

What's Hot Today:

► **Aeon Credit (900 HK, HK\$7.16, HK\$3.0bn, Fair value HK\$12.00)** saw sustained credit card business momentum with profit leveraging

Resilient 1Q26 results. Aeon Credit (ACSA) provides consumer credit in Hong Kong by issuing credit cards and providing personal loans. It reported a total revenue of HK\$442mn, up 4% YoY. Thanks to strict cost discipline, operating expense ratio narrowed by 2.6ppts YoY to 41.8%, whereas operating profit before impairment was up 9% YoY to HK\$230mn. With an 11% YoY improvement in impairment losses and allowance, net profit surged 31% YoY to HK\$109mn. NPM stood at 25%, up 5ppts YoY during the quarter.

Moderate NII growth amid interest rate cut. As targeted marketing successfully stimulated spending, ACSA saw sustaining sales growth momentum for credit cards business (+5%), which mitigated the revenue drop in personal loan (-3%) due to prudent credit assessment. Gross loan book decreased marginally by 1.2% YoY to HK\$7.2bn. Interest income up 3% YoY driven by an increase in interest rate for loan products. Benefited from the sharp drop in HIBOR in May 2025, interest expense dropped 2% YoY. Hence, net interest income (NII) was up 3.5% YoY to HK\$342mn.

Tighten credit risk control. On the risk management front, ACSA has taken various steps to fortify its credit controls. By updating market indicators and refining detection mechanisms, the company has reduced the high-credit-risk advances and receivables, stabilizing the impairment loss level at HK\$104mn (vs. HK\$106mn in 4Q25), representing 1.4% of the gross loan book. Looking ahead, ACSA will continue to closely evaluate market conditions and consumer behavior to further optimize its risk control.

China & HK Indices	CLOSE	1D	YTD
HSI	24,325	-0.6%	21.3%
HSCEI	8,803	-0.6%	20.8%
HSCCI	4,127	-0.5%	9.2%
CSI300	3,946	-0.4%	0.3%
Shanghai A	3,615	-0.2%	-3.2%
Shanghai B	258	-0.1%	-3.2%
Shenzhen A	2,139	-0.3%	4.5%
Shenzhen B	1,196	0.3%	-1.3%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	43,386	0.9%	2.0%
S&P 500	6,141	0.8%	4.4%
Nasdaq	20,167	1.0%	4.4%
Nikkei Index	39,917	0.8%	0.1%
FTSE Index	8,735	0.2%	6.9%
CAC Index	7,557	-0.0%	2.4%
DA-X Index	23,649	0.6%	18.8%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,327	-0.1%	26.3%
STEEL (US\$/oz.)	1,994	1.9%	11.7%
SILVER (US\$/oz.)	36	1.1%	26.7%
CRUDE OIL (US\$/bbl)	65	0.5%	-8.8%
COPPER (US\$/oz.)	9,899	2.4%	12.9%
ALUMINIUM (US\$/oz.)	2,583	0.2%	1.3%
PLATINUM (US\$/oz)	1,422	5.0%	57.5%
ZINC (US\$/oz.)	2,768	3.2%	-7.1%
WHEAT (US\$/bu)	521	-1.4%	-4.8%
CORN (US\$/bu)	404	-0.2%	-8.0%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,016	-0.2%	-1.0%
PVC (US\$/t.)	N/A	N/A	-6.8%
CRB	298	0.4%	3.0%
BDI			67.0%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.855	144.420	0.800	7.168
HKD	0.127		0.109	18.396	10.194	0.913
EUR	1.170	9.185		168.980	1.068	8.401
JPY	0.007	5.436	0.592		0.554	0.050
CHF	1.250	9.810	1.068	180.465		8.963
RMB	0.140	1.095	0.119	20.118	0.112	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	16	-17.6%

Source: Bloomberg

FSTB proposes to tighten FDHs loans. The Financial Services and the Treasury Bureau (FSTB) has proposed stricter regulations on loans to foreign domestic helpers (FDHs), including capping unsecured personal loans based on borrowers' monthly income. We believe this issue will have limited impact on ACSA, primarily because 1) FDHs are not the key clients for ACSA. 2) ACSA maintains strict credit risk controls, exercising prudence in extending unsecured loans to low-income borrowers. Overall, the proposal may lead to a more stable and sustainable credit market as it aims to prevent over-indebtedness and improve credit quality. However, some smaller financial institutions that rely heavily on FDHs may face pressure.

