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## **AEON CREDIT SERVICE (ASIA) CO., LTD.**

AEON 信貨財務(亞洲)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 900)

### **UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31ST MAY 2025**

The board (the “Board”) of directors (the “Directors”) of AEON Credit Service (Asia) Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31st May 2025, together with comparative figures of the previous period as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the three months ended 31st May 2025*

	Notes	1.3.2025 to 31.5.2025 (Unaudited) HK\$'000	1.3.2024 to 31.5.2024 (Unaudited) HK\$'000
Revenue	2	<b>442,180</b>	426,547
Interest income		<b>373,124</b>	362,235
Interest expense		<b>(30,950)</b>	(31,605)
Net interest income		<b>342,174</b>	330,630
Fees and commissions		<b>32,135</b>	34,039
Handling and late charges		<b>36,921</b>	30,273
Other income		<b>3,599</b>	5,597
Other gains and losses	4	<b>(289)</b>	59
Operating income		<b>414,540</b>	400,598
Operating expenses	5	<b>(184,807)</b>	(189,300)
Operating profit before impairment losses and impairment allowances		<b>229,733</b>	211,298
Impairment losses and impairment allowances		<b>(104,207)</b>	(117,623)
Recoveries of advances and receivables written-off		<b>6,439</b>	5,676
Profit before tax		<b>131,965</b>	99,351
Income tax expense		<b>(22,640)</b>	(16,096)
Profit for the period		<b>109,325</b>	83,255
Profit for the period attributable to: Owners of the Company		<b>109,325</b>	83,255
Earnings per share — Basic		<b>26.11 HK cents</b>	19.88 HK cents

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the three months ended 31st May 2025*

	1.3.2025 to 31.5.2025 (Unaudited) HK\$'000	1.3.2024 to 31.5.2024 (Unaudited) HK\$'000
Profit for the period	<u>109,325</u>	<u>83,255</u>
<b>Other comprehensive (expenses) income</b>		
Item that will not be reclassified to profit or loss:		
Fair value loss on equity instruments at fair value through other comprehensive income	(2,703)	(10,489)
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of foreign operations	4,349	(1,028)
Fair value adjustment on cash flow hedges, net of tax	(9,652)	(3,689)
Reclassification of fair value adjustments on cash flow hedges to profit or loss	<u>(3,421)</u>	<u>5,822</u>
Other comprehensive expenses for the period	<u>(11,427)</u>	<u>(9,384)</u>
Total comprehensive income for the period	<u><u>97,898</u></u>	<u><u>73,871</u></u>
Total comprehensive income for the period attributable to:		
Owners of the Company	<u><u>97,898</u></u>	<u><u>73,871</u></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st May 2025

		31.5.2025 (Unaudited) HK\$'000	28.2.2025 (Audited) HK\$'000
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment	6	172,747	180,608
Intangible assets	6	26,334	27,959
Right-of-use assets	6	104,836	110,049
Goodwill		15,820	15,820
Equity instruments at fair value through other comprehensive income		103,477	106,181
Advances and receivables	7	1,356,672	1,459,302
Prepayments, deposits and other debtors		21,505	21,611
Derivative financial instruments	10	2,683	10,430
Deferred tax assets		6,204	3,853
		<u>1,810,278</u>	<u>1,935,813</u>
<b>Current assets</b>			
Advances and receivables	7	5,626,627	5,605,137
Prepayments, deposits and other debtors		97,944	79,388
Amount due from immediate holding company		–	1
Derivative financial instruments	10	2,230	288
Time deposits		14,561	21,482
Bank balances and cash		365,823	226,220
		<u>6,107,185</u>	<u>5,932,516</u>
<b>Current liabilities</b>			
Creditors and accruals		224,295	226,351
Contract liabilities		46,583	42,024
Amounts due to fellow subsidiaries		16,153	9,286
Amount due to an intermediate holding company		9,597	9,504
Borrowings from immediate holding company	9	880,000	900,000
Bank borrowings	9	1,177,528	1,015,149
Lease liabilities		40,889	39,586
Derivative financial instruments	10	22,800	1,319
Tax liabilities		37,183	31,124
		<u>2,455,028</u>	<u>2,274,343</u>
<b>Net current assets</b>		<u>3,652,157</u>	<u>3,658,173</u>
<b>Total assets less current liabilities</b>		<u><u>5,462,435</u></u>	<u><u>5,593,986</u></u>

