



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

2025/26 Annual Report



AEON CARD · Your Everyday Card



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Shigeki Mishima (*Chairman*)

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

MEDIA ENQUIRIES

media@aeon.com.hk

Shareholders' Calendar

30th September 2025	Announcement of interim results for the six months ended 31st August 2025
23rd October 2025	Despatch of interim report for the six months ended 31st August 2025
17th – 20th October 2025	Book closing dates for interim dividend
4th November 2025	Payment of interim dividend of 25.0 HK cents per share
31st March 2026	Announcement of final results for the year ended 28th February 2026
22nd May 2026	Despatch of annual report for the year ended 28th February 2026
22nd – 25th June 2026	Book closing dates for 2026 AGM
25th June 2026	2026 AGM
9th – 10th July 2026	Book closing dates for final dividend
31st July 2026	Payment of final dividend of 33.0 HK cents per share (subject to shareholders' approval at the 2026 AGM)

Key Highlights



FINANCIAL HIGHLIGHTS



Final Dividend

33.0

HK cents per share

Dividend Payout Ratio

51.9%

Revenue HK\$1,825.4 million



3.8% ↑

Operating Expenses-to-Operating Income Ratio



44.5%

vs 46.6% in FY2024/25

Operating Profit* HK\$957.7 million



8.7% ↑

* Operating Profit before impairment losses and impairment allowances

Profit after Tax HK\$468.2 million



16.9% ↑

Sales HK\$15.7 billion



7.7% ↑

Gross Advances and Receivables at 28.2.2026 HK\$7,912.7 million



8.0% ↑

vs 28.2.2025



SEGMENT PERFORMANCE HIGHLIGHTS

1

Credit Cards

Revenue
HK\$1,453.7 million
5.5% ↑

- Revolving credit card balance increased as a result of:
 - Successful targeted marketing
 - Launch of diverse marketing programmes
- Reduced borrowing costs and improved asset quality



Result
HK\$525.6 million
15.1% ↑

2

Personal Loans

- Driven by personalized social media marketing activities and promotion of instant and tax loans, receivables back on sustained growth trend in the fourth quarter
- Through adoption of prudent credit assessment, asset quality was significantly improved



Revenue
HK\$337.6 million
 vs HK\$350.4 million
 in FY2024/25

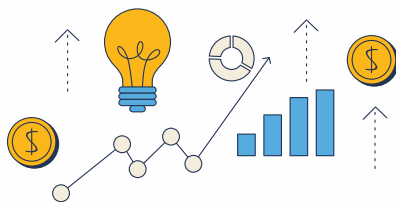
Results
HK\$22.7 million
 vs HK\$8.1 million
 in FY2024/25

Key Highlights



BUSINESS STRATEGIES

Unify ONE AEON Points ecosystem to strengthen competitiveness



Enhance data-driven credit assessment capabilities

Revamp customer service operation for faster response and high quality customer experience at every touchpoint



Accelerate digital transformation and expand the usage of artificial intelligence throughout the customer journey

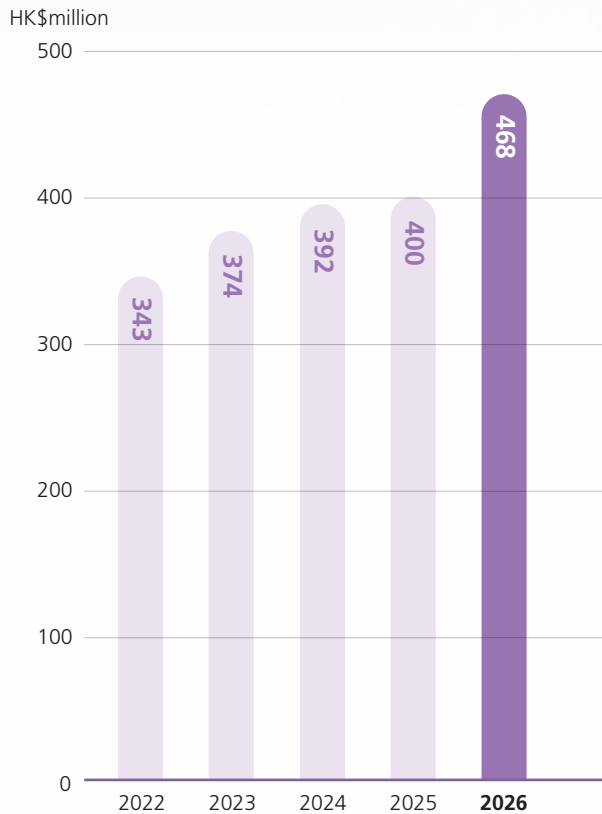
Strengthen foundation for long-term growth in the Greater Bay Area



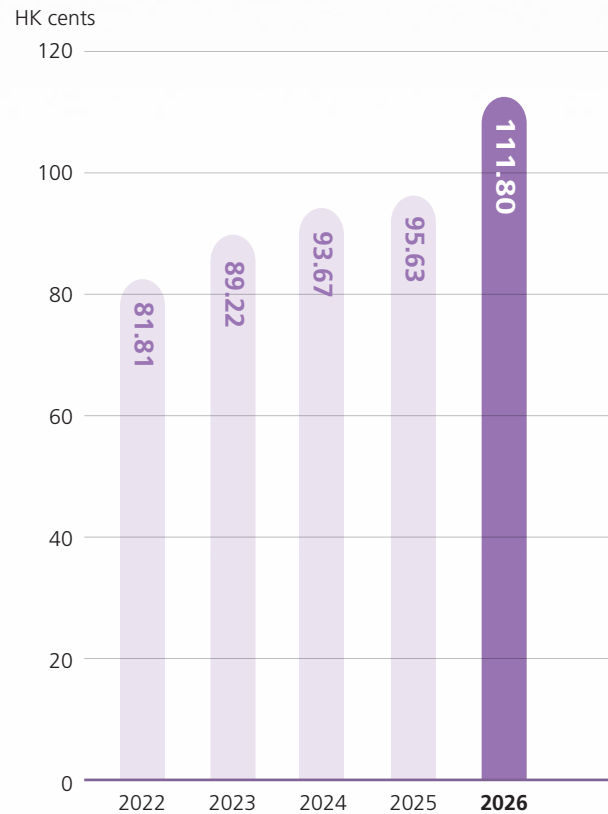
Five Years Financial Summary

CONSOLIDATED RESULTS

Profit (note 1)



Earnings per share (note 2)

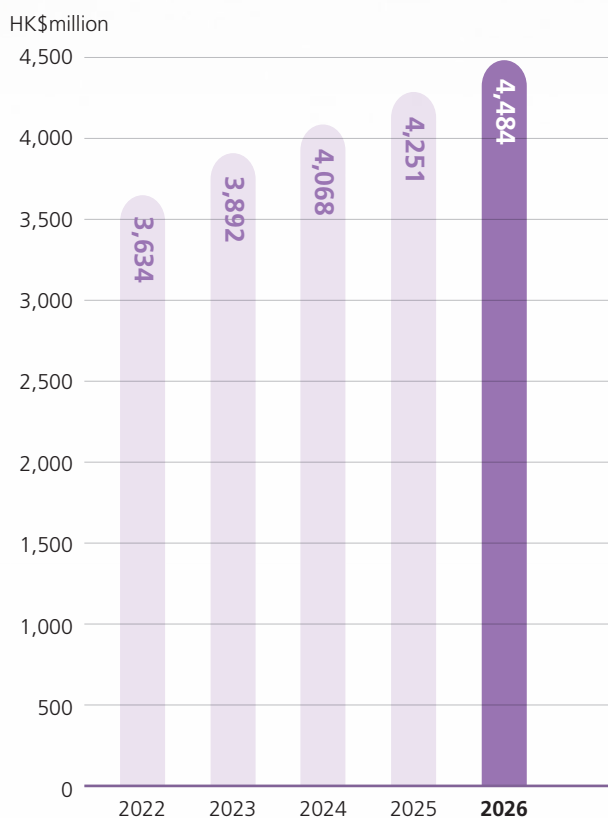


	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	2026 HK\$'000
Revenue	1,049,589	1,231,631	1,623,321	1,759,316	1,825,357
Profit before tax	397,973	449,294	472,528	476,816	561,844
Income tax expense	(55,381)	(75,683)	(80,258)	(76,338)	(93,645)
Profit for the year	342,592	373,611	392,270	400,478	468,199
Earnings per share	81.81 HK cents	89.22 HK cents	93.67 HK cents	95.63 HK cents	111.80 HK cents
Dividend per share	44.00 HK cents	44.00 HK cents	48.00 HK cents	49.00 HK cents	58.0 HK cents

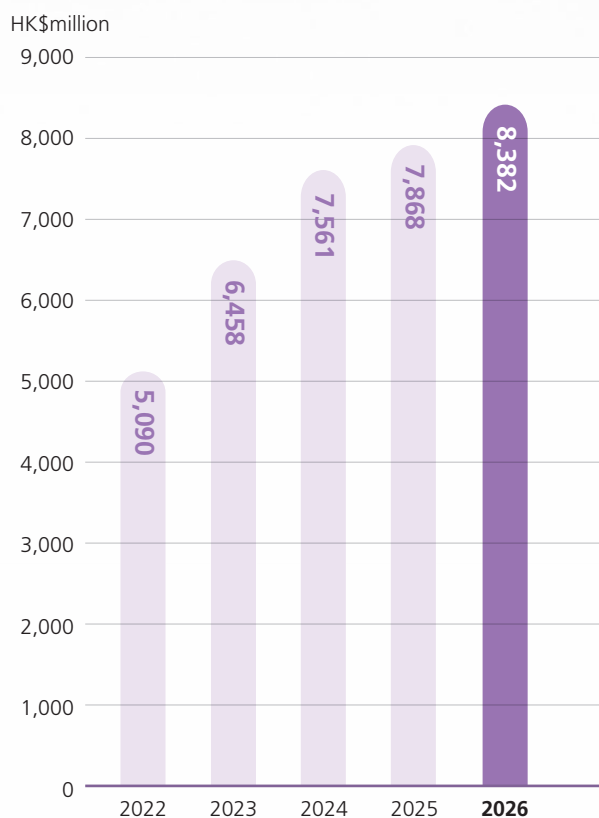
Five Years Financial Summary

CONSOLIDATED ASSETS AND LIABILITIES

Total equity (note 3)



Total assets (note 4)



	At				
	28.2.2022 HK\$'000	28.2.2023 HK\$'000	29.2.2024 HK\$'000	28.2.2025 HK\$'000	28.2.2026 HK\$'000
Total assets	5,089,556	6,457,680	7,561,232	7,868,329	8,382,162
Total liabilities	(1,456,014)	(2,565,220)	(3,493,239)	(3,617,168)	(3,898,501)
Total equity	3,633,542	3,892,460	4,067,993	4,251,161	4,483,661

Notes:

1. Represents the consolidated profit for the financial years ended 28th February 2022, 28th February 2023, 29th February 2024, 28th February 2025 and 28th February 2026.
2. Represents the consolidated earnings per share for the financial years ended 28th February 2022, 28th February 2023, 29th February 2024, 28th February 2025 and 28th February 2026.
3. Represents the consolidated total equity at 28th February 2022, 28th February 2023, 29th February 2024, 28th February 2025 and 28th February 2026.
4. Represents the consolidated total assets at 28th February 2022, 28th February 2023, 29th February 2024, 28th February 2025 and 28th February 2026.

Management Discussion and Analysis

BUSINESS REVIEW

For the financial year ended 28th February 2026 (“FY2025/26” or the “Reporting Year”), Hong Kong’s economy recorded another period of moderate recovery, underpinned by a progressively rising domestic retail demand, a revival in inbound tourism, sustained momentum in financial market activities, and stabilised residential property levels. In 2025, real gross domestic product (“GDP”) grew by 3.5%, up from 2.6% in the previous year. Despite these improvements, the overall consumer sentiment remained relatively sluggish, impacted by a combination of factors such as global trade tensions, uncertainties surrounding U.S. interest rate policies, a cooling labour market, and a lingering caution in consumer outlook, all of which continued to weigh on consumption. At the same time, adoption of artificial intelligence (“AI”) advanced data analytics and innovative loyalty and reward schemes had reshaped customer behaviour in the credit card and personal loan markets, driving demand for greater operational efficiency, enhanced security control, and more personalised and rewarding customer experiences.

In response to these market conditions, the Group adopted a prudent portfolio management strategy, which involved balancing customer base expansion with credit risk mitigation through managing individual customer exposure in terms of amount and pricing. During the Reporting Year, the Group revamped its credit assessment scoring mechanism through integrating credit data from external credit rating agency with the Group’s up-to-date internal customer data, applying timely adjustments to credit exposure across the selected business segments. This approach allowed for more subtle risk differentiation, and accordingly, its risk detection capabilities, thereby enhancing the soundness of its credit portfolio. In addition, advancements in data analytic tools enabled the Group to shorten credit assessment time, aiming to offer instant credit for applicants with good creditworthiness.

Sustainability remains an increasingly important focus for the financial and credit service sector, driving deeper integration of Environmental, Social and Governance (“ESG”)-related features into financial products and bank borrowing practices. During the Reporting Year, the Group made significant progress in its sustainability initiatives. Key achievements included the launching of its first “AEON Green Personal Loan”, designed to support customers installing renewable energy systems or purchasing electric vehicles, and securing a HK\$300 million sustainability-linked syndicated bank loan. These initiatives resonated with the Group’s commitment to green financing and pursuit of zero-carbon emission. In October 2025, the Group was awarded the “Newcomer Award — Commendation” at the Hong Kong ESG Reporting Awards 2025, and obtained the first Corporate Sustainability Assessment (“CSA”) score from S&P Global ESG Rating, which placed the Group ahead of over 80% of its global peers in the sector of diversified financial services and capital markets industry.

During the Financial Year, the Group recorded steady overall sales growth of 7.7% compared with the year ended 28th February 2025 (“FY2024/25” or the “Previous Year”), driven mainly by successful targeted marketing programmes and effective tele-marketing activities. Gross advances and receivables balance continued to rise, increasing by HK\$583.3 million or 8.0% from HK\$7,329.4 million as at 28th February 2025 to HK\$7,912.7 million as at 28th February 2026. Effective credit risk monitoring further improved asset quality, with the percentage of doubtful (“Stage 2”) and loss (“Stage 3”) receivables to gross advances and receivables decreased from 4.2% as at 28th February 2025 to 3.9% as at 28th February 2026.

Management Discussion and Analysis

OPERATIONAL REVIEW

The year 2025 marked ACSA's 35th anniversary in Hong Kong. To strengthen its market presence and capitalise on the Hong Kong Government's local consumption-boosting initiatives, the Group launched a series of tailored promotional programmes which aimed at attracting new customers and enhancing customer engagement. Key campaigns included the "Winter Day Spend & Rewards", "Purple Everyday Rewards" alongside with themed and seasonal campaigns covering travel, consumer electronics and theme parks, all of which effectively stimulated local, overseas and online spending. In addition, the Group continued to promote its "Instalment after Purchase" solution, providing customers with flexible instalment options for mindful spending management.

