality of a financial instrument. The ECL on these assets is assessed individually or collectively using a provision matrix with appropriate groupings.

Stage 1 covers instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk. Stage 2 covers financial instruments that have deteriorated significantly in credit quality since initial recognition. Stage 3 covers financial assets for which credit loss events occur and become credit-impaired. 12m ECL is recognised in Stage 1, while lifetime expected credit losses are recognised in Stages 2 and 3.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating; or

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets and unused credit card limit (Cont'd)

(i) Significant increase in credit risk (Cont'd)

For unused credit card limit, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of an unused credit card limit, the Group considers changes in the risk of a default occurring on the advance to which an unused credit card limit relates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event; or

(c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of advances and receivables, when the amounts are over 180 days past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets and unused credit card limit (Cont'd)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on advances and receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For unused credit card limit, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the unused credit card limit utilises the limit, and the cash flows that the Group expects to receive if the limit is utilised. The estimate is consistent with the Group's expectations of drawdowns of the unused credit card limit, i.e. the expected portions of the unused credit card limit that will be drawn down within 12 months of the reporting date when estimating 12m ECL, and the expected portion of unused credit card limit that will be drawn down over the expected life of the unused credit card limit when estimating lifetime ECL. The ECL is measured over the period the Group is exposed to the credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments; and

- Past-due status.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amounts, with the exception of advances and receivables and unused credit card limit where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated profits.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL, except for derivative financial instruments under cash flow hedges.

Financial liabilities at amortised cost

Financial liabilities including bank borrowings, borrowings from immediate holding company, creditors, amounts due to fellow subsidiaries and an intermediate holding company, are subsequently measured at amortised cost, using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity instruments (Cont'd)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction (or a component thereof) is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Financial instruments (Cont'd)

Hedge accounting (Cont'd)

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

For changes made to the hedged risk, hedged item or hedging instrument required by interest rate benchmark reform, the Group amends the formal designation of a hedging relationship to reflect the changes by the end of the reporting period during which the relevant changes were made. Such an amendment to the formal designation of the hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Cont'd)

3.2 Material accounting policies information (Cont'd)

Financial instruments (Cont'd)

Hedge accounting (Cont'd)

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship). Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Insurance broking debtors and creditors

As an insurance broker, the Group act as an intermediary for various insurers in placing the insurable risks of their clients with such insurers. Under these terms of business the Group is generally not liable as principal for the amounts that its clients owe to the insurer as they enter in an insurance contract with the insurer and become its policyholders. Accordingly, receivables arising from policyholders are not included as assets of the Group. The receivable from the insurer for fees and commissions earned on the transaction continues to be recognised within insurance broking debtors. In the event that the insurer has delegated to the Group the collection of premiums or the payment of claims to the policyholders, the Group recognises the cash received in segregated bank balances with a corresponding liability for amounts due to the insurer or the policyholder when cash is received in deposit from the policyholder or the insurer respectively. These financial liabilities are classified in the consolidated statement of financial position as insurance broking creditors.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Impairment assessment of advances and receivables

The Group establishes, through charges against the consolidated statement of profit or loss, impairment allowances in respect of estimated loss on advances and receivables. The measurement of impairment losses under HKFRS 9 requires management's estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk.

In determining impairment allowances, management applied the ECL model with a number of estimations and assumptions including:

- The selection of inputs which the entity used in the ECL model including loss given default and probability of default;
- The portfolio segmentation of financial assets based on risk characteristics of the customers; and
- The selection of forward-looking information.

The management regularly review the estimation and assumptions used in the ECL calculation to reduce any differences between loss estimates and actual loss experience.

The impairment allowance is sensitive to changes in estimates. Details of advances and receivables and the impairment allowances are disclosed in notes 22 to 23.

Fair value measurement of unlisted equity instruments

As at 28th February 2025, the Group's unlisted equity instruments amounting to HK$105,497,000 (2024: HK$91,525,000) are measured at fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 38(c) for further disclosures.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

An analysis of the Group's revenue and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information is as follows:

	2025 **HK$'000**	2024 HK$'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

For the year ended 28th February 2025

	Credit cards HK$'000	**Personal loans HK$'000**	**Insurance HK$'000**	**Total HK$'000**
Interest income	**1,140,838**	**336,428**	**101**	**1,477,367**
Fees and commissions	**111,559**	**–**	**31,012**	**142,571**
Handling and late charges	**125,410**	**13,968**	**–**	**139,378**
Segment revenue	**1,377,807**	**350,396**	**31,113**	**1,759,316**

For the year ended 29th February 2024

	Credit cards HK$'000	Personal loans HK$'000	Insurance HK$'000	Total HK$'000
Interest income	1,064,857	302,505	–	1,367,362
Fees and commissions	102,910	–	26,258	129,168
Handling and late charges	115,994	10,797	–	126,791
Segment revenue	1,283,761	313,302	26,258	1,623,321

5. REVENUE (Cont'd)

(ii) Performance obligations for contracts with customers and revenue recognition policies

Fees and commissions

The Group receives fees and commissions from credit card transactions. Revenue is recognised at a point in time when the Group has satisfied its performance obligation in providing the promised services to the customer (i.e. completion of the transactions), and are recognised based on contractual rates agreed with customers.

The Group also grants award credits for cardholders under the Group's customer loyalty scheme. The promise to provide the award credit to the customer is therefore a separate performance obligation. The transaction price is allocated between the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated based on the discount to be given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Group's historical experience. A contract liability is recognised for revenue relating to the loyalty points at the time of the initial sales transaction. Revenue from the loyalty points is recognised when the points are redeemed by the customer. Revenue for points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by customers.

The Group acts as an agent in placing the insurable risks of their clients with insurers and receives the commission income from these transactions. Revenue is recognised at a point in time when the Group has an unconditional right to receive the commission income from the insurance company (i.e. execution of insurance contracts).

Handling and late charges

The Group receives handling and late charges from credit card and personal loan transactions. Revenue is recognised at a point in time when the Group has unconditional right to receive the income from the customers based on the contractual rates agreed with customers (i.e. completion of transactions).

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at 28th February 2025 and 29th February 2024 and the expected timing of recognising revenue are as follows:

Customer loyalty programmes	**2025** ***HK$'000***	2024 *HK$'000*
Within one year	**25,827**	19,086
More than one year but not more than two years	**16,197**	2,468
	42,024	21,554

The customer loyalty programmes have expiration of 2 years (2024: 2 years) and can be redeemed anytime at cardholders' discretion. The amounts disclosed above represent the Group's expectation on the timing of redemption made by the cardholders.

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 described in note 3. 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.

For the purposes of monitoring segment performance and allocating resources amongst segments:

- all assets are allocated to operating and reportable segments other than goodwill, equity instruments at FVTOCI and deferred tax assets.
- all liabilities are allocated to operating and reportable segments other than tax liabilities.

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

6. SEGMENT INFORMATION (Cont'd)

Services from which operating and reportable segments derive their revenues (Cont'd)

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

6. SEGMENT INFORMATION (Cont'd)

Segment assets and liabilities

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

At 28th February 2025

	Credit cards *HK$'000*	**Personal loans** *HK$'000*	**Insurance** *HK$'000*	**Consolidated** *HK$'000*
ASSETS				
Segment assets	**6,034,996**	**1,694,409**	**13,070**	**7,742,475**
Unallocated assets				**125,854**
Consolidated total assets				**7,868,329**
LIABILITIES				
Segment liabilities	**2,834,889**	**750,602**	**514**	**3,586,005**
Unallocated liabilities				**31,163**
Consolidated total liabilities				**3,617,168**

At 29th February 2024

	Credit cards *HK$'000*	Personal loans *HK$'000*	Insurance *HK$'000*	Consolidated *HK$'000*
ASSETS				
Segment assets	5,713,037	1,721,406	12,871	7,447,314
Unallocated assets				113,918
Consolidated total assets				7,561,232
LIABILITIES				
Segment liabilities	2,844,840	642,437	348	3,487,625
Unallocated liabilities				5,614
Consolidated total liabilities				3,493,239

6. SEGMENT INFORMATION (Cont'd)

Other segment information

Amounts included in the measure of segment results or segment assets:

For the year ended 28th February 2025

	Credit cards *HK$'000*	Personal loans *HK$'000*	Insurance *HK$'000*	Consolidated *HK$'000*
Additions to non-current assets *(Note)*	**68,103**	**20,097**	**78**	**88,278**
Depreciation and amortisation	**82,399**	**23,248**	**166**	**105,813**
Impairment losses and impairment allowances	**252,678**	**193,590**	**–**	**446,268**
Recoveries of advances and receivables written-off	**(16,438)**	**(10,840)**	**–**	**(27,278)**
Gain on disposal of distressed assets	**(7,652)**	**(6,953)**	**–**	**(14,605)**

For the year ended 29th February 2024

	Credit cards *HK$'000*	Personal loans *HK$'000*	Insurance *HK$'000*	Consolidated *HK$'000*
Additions to non-current assets *(Note)*	208,683	52,618	–	261,301
Depreciation and amortisation	81,485	18,952	10	100,447
Impairment losses and impairment allowances	233,256	140,716	–	373,972
Recoveries of advances and receivables written-off	(15,669)	(10,822)	–	(26,491)
Gain on disposal of distressed assets	(9,315)	(2,752)	–	(12,067)

Note: Non-current assets exclude goodwill, financial assets and deferred tax assets.