		<b>31.5.2025</b> <b>(Unaudited)</b> <b>HK\$'000</b>	28.2.2025 (Audited) HK\$'000
	<i>Notes</i>		
<b>Capital and reserves</b>			
Share capital		<b>269,477</b>	269,477
Reserves		<b>4,079,582</b>	3,981,684
		<hr/>	<hr/>
<b>Total equity</b>		<b>4,349,059</b>	4,251,161
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Bank borrowings	9	<b>1,030,000</b>	1,239,685
Lease liabilities		<b>70,832</b>	76,782
Deferred tax liabilities		–	39
Derivative financial instruments	10	<b>12,544</b>	26,319
		<hr/>	<hr/>
		<b>1,113,376</b>	1,342,825
		<hr/>	<hr/>
		<b>5,462,435</b>	5,593,986
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# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31st May 2025

	Share capital HK\$'000	Investment revaluation reserve HK\$'000	Hedging reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1st March 2024 (Audited)	269,477	68,821	35,582	(16,468)	3,710,581	4,067,993
Profit for the period	–	–	–	–	83,255	83,255
Fair value loss on equity instruments at fair value through other comprehensive income	–	(10,489)	–	–	–	(10,489)
Exchange difference arising from translation of foreign operations	–	–	–	(1,028)	–	(1,028)
Fair value adjustment on cash flow hedges, net of tax	–	–	(3,689)	–	–	(3,689)
Reclassification of fair value adjustments on cash flow hedges to profit or loss	–	–	5,822	–	–	5,822
Total comprehensive (expense) income for the period	–	(10,489)	2,133	(1,028)	83,255	73,871
At 31st May 2024 (Unaudited)	269,477	58,332	37,715	(17,496)	3,793,836	4,141,864
At 1st March 2025 (Audited)	269,477	82,358	8,552	(19,277)	3,910,051	4,251,161
Profit for the period	–	–	–	–	109,325	109,325
Fair value loss on equity instruments at fair value through other comprehensive income	–	(2,703)	–	–	–	(2,703)
Exchange difference arising from translation of foreign operations	–	–	–	4,349	–	4,349
Fair value adjustment on cash flow hedges, net of tax	–	–	(9,652)	–	–	(9,652)
Reclassification of fair value adjustments on cash flow hedges to profit or loss	–	–	(3,421)	–	–	(3,421)
Total comprehensive (expense) income for the period	–	(2,703)	(13,073)	4,349	109,325	97,898
At 31st May 2025 (Unaudited)	269,477	79,655	(4,521)	(14,928)	4,019,376	4,349,059

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31st May 2025

	1.3.2025 to 31.5.2025 (Unaudited) HK\$'000	1.3.2024 to 31.5.2024 (Unaudited) HK\$'000
<b>Net cash from operating activities</b>	<b>222,872</b>	<b>3,734</b>
Purchase of property, plant and equipment	(5,333)	(4,123)
Purchase of intangible assets	(245)	–
Deposits paid for acquisition of property, plant and equipment	(801)	(14,563)
Deposits paid for acquisition of intangible assets	(276)	(711)
Placement of time deposits with maturity of more than three months	(418)	(3,849)
Release of time deposits with maturity of more than three months	3,617	1,650
<b>Net cash used in investing activities</b>	<b>(3,456)</b>	<b>(21,596)</b>
Repayment of lease liabilities	(13,848)	(14,449)
Repayment of borrowings from immediate holding company	(20,000)	–
New bank loans raised	693,419	3,267,900
Repayment of bank loans	(743,632)	(3,194,016)
<b>Net cash (used in) from financing activities</b>	<b>(84,061)</b>	<b>59,435</b>
<b>Net increase in cash and cash equivalents</b>	<b>135,355</b>	<b>41,573</b>
<b>Effect of changes in exchange rate</b>	<b>521</b>	<b>(137)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>244,090</b>	<b>271,658</b>
<b>Cash and cash equivalents at end of the period</b>	<b>379,966</b>	<b>313,094</b>
Being:		
Time deposits with maturity of three months or less	14,143	10,781
Bank balances and cash	365,823	302,313
	<b>379,966</b>	<b>313,094</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 31st May 2025*

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The financial information relating to the year ended 28th February 2025 that is included in the unaudited results for the three months ended 31st May 2025 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements is as follows:

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

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

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended 31st May 2025 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 28th February 2025.