In terms of operational digitalization and card security, the Group continued to enhance its "AEON HK" mobile application ("Mobile App"). A major advancement was the introduction of in-app authentication for e-commerce transactions, replacing traditional short message service (SMS) or one-time password (OTP) for validating a transaction. The Group has also completed the card-on/off security feature upgrade that allows customers to instantly toggle their card availability status within the Mobile App. This reduces the risk of fraud and unauthorised transactions, particularly for online card-not-present transactions. To further improve customer convenience, the Group integrated loan application functions from various channels, including the Mobile App, offering customers a more seamless and secure experience.

To meet customer demand for face-to-face services, the Group expanded its branch network to provide greater flexibility and accessibility for product consultations, loan drawdowns, and its own merchant recruitment support, including roadshows promotions.

For the credit card acquiring and insurance intermediary businesses, the Group continued to expand the number of card acquiring merchants through co-operation with payment gateways and launch new insurance products through diversified distribution channels.

During the Reporting Year, the Group commenced the "One AEON Point" project, an integrated loyalty platform designed to unify reward points to customers, initially across AEON's various businesses. This initiative lays the foundation for a consolidated loyalty-based ecosystem and further strengthens collaboration with AEON Stores and other retail operations, creating yet further synergy between financial services and retail businesses.

Regarding information technology, the Group completed the IP Contact Centre (IPCC) project to enhance its call centre operations, with ongoing evaluations planned for further efficiency improvements. The Group is also actively exploring the application of AI in the "One AEON Point" project to drive innovation and streamline processes.

For the Chinese Mainland operations, the Company's subsidiaries, AMF(SZ) and AIS, continued to play a strategic role within the Group. During the Reporting Year, the Group completed a second capital injection of RMB50 million into AMF(SZ), to support the continued expansion of the personal loan business and the enrichment of product offerings. Meanwhile, the completion of the IPCC project had enabled AIS to further save costs for the Company through AIS's effective telemarketing activities and business process outsourcing services. These initiatives also enabled the Group to broaden its customer base and drive growth in personal loan and cash advance sales, while strengthening its fraud detection capabilities.

DIVIDEND

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

The Board has recommended a final dividend of 33.0 HK cents per share, which add up to a total dividend for the year ended 28th February 2026 to 58.0 HK cents per share, representing a dividend payout ratio of 51.9%.

FINANCIAL REVIEW

For FY2025/26, profit before tax was HK\$561.8 million, representing an increase of HK\$85.0 million or 17.8% compared with FY2024/25. After deducting income tax expense of HK\$93.6 million, profit for the year was HK\$468.2 million, an increase of 16.9% from HK\$400.5 million in FY2024/25. Earnings per share increased from 95.63 HK cents to 111.80 HK cents for the Reporting Year.

Return on assets increased to 5.6% in FY2025/26 from 5.1% in FY2024/25, while return on equity rose to 10.4% in FY2025/26 from 9.4% in FY2024/25.

The net debt to equity ratio remained stable at 0.7 as at 28th February 2026 and 28th February 2025, while the total equity to total assets ratio was 53.5% and 54.0% as at 28th February 2026 and 28th February 2025, respectively.

Net asset value per share (after final dividend) as at 28th February 2026 and 28th February 2025 was HK\$10.4 and HK\$9.9, respectively.

ANALYSIS OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Revenue

Revenue for the Reporting Year was HK\$1,825.4 million, an increase of 3.8%, or HK\$66.0 million, from HK\$1,759.3 million for the Previous Year.

Net Interest Income

As a result of the gradual recovery in domestic consumption and the implementation of effective marketing initiatives to boost up sales, the Group achieved sustained growth in both credit card and personal loan receivables, which increased by 8.0%, or HK\$583.3 million, from HK\$7,329.4 million at the end of the Previous Year to HK\$7,912.7 million as at 28th February 2026. Consequently, the Group's interest income increased by 3.7%, or HK\$54.7 million, from HK\$1,477.4 million in FY2024/25 to HK\$1,532.1 million in FY2025/26.

The Group's interest expense decreased by HK\$15.0 million from HK\$129.8 million in FY2024/25 to HK\$114.8 million in FY2025/26. The decrease was mainly attributable to the decline in the HIBOR following the U.S. federal funds rate cuts, as well as the Group's effective funding strategy that included the maintenance of a diversified borrowing portfolio with a mix of borrowing rates and maturities throughout the Reporting Year, which successfully lowered the average cost of funds from 4.1% in FY2024/25 to 3.6% in FY2025/26.

Consequently, the Group's net interest income for FY2025/26 was HK\$1,417.3 million, representing an increase of 5.2%, or HK\$69.7 million, compared with HK\$1,347.6 million in FY2024/25.

Management Discussion and Analysis

Operating Income

Despite a significant increase in credit card purchases during the Reporting Year, the rise in commission income was offset by higher costs associated with the cashback incentive scheme and other promotional campaigns. Consequently, fees and commissions from the credit card issuing business decreased by HK\$11.3 million to HK\$44.6 million during the Reporting Year. In contrast, fees and commissions from the credit card acquiring business increased by HK\$9.1 million to HK\$64.8 million during the Reporting Year, driven by growth in both the number of card acquiring merchants and transaction volume. Benefiting from the frequent introduction of new insurance products and continuing expansion of diversified distribution channels, fees and commissions from the insurance intermediary business increased by HK\$3.0 million to HK\$34.0 million in the Reporting Year. Consequently, the Group's fees and commissions increased by HK\$0.9 million, from HK\$142.6 million in the Previous Year to HK\$143.4 million in the Reporting Year.

During FY2025/26, handling and late charges amounted to HK\$149.9 million, an increase of HK\$10.5 million from HK\$139.4 million in the Previous Year. This is largely attributable to an increased demand for cash advances and higher mark-up charges on foreign currency credit transactions.

In terms of other income, the Group received HK\$12.8 million in marketing support funds from card associations and insurance partners during the Reporting Year, a decrease of HK\$3.7 million from HK\$16.5 million in the Previous Year.

Taking the above factors into account, the Group recorded an increase in operating income of 4.7%, or HK\$77.2 million, from HK\$1,649.3 million for the FY2024/25 to HK\$1,726.5 million for the Reporting Year.

Operating Expenses

During the Reporting Year, the Group implemented comprehensive marketing and promotional activities through a strategic combination of traditional and digital marketing channels, tailored to the intended customer segments. This effective approach successfully optimised marketing and advertising expenses, resulting in a decrease of HK\$8.5 million from HK\$106.2 million in FY2024/25 to HK\$97.7 million in the Reporting Year.

For lease-related expenses, the Group recorded a reduction of HK\$4.9 million from HK\$60.2 million in FY2024/25 to HK\$55.3 million in the Reporting Year, mainly attributable to the relocation of the data centre and the reduction of certain outdoor advertising operations. On the other hand, following the completion of IPCC project and network facility upgrades, depreciation of property, plant and equipment, and amortisation of intangible assets increased by HK\$2.8 million and HK\$1.7 million, from HK\$41.5 million and HK\$6.8 million in FY2024/25 to HK\$44.3 million and HK\$8.4 million in the Reporting Year respectively. Meanwhile, additional manpower was deployed to enhance product development and branch operations, resulting in an increase in staff costs of HK\$9.7 million, from HK\$240.9 million in FY2024/25 to HK\$250.7 million in the Reporting Year. In addition, general administrative expenses (included auditor's remuneration) increased by HK\$2.8 million to HK\$236.4 million in FY2025/26 compared with the Previous Year of HK\$233.6 million, mainly due to the increase in card association fees for increased card sales in the Reporting Year.

Operating Expenses-to-Operating Income Ratio

With total operating expenses increasing only marginally by HK\$0.7 million, from HK\$768.1 million in the Previous Year to HK\$768.8 million and the increase in operating income in the Reporting Year by HK\$77.2 million, operating expenses-to-operating income ratio decreased from 46.6% for FY2024/25 to 44.5% for FY2025/26.

At the operating level, before impairment losses and impairment allowances, the Group recorded an operating profit of HK\$957.7 million for the Reporting Year, representing an increase of 8.7%, or HK\$76.5 million, from HK\$881.2 million for the Previous Year.

Impairment Losses and Impairment Allowances

The shift in consumer spending behaviour and the rise in the unemployment rate in Hong Kong affected overall economic stability during the Reporting Year. Coupled with a rising number of individual bankruptcy petitions, there were higher rates of credit defaults as consumers faced greater financial pressures. Nevertheless, the Group continued its efforts to refine its credit assessment model to manage the proportion of advances and receivables with higher credit risk, and implemented proactive collection efforts and responsive debt relief plans to facilitate early settlement. As such, the Group maintained credit losses within acceptable parameters.

Despite the continued growth in gross advances and receivables, the Group's effective portfolio management mechanism has progressively enhanced the asset quality, resulting in improved customer repayment patterns. As a result, impairment losses and allowances decreased by HK\$24.6 million, or 5.5%, from HK\$446.3 million in the Previous Year to HK\$421.6 million in the Reporting Year. Accordingly, the ratio of impairment losses and impairment allowances to revenue improved from 25.4% in FY2024/25 to 23.1% in FY2025/26.

Gain on Disposal of Distressed Assets

To devote more resources towards the management and timely collection of receivables, the Group continued to dispose of its written-off receivables. During the Reporting Year, the Group recorded a gain on disposal of HK\$4.1 million, compared with the gain of HK\$14.6 million in the Previous Year.

ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group's total equity as at 28th February 2026 was HK\$4,483.7 million, representing an increase of 5.5%, or HK\$232.5 million, compared with the balance of HK\$4,251.2 million as at 28th February 2025.

Total assets as at 28th February 2026 were HK\$8,382.2 million, representing an increase of 6.5% or HK\$513.8 million, compared with total assets of HK\$7,868.3 million as at 28th February 2025.

Management Discussion and Analysis

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

During the Reporting Year, the Group spent approximately HK\$13.8 million on computer equipment, HK\$1.0 million on leasehold improvements, HK\$1.5 million on furniture and fixtures, and HK\$2.2 million on intangible assets. As for right-of-use assets, the Group entered into new leases for an aggregate value of HK\$34.9 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 2026, management considered that no impairment charge of goodwill was required, as AIS generated positive cash flow during the Reporting Year as originally estimated.

Advances and Receivables

Driven by the launch of competitive personal loan pricing, successful targeted marketing activities, and the expansion of the service network to stimulate sales during the Reporting Year, personal loan receivables increased from HK\$1,631.8 million as at 28th February 2025 to HK\$1,746.4 million as at 28th February 2026, while credit card receivables increased from HK\$5,481.5 million as at 28th February 2025 to HK\$5,940.5 million as at 28th February 2026.

Gross advances and receivables increased by 8.0%, or HK\$583.3 million, to HK\$7,912.7 million as at 28th February 2026, from HK\$7,329.4 million as at 28th February 2025. The gross doubtful and loss advances and receivables amounted to HK\$305.8 million and HK\$310.7 million as at 28th February 2026 and 28th February 2025, respectively. Impairment allowances amounted to HK\$276.9 million as at 28th February 2026, representing 3.5% of gross advances and receivables, compared with HK\$264.9 million as at 28th February 2025, representing 3.6% 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 borrowings from banks and its immediate holding company during the Reporting Year, with a balance of HK\$3,372.6 million as at 28th February 2026, compared with HK\$3,154.8 million as at 28th February 2025. Of the total borrowings as at 28th February 2026, 71.8% will mature within one year, 19.3% more than one year but not more than two years and 8.9% more than two years but not more than five years. Among the long-term bank borrowings maturing after one year, 31.6% carried fixed interest rates, while 68.4% were hedged against interest rate fluctuations by means of swap instruments.

The average duration of total borrowings as at 28th February 2026 was 0.8 years, compared with 1.0 years as at 28th February 2025.

SEGMENT INFORMATION

The Group operates across three primary segments: credit cards, personal loans, and insurance intermediary services. For the year ended 28th February 2026, 79.6% of the Group's revenue was derived from credit card operations, compared with 78.3% in the Previous Year, while personal loan operations accounted for 18.5% of the Group's revenue, compared with 19.9% in the Previous Year. In terms of segment results, credit card operations accounted for 93.2% of the Group's consolidated results, compared with 95.2% in the Previous Year, while personal loan operations accounted for 4.0%, compared with 1.7% in the Previous Year.

For the credit card business, targeted marketing initiatives and effective promotional campaigns continued to drive growth in credit card sales during the Reporting Year, supported by a sustained increase in revolving credit card balances. As a result, revenue from credit card operations increased by 5.5%, or HK\$75.9 million, to HK\$1,453.7 million from HK\$1,377.8 million in the Previous Year. Benefiting from reduced borrowing costs and lower impairment losses and impairment allowances, the segment results for the Reporting Year increased by HK\$68.9 million, or 15.1%, to HK\$525.6 million from HK\$456.7 million in the Previous Year.

For personal loan operations, although the receivables as at 28th February 2026 increased by 7.0% when compared with the balances as at 28th February 2025, driven by personalised social media marketing activities and the promotion of instant and tax loans, the sustained growth in personal loan receivables became apparent in the fourth quarter. As a result, revenue from personal loan operations still recorded a decrease of 3.6%, or HK\$12.8 million, from HK\$350.4 million in the Previous Year to HK\$337.6 million in the Reporting Year. Nonetheless, a more refined growth strategy improved overall credit quality and reduced impairment losses and impairment allowances, resulting in a significant improvement in segment results from HK\$8.1 million in the Previous Year to HK\$22.7 million in the Reporting Year.

The insurance intermediary business demonstrated progressive growth in the number of insurance policies solicited following adjustments to its business model and product offerings during the Reporting Year. Segment revenue and results for the Reporting Year amounted to HK\$34.0 million and HK\$15.9 million, respectively, compared with HK\$31.1 million and HK\$14.9 million, respectively for the Previous Year.

In terms of financial results by geographical location, improving economic conditions, government stimulus measures, and effective marketing promotions contributed to a continued growth in both credit card and personal loan sales in Hong Kong. Revenue from Hong Kong operations increased by 2.9%, or HK\$49.9 million, from HK\$1,714.8 million in the Previous Year to HK\$1,764.7 million in the Reporting Year, driven by higher revolving receivable balances. The segment result from Hong Kong operations recorded an increase of 24.2%, or HK\$114.1 million, from HK\$472.1 million in the Previous Year to HK\$586.2 million in the Reporting Year, attributable to lower funding costs and improved asset quality.

For the Chinese Mainland operations, the increase in receivables contributed to growth in revenue, which increased from HK\$44.5 million in the Previous Year to HK\$60.6 million in the Reporting Year. However, customer repayment performance continued to deteriorate in property owner and business owner loans in the Reporting Year due to unstable economic situation, which resulted in a surge in impairment losses and impairment allowances, and an incurred loss of HK\$22.0 million, compared with a profit of HK\$7.5 million in the Previous Year. In response to these challenges, the Group had been focusing on strengthening the credit assessment process of its microfinance subsidiary in Shenzhen and introducing proactive measures, including more stringent evaluation criteria and tailored repayment plans, to stabilise asset quality.