Our view: The consumer credit market in HK remains resilient, particularly with rising demand among younger generations. AEON Credit's diversified product portfolio (e.g., Waku Waku credit cards) and successful marketing strategy position it well to capture the growth. Hence, we maintain our FY26E/FY27E/FY28E revenue estimates at HK\$1.88/1.97/2.0bn, respectively. FY26-28E EPS is expected to be 117/130/134 HK cents, respectively. Based on the latest DCF valuation, we value ACSA at HK\$12.00. The valuation corresponds to about 0.56x FY2/26E PB with an estimated yield of 7.3%. (Ensley LIU)

Fig 1. 1Q26 Financial Review

Fig 1: 1Q26 Financial Review

	1Q25		1Q26			Results comments
	HK\$'k	% of Rev	HK\$'k	% of Rev	YoY chg	
Revenue	426,547		442,180		4%	Credit card business up 5%
Interest income	362,235		373,124		3%	
Interest expense	(31,605)		(30,950)		-2%	HIBOR cut in May 2025
Net interest income	330,630	78%	342,174	77%	3%	
Fees & commissions	34,039	8%	32,135	7%	-6%	
Handling & late charges	30,273	7%	36,921	8%	22%	
Other income	5,597		3,599		-36%	
Other gains & losses	59		(289)		-590%	
Operating income	400,598	94%	414,540	94%	3%	
Operating expenses	(189,300)	44.38%	(184,807)	41.8%	-2%	
Opt profit b/f impairment	211,298		229,733		9%	
Impairment losses & allowances	(117,623)		(104,207)		-11%	Tighten risk control to mitigate high risk loan
Recoveries of write-offs	5,676		6,439		13%	
Profit before tax	99,351	23%	131,965	30%	33%	
Income tax expense	(16,096)		(22,640)		41%	
Profit for the period	83,255	19.52%	109,325	24.72%	31%	
EPS – Basic (HK cents)	19.88		26.11		31%	

Source: Company Data, Sunwah Kingsway Research

Fig 2. Financial Summary

Year to Feb 28 (HK\$ m)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	1,623	1,759	1,882	1,967	2,042
Reported net profit	392	400	488	544	562
Core net Profit	392	400	488	544	562
EPS (HKD)	0.94	0.96	1.17	1.30	1.34
EPS growth (%)	5.0%	2.1%	21.9%	11.4%	3.3%
Book value per share (HKD)	9.71	10.13	12.86	14.45	15.97
P/E (x)	7.6	7.5	6.1	5.5	5.3
P/B (x)	0.74	0.71	0.56	0.50	0.45
DPS(HKD)	0.48	0.49	0.52	0.58	0.65
Dividend Yield (%)	6.7%	6.8%	7.3%	8.1%	9.1%
Underlying ROE (%)	10%	9%	9%	9%	8%

Source: Company Data, Sunwah Kingsway Research

Key financial statement data (Year-ended Feb 28)

Profit & Loss (HK\$ m)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	1,623	1,759	1,882	1,967	2,042
Interest income	1,367	1,477	1,599	1,668	1,740
Interest expense	-108	-130	-108	-107	-110
Net interest income	1,259	1,348	1,491	1,561	1,630
Fees and commissions	129	143	146	154	163
Handling and late charges	127	139	137	145	139
Operating income	1,521	1,649	1,789	1,875	1,947
Marketing expenses	-115	-106	-125	-131	-156
Depreciation on right of use assets	-61	-60	-63	-66	-70
Staff costs	-218	-241	-260	-281	-303
General administrative expenses	-199	-229	-247	-265	-283
Depreciation on property, plant and equipmen	-37	-42	-54	-45	-47
Other operation expenses	-72	-79	-83	-87	-91
Operating profit	808	881	956	1,000	996
Other gains and losses	-335	-404	-375	-352	-327
Profit before tax	473	477	581	647	669
Taxation	-80	-76	-93	-104	-107
Net profit	392	400	488	544	562