## 2. REVENUE

	<b>1.3.2025 to 31.5.2025 (Unaudited) HK\$’000</b>	<b>1.3.2024 to 31.5.2024 (Unaudited) HK\$’000</b>
Interest income	<b>373,124</b>	362,235
Fees and commissions		
— Credit cards — issuing	<b>8,863</b>	13,299
— Credit cards — acquiring	<b>14,284</b>	13,046
— Insurance	<b>8,988</b>	7,694
Handling and late charges	<b>36,921</b>	30,273
	<b>442,180</b>	426,547

### 3. 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

#### Segment revenue and results

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

##### 1.3.2025 to 31.5.2025 (Unaudited)

	Credit cards <i>HK\$'000</i>	Personal loans <i>HK\$'000</i>	Insurance <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>	<b>349,692</b>	<b>83,483</b>	<b>9,005</b>	<b>442,180</b>
<b>RESULT</b>				
Segment results	<b>127,406</b>	<b>1,812</b>	<b>4,110</b>	<b>133,328</b>
Unallocated operating income				<b>556</b>
Unallocated expenses				<b>(1,919)</b>
Profit before tax				<b>131,965</b>

##### 1.3.2024 to 31.5.2024 (Unaudited)

	Credit cards <i>HK\$'000</i>	Personal loans <i>HK\$'000</i>	Insurance <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>	<b>332,731</b>	<b>86,122</b>	<b>7,694</b>	<b>426,547</b>
<b>RESULT</b>				
Segment results	<b>98,503</b>	<b>(2,159)</b>	<b>3,135</b>	<b>99,479</b>
Unallocated operating income				<b>591</b>
Unallocated expenses				<b>(719)</b>
Profit before tax				<b>99,351</b>



## Geographical information

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

### 1.3.2025 to 31.5.2025 (Unaudited)

	<b>Hong Kong</b> <i>HK\$'000</i>	<b>Mainland</b> <b>China</b> <i>HK\$'000</i>	<b>Consolidated</b> <i>HK\$'000</i>
<b>REVENUE</b>	<b>430,180</b>	<b>12,000</b>	<b>442,180</b>
<b>RESULT</b>			
Segment results	<b>139,789</b>	<b>(6,461)</b>	<b>133,328</b>
Unallocated operating income			<b>556</b>
Unallocated expenses			<b>(1,919)</b>
Profit before tax			<b>131,965</b>

### 1.3.2024 to 31.5.2024 (Unaudited)

	<b>Hong Kong</b> <i>HK\$'000</i>	<b>Mainland</b> <b>China</b> <i>HK\$'000</i>	<b>Consolidated</b> <i>HK\$'000</i>
<b>REVENUE</b>	<b>418,296</b>	<b>8,251</b>	<b>426,547</b>
<b>RESULT</b>			
Segment results	<b>98,049</b>	<b>1,430</b>	<b>99,479</b>
Unallocated operating income			<b>591</b>
Unallocated expenses			<b>(719)</b>
Profit before tax			<b>99,351</b>

#### 4. OTHER GAINS AND LOSSES

	1.3.2025 to 31.5.2025 (Unaudited) HK\$'000	1.3.2024 to 31.5.2024 (Unaudited) HK\$'000
Exchange gain (loss)		
Exchange gain (loss) on hedging instruments released from cash flow hedge reserve	2,760	(9,130)
Exchange (loss) gain on bank borrowings	(2,760)	9,130
Other exchange losses, net	(25)	(13)
Hedge ineffectiveness on cash flow hedges, net	(4)	101
Losses on disposal of property, plant and equipment	(260)	(29)
	<u>(289)</u>	<u>59</u>