Management Discussion and Analysis

FUNDING AND CAPITAL MANAGEMENT

The Group is primarily funded by internally generated capital and direct borrowings. As at 28th February 2026, the Group's funding mix comprised 57.1% from total equity, 12.7% from the immediate holding company and 30.2% from direct borrowings from financial institutions. The Group maintains sufficient working capital and adequate loan facilities to meet its current operational requirements and support ongoing business development.

As the principal operations are transacted and recorded in HKD, the Group is not materially exposed to exchange rate fluctuations. During the Reporting Year, derivative financial instruments were primarily used to hedge interest rate and exchange rate risks associated with bank borrowings. As at 28th February 2026, capital commitments primarily related to the purchase of computer equipment and intangible assets.

PROSPECTS

Looking ahead to 2026, Hong Kong's economy is expected to benefit from the ongoing recovery in tourism, strong momentum in financial markets, and sustained government measures to stimulate domestic consumption. These positive drivers are expected to bolster local consumption and attract further investment, fostering a more supportive environment for business growth. However, the recent outbreak of war in the Middle East and the surge in oil price will pose an uncertainty to the whole economic outlook in Hong Kong.

In view of this gradually improving but uncertain market backdrop, the Group will prioritise sales and quality receivables growth through local and online spending. A key strategic focus for 2026 will be the launch and implementation of the "One AEON Point" platform. Through the platform, customers will be able to earn and redeem points seamlessly, offering greater convenience and flexibility while deepening engagement and loyalty across both credit and retail services. Serving as the cornerstone of the "AEON EcoZone", "One AEON Point" will drive cross-business synergy, elevate the value proposition of the Group's financial services with retail partners, and attract a larger customer base from potential wider sources. To support this initiative, the Group will collaborate closely with AEON Stores and various merchant partners. These efforts, combined with comprehensive marketing and promotional campaigns aimed at enhancing awareness, participation and long-term customer retention, will amplify revenue.

Alongside customer-focused initiatives, digital transformation and AI will remain at the core of the Group's operational strategy, strengthening AI adoption across the entire customer journey to deliver more seamless, efficient and personalised services. In 2026, the Group will further streamline its credit assessment processes by shortening electronic Know-Your-Customer ("eKYC") screening time and embedding additional application scoring for automated credit card and personal loan approvals. At the same time, digital communication tools such as WhatsApp will be adopted to enhance customer interaction. In parallel, the Group will revamp its customer service operations by centralising the management and tracking of customer enquiries across all channels, including branches, telemarketing, email and social networking platforms, thereby enabling a faster response to meet customer expectation. Through the "AEON EcoZone", the Group aims to build a seamless online-offline experience that enhances customer satisfaction and supports sustainable long-term growth.

Management Discussion and Analysis

In addition, the Group will continue advancing its business in the Chinese Mainland by strengthening the capabilities of its microfinance and business process outsourcing centre subsidiaries in Shenzhen. Leveraging the significant potential of the Greater Bay Area, the Group aims to expand its customer base and tap into new revenue streams in a dynamic market with a diverse range of financial needs. This strategy will be further reinforced by ongoing improvements to corporate governance and sustainability practices, ultimately for maximising shareholder value and maintaining competitiveness in an increasingly challenging financial landscape.

In 2026, the Group will continue to integrate ESG considerations into its core operations. By embedding sustainability principles into decision-making, risk management and day-to-day business practices. The Group will also accelerate the digitalisation of its financial services to drive business growth, long-term productivity and efficiency. At the same time, it will strengthen communication with different stakeholders, creating long-term sustainable value and contributing to a more resilient, inclusive and environmentally responsible operating environment.

The Group is dedicated to delivering exceptional credit services and expanding its customer base through innovative and tailored financial services. Guided by our purpose of “bringing finance closer to everyone”, we aim to enhance customers’ everyday experiences by offering peace of mind and building long-term trust throughout their financial journey. The Group will continue to maintain its asset quality, maximise returns and create shared values for the community, in line with our position as a trusted financial partner.

INFORMATION TECHNOLOGY DEVELOPMENT

In FY2025/26, the Group continued to strengthen its technological capabilities and security landscape following the successful upgrade of its core system infrastructure, enhancing overall system performance, reliability and scalability.

Looking ahead to FY2026/27, the Group will further advance its digital transformation by continuing the migration of customer-facing platforms to cloud environments, enabling greater agility, improved service resilience and faster deployment of new digital capabilities. The Group will also expand the adoption of AI to enhance customer service operations, including intelligent service routing, automated decision support and more personalised customer engagement.

In addition, the Group is collaborating closely with AEON Stores to launch a unified bonus point system. This initiative aims to deliver a more seamless and rewarding experience for customers, strengthen cross-group synergies and provide enhanced benefits through a consolidated loyalty framework.

HUMAN RESOURCES

The Group’s total number of staff at 28th February 2026 and 28th February 2025 was 607 (Hong Kong: 385; PRC: 222) and 596 (Hong Kong: 380; PRC: 216), 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 in-house training programmes and external training sponsorships for its employees. Our training scope extends beyond the Group’s values and vision to include selected topics on compliance, including information and data security, and anti-money laundering. We promote a winning company culture that balances creativity with collaboration. To foster workplace harmony, we also emphasise diversity, equity and inclusion in workplace, and a zero-tolerance policy toward harassment.

Management Discussion and Analysis

CREDIT BUSINESS MODEL AND KEY INTERNAL CONTROLS

The Group is committed to delivering service excellence to its customers, aligning with its mission of “To bring finance closer to everyone”, while 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 Group 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 focuses on attracting new customers primarily through its credit card business and then cross-selling other consumer finance products and services. The Group leverages its strong merchant networks and online acquisition channels 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 cash flow needs of specific customer. Credit card products provide revolving credit facilities for smaller retail transactions and short-term cash requirements. Both personal loans and credit cards are offered on an unsecured basis, 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 instalment loans, generating interest income throughout the loan term. For FY2024/25 and FY2025/26, 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 loans ranged from 2.3% to 45.0%, determined primarily by factors such as the loan type, the applicant’s credit score, and identified credit risks, as detailed in the “Credit Assessment” section below. Generally, except in specific circumstances, (i) interest rates range from 2.3% to less than 22.0% for applicants with credit scores assigned by credit rating agency in the range of AA to CC, 22.1% to 31.0% for DD to GG, and 31.1% or above for HH to II and applicants undergoing debt rescheduling; and (ii) tenors are up to 24 months for tax loans, up to 60 months for most personal loans, and up to 10 years for debt rescheduling loans.

Management Discussion and Analysis

For the 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 instalment 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 instalment plans, cardholders can choose to repay transactions in instalments with tenor up to 36 months and associated monthly handling charges. For cash advance transactions, a one-time handling fee will be charged, and interest will accrue on the outstanding balances from the drawdown date. Each credit card account is subject to a minimum monthly payment and late payment fees would apply for customers cannot settle the minimum monthly payment before due date. For FY2024/25 and FY2025/26, the Company provided credit limits under its credit card facilities ranging from HK\$5,000 to HK\$590,000, with effective interest rates of up to 35.9% (depending on the nature of the credit card transactions).

During FY2024/25 and FY2025/26, all the customers of the Group's credit financing business resided in either Hong Kong or the Chinese Mainland.

Customer Acquisition

The Company acquires personal loan customers through a multi-channel approach that includes online and media advertising, telemarketing and its extensive branch network. This diversified approach supports a broad and balanced customer base with low customer concentration (e.g., less than 1.0% of the aggregate outstanding balances for the top five customers in terms of the total outstanding balance of the entire personal loan portfolio as at 28th February 2026), primarily comprising individuals with stable incomes. For credit card customer acquisition, the Company leverages similar channels, supplemented by merchant referral programmes and on-site engagement through 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 shoppers within the Group's network. To broaden its reach among 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 45.5% of the Company's customers currently aged 40 to 60, this diversification strategy mitigates potential impacts arising 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 a more convenient, efficient, and premium customer experience.

The cardholder base serves as 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 AIS, 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 incorporating in-house built scoring mechanism 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. Given the skills and knowledge required to manage the complexity of personal loan products, this process has not yet been fully automated. Any personal loan refinancing is treated as a new application and thus requires updated income documentation and contact information.

Management Discussion and Analysis

For credit card assessment, cardholders are offered credit facilities with approved credit limits that are generally lower than the average personal loan amount. Interest rates for both cash advances and credit purchases after the interest-free period are fixed for all cardholders for each type of card. Credit lines of up to HK\$85,000 are automatically determined by AIS's automated judgment system (with credit approval criteria pre-set in the system). Credit lines between HK\$85,000 and HK\$400,000 are reviewed and approved by credit officers and credit managers, while limits exceeding HK\$400,000 require senior management approval. Interest rates (not applicable to interest-free instalment plans) and loan durations for credit purchase or cash advance instalment plans are fixed for each card type. The Company conducts quarterly reviews of customers' credit limits, taking into account 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 the accuracy of its default predictions.

To prevent misuse of its products and services for 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, thereby 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. Regarding credit management, the Company utilises AIS for reminder calls, while the Hong Kong debt servicing team and external agencies handle reminder letters, legal demand letters, and field visits. Reminder calls are initiated for contactable accounts that become 30 days overdue. For unreachable customers or those over 30 days overdue, further actions such as legal demand letters, field visits, or referral to external collection agencies, are undertaken. For customers experiencing financial difficulties, the Company may offer debt rescheduling arrangements, including extended repayment periods or reduced monthly repayment amounts. In certain cases, a debt haircut arrangement for full settlement of the outstanding balance may be provided, subject to individual circumstances.

The credit control department regularly reviews and updates its credit assessment guidelines. Monthly portfolio management meetings ensure alignment between sales and marketing, credit assessment, and debt servicing departments 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. Furthermore, monthly business review meetings report key performance indicators to senior management.

Money Lending Business in the Chinese Mainland

In the Chinese Mainland, AMF (SZ), the Group's 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. AMF (SZ) also offers instalment loans, generating interest income over the loan term. Loan amounts generally ranged from RMB3,500 to RMB500,000 for FY2024/25 and from RMB1,000 to RMB500,000 for FY2025/26. Interest rates ranged from 8.0% to 36.0% for FY2024/25 and from 10.8% to 36.0% for FY2025/26, determined by factors such as loan purpose, the applicant's credit score, loan amount and loan tenor (generally from one month to three years for FY2024/25 and from one month to three years for FY2025/26).

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 arising from changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to these 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 in 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, exposing the Group to foreign currency risk as a result of a change in foreign currency exchange rates.

To mitigate the foreign currency risk, the Group utilises cross-currency swaps designed to convert 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 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 rates to fixed rates under hedge accounting.

The Group monitors the interest rate risk exposure by assessing the interest rate gap between its interest-bearing financial assets and financial liabilities. To mitigate the interest rate gap in cash flows, the Group utilises 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 Fair Value Through Other Comprehensive Income (FVTOCI). Management monitors the price movements and will take appropriate actions as required.

Management Discussion and Analysis

Credit Risk

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

To mitigate credit risk, the Group has established policies and systems for monitoring and controlling credit risk. Management has delegated to different divisions and departments the responsibility to determine credit limits, credit approvals and other monitoring processes to ensure that 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 the Expected Credit Loss model.

The Group is potentially exposed to loss in an amount equal to the total unused credit card limits 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 to manage 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, continuously monitoring forecasted and actual cash flows, and 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 its 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 resources risk, tangible assets risk and reputational risk. Based on the Group's business nature, the main inherent operational risk is service suspension, which 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; consequently, 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, including but not limited to inherent risks, to a level aligned with management's risk appetite.

Management Discussion and Analysis

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 are 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 market best practices. Management manages significant risks and ensures that risk mitigation efforts are prioritised and adequately controlled.

Cybersecurity Risk

Cybersecurity risk is the risk of loss arising from a cyberattack or information security breach. The Group has allocated proper resources to 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 cybersecurity 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 its operational, regulatory, reputational and strategic risk frameworks. The Group has identified strong typhoons, power suspensions, fire hazards and pandemics as key physical climate-related risks. The Group mitigates physical climate-related risks through the digitalisation of its financial service delivery processes, such as "AEON Netmember" and "AEON HK" Mobile App. To ensure essential and critical business functions remain operational during and after extreme events, 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 the risks faced by the Group, including climate risk.

External Fraud Risk

External fraud risk arises from deliberate acts by third parties who aim to deceive, misappropriate assets, or obtain services through fraudulent means. These include, but are not limited to, unlawful identity theft, account takeovers, phishing, cyber-enabled scams, the use of forged or unlawfully obtained documents, and other practices.

To mitigate these risks, the Board provides oversight and ensures that appropriate fraud risk strategies are established in response to the increasing prevalence of such threats. These strategies include customer authentication measures, transaction monitoring through fraud detection analytics, and ongoing reviews of fraud control effectiveness. As a responsible Group, it continues to strengthen its fraud prevention capabilities through continuous customer fraud-awareness education on the Company's website, and collaboration with industry partners, law enforcement agencies, and regulatory bodies. Management ensures that frontline operations implement appropriate controls and follow established procedures for the early detection, reporting, escalation, and investigation of suspected fraudulent activities.

Wei Aiguo

Managing Director

Hong Kong, 31st March 2026

Board of Directors

Mr. Shigeki Mishima, aged 62, was appointed as a Non-executive Director and the Chairman of the Board on 26th June 2025. He is currently a director and senior managing executive officer of AFS Japan, a listed public company in Japan, in charge of human resources and general affairs, as well as a non-executive director and the chairman of the board of AEON Thana Sinsap (Thailand) PCL, a listed public company in Thailand.

He has over three decades of experience in human resources, general affairs and corporate management. He has held various senior management positions in Panasonic Group, a Japanese multinational electronics manufacturer and provider of related services, prior to joining AFS Japan in April 2024 as a senior managing executive officer, and the head of human resources and general affairs division. He graduated from Osaka City University (now known as Osaka Metropolitan University) in Japan with a Bachelor's degree in Law.

Mr. Wei Aiguo, aged 57, was appointed as an Executive Director on 23rd June 2022 and the Managing Director on 1st 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 Chinese Mainland 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 63, 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 56, was appointed as an Executive Director on 26th June 2024. She oversees the work of the Marketing Division, the IT Division and the Customer Experience Transformation 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.

Mr. Lee Ching Ming Adrian, aged 74, 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 Cinderella 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.

Board of Directors

Ms. Shing Mo Han Yvonne, BBS, JP, aged 70, 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: 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 served as an independent non-executive director of Sirnaomics Ltd. from December 2021 to January 2025, and of China Resources Pharmaceutical Group Limited from August 2017 to April 2025, respectively, both of which are listed on the Stock Exchange. She 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 .

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 62, 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, and SUMIDA Corporation, which is a listed public company in Japan. She was an outside director of COMTURE Corporation, which is a listed public company in Japan, from June 2019 to June 2025.

Board of Directors

Mr. Choi Ping Chung, aged 67, 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 2026 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 humans, 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.