Source: Company data and Sunwah Kingsway Research

Balance Sheet (HK\$ m)	FY24A	FY25A	FY26E	FY27E	FY28E
PP&E	172	181	151	157	163
Right-of-use assets	119	110	141	148	153
Advances and receivables	1,512	1,459	1,632	1,703	1,777
Prepayments, deposits and other debtors	36	22	30	31	33
Other non-current assets	169	164	170	175	181
Non-current assets	2,008	1,936	2,124	2,214	2,307
Advances and receivables	5,201	5,605	5,788	6,038	6,300
Prepayments, deposits and other debtors	79	79	85	89	92
Time deposits	15	21	21	21	21
Bank balances and cash	258	226	1,103	1,545	1,945
Current assets	5,553	5,933	6,996	7,693	8,359
Creditors and accruals	262	299	320	334	347
Contract liabilities	22	42	28	30	31
Bank borrowings	469	533	556	581	606
Borrowing from immediate holding company	800	900	900	900	900
Lease liabilities	38	53	56	59	61
Tax liabilities	6	44	47	49	51
Other current liabilities	82	51	51	51	51
Current liabilities	1,678	1,922	1,959	2,003	2,047
Bank borrowings	1,710	1,600	1,669	1,742	1,817
Other non-current liabilities	106	102	107	111	114
Non-current liabilities	1,816	1,703	1,777	1,852	1,931
Net assets	4,068	4,243	5,384	6,052	6,688
Total equity	4,068	4,243	5,384	6,052	6,688

Source: Company data and Sunwah Kingsway Research

Dupont Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (%)	83.0	84.0	84.0	84.0	84.0
Operating profit margin (%)	49.8	50.1	50.8	50.8	48.8
Asset turnover (x)	0.06	0.06	0.06	0.05	0.05
Underlying ROA (%)	5.2	5.1	5.4	5.5	5.3
Underlying ROE (%)	9.6	9.4	9.1	9.0	8.4

Source: Company data and Sunwah Kingsway Research

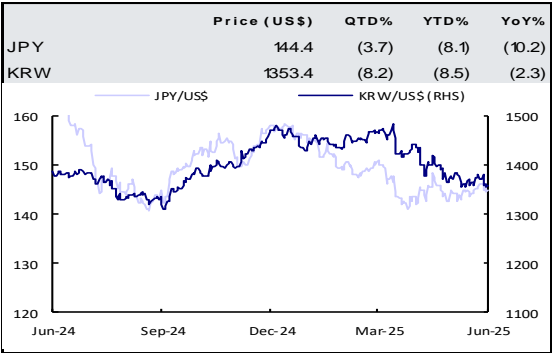
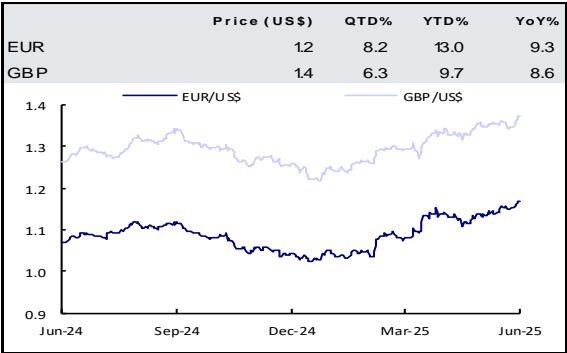
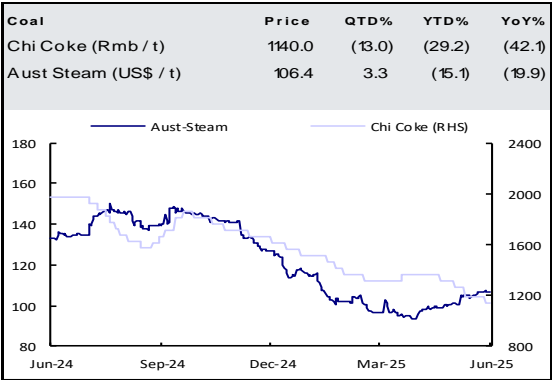
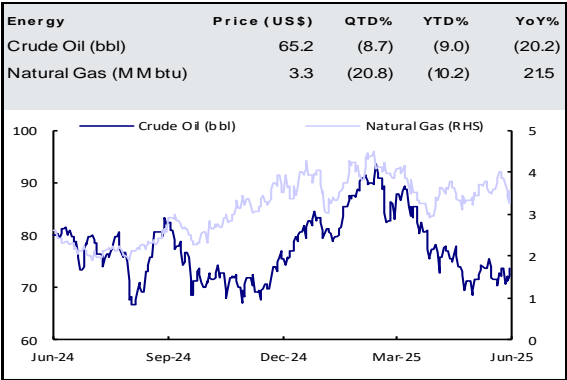
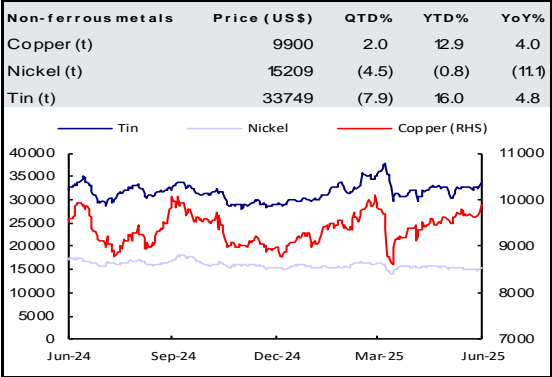
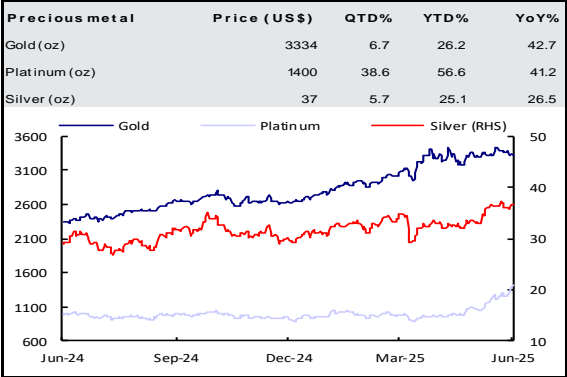
Financial Ratios	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue y-o-y growth (%)	32	8	7	5	4
Net profit y-o-y growth (%)	5.0	2.1	21.9	11.4	3.3
Operating profit margin (%)	49.8	50.1	50.8	50.8	48.8
Net profit margin (%)	24.2	22.8	25.9	27.7	27.5
Net debt (cash)/equity (%)	66.5	65.7	37.2	27.4	20.3
Net debt/total assets (%)	35.8	35.4	22.0	16.7	12.7
Current ratio (%)	331.0	308.6	357.1	384.0	408.4
Dividend payout (%)	51.2	51.2	44.6	44.7	48.4