6. SEGMENT INFORMATION (Cont'd)

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

6. SEGMENT INFORMATION (Cont'd)

Geographical information (Cont'd)

The following is an analysis of the Group's asset and liabilities by geographical segments:

At 28th February 2025

	Hong Kong *HK$'000*	**Mainland China** *HK$'000*	**Consolidated** *HK$'000*
ASSETS			
Segment assets	**7,448,167**	**294,308**	**7,742,475**
Unallocated assets			**125,854**
Consolidated total assets			**7,868,329**
LIABILITIES			
Segment liabilities	**3,509,848**	**76,157**	**3,586,005**
Unallocated liabilities			**31,163**
Consolidated total liabilities			**3,617,168**

At 29th February 2024

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Consolidated *HK$'000*
ASSETS			
Segment assets	7,246,893	200,421	7,447,314
Unallocated assets			113,918
Consolidated total assets			7,561,232
LIABILITIES			
Segment liabilities	3,445,192	42,433	3,487,625
Unallocated liabilities			5,614
Consolidated total liabilities			3,493,239

6. SEGMENT INFORMATION (Cont'd)

Geographical information (Cont'd)

Amounts included in the measure of segment results or segment assets by geographical segments:

For the year ended 28th February 2025

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Consolidated *HK$'000*
Additions to non-current assets *(Note)*	**84,190**	**4,088**	**88,278**
Depreciation and amortisation	**100,978**	**4,835**	**105,813**
Impairment losses and impairment allowances	**432,609**	**13,659**	**446,268**
Recoveries of advances and receivables written-off	**(22,904)**	**(4,374)**	**(27,278)**
Gain on disposal of distressed assets	**(12,485)**	**(2,120)**	**(14,605)**

For the year ended 29th February 2024

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Consolidated *HK$'000*
Additions to non-current assets *(Note)*	247,867	13,434	261,301
Depreciation and amortisation	96,236	4,211	100,447
Impairment losses and impairment allowances	367,969	6,003	373,972
Recoveries of advances and receivables written-off	(24,091)	(2,400)	(26,491)
Gain on disposal of distressed assets	(12,067)	–	(12,067)

Note: Non-current assets exclude goodwill, financial assets and deferred tax assets.

Information about major customers

During the years ended 28th February 2025 and 29th February 2024, none of the Group's single customer attributed to more than 10% of the Group 's total external revenue.

7. INTEREST INCOME

	2025 HK$'000	2024 HK$'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 HK$'000	2024 HK$'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 HK$'000	2024 HK$'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 HK$'000	2024 HK$'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 HK$'000	2024 HK$'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

Non-monetary benefits in respect of directors' and staff accommodation of HK$2,466,000 (2024: HK$2,821,000) are included under operating expenses.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the eleven (2024: ten) Directors are as follows:

For the year ended 28th February 2025

Name of Directors	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Discretionary bonus *(Note a)* *HK$'000*	Retirement benefits *HK$'000*	Total *HK$'000*
Executive Directors					
Wei Aiguo	–	**1,659**	**430**	**18**	**2,107**
Lai Yuk Kwong	–	**1,697**	**430**	**18**	**2,145**
Wan Yuk Fong (26.6.2024–28.2.2025)	–	**980**	–	**12**	**992**
Tomoharu Fukayama *(Note b)* (1.3.2024–26.6.2024)	–	**780**	**204**	**12**	**996**
Sub-total	–	**5,116**	**1,064**	**60**	**6,240**

The executive directors' emoluments shown above were for their services in connection with management of the affairs of the Company and the Group.

Name of Directors	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Discretionary bonus *(Note a)* *HK$'000*	Retirement benefits *HK$'000*	Total *HK$'000*
Non-executive Directors					
Kenji Fujita (26.6.2024–28.2.2025)	–	–	–	–	–
Jin Huashu *(Note b)*	–	**847**	**321**	**119**	**1,287**
Tomoyuki Mitsufuji (1.3.2024–26.6.2024)	–	–	–	–	–
Sub-total	–	**847**	**321**	**119**	**1,287**

The non-executive directors' emoluments shown above were for their services as director of the Company and the Group.

Name of Directors	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Discretionary bonus *(Note a)* *HK$'000*	Retirement benefits *HK$'000*	Total *HK$'000*
Independent Non-executive Directors					
Lee Ching Ming Adrian	**380**	–	–	–	**380**
Shing Mo Han Yvonne	**400**	–	–	–	**400**
Junko Dochi	**360**	–	–	–	**360**
Choi Ping Chung	**400**	–	–	–	**400**
Sub-total	**1,540**	–	–	–	**1,540**

The independent non-executive directors' emoluments shown above were for their services as directors of the Company and of the Group.

Total	**9,067**

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Cont'd)

(a) Directors' emoluments (Cont'd)

For the year ended 29th February 2024

Name of Directors	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Discretionary bonus (Note a) *HK$'000*	Retirement benefits *HK$'000*	Total *HK$'000*
Executive Directors					
Wei Aiguo	–	1,456	530	18	2,004
Tomoharu Fukayama *(Note b)*	–	2,808	567	40	3,415
Lai Yuk Kwong	–	1,673	400	18	2,091
Daisuke Takenaka *(Note b)* (1.3.2023-28.6.2023)	–	719	80	25	824
Sub-total	–	6,656	1,577	101	8,334

The executive directors' emoluments shown above were for their services in connection with management of the affairs of the Company and the Group.

Non-executive Directors					
Tomoyuki Mitsufuji	–	–	–	–	–
Jin Huashu *(Note b)*	–	829	474	115	1,418
Sub-total	–	829	474	115	1,418

The non-executive directors' emoluments shown above were for their services as director of the Company and the Group.

Independent Non-executive Directors					
Lee Ching Ming Adrian	367	–	–	–	367
Shing Mo Han Yvonne	380	–	–	–	380
Junko Dochi	353	–	–	–	353
Choi Ping Chung (29.6.2023-29.2.2024)	267	–	–	–	267
Sub-total	1,367	–	–	–	1,367

The independent non-executive directors' emoluments shown above were for their services as directors of the Company and of the Group.

Total					11,119

Notes:

(a) The discretionary bonus is determined by the Remuneration Committee of the Company with reference to the financial performance of the Group and the performance of the individual Director.

(b) Non-monetary benefits in respect of directors' accommodation of HK$471,000 (2024: HK$1,312,000) are included under salaries and other benefits.

(c) There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Cont'd)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2024: three) were Directors, details of their emoluments were set out as above. The emoluments of the remaining two (2024: two) individual are as follows:

	2025 **HK$'000**	2024 HK$'000
Salaries and other benefits	**3,043**	3,011
Discretionary bonus	**308**	459
Retirement benefits	**139**	36
	3,490	3,506

Their emoluments were within the following bands:

	No. of employees	
	2025	2024
HK$1,500,001 to HK$2,000,000	**2**	2

13. GAIN ON DISPOSAL OF DISTRESSED ASSETS

During the year ended 28th February 2025, impaired advances and receivables were disposed to an independent third party at a consideration of approximately HK$14,605,000 (2024: HK$22,616,000), resulting in a gain on disposal of HK$14,605,000 (2024: HK$12,067,000) recognised in profit or loss.

14. INCOME TAX EXPENSE

	2025 *HK$'000*	2024 *HK$'000*
Hong Kong Profits Tax		
— Current year	**81,204**	66,680
— Underprovision in respect of prior years	**118**	1,293
	81,322	67,973
PRC Enterprise Income Tax		
— Current year	**149**	96
Deferred tax *(note 34)*		
— Current year	**(5,133)**	12,189
	76,338	80,258

On 21st March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China 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 annual taxable income up to RMB3 million is subject to an effective tax rate of 5% from 1st January 2023 to 31st December 2027.