Corporate Governance Report

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 eight Directors, consisting of three Executive Directors, one Non-executive Director 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 24 to 26 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 and non-executive directors (including independent non-executive directors). Non-executive Directors are of sufficient calibre and number for their views to carry weight. There is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Board members. 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 and its implementation are subject to annual review to ensure its ongoing effectiveness and the last review was conducted in April 2025.

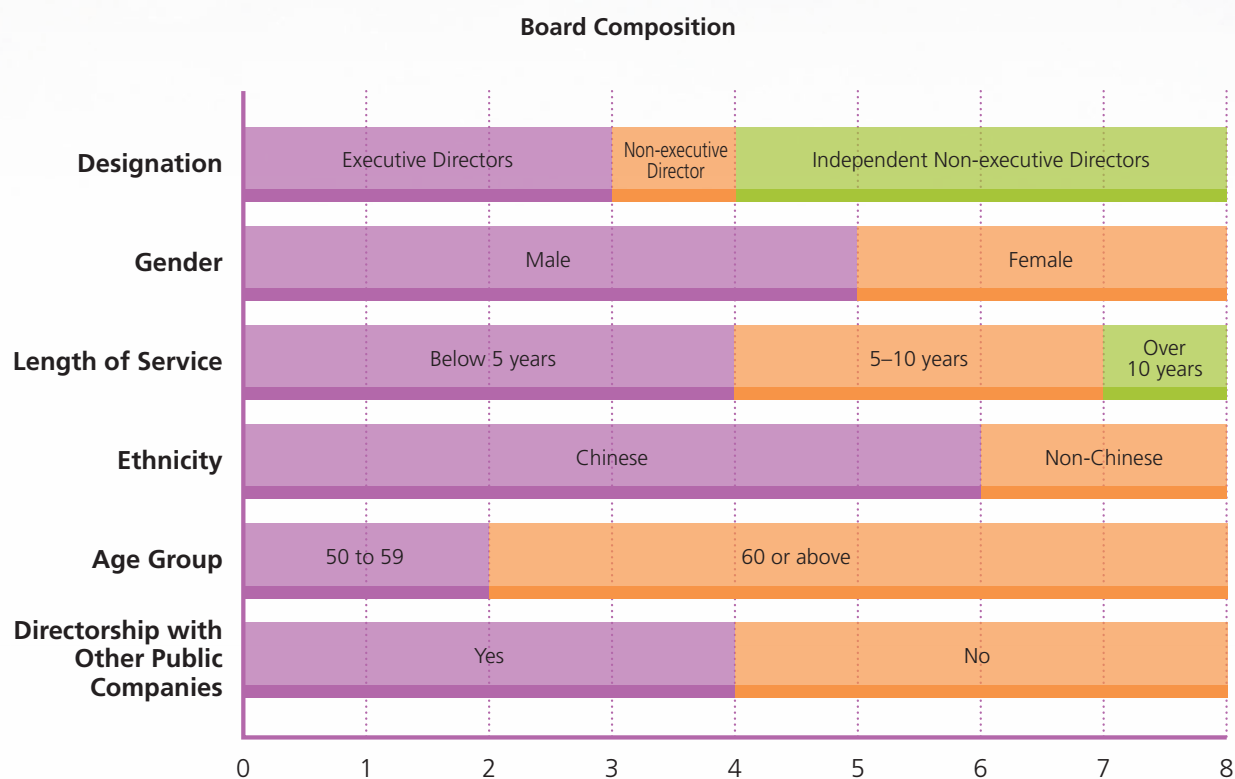
Pursuant to the Board Diversity Policy, (i) Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard to the benefit of diversity on the Board including but not limited to gender, age, cultural and educational background, professional experience, 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 three female members, the female representation of the Board was 37.5%, 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.

Corporate Governance Report

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



Directors' Skills and Experience

Directors	Strategic Management	Sales & Marketing	Chinese Mainland Exposure	Legal	Financial Services	Finance & Accounting	Compliance & Risk Management	Banking
<i>Executive Directors</i>								
Wei Aiguo	✓	✓	✓		✓			
Lai Yuk Kwong	✓				✓	✓	✓	
Wan Yuk Fong	✓	✓			✓			✓
<i>Non-executive Director</i>								
Shigeki Mishima	✓				✓			
<i>Independent Non-executive Directors</i>								
Lee Ching Ming Adrian	✓	✓			✓			✓
Shing Mo Han Yvonne	✓		✓		✓	✓		
Junko Dochi	✓			✓	✓			✓
Choi Ping Chung	✓	✓	✓		✓			✓

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. Shigeki Mishima, the Chairman of the Board, and all Independent Non-executive Directors held in November 2025 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. As of the date of this Report, Mr. Lee Ching Ming Adrian, an Independent Non-executive Director, who has served the Board for more than nine years, will not stand for re-election at the 2026 AGM and will retire at the conclusion of the 2026 AGM.

Corporate Governance Report

Attendance at Board Meetings

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

- approval of the medium-term business plan, 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;
- approval of the dissolution of a subsidiary;
- approval of the changes to the 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 adoption of the new Anti-Bribery and Anti-Corruption Policy, revised Terms of Reference of Nomination Committee and revised Terms of Reference of Remuneration Committee;
- approval of connected transactions and continuing connected transactions;
- review of the implementation and effectiveness of the Shareholder Communication Policy;
- 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
<i>Executive Directors</i>	
Wei Aiguo (<i>Managing Director</i>)	12/12
Lai Yuk Kwong (<i>Deputy Managing Director</i>)	12/12
Wan Yuk Fong	12/12
<i>Non-executive Directors</i>	
Shigeki Mishima (<i>Chairman</i>) ¹	8/8
Kenji Fujita (<i>ex-Chairman</i>) ²	3/3
Jin Huashu ³	9/9
<i>Independent Non-executive Directors</i>	
Lee Ching Ming Adrian	12/12
Shing Mo Han Yvonne	12/12
Junko Dochi	12/12
Choi Ping Chung	12/12

¹ Appointed on 26th June 2025

² Retired on 26th June 2025

³ Resigned on 1st December 2025

Directors' Training

Every newly appointed Director will receive a comprehensive, formal and tailored induction provided by the senior management and a training session conducted by external legal advisor, 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, upon appointment. Mr. Shigeki Mishima has attended the induction training conducted by external legal advisor on 26th June 2025, and confirmed that he understood his obligations as a director of a listed issuer. As at 28th February 2026, he had fulfilled the continuing professional development ("CPD") requirements applicable to a first-time director under Rule 3.09H of the Listing Rules.

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.

To ensure that directors' contribution to the Board remains informed and relevant, all Directors shall participate in continuous professional development, covering certain specified topics as prescribed by Rule 3.09G of the Listing Rules, to develop and refresh their knowledge and skills for a proper understanding of the Company's business, operations and governance policies and full awareness of their responsibilities under the statute and common law, the Listing Rules, and other regulatory, supervisory and internal policy requirements. 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.

A summary of training received by the Directors during the year ended 28th February 2026 is as follows:

Directors	Board Roles and Effectiveness	Listing Rules and Hong Kong Law Compliance	Corporate Governance and ESG Matter	Risk Management and Internal Controls	Industry-specific Developments and Business Trends	Total Number of CPD hours Completed during the Reporting Year	Types of CPD
<i>Executive Directors</i>							
Wei Aiguo	2	2	4	4	11	23	(a) & (b)
Lai Yuk Kwong	2	13	7	5	24	51	(a) & (b)
Wan Yuk Fong	2	8	5	3	4	22	(a) & (b)
<i>Non-executive Director</i>							
Shigeki Mishima	21	13	20	7	5	66	(a), (b) & (c)
<i>Independent Non-executive Directors</i>							
Lee Ching Ming Adrian	3	2	1	2	1	9	(a) & (b)
Shing Mo Han Yvonne	23	2	1	6	17	49	(a) & (b)
Junko Dochi	18	3	25	6	3	55	(a) & (b)
Choi Ping Chung	1	2	1	1	17	22	(a) & (b)

(a) Internal training – in-house briefings, training sessions or workshops arranged by the Company

(b) External training – seminars, webinars, workshops or training programmes organised by external professional bodies, regulatory authorities or other training providers

(c) Self-learning – self-study or research

Corporate Governance Report

CHAIRMAN AND MANAGING DIRECTOR

The Chairman of the Board is Mr. Shigeki Mishima 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 2025, the Board approved the appointment of Mr. Shigeki Mishima as a Non-executive Director and the Chairman of the Board. Mr. Shigeki Mishima will retire at the 2026 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. Shigeki Mishima 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 2026, and two meetings were attended by the external auditor. The major work performed by the Audit Committee in 2025/26 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.

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 (<i>Chairman</i>)	4/4
Shigeki Mishima ¹	2/2
Junko Dochi	4/4
Kenji Fujita ²	1/1

¹ Appointed on 26th June 2025

² Retired on 26th June 2025

Nomination Committee

The Nomination Committee comprises one Non-executive Director and two Independent Non-executive Directors. The Nomination Committee is chaired by Mr. Shigeki Mishima. 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.

Corporate Governance Report

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 2026 and the major work performed by the Nomination Committee in 2025/26 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 2025 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
Shigeki Mishima (<i>Chairman</i>) ¹	N/A
Junko Dochi	1/1
Choi Ping Chung	1/1
Kenji Fujita (<i>ex-Chairman</i>) ²	1/1

¹ Appointed on 26th June 2025

² Retired on 26th June 2025

Corporate Governance Report

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. Shigeki Mishima 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/her 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 2026, 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 (<i>Chairman</i>)	1/1
Shigeki Mishima ¹	N/A
Shing Mo Han Yvonne	1/1
Kenji Fujita ²	1/1

¹ Appointed on 26th June 2025

² Retired on 26th June 2025

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 reviewing, evaluating and supervising their implementation.

The Strategy Committee held two meetings for the year ended 28th February 2026, in which it reviewed and evaluated the Group's medium-term business plan and overall business strategies.

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

Members	Attendance/ No. of Meeting
Choi Ping Chung (<i>Chairman</i>)	2/2
Wei Aiguo	2/2
Lee Ching Ming Adrian	2/2

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 or 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.

Corporate Governance Report

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 strategic, credit, market, liquidity, operational (process, system, human, tangible asset, reputational), legal and compliance, and taxation 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 established in accordance with the Enterprise Risk Management Policy:
 - First line of defence consists of all operating units;
 - Second line of defence consists of the Risk Management Committee and the Risk Management Department; and
 - Third line of defence consists of the Audit Committee and the Internal Audit Department.
- 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 Committee, consisting of Executive Directors, Heads of Divisions, Department Heads and Head of Risk Management Department, has the responsibility to oversee the enterprise risk management framework which included internal controls as a key element to access and monitor risks. It also ensures the effectiveness of implementations and adequacy of the enterprise risk management framework and ensuring that significant risks are mitigated with preventive measures.
- The Risk Management Department, as the operational arm of the Risk Management Committee, will monitor 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, Board of Director and/or Audit Committee meetings regularly.
- The Audit Committee oversees the Group's risk management and internal control systems, while the Internal Audit Department provides independent assurance on their effectiveness.
- On-going trainings on risk management and internal control are provided to the relevant employees.

A review of the effectiveness of the Group's risk management and 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, management confirms that 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

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.

Anti-Bribery and Anti-Corruption Policy

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, Anti-Bribery and Anti-Corruption Policy is adopted which reflects the Company's stance and policies against corruption, and outlines the Company's minimum expectation with regard to the acceptable handling of advantages and entertainment, as well as declaration and management 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

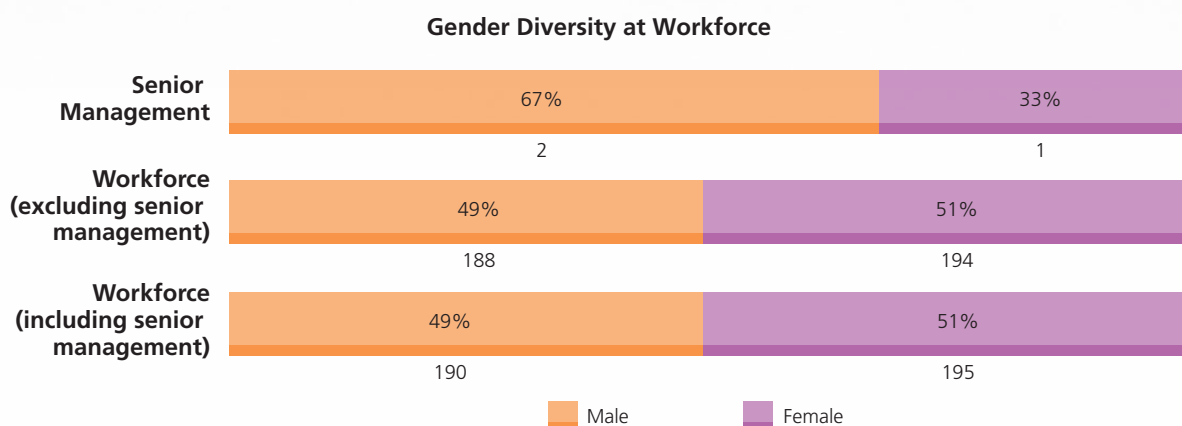
The Company's Internal Audit Department monitors the Group's internal processes and operations and provides independent and objective assurance to the Board that adequate and effective risk management and internal control systems are maintained and operated by the management in compliance with agreed 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 over financial reporting for key operating areas are evaluated and tested for adequacy and effectiveness.

Corporate Governance Report

DIVERSITY AT WORKFORCE LEVEL

The gender ratio in the workforce of the Group in Hong Kong, including senior management as of 28th February 2026 is set out below:



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 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 financial and operating performance, position and prospects to assist them to discharge their duties.

Corporate Governance Report

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 2026, 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 54 to 57 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 2025 AGM until the conclusion of the 2026 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\$3.732 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	170
Connected party transaction	95
Preliminary results announcement	20
J-SOX annual compliance review	675
Total	1,015

Corporate Governance Report

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 2026, 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 2025 AGM was held on Thursday, 26th June 2025 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 2025 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 2025 AGM. All Board members, including the Chairman of the Board, together with the Company Secretary and the external auditor attended the 2025 AGM. The Company Secretary explained the poll voting procedures at the 2025 AGM. Separate resolutions for each substantially separate issue, including the re-election of individual Directors, were proposed at the 2025 AGM. All the resolutions at the 2025 AGM were dealt with by poll and were verified by an independent scrutineer. The poll results of the 2025 AGM are available on the Company's website and the Stock Exchange's website.

Corporate Governance Report

The attendance record of each Director at the 2025 AGM is set out below:

Directors	Attendance/ No. of Meeting
<i>Executive Directors</i>	
Wei Aiguo (<i>Managing Director</i>)	1/1
Lai Yuk Kwong (<i>Deputy Managing Director</i>)	1/1
Wan Yuk Fong	1/1
<i>Non-executive Directors</i>	
Shigeki Mishima (<i>Chairman</i>) ¹	N/A
Kenji Fujita (<i>ex-Chairman</i>) ²	1/1
Jin Huashu ³	1/1
<i>Independent Non-executive Directors</i>	
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 2025

² Retired on 26th June 2025

³ Resigned on 1st December 2025

The 2026 AGM will be held as a hybrid meeting on Thursday, 25th June 2026 at 10:00 a.m. at the principal meeting place at 20/F, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong, with an option for mutual attendance and participation.