Source: Company data and Sunwah Kingsway Research

Cash flow (HK\$ m)	FY24A	FY25A	FY26E	FY27E	FY28E
EBT	473	477	581	647	669
Depreciation & amortization	95	99	117	112	117
Impairment losses and impairment	374	446	408	387	363
Dividend income and gains on disposal of financial assets	-1	-1	-1	-1	-1
Change in working capital	-1,346	-251	-362	-311	-327
Tax paid	-156	-76	-93	-104	-107
Other operating cashflow	-76	5	5	5	5
Operating activities	-637	698	655	736	719
Capex	-91	-75	-36	-78	-80
Decrease (increase) in time deposits	0	-20	-20	-20	-20
Other investing cashflow	1	1	1	1	1
Investing activities	-121	-94	-55	-97	-99
New loans raised and repayment of	894	56	92	96	101
Repayment of lease liabilities	-53	-52	-52	-52	-52
Dividends paid	-193	-205	-218	-243	-272
Other financing cashflow	-4	-1	-1	-1	-1
Financing activities	644	-203	-179	-200	-225
Inc/(dec) in cash	-114	402	421	439	396
Cash at beginning of year	388	272	678	1,103	1,545
Foreign exchange effect	-2	-4	-4	-4	-4
Cash at end of year	272	670	1,095	1,537	1,937

Source: Company data and Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		26-Jun-25
Wholesale Inventories	MoM		26-Jun-25
Durable Goods Orders	MoM		26-Jun-25
GDP	QoQ		26-Jun-25
Personal Income & Spending	MoM		27-Jun-25
ISM Manufacturing PMI	MoM		1-Jul-25
Trade Balance	MoM		3-Jul-25
Factory Orders	MoM		3-Jul-25
Employment Report	MoM		3-Jul-25
CPI	MoM		15-Jul-25
PPI	MoM		16-Jul-25
Industrial Production	MoM		16-Jul-25
Business Inventories	MoM		17-Jul-25
Retail Sales	MoM		17-Jul-25
Housing Starts / Building Permits	MoM		18-Jul-25
Existing Home Sales	MoM		23-Jul-25
New home Sales	MoM		24-Jul-25
Consumer Confidence	MoM		29-Jul-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		30-Jun-25
Foreign Exchange Reserves	QoQ		7-Jul-25
Money Supply - M2	MoM		9-Jul-25
PPI	MoM		9-Jul-25
CPI	MoM		9-Jul-25
Trade Balance	MoM		14-Jul-25
Retail Sales	MoM		15-Jul-25
Industrial Production	MoM		15-Jul-25
GDP	YoY		15-Jul-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		30-Jun-25
Retail Sales	MoM		2-Jul-25
PMI	MoM		4-Jul-25
Foreign Currency Reserve	MoM		7-Jul-25
Unemployment Rate	MoM		17-Jul-25
CPI	MoM		21-Jul-25
Trade Balance	MoM		28-Jul-25
GDP	QoQ		31-Jul-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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