#### 5. OPERATING EXPENSES

	1.3.2025 to 31.5.2025 (Unaudited) HK\$'000	1.3.2024 to 31.5.2024 (Unaudited) HK\$'000
Depreciation on property, plant and equipment	11,835	10,329
Amortization on intangible assets	2,008	1,466
Depreciation on right-of-use assets	13,169	15,667
Expenses relating to short-term leases	470	662
	13,639	16,329
General administrative expenses	58,687	55,108
Marketing and promotion expenses	17,673	26,899
Other operating expenses	19,644	18,374
Staff costs including directors' emoluments	61,321	60,795
	<u>184,807</u>	<u>189,300</u>

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

During the period, the Group recognised addition of approximately **HK\$3,079,000** (2024: HK\$3,785,000), **HK\$383,000** (2024: HK\$ Nil), **HK\$81,000** (2024: HK\$3,691,000), **HK\$962,000** (2024: HK\$2,159,000) and **HK\$7,861,000** (2024: HK\$22,955,000) on computer equipment, intangible assets, furniture and fixtures, leasehold improvements and right-of-use assets respectively.

## 7. ADVANCES AND RECEIVABLES

	<b>31.5.2025</b> <b>(Unaudited)</b> <b>HK\$'000</b>	28.2.2025 (Audited) HK\$'000
Credit card receivables	<b>5,459,298</b>	5,481,474
Personal loan receivables	<b>1,562,922</b>	1,631,788
	<b>7,022,220</b>	7,113,262
Accrued interest and other receivables	<b>218,376</b>	216,116
Gross advances and receivables	<b>7,240,596</b>	7,329,378
Impairment allowances ( <i>note 8</i> )	<b>(257,297)</b>	(264,939)
	<b>6,983,299</b>	7,064,439
Current portion included under current assets	<b>(5,626,627)</b>	(5,605,137)
Amount due after one year	<b>1,356,672</b>	1,459,302

At 31st May 2025, the personal loan receivables include rescheduled loan receivables of HK\$188,737,000 (28th February 2025: HK\$176,815,000).

An analysis in the gross amount of advances and receivables as at 31st May 2025 and 28th February 2025 are set out as below:

	<b>31.5.2025</b>		<b>28.2.2025</b>	
	<b>(Unaudited)</b>		<b>(Audited)</b>	
	<b>HK\$'000</b>	<b>%*</b>	<b>HK\$'000</b>	<b>%*</b>
Stage 1	<b>6,930,505</b>	<b>95.7</b>	7,018,669	95.8
Stage 2	<b>52,994</b>	<b>0.7</b>	65,548	0.9
Stage 3	<b>257,097</b>	<b>3.6</b>	245,161	3.3
Total	<b><u>7,240,596</u></b>	<b><u>100.0</u></b>	<b><u>7,329,378</u></b>	<b><u>100.0</u></b>

\* *Percentage of gross advances and receivables*

Stage 1 covers the advances and receivables that have not deteriorated significantly in credit quality since initial recognition. Stage 2 covers the advances and receivables that have deteriorated significantly in credit quality since initial recognition. Stage 3 covers the advances and receivables for which credit loss events occur and become credit-impaired.

## 8. IMPAIRMENT ALLOWANCES

	<b>31.5.2025</b>	<b>28.2.2025</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Analysis by products as:		
Credit card receivables	<b>136,471</b>	140,479
Unused credit card limit	<b>2,766</b>	2,668
Personal loan receivables	<b>112,825</b>	116,177
Accrued interest and other receivables	<b><u>5,235</u></b>	<u>5,615</u>
	<b><u>257,297</u></b>	<u>264,939</u>

At 31st May 2025, the impairment allowance of personal loan receivables includes impairment allowance on rescheduled loan receivables of HK\$44,014,000 (28th February 2025: HK\$41,679,000).

An analysis of movements in impairment allowances during each of the two periods ended 31st May 2025 and 31st May 2024 are set out as below:

	<b>Stage 1</b> <b>HK\$'000</b>	<b>Stage 2</b> <b>HK\$'000</b>	<b>Stage 3</b> <b>HK\$'000</b>	<b>Total</b> <b>HK\$'000</b>
At 1st March 2025	<b>149,624</b>	<b>24,720</b>	<b>90,595</b>	<b>264,939</b>
Net addition (repayment) in advances and receivables	<b>630</b>	<b>(1,798)</b>	<b>(2,120)</b>	<b>(3,288)</b>
Transfer to 12 months expected credit loss (Stage 1)	<b>11,422</b>	<b>(5,580)</b>	<b>(5,842)</b>	<b>–</b>
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	<b>(1,693)</b>	<b>1,927</b>	<b>(234)</b>	<b>–</b>
Transfer to lifetime expected credit loss credit impaired (Stage 3)	<b>(1,553)</b>	<b>(28,054)</b>	<b>29,607</b>	<b>–</b>
Total transfer between stages	<b>8,176</b>	<b>(31,707)</b>	<b>23,531</b>	<b>–</b>
Remeasurement of expected credit loss during the period	<b>(13,192)</b>	<b>28,962</b>	<b>91,725</b>	<b>107,495</b>
Amounts written-off as uncollectable	<b>–</b>	<b>–</b>	<b>(112,088)</b>	<b>(112,088)</b>
Exchange realignment	<b>76</b>	<b>37</b>	<b>126</b>	<b>239</b>
At 31st May 2025	<b>145,314</b>	<b>20,214</b>	<b>91,769</b>	<b>257,297</b>
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 1st March 2024	123,881	32,208	91,001	247,090
Net addition (repayment) in advances and receivables	3,259	(3,882)	7,887	7,264
Transfer to 12 months expected credit loss (Stage 1)	7,523	(7,222)	(301)	–
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(1,704)	2,294	(590)	–
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(837)	(27,763)	28,600	–
Total transfer between stages	4,982	(32,691)	27,709	–
Remeasurement of expected credit loss during the period	(2,151)	35,969	76,541	110,359
Amounts written-off as uncollectable	–	–	(109,930)	(109,930)
Exchange realignment	(10)	(5)	(19)	(34)
At 31st May 2024	129,961	31,599	93,189	254,749

## 9. BANK BORROWINGS/BORROWINGS FROM IMMEDIATE HOLDING COMPANY

	31.5.2025 (Unaudited)		28.2.2025 (Audited)	
	Borrowings from immediate		Borrowings from immediate	
	Bank borrowings HK\$'000	holding company HK\$'000	Bank borrowings HK\$'000	holding company HK\$'000
Carrying amount repayable ( <i>Note</i> )				
Within one year	1,177,528	880,000	1,015,149	900,000
Within a period of more than one year but not more than two years	680,000	–	489,685	–
Within a period of more than two years but not more than five years	350,000	–	750,000	–
	<u>2,207,528</u>	<u>880,000</u>	<u>2,254,834</u>	<u>900,000</u>
Amount repayable within one year included under current liabilities	<u>(1,177,528)</u>	<u>(880,000)</u>	<u>(1,015,149)</u>	<u>(900,000)</u>
Amount repayable after one year	<u>1,030,000</u>	<u>–</u>	<u>1,239,685</u>	<u>–</u>

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

## 10. DERIVATIVE FINANCIAL INSTRUMENTS

	31.5.2025 (Unaudited)		28.2.2025 (Audited)	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Interest rate swaps	4,913	15,100	10,718	5,864
Cross-currency interest rate swaps	–	20,244	–	21,774
	<u>4,913</u>	<u>35,344</u>	<u>10,718</u>	<u>27,638</u>
Current portion	<u>(2,230)</u>	<u>(22,800)</u>	<u>(288)</u>	<u>(1,319)</u>
Non-current portion	<u>2,683</u>	<u>12,544</u>	<u>10,430</u>	<u>26,319</u>

All derivative financial instruments entered by the Group that remain outstanding at 31st May 2025 and 28th February 2025 are for hedging purposes. 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

Despite solid expansion of the Hong Kong economy in the first quarter of 2025, escalating global trade tensions in early April amplified downside risks to the global economy. Coupled with ongoing geopolitical conflicts and a high interest rate environment, consumer confidence in the local and broader economic outlook remains subdued. Consequently, Hong Kong's retail sales market remained sluggish, with sustained high levels of credit defaults throughout the three months ended 31st May 2025 ("1QFY2025/26" or the "Reporting Period").