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 2025 in the form of hybrid mode. Summaries of the questions and feedback from press, investors and analysts were communicated to Board.

The market capitalization of the Company as at 28th February 2026 was HK\$3,266 million (issued share capital: 418,765,600 shares at closing market price: HK\$7.8 per share).

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.

Corporate Governance Report

Shareholding Enquiries

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

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 2026.

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 9 to 23 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's Key Highlights and Five Years Financial Summary on pages 4 to 8 of the annual report, in the Management Discussion and Analysis on pages 9 to 23 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.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year ended 28th February 2026.

NET DEBT TO EQUITY RATIO

At 28th February 2026, the net debt to equity ratio was 0.7 (28th February 2025: 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\$4,171,766,000 at 28th February 2026 (28th February 2025: HK\$3,891,923,000).

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 28th February 2026 and the Group's financial position at that date are set out in the Group's consolidated financial statements on pages 58 to 140.

An interim dividend of 25.0 HK cents per share (2025: interim dividend of 24.0 HK cents per share) amounting to HK\$104,691,400 (2025: HK\$100,503,744) was paid to the shareholders during the year. The Board have recommended the payment of a final dividend of 33.0 HK cents per share (2025: 25.0 HK cents per share) in respect of the current year to the shareholders on the register of members on 10th July 2026 amounting to HK\$138,192,648 (2025: HK\$104,691,400).

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' Report

DIRECTORS OF THE COMPANY

The Directors during the year ended 28th February 2026 and up to the date of this report were:

Executive Directors:

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

Non-executive Directors:

Shigeki Mishima (*Chairman*) *(appointed on 26th June 2025)*
Kenji Fujita (*ex-Chairman*) *(retired on 26th June 2025)*
Jin Huashu *(resigned on 1st December 2025)*

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 2026 AGM and shall be eligible for re-election. With the exception of Mr. Lee Ching Ming Adrian who will not stand for re-election, the other seven retiring Directors will offer themselves for re-election at the 2026 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 Micro Finance (Shenzhen) Co., Ltd.

Wei Aiguo
Chow Chak Wai Vincent *(appointed on 1st December 2025)*
Jin Huashu *(resigned on 1st December 2025)*
Ryo Niimura
Chen Yiling

AEON Information Service (Shenzhen) Co., Ltd.

Wei Aiguo
Hiroko Takahashi
Wang Tana

AEON Insurance Brokers (HK) Limited*

Tomoyuki Kawahara
Hiroko Takahashi

* Pursuant to section 751(6) of the Companies Ordinance, AEON Insurance Brokers (HK) Limited was dissolved by deregistration on 13th March 2026.

DIRECTORS' SERVICE CONTRACTS

No Director eligible for re-election at the 2026 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 2026, 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:

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

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 2026.

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.

Directors' Report

SUBSTANTIAL SHAREHOLDERS

At 28th February 2026, 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	238,114,500	56.86
AFS (HK) (Note 3)	Beneficial owner	238,114,500	56.86
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 48.18% 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 238,114,500 shares and 783,500 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 238,114,500 shares owned by AFS (HK).
3. Out of 238,114,500 shares, 213,114,000 shares were held by AFS (HK) and 8,250,000 shares and 16,750,500 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 2026.

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) (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 2026 was HK\$10,590,000, of which HK\$3,819,000 is classified as interest income under HKFRS 9.

- (ii) Pursuant to a card acquiring merchant agreement dated 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 2026 amounted to HK\$11,842,000.

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 2026 were HK\$22,432,000, which did not exceed the aggregate caps of HK\$30,700,000 as disclosed in the Company's announcement dated 11th July 2024.

- (b) Pursuant to a master agreement-gift certificate dated 19th February 2025 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 2026 amounted to HK\$25,384,000, which did not exceed the revised cap of HK\$26,600,000 as disclosed in the Company's announcement dated 23rd December 2025.

- (c) Pursuant to a brand royalty agreement dated 27th February 2025 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 2026 amounted to JPY135,900,000 (approximately HK\$6,940,000), which did not exceed the cap of HK\$9,000,000 as disclosed in the Company's announcement dated 27th February 2025.

Directors' Report

- (d) Pursuant to a business advisory service agreement dated 28th February 2025 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 2026 amounted to HK\$9,818,000, which did not exceed the cap of HK\$14,400,000 as disclosed in the Company's announcement dated 28th February 2025.

- (e) Pursuant to two licence agreements ("TM Licence Agreements") respectively dated 28th February 2025 and 26th February 2026 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\$3,579,000 at 28th February 2026.

The amount of rates, management fees and utility charges paid by the Company to AEON Stores for the period from 1 March 2025 to 27 February 2026 and 28th February 2026 amounted to HK\$365,000 and HK\$1,000, 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 2025 and 26th February 2026.

- (f) Pursuant to two licence agreements ("KH Licence Agreements") respectively dated 31st May 2024 and 29th May 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 KH Licence Agreements amounted to HK\$3,080,000 at 28th February 2026.

The amount of rates, management fees and utility charges paid by the Company to AEON Stores for the period from 1st March 2025 to 31st May 2025 amounted to HK\$80,000 and, for the period from 1st June 2025 to 28th February 2026 amounted to HK\$243,000, which did not exceed the cap of HK\$276,000 as disclosed in the Company's announcement dated 29th May 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.

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 2026, 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\$2,767,000.

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 of at least 25% of the issued Shares as required under the Listing Rules as at 28th February 2026 and the date of this report.

AUDITOR

The financial statements for the year ended 28th February 2026 have been audited by Deloitte Touche Tohmatsu who will retire and, being eligible, offer themselves for reappointment. A resolution will be proposed at the 2026 AGM to reappoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Wei Aiguo

Managing Director

Hong Kong, 31st March 2026

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 58 to 140, which comprise the consolidated statement of financial position as at 28th February 2026, 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 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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") as 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"), as applicable to audits of financial statements of public interest entities. We have also 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
<p><i>Impairment assessment of advances and receivables</i></p> <p>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”).</p> <p>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\$7,635,811,000 as at 28th February 2026, representing approximately 91% of the Group’s total assets. As explained in note 23 to the consolidated financial statements, the balance of impairment allowances is approximately HK\$276,898,000 as at 28th February 2026, of which approximately HK\$421,640,000 has been charged to the consolidated statement of profit or loss during the year ended 28th February 2026.</p> <p>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 there 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.</p> <p>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.</p>	<p>Our procedures in relation to impairment assessment of advances and receivables included:</p> <ul style="list-style-type: none"> — 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.

Independent Auditor's Report

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 as 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 (practising certificate number: P06748).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31st March 2026

Consolidated Statement of Profit or Loss

For the year ended 28th February 2026

	NOTES	2026 HK\$'000	2025 HK\$'000
Revenue	5	1,825,357	1,759,316
Interest income	7	1,532,063	1,477,367
Interest expense	8	(114,761)	(129,785)
Net interest income		1,417,302	1,347,582
Fees and commissions		143,443	142,571
Handling and late charges		149,851	139,378
Other income	9	17,144	19,792
Other gains and losses	10	(1,206)	(6)
Operating income		1,726,534	1,649,317
Operating expenses	11	(768,845)	(768,116)
Operating profit before impairment losses and impairment allowances		957,689	881,201
Impairment losses and impairment allowances		(421,640)	(446,268)
Recoveries of advances and receivables written-off		21,704	27,278
Gain on disposal of distressed assets	13	4,091	14,605
Profit before tax		561,844	476,816
Income tax expense	14	(93,645)	(76,338)
Profit for the year		468,199	400,478
Profit for the year attributable to: Owners of the Company		468,199	400,478
Earnings per share – Basic	16	111.80 HK cents	95.63 HK cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 28th February 2026

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Profit for the year	468,199	400,478
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss:		
Fair value (loss) gain on equity instruments at FVTOCI	(28,371)	13,537
Remeasurement of defined benefit plans, net of tax	(429)	–
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of foreign operations	16,586	(2,809)
Fair value adjustment on cash flow hedges, net of tax	(21,179)	(18,814)
Reclassification of fair value adjustments on cash flow hedges to profit or loss	7,076	(8,216)
Other comprehensive expense for the year	(26,317)	(16,302)
Total comprehensive income for the year	441,882	384,176
Total comprehensive income for the year attributable to:		
Owners of the Company	441,882	384,176

Consolidated Statement of Financial Position

At 28th February 2026

	NOTES	28.2.2026 HK\$'000	28.2.2025 HK\$'000
Non-current assets			
Property, plant and equipment	17	151,933	180,608
Intangible assets	18	21,684	27,959
Right-of-use assets	19	91,964	110,049
Goodwill	20	15,820	15,820
Equity instruments at fair value through other comprehensive income	21	77,810	106,181
Advances and receivables	22	1,548,700	1,459,302
Prepayments, deposits and other debtors	24	21,924	21,611
Derivative financial instruments	33	–	10,430
Deferred tax assets	34	14,839	3,853
		1,944,674	1,935,813
Current assets			
Advances and receivables	22	6,087,111	5,605,137
Prepayments, deposits and other debtors	24	87,423	79,388
Amount due from a fellow subsidiary	29	64	–
Amount due from an intermediate holding company	30	340	–
Amount due from immediate holding company	30	446	1
Derivative financial instruments	33	1,687	288
Time deposits	25	23,806	21,482
Bank balances and cash	26	236,611	226,220
		6,437,488	5,932,516
Current liabilities			
Creditors and accruals	27	253,193	226,351
Contract liabilities	28	59,376	42,024
Amounts due to fellow subsidiaries	29	23,298	9,286
Amount due to an intermediate holding company	30	9,234	9,504
Amount due to immediate holding company	30	35	–
Borrowings from immediate holding company	31	1,000,000	900,000
Bank borrowings	31	1,422,632	1,015,149
Lease liabilities	32	41,868	39,586
Derivative financial instruments	33	25,630	1,319
Tax liabilities		42,350	31,124
		2,877,616	2,274,343
Net current assets		3,559,872	3,658,173
Total assets less current liabilities		5,504,546	5,593,986

Consolidated Statement of Financial Position

	<i>NOTES</i>	28.2.2026 <i>HK\$'000</i>	28.2.2025 <i>HK\$'000</i>
Capital and reserves			
Share capital	35	269,477	269,477
Reserves	36	4,214,184	3,981,684
Total equity		4,483,661	4,251,161
Non-current liabilities			
Bank borrowings	31	950,000	1,239,685
Deferred tax liabilities	34	4	39
Lease liabilities	32	56,883	76,782
Derivative financial instruments	33	13,998	26,319
		1,020,885	1,342,825
		5,504,546	5,593,986

The consolidated financial statements on pages 58 to 140 were approved and authorised for issue by the Board on 31st March 2026 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 2026

	Share capital <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Employee benefit revaluation reserve <i>HK\$'000</i>	Hedging reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st March 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
Profit for the year	–	–	–	–	–	468,199	468,199
Fair value loss on equity instruments at FVTOCI	–	(28,371)	–	–	–	–	(28,371)
Remeasurement of defined benefit plans, net of tax	–	–	(429)	–	–	–	(429)
Exchange difference arising from translation of foreign operations	–	–	–	–	16,586	–	16,586
Fair value adjustment on cash flow hedges, net of tax	–	–	–	(21,179)	–	–	(21,179)
Reclassification of fair value adjustments on cash flow hedges to profit or loss	–	–	–	7,076	–	–	7,076
Total comprehensive (expense) income for the year	–	(28,371)	(429)	(14,103)	16,586	468,199	441,882
Final dividend paid for 2024/25	–	–	–	–	–	(104,691)	(104,691)
Interim dividend paid for 2025/26	–	–	–	–	–	(104,691)	(104,691)
	–	(28,371)	(429)	(14,103)	16,586	258,817	232,500
At 28th February 2026	269,477	53,987	(429)	(5,551)	(2,691)	4,168,868	4,483,661

Consolidated Statement of Cash Flows

For the year ended 28th February 2026

	2026 HK\$'000	2025 HK\$'000
Operating activities		
Profit before tax	561,844	476,816
Adjustments for:		
Amortisation of upfront cost of bank borrowings	432	339
Depreciation on property, plant and equipment	44,328	41,548
Amortisation on intangible assets	8,449	6,793
Depreciation on right-of-use assets	53,027	57,472
Dividends received from financial instruments	(644)	(552)
Impairment losses and impairment allowances recognised in respect of advances and receivables	421,640	446,268
Interest expense on borrowings	109,737	124,299
Interest on lease liabilities	4,592	5,486
Interest income	(1,532,063)	(1,477,367)
Losses on disposal of property, plant and equipment	687	173
Gain on termination of lease contracts	–	(36)
Operating cash flows before movements in working capital	(327,971)	(318,761)
Increase in advances and receivables	(957,582)	(787,505)
Increase in prepayments, deposits and other debtors	(8,438)	(7,376)
Increase in amount due from a fellow subsidiary	(64)	–
Increase in amount due from immediate holding company	(445)	–
(Increase) decrease in amount due from an intermediate holding company	(327)	31
Increase (decrease) in creditors and accruals	30,204	(28,614)
Increase in contract liabilities	17,352	20,470
Increase (decrease) in amounts due to fellow subsidiaries	14,005	(8,585)
Increase in amount due to immediate holding company	35	–
(Decrease) increase in amount due to an intermediate holding company	(276)	4,782
Cash used in operations	(1,233,507)	(1,125,558)
Tax paid	(89,884)	(55,873)
Interest paid	(109,130)	(125,716)
Interest received	1,518,380	1,464,127
Net cash from operating activities	85,859	156,980

Consolidated Statement of Cash Flows

	2026 HK\$'000	2025 HK\$'000
Investing activities		
Dividends received	644	552
Proceeds from disposal of property, plant and equipment	14	2
Purchase of property, plant and equipment	(16,477)	(12,715)
Purchase of intangible assets	(978)	(666)
Deposits paid for acquisition of property, plant and equipment	(4,357)	(23,200)
Deposits paid for acquisition of intangible assets	(715)	(1,903)
Placement of time deposits with maturity of more than three months	(2,407)	(7,555)
Release of time deposits with maturity of more than three months	4,457	5,519
Net cash used in investing activities	(19,819)	(39,966)
Financing activities		
Repayment of lease liabilities	(57,143)	(59,404)
Dividends paid	(209,382)	(201,008)
New borrowings from immediate holding company raised	270,000	108,220
Repayment of borrowings from immediate holding company	(170,000)	(8,220)
New bank loans raised	5,577,067	13,668,874
Repayment of bank loans	(5,465,114)	(13,651,625)
Net cash used in financing activities	(54,572)	(143,163)
Net increase (decrease) in cash and cash equivalents	11,468	(26,149)
Effect of changes in exchange rate	3,293	(1,419)
Cash and cash equivalents at beginning of the year	244,090	271,658
Cash and cash equivalents at end of the year	258,851	244,090
Being:		
Time deposits with maturity of three months or less	22,240	17,870
Bank balances and cash	236,611	226,220
	258,851	244,090

Notes to the Consolidated Financial Statements

For the year ended 28th February 2026

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 an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1st March 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard 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.