14. INCOME TAX EXPENSE (Cont'd)

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	2025 **HK$'000**	2024 HK$'000
Profit before tax	**476,816**	472,528
Tax at the applicable rate of 16.5% (2024: 16.5%)	**78,675**	77,967
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**303**	(114)
Tax effect of expenses not deductible for tax purpose	**5**	1,521
Tax effect of income not taxable for tax purpose	**(188)**	(166)
Underprovision in respect of prior years	**118**	1,293
Utilisation of deductible temporary differences previously not recognised	**(2,003)**	–
Tax effect of tax losses in current year not recognised	**773**	329
Utilisation of tax losses previously not recognised	**–**	(572)
Others	**(1,345)**	–
Income tax expense for the year	**76,338**	80,258

15. DIVIDENDS

	2025 **HK$'000**	2024 HK$'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.

16. 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.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Computer equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST					
At 1st March 2023	28,132	802	413,569	966	443,469
Additions	19,782	3,332	111,728	–	134,842
Disposals	(23,298)	(430)	(31,921)	–	(55,649)
Exchange realignment	(167)	(7)	(487)	–	(661)
At 29th February 2024	**24,449**	**3,697**	**492,889**	**966**	**522,001**
Additions	**3,330**	**3,970**	**43,415**	**–**	**50,715**
Adjustment	**–**	**–**	**(617)**	**–**	**(617)**
Disposals	**–**	**(24)**	**(36,165)**	**–**	**(36,189)**
Exchange realignment	**(29)**	**(2)**	**(230)**	**–**	**(261)**
At 28th February 2025	**27,750**	**7,641**	**499,292**	**966**	**535,649**
DEPRECIATION					
At 1st March 2023	24,209	530	334,049	97	358,885
Provided for the year	5,197	123	31,978	193	37,491
Eliminated on disposals	(23,298)	(423)	(22,476)	–	(46,197)
Exchange realignment	(190)	(7)	(322)	–	(519)
At 29th February 2024	**5,918**	**223**	**343,229**	**290**	**349,660**
Provided for the year	**5,438**	**1,494**	**34,423**	**193**	**41,548**
Eliminated on disposals	**–**	**(20)**	**(35,994)**	**–**	**(36,014)**
Exchange realignment	**(8)**	**(1)**	**(144)**	**–**	**(153)**
At 28th February 2025	**11,348**	**1,696**	**341,514**	**483**	**355,041**
CARRYING VALUES					
At 28th February 2025	**16,402**	**5,945**	**157,778**	**483**	**180,608**
At 29th February 2024	18,531	3,474	149,660	676	172,341

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	$33^1/_3$% or over the lease term, if shorter
Furniture and fixtures	20%
Computer equipment	$6^2/_3$%–$33^1/_3$%
Motor vehicles	20%–$33^1/_3$%

18. INTANGIBLE ASSETS

	Software *HK$'000*
COST	
At 1st March 2023	–
Additions	36,670
At 29th February 2024	**36,670**
Additions	**3,619**
At 28th February 2025	**40,289**
AMORTISATION	
At 1st March 2023	–
Provided for the year	5,537
At 29th February 2024	**5,537**
Provided for the year	**6,793**
At 28th February 2025	**12,330**
CARRYING VALUES	
At 28th February 2025	**27,959**
At 29th February 2024	31,133

Intangible assets represent the Group's software that were acquired from third parties and hosted in cloud environment.

The above intangible assets have finite useful lives and are amortised on a straight-line basis at the following rates per annum:

Software	$6^2/_3\%–33^1/_3\%$

19. RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Motor vehicles HK$'000	Total HK$'000
COST			
At 1st March 2023	211,018	276	211,294
Addition	133,242	–	133,242
Expiry of lease contracts	(12,757)	(272)	(13,029)
Exchange difference	(48)	(4)	(52)
At 29th February 2024	**331,455**	**–**	**331,455**
Addition	**49,794**	**–**	**49,794**
Expiry of lease contracts	**(67,739)**	**–**	**(67,739)**
Exchange difference	**(148)**	**–**	**(148)**
At 28th February 2025	**313,362**	**–**	**313,362**
DEPRECIATION			
At 1st March 2023	168,017	200	168,217
Provided for the year	57,343	76	57,419
Eliminated on expiry of lease contracts	(12,509)	(272)	(12,781)
Exchange difference	(27)	(4)	(31)
At 29th February 2024	**212,824**	**–**	**212,824**
Provided for the year	**57,472**	**–**	**57,472**
Eliminated on expiry of lease contracts	**(66,936)**	**–**	**(66,936)**
Exchange difference	**(47)**	**–**	**(47)**
At 28th February 2025	**203,313**	**–**	**203,313**
CARRYING VALUES			
At 28th February 2025	**110,049**	**–**	**110,049**
At 29th February 2024	118,631	–	118,631

	2025 HK$'000	2024 HK$'000
Expense relating to short-term leases	**2,730**	3,728
Total cash outflow for leases	**62,134**	61,016

For the year ended 28th February 2025, the Group leases various offices, office equipment, branches, director and staff quarters and signage (2024: offices, office equipment, branches, director and staff quarters and motor vehicles) for its operations. Lease contracts are entered into for fixed term of one to six years (29th February 2024: one to six years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

20. GOODWILL

	HK$'000
As at 29th February 2024 and 28th February 2025	**15,820**

For the purposes of impairment testing, goodwill has been allocated to a cash generating unit ("CGU") which is a subsidiary engaging in the business of provision of business process outsourcing services in PRC.

As at 28th February 2025 and 29th February 2024, the management determined that there is no impairment of the CGU containing goodwill. The basis of the recoverable amount of the CGU and its major underlying assumptions are summarised below.

The recoverable amount of the CGU has been determined based on the value in use calculation. The calculation uses cash flow projections based on the most recent financial budgets approved by management covering a 5-year period and a pre-tax discount rate of 11% (2024: 10%). The cash flows beyond the 5 years period are extrapolated using 0% growth rate (2024: 0%). Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the unit's past performance and management's expectations for the market development, the management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU to exceed the aggregate recoverable amount of the CGU.

21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

The investments included above represent investments in both listed and unlisted equity investments that offer the Group the opportunity for return through dividend income and fair value gains.

The fair value of listed equity investments is determined with reference to quoted market bid price from Stock Exchange.

The above unlisted equity investments represent equity interest in two (29th February 2024: two) private entities incorporated overseas engaged in consumer finance services and related business held for long-term investment strategic purposes and the Directors have elected to designate these investments in equity instruments as at FVTOCI.

The fair values of unlisted equity investments have been arrived at on the basis of valuations which were principally arrived at using the market approach for business enterprises valuation with reference to the market capitalisation of listed entities in similar industries with consideration of marketability discount.

22. ADVANCES AND RECEIVABLES

	28.2.2025 HK$'000	29.2.2024 HK$'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 23)*	**(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

An analysis of changes in the gross amount of advances and receivables are set out below:

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
At 1st March 2024	**6,682,702**	**75,389**	**202,768**	**6,960,859**
Net advance (repayment) in advances and receivables	**827,252**	**(16,004)**	**(10,465)**	**800,783**
Transfer to 12m ECL (Stage 1)	**133,792**	**(61,642)**	**(72,150)**	**–**
Transfer to lifetime ECL not credit impaired (Stage 2)	**(365,112)**	**369,235**	**(4,123)**	**–**
Transfer to lifetime ECL credit impaired (Stage 3)	**(256,298)**	**(301,326)**	**557,624**	**–**
Total transfer between stages	**(487,618)**	**6,267**	**481,351**	**–**
Amounts written-off as uncollectable	**–**	**–**	**(428,300)**	**(428,300)**
Exchange realignment	**(3,667)**	**(104)**	**(193)**	**(3,964)**
At 28th February 2025	**7,018,669**	**65,548**	**245,161**	**7,329,378**

22. ADVANCES AND RECEIVABLES (Cont'd)

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
At 1st March 2023	5,582,236	84,229	169,752	5,836,217
Net advance (repayment) in advances and receivables	1,431,578	(3,998)	27,827	1,455,407
Transfer to 12m ECL (Stage 1)	149,310	(109,235)	(40,075)	–
Transfer to lifetime ECL not credit impaired (Stage 2)	(368,509)	375,707	(7,198)	–
Transfer to lifetime ECL credit impaired (Stage 3)	(108,231)	(271,279)	379,510	–
Total transfer between stages	(327,430)	(4,807)	332,237	–
Disposal of distressed assets	–	–	(50,461)	(50,461)
Amounts written-off as uncollectable	–	–	(276,500)	(276,500)
Exchange realignment	(3,682)	(35)	(87)	(3,804)
At 29th February 2024	6,682,702	75,389	202,768	6,960,859

At the end of the reporting periods, all advances and receivables are unsecured and the credit risk exposures are disclosed in note 38(b).