Amidst this challenging market environment, the Group strengthened its credit assessment model to control credit exposure for higher-risk advances and receivables, adapting its credit risk management mechanism to offer prompt debt payment solutions and mitigate the likelihood of credit impairment. Meanwhile, targeted marketing and digital advertising campaigns across diverse media networks successfully stimulated spending, sustaining sales growth momentum for credit cards, which mitigated the drop in personal loan sales due to prudent credit assessment, with total sales in 1QFY2025/26 maintained at the same level as compared with the first quarter of the previous year ("1QFY2024/25" or the "Previous Period"), and the gross advances and receivables balance decreasing marginally by 1.2% from the end of February 2025. The Group's effective credit risk management contributed to maintain the asset quality, with the percentage of doubtful and loss advances and receivables (i.e., stage 2 and stage 3 receivables) as a proportion of gross advances and receivables increased slightly from 4.2% as at 28th February 2025 to 4.3% as at 31st May 2025.

### Financial Review

The Group recorded a profit before tax of HK\$132.0 million for the Reporting Period, an increase of 32.8%, or HK\$32.6 million, from the Previous Period. After deducting income tax expense of HK\$22.6 million, the Group's profit after tax increased by 31.3%, or HK\$26.1 million, to HK\$109.3 million from HK\$83.3 million in the Previous Period. Earnings per share increased from 19.88 HK cents for the Previous Period to 26.11 HK cents for the Reporting Period.

The net debt-to-equity ratio was 0.6 and 0.7 as at 31st May 2025 and 28th February 2025 respectively, while the equity-to-total assets ratio as at 31st May 2025 and 28th February 2025 was 54.9% and 54.0% respectively. Net asset value per share (after final dividend) as at 31st May 2025 and 28th February 2025 was HK\$10.1 and HK\$9.9, respectively.

## Consolidated Statement of Profit or Loss Analysis

### *Revenue*

Revenue for 1QFY2025/26 was HK\$442.2 million, an increase of 3.7%, or HK\$15.6 million, compared with HK\$426.5 million for 1QFY2024/25.

### *Net interest income*

Steady growth in revolving credit card and personal loan receivables balances, coupled with interest rate increases for loan products under the risk-based pricing mechanism, resulted in the Group recording a 3.0% (HK\$10.9 million) increase in interest income, from HK\$362.2 million in the Previous Period to HK\$373.1 million in the Reporting Period.

Despite an increase in both borrowings to finance higher receivable balances and higher interest rates on refinanced long-term bank borrowings, with a sharp decline in the short-term Hong Kong Inter-bank Offered Rate (“HIBOR”) in May 2025, the Group’s interest expenses decreased by 2.1%, or HK\$0.7 million, to HK\$31.0 million compared with HK\$31.6 million in the Previous Period. The average funding cost decreased from 4.1% in the Previous Period to 3.8% in the Reporting Period.

Consequently, the Group’s net interest income for the Reporting Period was HK\$342.2 million, an increase of HK\$11.5 million from the Previous Period.

### *Operating income*

Regarding the credit card issuing business, despite a rise in credit purchase volume, the decrease in the average commission rate and higher operating costs for promotional point rewards and campaigns resulted in an overall decrease in fees and commissions of HK\$4.4 million to HK\$8.9 million for the Reporting Period. Fees and commissions for credit card acquiring business increased by HK\$1.2 million to HK\$14.3 million in the Reporting Period, as sales increased due to a rise in the number of card acquiring merchants and transaction volume. For insurance intermediary business, fees and commissions recorded an increase of HK\$1.3 million, rising from HK\$7.7 million in the Previous Period to HK\$9.0 million in the Reporting Period. Overall, the Group recorded a decrease of HK\$1.9 million in fees and commissions, from HK\$34.0 million in the Previous Period to HK\$32.1 million in the Reporting Period.

Increased demand for credit card cash advances, together with mark-up charges on overseas card purchases, and a rise in the proportion of customers making minimum payments led to an increase in handling and late charges of HK\$6.6 million, from HK\$30.3 million in the Previous Period to HK\$36.9 million in the Reporting Period. In terms of other income, the Group recognized marketing support fund income of HK\$1.6 million from card associations for the Reporting Period.



The Group's operating income increased by HK\$13.9 million to HK\$414.5 million in 1QFY2025/26, up from HK\$400.6 million in the Previous Period.