Notes to 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 HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
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 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

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 2026.

³ Effective for annual periods beginning on or after 1st January 2027.

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

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (“MPMs”) 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 1st January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group’s MPMs will be disclosed in a separate note to the consolidated financial statements.

Notes to the 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 as 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 Hong Kong 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 policy 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.

Notes to the Consolidated Financial Statements

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

3.2 Material accounting policy information (Cont'd)

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 an annual 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 annual 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 policy 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 unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- 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.

Notes to the Consolidated Financial Statements

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

3.2 Material accounting policy 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 incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: a country-specific risk adjustment; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group.

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 policy 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), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Notes to the Consolidated Financial Statements

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

3.2 Material accounting policy 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. HK\$) 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, which are not directly attributable to the acquisition, construction and production of qualifying assets, 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 LSP obligation 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 and would be used to offset the employee's LSP benefits, 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 policy 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 Standard 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 Standard 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.

Notes to the Consolidated Financial Statements

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

3.2 Material accounting policy 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 policy 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.

Notes to the Consolidated Financial Statements

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

3.2 Material accounting policy 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.

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.

Notes to the Consolidated Financial Statements

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

3.2 Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial assets

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 generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the 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 collecting contractual cash flows and selling the financial assets; 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.

Notes to the Consolidated Financial Statements

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

3.2 Material accounting policy 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 a fellow subsidiary, 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 past events and current conditions at the reporting date as well as the forecast of future economic conditions.

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

3.2 Material accounting policy 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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.

Notes to the Consolidated Financial Statements

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

3.2 Material accounting policy 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 policy 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 factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, 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.

Notes to the Consolidated Financial Statements

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

3.2 Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Derecognition/modification 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.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

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.

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

3.2 Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity instruments (Cont'd)

Financial liabilities at amortised cost

Financial liabilities including bank borrowings, borrowings from immediate holding company, creditors, amounts due to fellow subsidiaries, immediate holding company and an intermediate holding company, are subsequently measured at amortised cost, using the effective interest method.

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.

Notes to the Consolidated Financial Statements

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

3.2 Material accounting policy 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.

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

3.2 Material accounting policy 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.

Notes to the Consolidated Financial Statements

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 2026, the Group's unlisted equity instruments amounting to HK\$77,135,000 (2025: HK\$105,497,000) 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.

Notes to the Consolidated Financial Statements

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:

	2026 HK\$'000	2025 HK\$'000
Interest income (<i>note 7</i>)	1,532,063	1,477,367
Fees and commissions		
Credit cards — issuing	44,582	55,856
Credit cards — acquiring	64,834	55,703
Insurance	34,027	31,012
Handling and late charges	149,851	139,378
Revenue from contracts with customers	293,294	281,949
Total revenue	1,825,357	1,759,316

For the year ended 28th February 2026

	Credit cards HK\$'000	Personal loans HK\$'000	Insurance HK\$'000	Total HK\$'000
Interest income	1,208,054	323,992	17	1,532,063
Fees and commissions	109,416	–	34,027	143,443
Handling and late charges	136,218	13,633	–	149,851
Segment revenue	1,453,688	337,625	34,044	1,825,357

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

Notes to the Consolidated Financial Statements

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 service and the award credits on a relative stand-alone selling price basis. The stand-alone selling price per award credit is estimated based on the discount to be given when the award credits 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 award credits at the time of the initial sales transaction. Revenue from the loyalty award credits is recognised when the award credits are redeemed by the customer. Revenue for award credits 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 2026 and 28th February 2025 and the expected timing of recognising revenue are as follows:

Customer loyalty programmes	2026 HK\$'000	2025 HK\$'000
Within one year	40,787	25,827
More than one year but not more than two years	18,589	16,197
	59,376	42,024

The customer loyalty programmes have expiration of 2 years (2025: 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.

Notes to the Consolidated Financial Statements

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 and deferred tax liabilities.

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

Notes to the Consolidated Financial Statements

6. SEGMENT INFORMATION (Cont'd)

Services from which operating and reportable segments derive their revenues (Cont'd)

For the year ended 28th February 2026

	Credit cards <i>HK\$'000</i>	Personal loans <i>HK\$'000</i>	Insurance <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE	1,453,688	337,625	34,044	1,825,357
RESULT				
Segment results	525,624	22,735	15,904	564,263
Unallocated operating income				3,127
Unallocated expenses				(5,546)
Profit before tax				561,844

For the year ended 28th February 2025

	Credit cards <i>HK\$'000</i>	Personal loans <i>HK\$'000</i>	Insurance <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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

Notes to the Consolidated Financial Statements

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 2026

	Credit cards HK\$'000	Personal loans HK\$'000	Insurance HK\$'000	Consolidated HK\$'000
ASSETS				
Segment assets	6,466,609	1,796,762	10,322	8,273,693
Unallocated assets				108,469
Consolidated total assets				8,382,162
LIABILITIES				
Segment liabilities	3,034,815	820,984	348	3,856,147
Unallocated liabilities				42,354
Consolidated total liabilities				3,898,501

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

Notes to the Consolidated Financial Statements

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 2026

	Credit cards HK\$'000	Personal loans HK\$'000	Insurance HK\$'000	Consolidated HK\$'000
Additions to non-current assets (<i>Note</i>)	43,872	13,482	74	57,428
Depreciation and amortisation	83,374	22,288	142	105,804
Impairment losses and impairment allowances	249,384	172,256	–	421,640
Recoveries of advances and receivables written-off	(13,112)	(8,592)	–	(21,704)
Gain on disposal of distressed assets	(2,525)	(1,566)	–	(4,091)

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 (<i>Note</i>)	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)

Note: Non-current assets exclude goodwill, financial assets and deferred tax assets.

Notes to the Consolidated Financial Statements

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 2026

	Hong Kong HK\$'000	Chinese Mainland HK\$'000	Consolidated HK\$'000
REVENUE	1,764,708	60,649	1,825,357
RESULT			
Segment results	586,227	(21,964)	564,263
Unallocated operating income			3,127
Unallocated expenses			(5,546)
Profit before tax			561,844

For the year ended 28th February 2025

	Hong Kong HK\$'000	Chinese Mainland 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

Notes to the Consolidated Financial Statements

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 2026

	Hong Kong HK\$'000	Chinese Mainland HK\$'000	Consolidated HK\$'000
ASSETS			
Segment assets	7,821,625	452,068	8,273,693
Unallocated assets			108,469
Consolidated total assets			8,382,162
LIABILITIES			
Segment liabilities	3,674,668	181,479	3,856,147
Unallocated liabilities			42,354
Consolidated total liabilities			3,898,501

At 28th February 2025

	Hong Kong HK\$'000	Chinese Mainland 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

Notes to the Consolidated Financial Statements

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 2026

	Hong Kong HK\$'000	Chinese Mainland HK\$'000	Consolidated HK\$'000
Additions to non-current assets (<i>Note</i>)	52,809	4,619	57,428
Depreciation and amortisation	100,341	5,463	105,804
Impairment losses and impairment allowances	377,942	43,698	421,640
Recoveries of advances and receivables written-off	(18,657)	(3,047)	(21,704)
Gain on disposal of distressed assets	(4,091)	–	(4,091)

For the year ended 28th February 2025

	Hong Kong HK\$'000	Chinese Mainland HK\$'000	Consolidated HK\$'000
Additions to non-current assets (<i>Note</i>)	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)

Note: Non-current assets exclude goodwill, financial assets and deferred tax assets.

Information about major customers

During the years ended 28th February 2026 and 28th February 2025, none of the Group's single customer attributed to more than 10% of the Group's total external revenue.

Notes to the Consolidated Financial Statements

7. INTEREST INCOME

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Non credit-impaired advances	1,507,130	1,454,230
Credit-impaired advances	23,697	22,426
Time deposits and bank balances	1,236	711
	1,532,063	1,477,367

8. INTEREST EXPENSE

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Interest on borrowings from immediate holding company	21,668	33,883
Interest on bank borrowings	83,610	98,932
Interest on lease liabilities	4,592	5,486
Net interest expense (income) on interest rate swap contracts — released from hedging reserve	4,891	(8,516)
	114,761	129,785

Amortisation of upfront cost of HK\$432,000 (2025: HK\$339,000) is included in the interest expense on bank borrowings.

9. OTHER INCOME

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Dividends received from financial instruments — Unlisted equity securities	644	552
Marketing support fund	12,788	16,487
Others	3,712	2,753
	17,144	19,792

Notes to the Consolidated Financial Statements

10. OTHER GAINS AND LOSSES

	2026 HK\$'000	2025 HK\$'000
Exchange (loss) gain		
— Exchange loss on hedging instrument released from hedging reserve	(2,185)	(300)
— Exchange gain on bank borrowings	2,185	300
— Other exchange losses, net	(501)	(118)
Hedge ineffectiveness on cash flow hedges, net	(18)	249
Losses on disposal of property, plant and equipment	(687)	(173)
Gain on termination of lease contracts	–	36
	(1,206)	(6)

11. OPERATING EXPENSES

	2026 HK\$'000	2025 HK\$'000
Auditor's remuneration		
— audit fee	3,732	3,554
— non-audit fee	1,015	987
Depreciation on property, plant and equipment	44,328	41,548
Amortisation on intangible assets	8,449	6,793
Depreciation on right-of-use assets	53,027	57,472
Expense relating to short-term leases	2,293	2,730
	55,320	60,202
General administrative expenses	231,674	229,053
Marketing and promotion expenses	97,694	106,156
Other operating expenses	75,974	78,901
Staff costs including directors' emoluments	250,659	240,922
	768,845	768,116

Non-monetary benefits in respect of directors' and staff accommodation of HK\$1,553,000 (2025: HK\$2,466,000) are included under operating expenses.

Notes to the Consolidated Financial Statements

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the ten (2025: eleven) Directors are as follows:

For the year ended 28th February 2026

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	–	1,741	600	18	2,359
Lai Yuk Kwong	–	1,730	340	18	2,088
Wan Yuk Fong	–	1,465	400	18	1,883
Sub-total	–	4,936	1,340	54	6,330

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					
Shigeki Mishima (26.6.2025–28.2.2026)	–	–	–	–	–
Jin Huashu (Note b) (1.3.2025–1.12.2025)	–	663	361	94	1,118
Kenji Fujita (1.3.2025–26.6.2025)	–	–	–	–	–
Sub-total	–	663	361	94	1,118

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	387	–	–	–	387
Shing Mo Han Yvonne	406	–	–	–	406
Junko Dochi	367	–	–	–	367
Choi Ping Chung	406	–	–	–	406
Sub-total	1,566	–	–	–	1,566

The independent non-executive directors' emoluments shown above were for their services as directors of the Company and of the Group.

Total **9,014**

Notes to the Consolidated Financial Statements

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Cont'd)

(a) Directors' emoluments (Cont'd)

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.

Non-executive Directors

Non-executive Directors					
Kenji Fujita (26.6.2024–28.2.2025)	–	–	–	–	–
Jin Hua Shu Ellen (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.

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

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\$132,000 (2025: HK\$471,000) 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.

Notes to the Consolidated Financial Statements

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Cont'd)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2025: three) were Directors, details of their emoluments were set out as above. The emoluments of the remaining two (2025: two) individual are as follows:

	2026 HK\$'000	2025 HK\$'000
Salaries and other benefits	3,250	3,043
Discretionary bonus	314	308
Retirement benefits	137	139
	3,701	3,490

Their emoluments were within the following bands:

	No. of employees	
	2026	2025
HK\$1,500,001 to HK\$2,000,000	2	2

13. GAIN ON DISPOSAL OF DISTRESSED ASSETS

During the year ended 28th February 2026, impaired advances and receivables were disposed to an independent third party at a consideration of approximately HK\$4,091,000 (2025: HK\$14,605,000), resulting in a gain on disposal of HK\$4,091,000 (2025: HK\$14,605,000) recognised in profit or loss.

Notes to the Consolidated Financial Statements

14. INCOME TAX EXPENSE

	2026 HK\$'000	2025 HK\$'000
Hong Kong Profits Tax		
— Current year	102,713	81,204
— (Overprovision) underprovision in respect of prior years	(1,785)	118
	100,928	81,322
PRC Enterprise Income Tax		
— Current year	180	149
Deferred tax (<i>note 34</i>)		
— Current year	(7,463)	(5,133)
	93,645	76,338

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.

Notes to the Consolidated Financial Statements

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:

	2026 HK\$'000	2025 HK\$'000
Profit before tax	561,844	476,816
Tax at the applicable rate of 16.5% (2025: 16.5%)	92,704	78,675
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(381)	303
Tax effect of expenses not deductible for tax purpose	36	5
Tax effect of income not taxable for tax purpose	(329)	(188)
(Overprovision) underprovision in respect of prior years	(1,785)	118
Tax effect of deductible temporary difference not recognised	2,912	–
Utilisation of deductible temporary differences previously not recognised	(3)	(2,003)
Tax effect of tax losses in current year not recognised	805	773
Others	(314)	(1,345)
Income tax expense for the year	93,645	76,338

15. DIVIDENDS

	2026 HK\$'000	2025 HK\$'000
Dividends recognised as distribution during the year:		
Final dividend paid of 25.0 HK cents in respect of 2024/25 (2025: 24.0 HK cents in respect of 2023/24) per share	104,691	100,504
Interim dividend paid of 25.0 HK cents in respect of 2025/26 (2025: 24.0 HK cents in respect of 2024/25) per share	104,691	100,504
	209,382	201,008
Final dividend proposed of 33.0 HK cents in respect of 2025/26 (2025: 25.0 HK cents in respect of 2024/25) per share	138,193	104,691

The Directors have recommended a final dividend of 33.0 HK cents per share. Subject to the approval of the shareholders at the 2026 AGM, the final dividend will be paid on 31st July 2026 to shareholders whose names appear on the register of members of the Company on 10th July 2026. 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\$468,199,000 (2025: HK\$400,478,000) and on the number of shares of 418,765,600 (2025: 418,765,600) in issue during the year.