(a) Credit card receivables

The term of credit card instalment plans entered with customers ranges from 6 months to 5 years (29th February 2024: 6 months to 5 years).

All credit card receivables are denominated in HKD. The credit card receivables carry effective interest ranging from 3.5% to 35.9% (29th February 2024: 8.5% to 35.9%) per annum.

(b) Personal loan receivables

Most of the personal loan receivables entered with customers ranges from 1 month to 10 years (29th February 2024: 6 months to 5 years) and are denominated in HKD or RMB. The personal loan receivables carry effective interest mostly ranging from 2.3% to 47.8% (29th February 2024: 2.3% to 48.0%) per annum.

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

23. IMPAIRMENT ALLOWANCES

	28.2.2025 HK$'000	29.2.2024 HK$'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:

ECL model under HKFRS 9	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'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 12m 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**

23. IMPAIRMENT ALLOWANCES (Cont'd)

ECL model under HKFRS 9	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'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 12m 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

24. PREPAYMENTS, DEPOSITS AND OTHER DEBTORS

	28.2.2025 ***HK$'000***	29.2.2024 *HK$'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

25. TIME DEPOSITS

Time deposits are denominated in HKD and RMB (29th February 2024: HKD and RMB) and carry fixed-rates ranging from 0.45% to 4.41% (2024: 1.20% to 4.83%) per annum during the year.

	28.2.2025 ***HK$'000***	29.2.2024 *HK$'000*
Time deposits with maturity of three months or less	**17,870**	13,669
Time deposits with maturity of more than three months	**3,612**	1,650
	21,482	15,319

26. BANK BALANCES AND CASH

Bank balances carry prevailing market interest rate.

The carrying amounts of the bank balances and cash are denominated in the following currencies:

	HKD *HK$'000*	**RMB** *HK$'000*	**USD** *HK$'000*	**Total** *HK$'000*
At 28th February 2025				
Bank balances and cash	**211,634**	**12,366**	**2,220**	**226,220**
At 29th February 2024				
Bank balances and cash	228,128	26,117	3,744	257,989

27. CREDITORS AND ACCRUALS

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

	28.2.2025 ***HK$'000***	29.2.2024 *HK$'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

28. CONTRACT LIABILITIES

	28.2.2025 ***HK$'000***	29.2.2024 *HK$'000*
Contract liabilities		
— Deferred revenue in relation to customer loyalty programmes	**42,024**	21,554

As at 1st March 2023, contract liabilities from deferred revenue in relation to customer loyalty programmes amounted to HK$23,897,000.

Revenue recognised during the year ended 28th February 2025 amounted to HK$19,051,000 (2024: HK$17,332,000) was included in the contract liabilities at the beginning of the year.

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.

29. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts are unsecured, non-interest bearing and repayable on demand, except for HK$7,350,000 (29th February 2024: HK$14,207,000) which is trade-related.

The aged analysis of amounts due to fellow subsidiaries that are trade-related based on the invoice date at the end of the reporting period is as follows:

	28.2.2025 *HK$'000*	29.2.2024 *HK$'000*
Less than 1 month	**7,350**	14,207

30. AMOUNTS DUE FROM/TO IMMEDIATE/AN INTERMEDIATE HOLDING COMPANY

The amounts are unsecured, non-interest bearing and repayable on demand.

31. BANK BORROWINGS AND BORROWINGS FROM IMMEDIATE HOLDING COMPANY

	28.2.2025		29.2.2024	
	Bank borrowings *HK$'000*	**Borrowings from immediate holding company** *HK$'000*	Bank borrowings *HK$'000*	Borrowings from immediate holding company *HK$'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.

31. BANK BORROWINGS AND BORROWINGS FROM IMMEDIATE HOLDING COMPANY (Cont'd)

At the end of the reporting periods, all borrowings are unsecured. The carrying amounts of the bank borrowings are denominated in the following currencies:

	HKD *HK$'000*	RMB *HK$'000*	JPY *HK$'000*	Total *HK$'000*
At 28th February 2025				
Bank borrowings	**2,145,000**	**50,149**	**59,685**	**2,254,834**
Borrowings from immediate holding company	**900,000**	**–**	**–**	**900,000**
At 29th February 2024				
Bank borrowings	1,945,000	17,909	215,347	2,178,256
Borrowings from immediate holding company	800,000	–	–	800,000

HKD bank loans of HK$1,075,000,000 (29th February 2024: HK$1,075,000,000) are arranged at fixed interest rates ranging from 2.47% to 5.75% (29th February 2024: 2.17% to 5.78%) per annum of which the interest rate of sustainability linked loans of HK$200,000,000 (29th February 2024: HK$200,000,000) is linked to the sustainability performance of the Company, which may be reduced depending on the extent of pre-determined key performance indicators being met. Other HKD bank loans are arranged at floating interest rates at 0.56% to 0.75% plus HIBOR (29th February 2024: 0.56% to 0.75% plus HIBOR) per annum of which the interest margin of sustainability linked loans of HK$120,000,000 (29th February 2024: HK$120,000,000) is linked to the sustainability performance of the Company, which may be reduced depending on the extent of pre-determined key performance indicators being met. The RMB loan is arranged at fixed interest rate at 2.85% to 3.00% (29th February 2024: 2.95% to 3.10%). JPY bank loan is arranged at floating interest rate at 0.40% plus TONA (29th February 2024: 0.40% plus TONA) per annum. Thus, the Group is exposing to cash flow interest rate risk.

All borrowings from immediate holding company are denominated in HKD, which are arranged at fixed interest rate of 3.86% to 4.00% per annum (29th February 2024: 4.37% per annum).

At 28th February 2025, the Group has available unutilised overdrafts, committed unutilised bank loan facilities and non-committed unutilised bank loan facilities of HK$359,900,000 (29th February 2024: HK$271,900,000), HK$300,000,000 (29th February 2024: Nil) and HK$701,251,000 (29th February 2024: HK$606,000,000) respectively.

32. LEASE LIABILITIES

	28.2.2025 HK$'000	29.2.2024 HK$'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%).

33. DERIVATIVE FINANCIAL INSTRUMENTS

	28.2.2025		29.2.2024	
	Assets HK$'000	Liabilities HK$'000	Assets HK$'000	Liabilities HK$'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.

Details of major derivative financial instruments for hedging purposes are as follows:

33. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

Cash flow hedges:

Interest rate swaps

The Group uses interest rate swaps to minimise its exposures to cash flow changes of its floating-rate bank borrowings by swapping certain HKD floating-rate bank borrowings with aggregate principal of HK$1,070,000,000 (29th February 2024: HK$870,000,000) from floating-rates to fixed-rates. The interest rate swaps with aggregate notional amount of HK$1,070,000,000 (29th February 2024: HK$870,000,000) have fixed interest payments quarterly at fixed interest rates ranging from 1.95% to 5.42% (29th February 2024: 1.95% to 5.42%) per annum and floating interest receipts monthly/quarterly ranging from 0.56% to 0.75% plus HIBOR (29th February 2024: 0.56% to 0.75% plus HIBOR) per annum for periods up until December 2028 (29th February 2024: until August 2027).

The interest rate swaps and the corresponding bank borrowings have similar terms, such as principal amounts, interest rate spread, start dates, maturity dates and counterparties, and the Directors consider that the interest rate swaps are highly effective hedging instruments. Interest rate swaps are designated as cash flow hedging instruments from floating interest rates to fixed interest rates.

During the year, net adjustment on the above-mentioned cash flow hedges amounted to HK$13,102,000 (2024: HK$11,621,000), net of tax and is included in other comprehensive income.

The fair values of the interest rate swaps are determined by using the discounted cash flow method based on HIBOR yield curves at the end of the reporting period.

Cross-currency interest rate swaps

The Group uses cross-currency interest rate swaps designated as highly effective hedging instrument to minimise its exposures to foreign currency and cash flow interest rate risk of its JPY bank borrowings (2024: JPY bank borrowings) by swapping the floating-rate JPY bank borrowings (2024: JPY bank borrowings) to fixed-rate HKD bank borrowings.

The JPY cross-currency interest rate swaps with notional amount of JPY1,150,000,000 (29th February 2024: JPY4,150,000,000) (equivalent to HK$83,038,000 at the date of inception of the bank borrowings (29th February 2024: HK$300,398,000)) have fixed currency payments in HKD at exchange rates of JPY to HKD at 0.07 (29th February 2024: 0.07), fixed interest payments quarterly in HKD at 2.17% (29th February 2024: ranging from 2.17% to 2.72%) per annum and floating interest receipts quarterly in JPY at 0.40% plus TONA (29th February 2024: 0.40% plus TONA) per annum for periods up until March 2026 (29th February 2024: until March 2026).