#### *Operating expenses*

During the Reporting Period, the Group implemented precisely targeted marketing and promotional activities aimed at different customer segments. This approach effectively controlled marketing and advertising expenses, which decreased by HK\$9.2 million from HK\$26.9 million in the Previous Period to HK\$17.7 million in the Reporting Period. Following the completion of various information technology projects, depreciation of property, plant and equipment and amortization of intangible assets increased by HK\$2.0 million from HK\$11.8 million in 1QFY2024/25 to HK\$13.8 million in the Reporting Period, while depreciation on right-of-use assets dropped by HK\$2.5 million to HK\$13.2 million in the Reporting Period. To drive continued business growth amid a sluggish economic environment, additional manpower was deployed to enhance product development and branch operations, resulting in an increase in staff costs of HK\$0.5 million compared with the Previous Period. In addition, general administrative expenses increased by HK\$3.6 million over the Previous Period due to an increase in card sales and corresponding card association fees.

Total operating expenses recorded a decrease of HK\$4.5 million, from HK\$189.3 million in the Previous Period to HK\$184.8 million in the Reporting Period. This, together with an increase in operating income, caused the cost-to-income ratio to decrease from 47.3% in the Previous Period to 44.6% in the Reporting Period.

At the operating level, before impairment losses and impairment allowances, the Group recorded an operating profit of HK\$229.7 million for the Reporting Period, representing an increase of 8.7%, or HK\$18.4 million, compared with the Previous Period.

#### *Impairment losses and impairment allowances*

Despite improvements in the investment environment and increased overseas visitor numbers during the Reporting Period, heightened global trade tensions and evolving cross-border consumer spending patterns sustained a high level of corporate insolvencies and personal bankruptcies in the Reporting Period, with the unemployment rate increased to 3.5%. Nevertheless, the Group implemented refined credit assessment model to mitigate high-credit-risk advances and receivables. Proactive credit risk management and debt relief arrangements were employed to alleviate the temporary financial burdens of overdue customers, thus reducing the likelihood of credit impairment and defaults. Consequently, the Group stabilised the growth of credit impaired receivables and reduced impairment losses and allowances by HK\$13.4 million, from HK\$117.6 million in the Previous Period to HK\$104.2 million in the Reporting Period.

## Statement of Financial Position Analysis

As at 31st May 2025, the Group's total equity amounted to HK\$4,349.1 million, representing an increase of 2.3%, or HK\$97.9 million, compared with the balance of HK\$4,251.2 million as at 28th February 2025. Total assets as at 31st May 2025 amounted to HK\$7,917.5 million, compared with HK\$7,868.3 million as at 28th February 2025.

Given the uncertain market environment, the Group exercised extra caution when granting new credit. Consequently, gross advances and receivables decreased by 1.2%, or HK\$88.8 million, from HK\$7,329.4 million as at 28th February 2025 to HK\$7,240.6 million as at 31st May 2025. The gross amount of doubtful and loss (i.e., stage 2 and stage 3) advances and receivables amounted to HK\$310.1 million and HK\$310.7 million as at 31st May 2025 and 28th February 2025, respectively. Impairment allowances totaled HK\$257.3 million as at 31st May 2025, representing 3.6% of gross advances and receivables, compared with HK\$264.9 million as at 28th February 2025, which represented 3.6% of gross advances and receivables.

As at 31st May 2025, the Group's borrowings from banks and its immediate holding company amounted to HK\$3,087.5 million, of which HK\$2,057.5 million is repayable within one year. This is in comparison with a balance of HK\$3,154.8 million as at 28th February 2025, with HK\$1,915.1 million repayable within one year. Of the borrowings maturing in more than one year, 36.9% had fixed interest rates and 63.1% were hedged against interest rate and/or currency exchange fluctuations through swap instruments. The average duration of borrowings as at 31st May 2025 was 0.8 years, compared with 1.0 years as at 28th February 2025.

## Segment Information

During the Reporting Period, revenue from credit cards operation increased by 5.1%, or HK\$17.0 million, from HK\$332.7 million in the Previous Period to HK\$349.7 million, due to the increase in credit card receivables balances. This, together with the decrease in borrowing costs and impairment losses and allowances, resulted in a HK\$28.9 million increase in the segment result for the Reporting Period, rising from HK\$98.5 million in 1QFY2024/25 to HK\$127.4 million.