Notes to the Consolidated Financial Statements

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST					
At 1st March 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
Additions	986	1,474	13,822	–	16,282
Adjustment	–	–	(409)	–	(409)
Disposals	(446)	(67)	(43,871)	–	(44,384)
Exchange realignment	115	20	977	–	1,112
At 28th February 2026	28,405	9,068	469,811	966	508,250
DEPRECIATION					
At 1st March 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
Provided for the year	5,550	1,737	36,848	193	44,328
Eliminated on disposals	(446)	(18)	(43,219)	–	(43,683)
Exchange realignment	48	7	576	–	631
At 28th February 2026	16,500	3,422	335,719	676	356,317
CARRYING VALUES					
At 28th February 2026	11,905	5,646	134,092	290	151,933
At 28th February 2025	16,402	5,945	157,778	483	180,608

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	33 $\frac{1}{3}$ % or over the lease term, if shorter
Furniture and fixtures	20%
Computer equipment	6 $\frac{2}{3}$ %–33 $\frac{1}{3}$ %
Motor vehicles	20%–33 $\frac{1}{3}$ %

Notes to the Consolidated Financial Statements

18. INTANGIBLE ASSETS

	Software HK\$'000
COST	
At 1st March 2024	36,670
Additions	3,619
At 28th February 2025	40,289
Additions	2,174
At 28th February 2026	42,463
AMORTISATION	
At 1st March 2024	5,537
Provided for the year	6,793
At 28th February 2025	12,330
Provided for the year	8,449
At 28th February 2026	20,779
CARRYING VALUES	
At 28th February 2026	21,684
At 28th February 2025	27,959

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 $6\frac{2}{3}\%$ – $33\frac{1}{3}\%$

Notes to the Consolidated Financial Statements

19. RIGHT-OF-USE ASSETS

	Leased properties HK\$'000
COST	
At 1st March 2024	331,455
Addition	49,794
Expiry of lease contracts	(67,739)
Exchange difference	(148)
At 28th February 2025	313,362
Addition	34,901
Expiry of lease contracts	(5,362)
Exchange difference	526
At 28th February 2026	343,427
DEPRECIATION	
At 1st March 2024	212,824
Provided for the year	57,472
Eliminated on expiry of lease contracts	(66,936)
Exchange difference	(47)
At 28th February 2025	203,313
Provided for the year	53,027
Eliminated on expiry of lease contracts	(5,106)
Exchange difference	229
At 28th February 2026	251,463
CARRYING VALUES	
At 28th February 2026	91,964
At 28th February 2025	110,049

	2026 HK\$'000	2025 HK\$'000
Expense relating to short-term leases	2,293	2,730
Total cash outflow for leases	59,436	62,134

For the year ended 28th February 2026, the Group leases various offices, office equipment, branches, director and staff quarters and signage (2025: offices, office equipment, branches, director and staff quarters and signage) for its operations. Lease contracts are entered into for fixed term of one to three years (28th February 2025: 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.

Leases committed

As at 28th February 2026, the Group entered into new leases for a branch and staff quarter that have not yet commenced, with non-cancellable period of around 3 years and 1 year (2025: Nil) respectively, excluding period under extension options, the total undiscounted cash flows over non-cancellable period amounted to HK\$1,857,000 (2025: HK\$Nil).

Notes to the Consolidated Financial Statements

20. GOODWILL

	<i>HK\$'000</i>
As at 28th February 2025 and 28th February 2026	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 2026 and 28th February 2025, 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 15% (2025: 11%). The cash flows beyond the 5 years period are extrapolated using 2% growth rate (2025: 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

	28.2.2026 <i>HK\$'000</i>	28.2.2025 <i>HK\$'000</i>
Equity instruments at FVTOCI		
— Listed investment in Hong Kong	675	684
— Unlisted investments	77,135	105,497
	77,810	106,181

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 (28th February 2025: 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.

Notes to the Consolidated Financial Statements

22. ADVANCES AND RECEIVABLES

	28.2.2026 HK\$'000	28.2.2025 HK\$'000
Credit card receivables	5,940,515	5,481,474
Personal loan receivables	1,746,364	1,631,788
	7,686,879	7,113,262
Accrued interest and other receivables	225,830	216,116
Gross advances and receivables	7,912,709	7,329,378
Impairment allowances (note 23)	(276,898)	(264,939)
	7,635,811	7,064,439
Current portion included under current assets	(6,087,111)	(5,605,137)
Amount due after one year	1,548,700	1,459,302

At 28th February 2026, the personal loan receivables include rescheduled loan receivables of HK\$176,872,000 (28th February 2025: HK\$176,815,000).

At the end of the reporting periods, all advances and receivables are unsecured and the credit risk exposures are disclosed in note 38(b).

An analysis of movements in the gross amount of advances and receivables during each of the two periods ended 28th February 2026 and 28th February 2025 are set out as below:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 1st March 2025	7,018,669	65,548	245,161	7,329,378
Net advance (repayment) in advances and receivables	1,027,054	(5,181)	(50,527)	971,346
Transfer to 12m ECL (Stage 1)	124,601	(50,198)	(74,403)	–
Transfer to lifetime ECL not credit impaired (Stage 2)	(342,028)	345,623	(3,595)	–
Transfer to lifetime ECL credit impaired (Stage 3)	(242,927)	(293,586)	536,513	–
Total transfer between stages	(460,354)	1,839	458,515	–
Amounts written-off as uncollectable	–	–	(410,822)	(410,822)
Exchange realignment	21,555	498	754	22,807
At 28th February 2026	7,606,924	62,704	243,081	7,912,709

Notes to the Consolidated Financial Statements

22. ADVANCES AND RECEIVABLES (Cont'd)

	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

(a) Credit card receivables

The term of credit card instalment plans entered with customers ranges from 3 months to 5 years (28th February 2025: 6 months to 5 years).

All credit card receivables are denominated in HKD. The credit card receivables mainly carry effective interest ranging from 3.5% to 35.9% (28th February 2025: 3.5% to 35.9%) per annum.

(b) Personal loan receivables

Most of the personal loan receivables entered with customers ranges from 1 month to 12 years (28th February 2025: 1 month to 10 years) and are denominated in HKD or RMB. The personal loan receivables carry effective interest mostly ranging from 2.3% to 45.0% (28th February 2025: 2.3% to 47.8%) per annum.

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

	28.2.2026		28.2.2025	
	HK\$'000	%*	HK\$'000	%*
Stage 1	7,606,924	96.1	7,018,669	95.8
Stage 2	62,704	0.8	65,548	0.9
Stage 3	243,081	3.1	245,161	3.3
	7,912,709	100.0	7,329,378	100.0

* Percentage of gross advances and receivables

Notes to the Consolidated Financial Statements

23. IMPAIRMENT ALLOWANCES

	28.2.2026 HK\$'000	28.2.2025 HK\$'000
Analysis by products as:		
Credit card receivables	151,237	140,479
Unused credit card limit	2,860	2,668
Personal loan receivables	116,795	116,177
Accrued interest and other receivables	6,006	5,615
	276,898	264,939

At 28th February 2026, the impairment allowance of personal loan receivables includes impairment allowance on rescheduled loan receivables of HK\$39,551,000 (28th February 2025: HK\$41,679,000).

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 2025	149,623	24,721	90,595	264,939
Net effect of advance (repayment) in advances and receivables	21,671	(2,115)	(18,355)	1,201
Transfer to 12m ECL (Stage 1)	48,087	(20,490)	(27,597)	–
Transfer to lifetime ECL not credit impaired (Stage 2)	(7,216)	8,550	(1,334)	–
Transfer to lifetime ECL credit impaired (Stage 3)	(5,126)	(119,836)	124,962	–
Total transfer between stages	35,745	(131,776)	96,031	–
Remeasurement of ECL during the year	(48,553)	136,544	332,448	420,439
Amounts written-off as uncollectable	–	–	(410,822)	(410,822)
Exchange realignment	369	168	604	1,141
At 28th February 2026	158,855	27,542	90,501	276,898

Notes to the Consolidated Financial Statements

23. IMPAIRMENT ALLOWANCES (Cont'd)

ECL model under HKFRS 9	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
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

24. PREPAYMENTS, DEPOSITS AND OTHER DEBTORS

	28.2.2026 <i>HK\$'000</i>	28.2.2025 <i>HK\$'000</i>
Deposits for property, plant and equipment	1,616	2,137
Deposits for intangible assets	33	23
Rental and other deposits	16,612	15,071
Prepaid operating expenses	49,702	53,696
Other debtors	41,384	30,072
	109,347	100,999
Current portion included under current assets	(87,423)	(79,388)
Amount due after one year	21,924	21,611

Notes to the Consolidated Financial Statements

25. TIME DEPOSITS

Time deposits are denominated in HKD and RMB (28th February 2025: HKD and RMB) and carry fixed-rates ranging from 0.02% to 3.39% (2025: 0.45% to 4.41%) per annum during the year.

	28.2.2026 <i>HK\$'000</i>	28.2.2025 <i>HK\$'000</i>
Time deposits with maturity of three months or less	22,240	17,870
Time deposits with maturity of more than three months	1,566	3,612
	23,806	21,482

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 <i>HK\$'000</i>	JPY <i>HK\$'000</i>	RMB <i>HK\$'000</i>	USD <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 28th February 2026					
Bank balances and cash	207,298	7,696	20,897	720	236,611
At 28th February 2025					
Bank balances and cash	211,634	–	12,366	2,220	226,220

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:

	28.2.2026 <i>HK\$'000</i>	28.2.2025 <i>HK\$'000</i>
Less than 1 month	115,599	77,449
Over 1 month but less than 3 months	2,686	1,044
Over 3 months	245	429
	118,530	78,922

Notes to the Consolidated Financial Statements

28. CONTRACT LIABILITIES

	28.2.2026 <i>HK\$'000</i>	28.2.2025 <i>HK\$'000</i>
Contract liabilities		
— Deferred revenue in relation to customer loyalty programmes	59,376	42,024

As at 1st March 2024, contract liabilities from deferred revenue in relation to customer loyalty programmes amounted to HK\$21,554,000.

Revenue recognised during the year ended 28th February 2026 amounted to HK\$25,527,000 (2025: HK\$19,051,000) 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 FROM/TO FELLOW SUBSIDIARIES

The amounts are unsecured, non-interest bearing and repayable on demand, except for HK\$16,816,000 (28th February 2025: HK\$7,350,000) which is trade-related payable.

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:

	28.2.2026 <i>HK\$'000</i>	28.2.2025 <i>HK\$'000</i>
Less than 1 month	16,816	7,350

Notes to the Consolidated Financial Statements

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

	28.2.2026		28.2.2025	
	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 (<i>Note</i>)				
Within one year	1,422,632	1,000,000	1,015,149	900,000
Within a period of more than one year but not more than two years	650,000	–	489,685	–
Within a period of more than two years but not more than five years	300,000	–	750,000	–
	2,372,632	1,000,000	2,254,834	900,000
Amount repayable within one year included under current liabilities	(1,422,632)	(1,000,000)	(1,015,149)	(900,000)
Amount repayable after one year	950,000	–	1,239,685	–

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

Notes to the Consolidated Financial Statements

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 <i>HK\$'000</i>	RMB <i>HK\$'000</i>	JPY <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 28th February 2026				
Bank borrowings	2,169,033	145,984	57,615	2,372,632
Borrowings from immediate holding company	1,000,000	–	–	1,000,000
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

HKD bank loans of HK\$1,269,033,000 (28th February 2025: HK\$1,075,000,000) are arranged at fixed interest rates ranging from 2.50% to 5.35% (28th February 2025: 2.47% to 5.75%) per annum of which the interest rate of sustainability linked loans of HK\$300,000,000 (28th February 2025: 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 0.60% to 0.75% plus HIBOR (28th February 2025: 0.56% to 0.75% plus HIBOR) per annum of which the interest margin of sustainability linked loans of HK\$Nil (28th February 2025: 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 2.75% (28th February 2025: 2.85% to 3.00%). JPY bank loan is arranged at floating interest rate at 0.40% plus TONA (28th February 2025: 0.40% plus TONA) per annum. Thus, the Group should be exposed to cash flow interest rate risk.

All borrowings from immediate holding company are denominated in HKD, which are arranged at fixed interest rate of 2.40% per annum (28th February 2025: 3.86% to 4.00% per annum).

At 28th February 2026, the Group has available unutilised overdrafts, committed unutilised bank loan facilities and non-committed unutilised bank loan facilities of HK\$170,000,000 (28th February 2025: HK\$359,900,000), HK\$50,000,000 (28th February 2025: HK\$300,000,000) and HK\$539,736,000 (28th February 2025: HK\$701,251,000) respectively.

Notes to the Consolidated Financial Statements

32. LEASE LIABILITIES

	28.2.2026 HK\$'000	28.2.2025 HK\$'000
Lease liabilities payable:		
Within one year	41,868	39,586
Within a period of more than one year but not more than two years	28,378	26,320
Within a period of more than two years but not more than five years	28,505	50,462
	98,751	116,368
Amount due for settlement within one year included under current liabilities	(41,868)	(39,586)
Amount due for settlement after one year	56,883	76,782

The weighted average incremental borrowing rates applied to lease liabilities range from 2.9% to 4.4% (2025: from 3.1% to 4.4%).

33. DERIVATIVE FINANCIAL INSTRUMENTS

	28.2.2026		28.2.2025	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Interest rate swaps	1,687	13,998	10,718	5,864
Cross-currency interest rate swaps	–	25,630	–	21,774
	1,687	39,628	10,718	27,638
Current portion	(1,687)	(25,630)	(288)	(1,319)
Non-current portion	–	13,998	10,430	26,319

All derivative financial instruments entered into by the Group that remain outstanding at 28th February 2026 and 28th February 2025 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.

Notes to the Consolidated Financial Statements

33. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

Details of major derivative financial instruments for hedging purposes are as follows:

Cash flow hedges:

Interest rate swaps

The Group uses interest rate swaps (designated as the hedging instrument in a cash flow hedge) 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\$900,000,000 (28th February 2025: HK\$1,070,000,000) from floating-rates to fixed-rates. The interest rate swaps with aggregate notional amount of HK\$900,000,000 (28th February 2025: HK\$1,070,000,000) have fixed interest payments quarterly at fixed interest rates ranging from 1.95% to 5.11% (28th February 2025: 1.95% to 5.42%) per annum and floating interest receipts monthly/quarterly ranging from 0.60% to 0.75% plus HIBOR (28th February 2025: 0.56% to 0.75% plus HIBOR) per annum for periods up until December 2028 (28th February 2025: until December 2028).

The Group designates an interest rate swap as cash flow hedges to minimise its exposure to cash flow changes of committed floating-rate bank borrowing. The interest rate swap with aggregate notional amount of HK\$50,000,000 (28th February 2025: HK\$Nil) has fixed interest payments quarterly at rate of 3.67% (28th February 2025: Nil) per annum and floating interest receipts monthly at 0.65% plus HIBOR (28th February 2025: Nil) for periods up until March 2028 (28th February 2025: Nil).

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\$13,068,000 (2025: HK\$13,102,000), 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.

33. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

Cash flow hedges: (Cont'd)

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 (2025: JPY bank borrowings) by swapping the floating-rate JPY bank borrowings (2025: JPY bank borrowings) to fixed-rate HKD bank borrowings.

The JPY cross-currency interest rate swaps with notional amount of JPY1,150,000,000 (28th February 2025: JPY1,150,000,000) (equivalent to HK\$83,038,000 at the date of inception of the bank borrowings (28th February 2025: HK\$83,038,000)) have fixed currency payments in HKD at exchange rates of JPY to HKD at 0.07 (28th February 2025: 0.07), fixed interest payments quarterly in HKD at 2.17% (28th February 2025: 2.17%) per annum and floating interest receipts quarterly in JPY at 0.40% plus TONA (28th February 2025: 0.40% plus TONA) per annum for periods up until March 2026 (28th February 2025: 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\$1,035,000 (2025: HK\$13,928,000), 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 (28th February 2025: TONA) yield curves and the forward exchange rates between JPY and HKD (28th February 2025: JPY and HKD) estimated at the end of the reporting period.