The cross-currency interest rate swaps and the corresponding bank borrowings have the same terms, such as principal amounts, interest rate spread, start dates, maturity dates and counterparties, and the Directors consider that the cross-currency interest rate swaps are highly effective hedging instruments.

During the year, net adjustment on the above-mentioned cash flow hedges amounted to HK$13,928,000 (2024: HK$3,137,000), net of tax and is included in other comprehensive income.

The fair value of the cross-currency interest rate swaps are determined by using the discounted cash flow method based on TONA (29th February 2024: TONA) yield curves and the forward exchange rates between JPY and HKD (29th February 2024: JPY and HKD) estimated at the end of the reporting period.

34. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	28.2.2025 *HK$'000*	29.2.2024 *HK$'000*
Deferred tax assets	**3,853**	5,454
Deferred tax liabilities	**(39)**	(88)
	3,814	5,366

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 *HK$'000*	Impairment allowances *HK$'000*	Derivative financial instruments *HK$'000*	Right-of-use assets *HK$'000*	Lease liabilities *HK$'000*	Others *HK$'000*	Total *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)**

At the end of the reporting period, the Group had unused tax losses of HK$17,775,000 (29th February 2024: HK$13,088,000) available for offset against future profits while tax loss of HK$10,122,000 is in relation to a subsidiary undergoing dissolution as at 28th February 2025. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax losses of HK$7,653,000 (29th February 2024: HK$6,432,000) will expire in 2025 to 2029 (29th February 2024: 2024 to 2028) and the remaining tax losses may be carried forward indefinitely. At the end of the reporting period, the Group has deductible temporary differences of HK$36,201,000 (29th February 2024: HK$48,342,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred taxation has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to accumulated profits of a PRC subsidiary amounting to approximately HK$12,438,000 (29th February 2024: HK$9,848,000) as the Group is able to control the timing of the reversal of these temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

35. SHARE CAPITAL

	Number of shares	Share capital *HK$'000*
Issued and fully paid		
At 1st March 2023, 29th February 2024 and 28th February 2025		
— Ordinary shares with no par value	418,766,000	269,477

36. RESERVES

The Company's reserves available for distribution to shareholders at 28th February 2025 amounted to HK$3,891,923,000 (29th February 2024: HK$3,698,976,000), representing the Company's accumulated profits as shown in note 44.

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that:

- the Group will continue as a going concern;
- to maintain healthy capital ratio to instil confidence in stakeholders during periods of uncertainty and turmoil in financial markets;
- funds are available at competitive costs to meet all contractual financial commitments; and
- to fund receivable growth and to generate reasonable returns from available funds.

The capital structure of the Group consists of debt (which includes bank borrowings and borrowings from immediate holding company) and equity attributable to owners of the Group (comprising share capital and reserves).

37. CAPITAL RISK MANAGEMENT (Cont'd)

Net debt to equity ratio

The Group's management review the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The net debt to equity ratio at the year end is as follows:

	28.2.2025 *HK$'000*	29.2.2024 *HK$'000*
Debt *(Note a)*	**3,271,202**	3,100,596
Cash and cash equivalents	**(244,090)**	(271,658)
Net debt	**3,027,112**	2,828,938
Equity *(Note b)*	**4,251,161**	4,067,993
Net debt to equity ratio	**0.7**	0.7

Notes:

(a) Debt comprises bank borrowings and borrowings from immediate holding company and lease liabilities as detailed in notes 31 and 32.

(b) Equity includes all capital and reserves of the Group.

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	28.2.2025 HK$'000	29.2.2024 HK$'000
Financial assets		
Equity instruments at FVTOCI	**106,181**	92,644
Financial assets at amortised cost	**7,354,795**	7,035,552
Derivative financial instruments in designated hedge accounting relationships	**10,718**	23,628
Financial liabilities		
Financial liabilities at amortised cost	**3,261,364**	3,124,983
Derivative financial instruments in designated hedge accounting relationships	**27,638**	81,049

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, advances and receivables, other debtors, amounts due from immediate holding company and an intermediate holding company, time deposits, bank balances and cash, bank borrowings and borrowings from immediate holding company, creditors, amounts due to fellow subsidiaries and an intermediate holding company, and derivative financial instruments in designated hedge accounting relationships. Details of the Group's financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including currency risk, interest rate risk and other price risk), credit risk and impairment assessment, liquidity risk and risk arising from the interest rate benchmark reform.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group seeks to minimise the effects of cash flow risk by using derivative financial instruments to hedge the cash flow risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board, which provide written principles on foreign exchange risk, interest rate risk, and the use of derivative financial instruments. Compliance with policies on effectiveness of hedging activities is reviewed by internal auditors on a regular basis. The Group does not enter into or trade derivative financial instruments for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risks, including:

- currency swaps to convert the foreign currency debts to the functional currency of the relevant group entity; and
- interest rate swaps to mitigate the cash flow interest rate risk.

Market risk exposures are measured using sensitivity analysis.

38. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

There has been no change to the Group's exposures to market risks or the manner in which it manages and measures the risk.

(i) Currency risk

Currency risk is the risk that the holding of foreign currency assets and liabilities will affect the Group's position as a result of a change in foreign currency exchange rates. Certain bank deposits and balances and bank borrowings of the Group are denominated in foreign currencies, which expose the Group to foreign currency risk.

The Group's currency risk exposure primarily relates to its JPY (2024: JPY) denominated bank borrowings. To minimise the currency risk, the Group has been using cross-currency interest rate swaps designed to hedge against the debts which are highly effective to convert the foreign currency debts to the functional currency of the relevant group entity. The critical terms of these currency swaps are similar to those of hedged borrowings. Hence, the net foreign currency risk is not material to the Group. In this regard, no sensitivity analysis is presented.

(ii) Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's cash flow interest rate risk relates primarily to floating-rate financial liabilities except those under hedge accounting to change from variable rate to fixed-rate (see notes 31 and 33).

The Group monitors the interest rate exposure, through assessing the interest rate gap of its interest bearing financial assets and financial liabilities. To minimise the cash flow interest rate gap, the Group has been using interest rate swaps to convert a proportion of its variable rate debts to fixed-rate. The critical terms of these interest rate swaps are similar to those of hedged borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative variable rate financial instruments (excluding variable rate borrowings which are hedged by interest rate swaps) and derivative financial instruments at the end of the reporting period. For variable-rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole period. A 100 basis points increase in HIBOR/TONA is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

38. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Sensitivity analysis (Cont'd)

If interest rates had been 100 basis points (2024: 100 basis points) higher/lower and all other variables were held constant:

- other comprehensive income would increase/decrease by HK$19,566,000 (2024: HK$23,859,000) mainly as a result of the changes in the fair value of derivative financial instruments, excluding the impact of foreign exchange component for the cross-currency interest rate swap.

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk inherent in the financial liabilities as the period end exposure does not reflect the exposure during the year.

(iii) Other price risk

The Group is exposed to equity price risk through its equity instruments at FVTOCI. In addition, the Group also invested in certain unquoted equity securities for long term strategic purposes which had been designed as FVTOCI. The management will monitor the price movements and take appropriate actions when it is required.

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 advances and receivables (including unused credit card limit), other debtors, amounts due from immediate holding company and an intermediate holding company, time deposits, and bank balances.

In order to minimise the credit risk, the Group has established policies and systems for the monitoring and control of credit risk. The management has delegated different departments responsible for determination of credit limits, credit approvals and other monitoring processes to ensure that follow-up action is taken to recover overdue debts. The Board has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's asset portfolio. In this regard, management considers that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model.

The Group is potentially exposed to loss in an amount equal to the total unused credit card limit granted to credit card customers. However, the likely amount of loss is less than the total unused credit card limit, as the credit facilities are contingent upon customers maintaining specific credit standards. The Group monitors the credit quality of the customers and has contractual right to cancel the credit facilities granted, therefore management considers that the Group's credit risk is limited. At 28th February 2025, unused credit card limit of HK$41,269,065,000 (29th February 2024: HK$35,467,204,000) was unrecorded in the consolidated statement of financial position.

38. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit rating, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The management is responsible in developing and maintaining the processes for measuring ECL of the Group's asset portfolio and unused credit card limit. The ECL is assessed by the management regularly. The Group applies simplified approach to measure ECL on trade-related receivables (including other debtors and amounts due from related parties) arising from contracts with customers which are initially measured in accordance with HKFRS 15 and general approach to measure ECL on other financial assets at amortised cost and commitments on unused credit card limits. In addition, forward-looking information is required in estimating the ECL, with the Directors considering expectation of certain macroeconomic indicators such as consumer price index and gross domestic product growth rate.

Under the simplified approach, the Group measures the loss allowance of trade-related receivables (including other debtors and amounts due from related parties) arising from contracts with customers which are initially measured in accordance with HKFRS 15 at an amount equal to lifetime ECL. Under the general approach, financial assets are classified into three stages to reflect the deterioration in credit quality. Impairment allowance of each stage is calculated based on the product of probability of default, loss given default and exposure at default. Stage 1 covers financial assets that have not deteriorated significantly in credit quality since initial recognition including those that are considered to be low credit risk investments. Stage 2 covers financial assets that have deteriorated significantly in credit quality since initial recognition. Stage 3 covers financial assets for which credit loss events occur and become credit-impaired. 12m ECL is recognised in Stage 1, while lifetime ECL are recognised in Stages 2 and 3.

38. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit ratings	Descriptions	Advances and receivables including commitments on unused credit card limit
DPD 0	Current	12m ECL
DPD 1-30	Less than or equal to 30 days past due	12m ECL
DPD 31-60	More than 30 days but less than or equal to 60 days past due	Lifetime ECL — not credit-impaired
DPD 61-90	More than 60 days but less than or equal to 90 days past due	Lifetime ECL — not credit-impaired
DPD 91 or above	More than 90 days past due	Lifetime ECL — credit-impaired

Internal credit ratings	Descriptions	Trade-related receivables under HKFRS 15	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The decision rules for stage allocation under general approach are as follows:

Stage	Decision rules (based on internal credit rating)
Stage 1	— "Low risk and watch list" or "DPD 0 and DPD 1-30"
Stage 2	— "Doubtful" or "DPD 31-60 and DPD 61-90", unless reasonable and supportable information demonstrates otherwise
Stage 3	— "Loss" or "DPD 91 or above", unless reasonable and supportable information demonstrates otherwise

38. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Advances and receivables (including commitments on unused credit card limit)

Movements of amounts of advances and receivables and impairment allowances during the years ended 28th February 2025 and 29th February 2024 and analysis of credit quality at the end of the reporting period are set out in notes 22 and 23, respectively.

Other debtors and amounts due from related parties (trade-related)

The management regularly review and assess the credit quality of the counterparties. The Group uses lifetime ECL to assess the loss allowance of other debtors and amounts due from related parties (trade-related). Since these receivables are not past due, and there has been no material historical default record, the Directors consider that the Group's credit risk is not significant after considering the financial background and condition of the counterparties. Accordingly, no loss allowance was provided as the ECL in respect of other debtors and amounts due from related parties (trade-related) is not material.

Other debtors and amounts due from related parties (non trade-related)

The management regularly review and assess the credit quality of the counterparties. Since other debtors and amounts due from related parties (non trade-related) are not past due, there has not been a significant increase in credit risk since initial recognition and the Group uses 12m ECL to assess these receivables. In this regard, the Directors also consider Group's credit risk is not significant after considering the financial background of the counterparties. Accordingly, no loss allowance was provided as the ECL in respect of other debtors and amounts due from related parties (non trade-related) is not material.

Bank balances/derivative financial instruments

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Accordingly, no loss allowance was provided as the ECL in respect of bank balances as the amount is not material.

Liquidity risk

The Group has laid down an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity management requirements, which is reviewed regularly by the Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and maintaining a conservative level of long-term funding to finance its short-term financial assets.

38. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities based on the agreed repayment terms. The tables below have been drawn up based on the contractual maturities of the undiscounted financial liabilities and lease liabilities including interest that will accrue to those liabilities except where the Group is entitled and intends to repay the liabilities before their maturities. To the extent that interest flows are floating-rate, the undiscounted amount is derived from interest yield curve at the end of the reporting period.

	28.2.2025					
	On demand or less than 1 month *HK$'000*	**1–3 months** *HK$'000*	**3–12 months** *HK$'000*	**1–4 years** *HK$'000*	**Over 4 years** *HK$'000*	**Total** *HK$'000*
Borrowings from immediate holding company						
— fixed-rate	**885,660**	**15,100**	**–**	**–**	**–**	**900,760**
Bank borrowings						
— fixed-rate	**257,758**	**61,572**	**1,308,802**	**397,256**	**–**	**2,025,388**
— variable rate	**56,245**	**6,495**	**246,899**	**902,123**	**–**	**1,211,762**
Lease liabilities	**4,450**	**8,587**	**30,679**	**75,759**	**6,341**	**125,816**
Other financial liabilities	**96,309**	**1,044**	**429**	**–**	**–**	**97,782**
Total undiscounted financial liabilities	**1,300,422**	**92,798**	**1,586,809**	**1,375,138**	**6,341**	**4,361,508**

	29.2.2024					
	On demand or less than 1 month *HK$'000*	1–3 months *HK$'000*	3–12 months *HK$'000*	1–4 years *HK$'000*	Over 4 years *HK$'000*	Total *HK$'000*
Borrowings from immediate holding company						
— fixed-rate	801,339	–	–	–	–	801,339
Bank borrowings						
— fixed-rate	235,953	29,874	108,837	825,877	–	1,200,541
— variable rate	6,128	6,194	182,674	981,380	–	1,176,376
Lease liabilities	3,370	9,209	29,946	65,613	26,257	134,395
Other financial liabilities	139,292	–	–	–	–	139,292
Total undiscounted financial liabilities	1,186,082	45,277	321,457	1,872,870	26,257	3,451,943

The amounts included above with respect to the variable interest rate for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

38. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

The following tables detail the Group's contractual maturity for its derivative financial instruments. The tables have been drawn up based on the undiscounted net cash inflows (outflows) on the derivative financial instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	28.2.2025				
	Up to 3 months ***HK$'000***	**3–12 months** ***HK$'000***	**1–4 years** ***HK$'000***	**Over 4 years** ***HK$'000***	**Total** ***HK$'000***
Derivative financial instruments — net settlement					
Interest rate swaps	**2,651**	**4,349**	**1,583**	**–**	**8,583**
Derivative financial instruments — gross settlement					
Cross currency swaps					
— inflow	**112**	**463**	**59,365**	**–**	**59,940**
— outflow	**(442)**	**(1,328)**	**(80,439)**	**–**	**(82,209)**
	(330)	**(865)**	**(21,074)**	**–**	**(22,269)**

	29.2.2024				
	Up to 3 months *HK$'000*	3–12 months *HK$'000*	1–4 years *HK$'000*	Over 4 years *HK$'000*	Total *HK$'000*
Derivative financial instruments — net settlement					
Interest rate swaps	3,709	8,662	7,864	–	20,235
Derivative financial instruments — gross settlement					
Cross currency swaps					
— inflow	218	157,609	60,882	–	218,709
— outflow	(1,907)	(216,026)	(78,785)	–	(296,718)
	(1,689)	(58,417)	(17,903)	–	(78,009)

38. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Interest rate benchmark reform

The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

HIBOR

While the Hong Kong Dollar Overnight Index Average has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist. The Group's bank loans linked to HIBOR will continue till maturity and hence, are not subject to transition.

(c) Fair value measurements of financial instruments

Fair value measurements recognised in the statements of financial position

Some of the Group's financial assets and financial liabilities 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 and financial liabilities are determined (in particular, the valuation technique(s) and inputs used) as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	28.2.2025			
	Level 1 ***HK$'000***	**Level 2** ***HK$'000***	**Level 3** ***HK$'000***	**Total** ***HK$'000***
Derivative financial assets	**–**	**10,718**	**–**	**10,718**
Equity instruments at FVTOCI				
Listed equity investment	**684**	**–**	**–**	**684**
Unlisted equity investments	**–**	**–**	**105,497**	**105,497**
Total	**684**	**10,718**	**105,497**	**116,899**
Derivative financial liabilities	**–**	**27,638**	**–**	**27,638**

	29.2.2024			
	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Derivative financial assets	–	23,628	–	23,628
Equity instruments at FVTOCI				
Listed equity investment	1,119	–	–	1,119
Unlisted equity investments	–	–	91,525	91,525
Total	1,119	23,628	91,525	116,272
Derivative financial liabilities	–	81,049	–	81,049

There were no transfers between Level 1, 2 and 3 in the current year.

38. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value measurements of financial instruments (Cont'd)

Fair value measurements recognised in the statements of financial position (Cont'd)

The fair value of listed equity investments is determined with reference to quoted market bid price from Stock Exchange.