As for personal loans operation, revenue decreased by 3.1%, or HK\$2.6 million, in 1QFY2025/26, from HK\$86.1 million in the Previous Period to HK\$83.5 million, due to a decline in receivables balances. With the improvement in funding cost and impairment losses and allowances during the Reporting Period, the segment result recorded a profit of HK\$1.8 million in the Reporting Period, compared with a loss of HK\$2.2 million in 1QFY2024/25.

The insurance intermediary business continued to launch new products to tap customer demand and recorded progressive growth during the Reporting Period. The segment revenue and result amounting to HK\$9.0 million and HK\$4.1 million, respectively, for the Reporting Period, compared with HK\$7.7 million and HK\$3.1 million for the Previous Period.

By geographical location, revenue from Hong Kong operation recorded an increase of 2.8%, or HK\$11.9 million, to HK\$430.2 million in 1QFY2025/26 from HK\$418.3 million in 1QFY2024/25 due to higher receivables balances. The segment result increased by 42.6%, or HK\$41.7 million, from HK\$98.0 million in 1QFY2024/25 to HK\$139.8 million, due to lower funding costs and effective portfolio management.

Regarding Mainland China operation, the Group focused on enhancing credit assessment processes for sustainable financial improvement and diversifying loan products offered by its Shenzhen microfinance subsidiary. Despite slower sales growth in this subsidiary during the Reporting Period, accumulated receivables growth contributed to a revenue increase of HK\$3.7 million, reaching HK\$12.0 million compared to HK\$8.3 million in 1QFY2024/25. However, increased impairment losses and allowances resulted in a segment loss of HK\$6.5 million for the Reporting Period, compared to a profit of HK\$1.4 million in 1QFY2024/25.

## **Prospects**

Easing international trade tensions and steady growth in the Mainland China economy have mitigated external headwinds and uncertainties. However, uncertainties surrounding the trade policies of the United States may impact global financial conditions and investment sentiment. Moreover, evolving consumption patterns among residents and visitors continue to constrain domestic market consumption, despite the Government's policies promoting mega events and tourism.

Within this improving yet challenging environment, the Group will carefully evaluate market conditions and consumer behaviour, emphasising both mobile application and traditional marketing channels to promote credit cards, personal loans, and other products, and further invest in developing virtual card functionalities. Simultaneously, the Group will leverage diversified online channels to raise awareness of card features and enhance online market penetration. The "AEON HK" mobile application (the "Mobile App"), equipped with advanced credit assessment and drawdown capabilities, will serve as the primary channel for new customer acquisition of credit card and personal loan services. Ongoing application updates will further enhance cybersecurity, fraud prevention, and the online customer experience. Data analytics tools will be continuously refined to improve the effectiveness of marketing, credit assessment, and credit management activities.

While the credit environment is expected to remain challenging, the Group will pursue receivables growth while closely monitoring the effectiveness of credit assessment and management improvements. Enhanced fraud detection rules will strengthen authorisation monitoring for card transactions.

The Group remains committed to integrating sustainability into its operations, promoting sustainable and digitalised products and services, including newly launched loan products supporting customers' transition to a low-carbon lifestyle. Regarding operational digitalisation, the Group has completed enhancements to its call center platform for improved customer interaction and is expanding paperless loan drawdowns across its branch network.

To enhance customer experience, the Group is developing a new rewards platform integrating customer accounts and bonus points. This platform will maximise benefits for AEON Group customers in Hong Kong, providing a more convenient premium point and e-coupon redemption experience.

For the Mainland China operation, the microfinance subsidiary in Shenzhen will continue exploring business opportunities in the Greater Bay Area to grow its receivables with maintaining sound asset quality and leveraging abundant financial resources.

The Group is pleased to announce the celebration of AEON Credit Service's 35th anniversary in the Hong Kong market through a series of marketing programs to be launched this year. The Group remains committed to providing exceptional, customer-centric credit card services and expanding its customer base through innovative and customised products. With the Group's strong liquidity position, robust balance sheet, and proven management capabilities, the Group is well-positioned to capitalise on opportunities in the recovering market and achieve rebound growth throughout the remainder of the year.

Please note that the quarterly results of the Group presented in this announcement have not been audited or reviewed by the Company's auditors. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board

**Wei Aiguo**

*Managing Director*

Hong Kong, 26th June 2025

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