Notes to the Consolidated Financial Statements

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:

	28.2.2026 <i>HK\$'000</i>	28.2.2025 <i>HK\$'000</i>
Deferred tax assets	14,839	3,853
Deferred tax liabilities	(4)	(39)
	14,835	3,814

The followings are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the years ended 28th February 2026 and 28th February 2025:

	Accelerated tax depreciation <i>HK\$'000</i>	Impairment allowances <i>HK\$'000</i>	Derivative financial instruments <i>HK\$'000</i>	Right-of-use assets <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st March 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 to other comprehensive income or expense for the year	–	–	6,682	–	–	–	6,682
Exchange realignment	–	–	–	(25)	28	–	3
At 28th February 2025	28,267	(27,937)	(2,792)	1,281	(1,241)	(1,392)	(3,814)
(Credit) charge to profit or loss for the year	(5,425)	(1,354)	–	(214)	136	(606)	(7,463)
Credit to other comprehensive income or expense for the year	–	–	(3,468)	–	–	(85)	(3,553)
Exchange realignment	–	–	–	74	(79)	–	(5)
At 28th February 2026	22,842	(29,291)	(6,260)	1,141	(1,184)	(2,083)	(14,835)

At the end of the reporting period, the Group had unused tax losses of HK\$12,547,000 (28th February 2025: HK\$17,775,000) available for offset against future profits. 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\$12,547,000 (28th February 2025: HK\$7,653,000) will expire in 2026 to 2030 (28th February 2025: 2025 to 2029). At the end of the reporting period, the Group has deductible temporary differences of HK\$53,846,000 (28th February 2025: HK\$36,201,000). 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\$16,837,000 (28th February 2025: HK\$12,438,000) 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.

Notes to the Consolidated Financial Statements

35. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Issued and fully paid		
At 1st March 2024, 28th February 2025 and 28th February 2026		
— Ordinary shares with no par value	418,765,600	269,477

36. RESERVES

The Company's reserves available for distribution to shareholders at 28th February 2026 amounted to HK\$4,171,766,000 (28th February 2025: HK\$3,891,923,000), 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).

Notes to the Consolidated Financial Statements

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:

	28.2.2026 HK\$'000	28.2.2025 HK\$'000
Debt (Note a)	3,471,383	3,271,202
Cash and cash equivalents	(258,851)	(244,090)
Net debt	3,212,532	3,027,112
Equity (Note b)	4,483,661	4,251,161
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

	28.2.2026 HK\$'000	28.2.2025 HK\$'000
Financial assets		
Equity instruments at FVTOCI	77,810	106,181
Financial assets at amortised cost	7,952,033	7,354,795
Derivative financial instruments in designated hedge accounting relationships	1,687	10,718
Financial liabilities		
Financial liabilities at amortised cost	3,531,820	3,261,364
Derivative financial instruments in designated hedge accounting relationships	39,628	27,638

(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 a fellow subsidiary, 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, immediate holding company 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 and liquidity risk.

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.

Notes to the Consolidated Financial Statements

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 (2025: 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 cross-currency interest rate swap) 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 (2025: 100 basis points) higher/lower and all other variables were held constant:

- other comprehensive income would increase/decrease by HK\$13,629,000 (2025: HK\$19,566,000) 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 a fellow subsidiary, 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 2026, unused credit card limit of HK\$41,902,721,000 (28th February 2025: HK\$41,269,065,000) was unrecorded in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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 2026 and 28th February 2025 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.

Notes to the Consolidated Financial Statements

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.

	28.2.2026					
	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	1,000,921	–	–	–	–	1,000,921
Bank borrowings						
— fixed-rate	1,643,977	104,722	245,278	308,271	–	2,302,248
— variable rate	211,695	3,668	118,157	667,134	–	1,000,654
Lease liabilities	4,610	8,785	31,737	59,561	–	104,693
Other financial liabilities	148,167	2,687	245	–	–	151,099
Total undiscounted financial liabilities	3,009,370	119,862	395,417	1,034,966	–	4,559,615

	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

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.

Notes to the Consolidated Financial Statements

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.

	28.2.2026				
	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	(281)	(4,865)	(7,506)	—	(12,652)
Derivative financial instruments — gross settlement					
Cross currency swaps					
— inflow	57,931	—	—	—	57,931
— outflow	(83,378)	—	—	—	(83,378)
	(25,447)	—	—	—	(25,447)

	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)

Notes to the Consolidated Financial Statements

38. FINANCIAL INSTRUMENTS (Cont'd)

(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.

	28.2.2026			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Derivative financial assets	–	1,687	–	1,687
Equity instruments at FVTOCI				
Listed equity investment	675	–	–	675
Unlisted equity investments	–	–	77,135	77,135
Total	675	1,687	77,135	79,497
Derivative financial liabilities	–	39,628	–	39,628

	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

There were no transfers between Level 1, 2 and 3 in the current year.

Notes to the Consolidated Financial Statements

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% (28th February 2025: 20%) 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

	<i>HK\$'000</i>
At 1st March 2024	91,525
Fair value gain recognised in other comprehensive income	13,972
At 28th February 2025	105,497
Fair value loss recognised in other comprehensive income	(28,362)
At 28th February 2026	77,135

At 28th February 2026, a small percentage, 0.92% (28th February 2025: 1.34%), 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 material impact on the Group's financial positions.

Included in other comprehensive income is a loss of HK\$28,362,000 (2025: gain of HK\$13,972,000) 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".

Notes to the Consolidated Financial Statements

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:

	28.2.2026		28.2.2025	
	Carrying amount HK\$'000	Fair value HK\$'000	Carrying amount HK\$'000	Fair value HK\$'000
Bank borrowings	2,372,632	2,405,324	2,254,834	2,311,319
Borrowings from immediate holding company	1,000,000	1,000,076	900,000	900,058

(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 HK\$'000	Gross amounts of recognised financial liabilities set off in the statements of financial position HK\$'000	Net amounts of financial assets presented in the statements of financial position HK\$'000
At 28th February 2026			
Derivative financial instruments	1,687	–	1,687
At 28th February 2025			
Derivative financial instruments	10,718	–	10,718

Notes to the Consolidated Financial Statements

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 <i>HK\$'000</i>	Financial liabilities not set off in the statements of financial position <i>HK\$'000</i>	Net amount <i>HK\$'000</i>
At 28th February 2026			
Counterparty A	1,687	(1,687)	–
At 28th February 2025			
Counterparty A	10,718	(5,864)	4,854

(c) Financial liabilities subject to enforceable master netting arrangements or similar agreements

	Gross amounts of recognised financial liabilities <i>HK\$'000</i>	Gross amounts of recognised financial assets set off in the statements of financial position <i>HK\$'000</i>	Net amounts of financial liabilities presented in the statements of financial position <i>HK\$'000</i>
At 28th February 2026			
Derivative financial instruments	(39,628)	–	(39,628)
At 28th February 2025			
Derivative financial instruments	(27,638)	–	(27,638)

Notes to the Consolidated Financial Statements

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 <i>HK\$'000</i>	Financial assets not set off in the statements of financial position <i>HK\$'000</i>	Net amount <i>HK\$'000</i>
At 28th February 2026			
Counterparty A	(13,998)	1,687	(12,311)
Counterparty B	(25,630)	–	(25,630)
Total	(39,628)	1,687	(37,941)
At 28th February 2025			
Counterparty A	(5,864)	5,864	–
Counterparty B	(21,774)	–	(21,774)
Total	(27,638)	5,864	(21,774)

Notes to the Consolidated Financial Statements

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 <i>HK\$'000</i>	Borrowings from immediate holding company <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>	Dividend payable <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st March 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
Financing cash flows	111,953	100,000	(57,143)	(209,382)	(54,572)
Interest expense	–	–	4,592	–	4,592
Amortisation of upfront cost	432	–	–	–	432
New leases entered	–	–	34,876	–	34,876
Early termination of lease	–	–	(256)	–	(256)
Dividends recognised as distribution	–	–	–	209,382	209,382
Exchange realignment	5,413	–	314	–	5,727
At 28th February 2026	2,372,632	1,000,000	98,751	–	3,471,383

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 three years (2025: 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\$34,901,000 and HK\$34,876,000 (2025: HK\$49,794,000 and HK\$48,883,000) respectively.

41. CAPITAL COMMITMENTS

	28.2.2026 <i>HK\$'000</i>	28.2.2025 <i>HK\$'000</i>
Contracted for but not provided in the consolidated financial statements:		
Purchase of property, plant and equipment and intangible assets	7,136	2,942

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 (2025: 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\$6,198,000 (2025: HK\$6,380,000) represents contribution payable to MPF Scheme by the Group in respect of the current accounting year. At 28th February 2026, contributions of the Group amounting to HK\$2,065,000 (28th February 2025: HK\$1,014,000) 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 2026 and 28th February 2025, 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) \times 2/3 \times 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 officially took effect on the Transition Date (i.e. 1 May 2025). Separately, the Government of the HKSAR has introduced 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.

Notes to the Consolidated Financial Statements

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	
	2026 HK\$'000	2025 HK\$'000	2026 HK\$'000	2025 HK\$'000	2026 HK\$'000	2025 HK\$'000
Interest income received and receivable	3,819	2,856	–	–	–	–
Commission received and receivable	18,612	19,715	–	–	–	–
Service fees received	–	–	1,790	1,501	1	–
Licence fees paid and payable	22,618	22,209	–	–	–	–
Service fees paid and payable	255	2,297	–	–	11,622	15,887
Royalty paid and payable	–	–	–	–	7,140	3,517
Gift certificate purchased	25,384	15,146	–	–	–	–
Interest on lease liabilities	418	496	–	–	–	–
Interest expense paid and payable	–	–	21,668	33,883	–	–

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, lease liabilities and prepayments, deposits and other debtors respectively:

	28.2.2026 HK\$'000	28.2.2025 HK\$'000
Amount due to immediate holding company (included in creditors and accruals)	197	390
Amounts due to fellow subsidiaries (included in lease liabilities)	8,891	9,341
Amount due from a fellow subsidiary (included in prepayments, deposits and other debtors)	4,374	3,348

During the year ended 28th February 2026, the Company entered into a loan facility agreement with AFS (HK), that AFS(HK) would provide a HK\$1,000,000,000 (2025: HK\$900,000,000) facility to the Company. As at 28th February 2026 and 28th February 2025, 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:

	2026 HK\$'000	2025 HK\$'000
Short-term benefits	8,866	8,888
Retirement benefits	148	179
	9,014	9,067

The remuneration of Directors and key executives is determined by having regard to the Group's operating results, performance of individuals and market trends.

Notes to the Consolidated Financial Statements

44. FINANCIAL POSITION OF THE COMPANY

Below is the financial position of the Company at the end of the reporting period:

	28.2.2026 HK\$'000	28.2.2025 HK\$'000
Non-current assets		
Property, plant and equipment	144,915	173,240
Intangible assets	21,684	27,959
Right-of-use assets	87,398	104,927
Investments in subsidiaries	295,630	240,665
Equity instruments at fair value through other comprehensive income	77,810	106,181
Advances and receivables	1,241,939	1,308,521
Prepayments, deposits and other debtors	21,131	21,610
Derivative financial instruments	–	10,430
Deferred tax assets	14,791	3,853
	1,905,298	1,997,386
Current assets		
Advances and receivables	6,004,813	5,509,881
Prepayments, deposits and other debtors	81,407	73,570
Amount due from a subsidiary	328	599
Amount due from an immediate holding company	446	1
Amount due from a fellow subsidiary	64	–
Derivative financial instruments	1,687	288
Time deposits	426	411
Bank balances and cash	215,714	212,917
	6,304,885	5,797,667
Current liabilities		
Creditors and accruals	222,690	205,190
Contract liabilities	59,376	42,024
Amounts due to fellow subsidiaries	23,202	9,174
Amount due to an intermediate holding company	9,047	9,397
Amounts due to subsidiaries	3,997	2,130
Amount due to immediate holding company	35	–
Borrowings from immediate holding company	1,000,000	900,000
Bank borrowings	1,276,648	965,000
Lease liabilities	40,210	38,311
Derivative financial instruments	25,630	1,319
Tax liabilities	42,297	31,104
	2,703,132	2,203,649
Net current assets	3,601,753	3,594,018
Total assets less current liabilities	5,507,051	5,591,404

Notes to the Consolidated Financial Statements

44. FINANCIAL POSITION OF THE COMPANY (Cont'd)

	28.2.2026 <i>HK\$'000</i>	28.2.2025 <i>HK\$'000</i>
Capital and reserves		
Share capital	269,477	269,477
Reserves	4,219,773	3,982,833
Total equity	4,489,250	4,252,310
Non-current liabilities		
Bank borrowings	950,000	1,239,685
Lease liabilities	53,803	73,090
Derivative financial instruments	13,998	26,319
	1,017,801	1,339,094
	5,507,051	5,591,404

The financial statements of the Company were approved and authorised for issue by the Board on 31st March 2026 and are signed on its behalf by:

WEI AIGUO
MANAGING DIRECTOR

LAI YUK KWONG
DIRECTOR

Notes to the Consolidated Financial Statements

44. FINANCIAL POSITION OF THE COMPANY (Cont'd)

Movements in reserves are present below:

	Investment revaluation reserve <i>HK\$'000</i>	Employee benefit revaluation reserve <i>HK\$'000</i>	Hedging reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st March 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
Profit for the year	–	–	–	489,225	489,225
Fair value loss on equity instruments at FVTOCI	(28,371)	–	–	–	(28,371)
Remeasurement of defined benefit plans, net of tax	–	(429)	–	–	(429)
Fair value adjustment on cash flow hedges, net of tax	–	–	(21,179)	–	(21,179)
Reclassification of fair value adjustments on cash flow hedges to profit or loss	–	–	7,076	–	7,076
Total comprehensive (expense) income for the year	(28,371)	(429)	(14,103)	489,225	446,322
Final dividend paid for the 2024/25	–	–	–	(104,691)	(104,691)
Interim dividend paid for 2025/26	–	–	–	(104,691)	(104,691)
	(28,371)	(429)	(14,103)	279,843	236,940
At 28th February 2026	53,987	(429)	(5,551)	4,171,766	4,219,773

Notes to the Consolidated Financial Statements

45. PARTICULARS OF THE SUBSIDIARIES

At 28th February 2026 and 28th February 2025, 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
		28.2.2026	28.2.2025	28.2.2026	28.2.2025	
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	RMB300,000,000	RMB250,000,000	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: AEON Insurance Brokers (HK) Limited was dissolved by deregistration on 13th March 2026.

Note 2: The companies are wholly foreign owned enterprises, solely funded by Hong Kong corporate body established in the Chinese Mainland.

Glossary

12m ECL	12-month expected credit loss
2025 AGM	the annual general meeting of the Company held on 26th June 2025
2026 AGM	the annual general meeting of the Company to be held on 25th June 2026
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, Chinese Mainland 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
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