The fair values of unlisted equity investments have been arrived at on the basis of valuations which were principally arrived at using the market approach for business enterprises valuation with reference to the market capitalisation of listed entities in similar industries with consideration of a discount of 20% (29th February 2024: 30–35%) for lack of marketability. An increase in the marketability discount used would result in a decrease in fair value of the unlisted equity investments, and vice versa.

The fair value of interest rate swaps and cross-currency interest rate swaps are measured by the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates and foreign exchange rates between JPY and HKD (for cross-currency interest rate swap), which are observable at the end of the reporting period.

Reconciliation of Level 3 fair value measurements of financial assets

	HK$'000
At 1st March 2023	95,464
Fair value loss recognised in other comprehensive income	(3,939)
At 29th February 2024	**91,525**
Fair value gain recognised in other comprehensive income	**13,972**
At 28th February 2025	**105,497**

At 28th February 2025, a small percentage, 1.34% (29th February 2024: 1.21%), of total assets of the Group, is based on estimates and recorded as financial assets with Level 3 fair value measurements. Whilst such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not have a big impact on the Group's financial positions.

Included in other comprehensive income is a gain of HK$13,972,000 (2024: loss of HK$3,939,000) relating to unlisted equity securities classified as equity instruments at FVTOCI held at the end of the current reporting period and is reported as changes of "investment revaluation reserve".

38. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value measurements of financial instruments (Cont'd)

Fair value measurements recognised in the statements of financial position (Cont'd)

Reconciliation of Level 3 fair value measurements of financial assets (Cont'd)

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Group's financial statements approximate to their fair values, which are determined in accordance with generally accepted pricing models based on discounted cash flow analysis:

	28.2.2025		29.2.2024	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Bank borrowings	**2,254,834**	**2,311,319**	2,178,256	2,276,063
Borrowings from immediate holding company	**900,000**	**900,058**	800,000	800,112

(d) Financial assets and financial liabilities subject to offsetting, enforceable master netting agreements or similar agreements

The Group has entered certain derivative transactions that are covered by the ISDA Agreements signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. Other than derivatives transactions mentioned above, the Group has no other financial assets and financial liabilities which are offset in the Group's consolidated statements of financial position or are subject to similar netting arrangements.

(a) Financial assets subject to enforceable master netting arrangements or similar agreements

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statements of financial position	Net amounts of financial assets presented in the statements of financial position
	HK$'000	*HK$'000*	*HK$'000*
At 28th February 2025			
Derivative financial instruments	**10,718**	**–**	**10,718**
At 29th February 2024			
Derivative financial instruments	23,628	–	23,628

38. FINANCIAL INSTRUMENTS (Cont'd)

(d) Financial assets and financial liabilities subject to offsetting, enforceable master netting agreements or similar agreements (Cont'd)

(b) Net financial assets subject to enforceable master netting arrangements or similar agreements, by counterparty

	Net amounts of financial assets presented in the statements of financial position *HK$'000*	Financial liabilities not set off in the statements of financial position *HK$'000*	Net amount *HK$'000*
At 28th February 2025			
Counterparty A	**10,718**	**(5,864)**	**4,854**
At 29th February 2024			
Counterparty A	23,628	(2,471)	21,157

(c) Financial liabilities subject to enforceable master netting arrangements or similar agreements

	Gross amounts of recognised financial liabilities *HK$'000*	Gross amounts of recognised financial assets set off in the statements of financial position *HK$'000*	Net amounts of financial liabilities presented in the statements of financial position *HK$'000*
At 28th February 2025			
Derivative financial instruments	**(27,638)**	**–**	**(27,638)**
At 29th February 2024			
Derivative financial instruments	(81,049)	–	(81,049)

38. FINANCIAL INSTRUMENTS (Cont'd)

(d) Financial assets and financial liabilities subject to offsetting, enforceable master netting agreements or similar agreements (Cont'd)

(d) Net financial liabilities subject to enforceable master netting arrangements or similar agreements, by counterparty

	Net amounts of financial liabilities presented in the statements of financial position *HK$'000*	Financial assets not set off in the statements of financial position *HK$'000*	Net amount *HK$'000*
At 28th February 2025			
Counterparty A	**(5,864)**	**5,864**	**–**
Counterparty B	**(21,774)**	**–**	**(21,774)**
Total	**(27,638)**	**5,864**	**(21,774)**
At 29th February 2024			
Counterparty A	(2,471)	2,471	–
Counterparty B	(78,578)	–	(78,578)
Total	(81,049)	2,471	(78,578)

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings *HK$'000*	Borrowings from immediate holding company *HK$'000*	Lease liabilities *HK$'000*	Dividend payable *HK$'000*	Total *HK$'000*
At 1st March 2023	2,107,675	–	42,699	–	2,150,374
Financing cash flows	94,405	800,000	(57,288)	(192,632)	644,485
Interest expense	–	–	4,255	–	4,255
Amortisation of upfront cost	474	–	–	–	474
New leases entered	–	–	132,762	–	132,762
Dividends recognised as distribution	–	–	–	192,632	192,632
Exchange realignment	(24,298)	–	(88)	–	(24,386)
At 29th February 2024	**2,178,256**	**800,000**	**122,340**	**–**	**3,100,596**
Financing cash flows	**78,909**	**100,000**	**(59,404)**	**(201,008)**	**(81,503)**
Interest expense	**–**	**–**	**5,486**	**–**	**5,486**
Amortisation of upfront cost	**339**	**–**	**–**	**–**	**339**
New leases entered	**–**	**–**	**48,883**	**–**	**48,883**
Early termination of lease	**–**	**–**	**(839)**	**–**	**(839)**
Dividends recognised as distribution	**–**	**–**	**–**	**201,008**	**201,008**
Exchange realignment	**(2,670)**	**–**	**(98)**	**–**	**(2,768)**
At 28th February 2025	**2,254,834**	**900,000**	**116,368**	**–**	**3,271,202**

40. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into new lease agreements for the use of leased offices, office equipment, branches, director and staff's quarters and signage for one to six years (2024: one to six years). On the lease commencement, the Group recognised right-of-use assets (including provision for reinstatement cost) and lease liabilities of HK$49,794,000 and HK$48,883,000 (2024: HK$133,242,000 and HK$132,762,000) respectively.

41. CAPITAL COMMITMENTS

	28.2.2025 ***HK$'000***	29.2.2024 *HK$'000*
Contracted for but not provided in the consolidated financial statements:		
Purchase of property, plant and equipment	**2,942**	18,162

42. RETIREMENT BENEFITS SCHEME

Defined contribution plan

The Group operates a Mandatory Provident Fund ("MPF") Scheme for all qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs (limited to HK$18,000 (2024: HK$18,000) per annum of each individual employee) to the MPF Scheme, which contribution is matched by employees. The total cost charged to profit or loss of HK$6,380,000 (2024: HK$6,024,000) represents contribution payable to MPF Scheme by the Group in respect of the current accounting year. At 28th February 2025, contributions of the Group amounting to HK$1,014,000 (29th February 2024: HK$997,000) due in respect of the reporting year had not been paid over to the MPF Scheme.

The employees employed in China subsidiaries are members of the state-managed retirement benefits schemes operated by the China government. The China subsidiaries are required to contribute to the retirement benefits schemes based on a certain percentage of their payroll to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the required contributions under the schemes.

At 28th February 2025 and 29th February 2024, the Group had no forfeited contributions that it might use to reduce its existing level of contributions to any of the pension schemes it operated.

Defined benefit plan

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)

For the Group's entities operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) × 2/3 × Years of service

Last monthly wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement').

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e. 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/ negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date.

43. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

	Fellow subsidiaries		Immediate holding company		Intermediate holding company	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Interest income received and receivable	**2,856**	3,466	**–**	–	**–**	–
Commission received and receivable	**19,715**	21,816	**–**	–	**–**	–
Dividends received	**–**	71	**–**	–	**–**	–
Service fees received	**–**	–	**1,501**	1,328	**–**	–
Licence fees paid and payable	**22,209**	19,460	**–**	–	**–**	–
Service fees paid and payable	**2,297**	1,900	**–**	–	**15,887**	17,382
Royalty paid and payable	**–**	–	**–**	–	**3,517**	–
Gift certificate purchased	**15,146**	15,644	**–**	–	**–**	–
Interest on lease liabilities	**496**	359	**–**	–	**–**	–
Interest expense paid and payable	**–**	–	**33,883**	25,221	**–**	–

Outstanding balances as at the end of reporting periods arising from the above transactions with related parties are set out in the consolidated statement of financial position except for the following balances, which are included in creditors and accruals and lease liabilities respectively:

	28.2.2025 HK$'000	29.2.2024 HK$'000
Amount due to immediate holding company (included in creditors and accruals)	**390**	96
Amounts due to fellow subsidiaries (included in lease liabilities)	**9,341**	8,898

During the year ended 28th February 2025, the Company entered into a loan facility agreement with AFS(HK), that AFS(HK) would provide a HK$900,000,000 (2024: HK$800,000,000) facility to the Company. As at 28th February 2025 and 29th February 2024, the Company has fully utilised the facility.

Compensation of key management personnel

The remuneration of key management personnel, including remuneration of Directors, during the year is as follows:

	2025 HK$'000	2024 HK$'000
Short-term benefits	**8,888**	10,902
Retirement benefits	**179**	216
	9,067	11,118

The remuneration of Directors and key executives is determined by having regard to the Group's operating results, performance of individuals and market trends.

44. FINANCIAL POSITION OF THE COMPANY

Below is the financial position of the Company at the end of the reporting period:

	28.2.2025 **HK$'000**	29.2.2024 HK$'000
Non-current assets		
Property, plant and equipment	**173,240**	165,799
Intangible assets	**27,959**	31,133
Right-of-use assets	**104,927**	110,813
Investments in subsidiaries	**240,665**	187,425
Equity instruments at fair value through other comprehensive income	**106,181**	92,644
Advances and receivables	**1,308,521**	1,399,430
Prepayments, deposits and other debtors	**21,610**	32,482
Derivative financial instruments	**10,430**	23,628
Deferred tax assets	**3,853**	5,454
	1,997,386	2,048,808
Current assets		
Advances and receivables	**5,509,881**	5,158,151
Prepayments, deposits and other debtors	**73,570**	76,383
Amount due from a subsidiary	**599**	124
Amount due from an immediate holding company	**1**	1
Amount due from an intermediate holding company	**–**	31
Derivative financial instruments	**288**	–
Time deposits	**411**	1,751
Bank balances and cash	**212,917**	239,811
	5,797,667	5,476,252
Current liabilities		
Creditors and accruals	**205,190**	244,552
Contract liabilities	**42,024**	21,554
Amounts due to fellow subsidiaries	**9,174**	17,871
Amount due to an intermediate holding company	**9,397**	4,597
Amounts due to subsidiaries	**2,130**	1,858
Borrowings from immediate holding company	**900,000**	800,000
Bank borrowings	**965,000**	450,776
Lease liabilities	**38,311**	36,296
Derivative financial instruments	**1,319**	59,109
Tax liabilities	**31,104**	5,502
	2,203,649	1,642,115
Net current assets	**3,594,018**	3,834,137
Total assets less current liabilities	**5,591,404**	5,882,945

44. FINANCIAL POSITION OF THE COMPANY (Cont'd)

	28.2.2025 **HK$'000**	29.2.2024 HK$'000
Capital and reserves		
Share capital	**269,477**	269,477
Reserves	**3,982,833**	3,803,379
Total equity	**4,252,310**	4,072,856
Non-current liabilities		
Bank borrowings	**1,239,685**	1,709,571
Lease liabilities	**73,090**	78,578
Derivative financial instruments	**26,319**	21,940
	1,339,094	1,810,089
	5,591,404	5,882,945

The financial statements of the Company were approved and authorised for issue by the Board on 3rd April 2025 and are signed on its behalf by:

WEI AIGUO
MANAGING DIRECTOR

LAI YUK KWONG
DIRECTOR

44. FINANCIAL POSITION OF THE COMPANY (Cont'd)

Movements in reserves are present below:

	Investment revaluation reserve *HK$'000*	Hedging reserve *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*
At 1st March 2023	73,310	50,342	3,491,389	3,615,041
Profit for the year	–	–	400,219	400,219
Fair value loss on equity instruments at FVTOCI	(4,489)	–	–	(4,489)
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	(4,489)	(14,760)	400,219	380,970
Final dividend paid for the 2022/23	–	–	(92,128)	(92,128)
Interim dividend paid for 2023/24	–	–	(100,504)	(100,504)
	(4,489)	(14,760)	207,587	188,338
At 29th February 2024	**68,821**	**35,582**	**3,698,976**	**3,803,379**
Profit for the year	**–**	**–**	**393,955**	**393,955**
Fair value gain on equity instruments at FVTOCI	**13,537**	**–**	**–**	**13,537**
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)**	**393,955**	**380,462**
Final dividend paid for the 2023/24	**–**	**–**	**(100,504)**	**(100,504)**
Interim dividend paid for 2024/25	**–**	**–**	**(100,504)**	**(100,504)**
	13,537	**(27,030)**	**192,947**	**179,454**
At 28th February 2025	**82,358**	**8,552**	**3,891,923**	**3,982,833**

45. PARTICULARS OF THE SUBSIDIARIES

At 28th February 2025 and 29th February 2024, the Company had interests in the following subsidiaries:

Name of subsidiaries	Place of incorporation/ registration and operation	Share capital/paid-up capital		Proportion of ownership interest directly held by the Company		Principal activities
		28.2.2025	29.2.2024	**28.2.2025**	29.2.2024	
AEON Insurance Brokers (HK) Limited *(Note 1)*	Hong Kong	**HK$1,000,000**	HK$1,000,000	**100%**	100%	Insurance brokerage service
AEON Micro Finance (Shenzhen) Co., Ltd. *(Note 2)*	China	**RMB250,000,000**	RMB200,000,000	**100%**	100%	Microfinance business
AEON Information Service (Shenzhen) Co., Ltd. *(Note 2)*	China	**HK$2,000,000**	HK$2,000,000	**100%**	100%	Provision of business process outsourcing services

Note 1: Upon cessation of carrying on regulated activities in Hong Kong with effect from 28th February 2025, the insurance broker company licence of AEON Insurance Brokers (HK) Limited was revoked by the Insurance Authority. Subsequent to the report period, AEON Insurance Brokers (HK) Limited initiated proceedings for dissolution.

Note 2: The companies are wholly foreign owned enterprises, solely funded by Hong Kong corporate body established in Mainland China.

Glossary

12m ECL	12-month expected credit loss
2024 AGM	the annual general meeting of the Company held on 26th June 2024
2025 AGM	the annual general meeting of the Company to be held on 26th June 2025
AEON Malaysia	AEON Credit Service (M) Berhad
AEON Japan	AEON Co., Ltd.
AEON Stores	AEON Stores (Hong Kong) Co., Limited
AFS	AEON Financial Service Co., Ltd.
AFS (HK)	AEON Financial Service (Hong Kong) Co., Limited
AIB	AEON Insurance Brokers (HK) Limited
AIS	AEON Information Service (Shenzhen) Co., Ltd.
AMF (SZ)	AEON Micro Finance (Shenzhen) Co., Ltd.
AML	Anti-money laundering
Articles	the articles of association of the Company
Board	the board of Directors of the Company
CG Code	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
China, Mainland, Mainland China or PRC	the People's Republic of China
Companies Ordinance	Companies Ordinance (Chapter 622 of the laws of Hong Kong) as amended from time to time
Company or ACSA	AEON Credit Service (Asia) Company Limited
CTF	Counter-terrorist financing
Director(s)	the director(s) of the Company
DPD	Days past due
ECL	Expected credit loss
ESG	Environmental, social and governance
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GDP	Gross domestic product

Glossary

Group	the Company and its subsidiaries
HIBOR	Hong Kong Interbank Offered Rate
HKAS	Hong Kong Accounting Standards
HKD or HK$	Hong Kong dollars, the lawful currency of Hong Kong
HKFRS	HKFRS Accounting Standards
HKFRS 9	HKFRS 9 Financial Instruments
HKICPA	Hong Kong Institute of Certified Public Accountants
Hong Kong or HKSAR	Hong Kong Special Administrative Region of the People's Republic of China
HONIA	Hong Kong Dollar Overnight Index Average
IBOR	Interbank Offered Rate
ISDA Agreements	International Swaps and Derivatives Association Master Agreements
JPY	Japanese Yen, the lawful currency of Japan
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
LSP	Long service payment
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
OCI	Other comprehensive income
PCI DSS	Payment Card Industry Data Security Standard
Rescheduled Loan	Rescheduled loan refers to loan that has been restructured and renegotiated with the borrower because of the inability of the borrower to meet the original repayment schedule
RMB	Renminbi, the lawful currency of the PRC
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) as amended from time to time
Stock Exchange	The Stock Exchange of Hong Kong Limited
TONA	Tokyo Overnight Average Rate
USD	United States Dollars, the lawful currency of the United States of America