

What’s Hot Today:

► **Aeon Credit (900 HK, HK\$7.34, HK\$3.0bn, Fair value HK\$12.00) a sequential incremental increase in earnings**

37% YoY leap in net profit. Aeon Credit (ACSA) provides consumer credit in Hong Kong by issuing credit cards and providing personal loans. ACSA’s 1H26 net profit achieved a 37% YoY increase to HK\$234mn, inline with our forecast. This was driven by enhanced operational efficiency and lower impairment losses. Total cost-to-income ratio dropped to 43.8% in 1H26 from 47.0% in 1H25, thanks to successful targeted marketing strategy and economies of scale. Hence, operating profit before impairment losses increased by 12% YoY to HK\$476mn. Revenue grew by 4.3% YoY to HK\$897mn, owing to a 7% growth in credit card segment, which partly offset the decline in personal loans due to more prudent credit assessment. ACSA declared an interim dividend of 25 HK cents per share, up 4% YoY, with a payout ratio of 44.8%.

Fig 1. 1H26 Financial Review

	1H25		1H26			Results comments
	HK\$'k	% of Rev	HK\$'k	% of Rev	YoY chg	
Revenue	860,321		897,143		4%	Credit card business up 7%
Interest income	734,492		754,456		3%	
Interest expense	(64,537)		(55,609)		-14%	HIBOR cut in May 2025
Net interest income	669,955	78%	698,847	78%	4%	Stable NIM at ~ 18%
Fees & commissions	62,148	7%	67,592	8%	9%	
Handling & late charges	63,681	7%	75,095	8%	18%	
Other income	8,313		5,919		-29%	
Other gains & losses	118		(639)		-642%	
Operating income	804,215	93%	846,814	94%	5%	
Operating expenses	(378,246)	43.97%	(371,184)	41.4%	-2%	S&M expense dropped 22% YoY
Opt profit b/f impairment	425,969		475,630		12%	
Impairment losses & allowances	(236,101)		(206,031)		-13%	Tighten risk control to mitigate high risk loan
Recoveries of write-offs	13,343		11,728		-12%	
Profit before tax	203,211	24%	281,327	31%	38%	
Income tax expense	(32,850)		(47,727)		45%	
Profit for the period	170,361	19.80%	233,600	26.04%	37%	
EPS – Basic (HK cents)	40.68		55.78		37%	

Source: Company Data, Sunwah Kingsway Research

China & HK Indices	CLOSE	1D	YTD
HSI	26,855	0.9%	33.9%
HSCBI	9,555	1.1%	31.1%
HSCCI	4,041	0.5%	6.9%
CSI300	4,640	0.4%	17.9%
Shanghai A	4,070	0.5%	-2.2%
Shanghai B	261	0.1%	-2.2%
Shenzhen A	2,635	0.4%	28.7%
Shenzhen B	1,351	-0.8%	11.4%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	46,441	0.1%	9.2%
S&P 500	6,711	0.3%	14.1%
Nasdaq	22,755	0.4%	17.8%
Nikkei Index	44,911	0.8%	12.6%
FTSE Index	9,446	1.0%	15.6%
CAC Index	7,966	0.9%	7.9%
DA-X Index	24,113	1.0%	21.1%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,865	0.2%	47.0%
STEEL (US\$/oz.)	2,223	1.9%	24.5%
SILVER (US\$/oz.)	47	1.4%	63.3%
CRUDE OIL (US\$/bbl)	61	-0.9%	-13.6%
COPPER (US\$/oz.)	10,379	-0.3%	18.4%
ALUMINIUM (US\$/oz.)	2,688	0.4%	5.4%
PLATINUM (US\$/oz.)	1,565	-0.6%	71.3%
ZINC (US\$/oz.)	2,987	1.6%	0.3%
WHEAT (US\$/bu)	509	0.2%	-7.5%
CORN (US\$/bu)	416	0.2%	-5.8%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,013	1.1%	-1.4%
PVC (US\$/t.)	N/A	N/A	-12.2%
CRB	300	-0.7%	3.0%
BDI			114.0%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.782	0.852	147.070	0.797	7.121
HKD	0.129		0.110	18.900	10.243	0.915
EUR	1.173	9.129		172.530	1.070	8.355
JPY	0.007	5.291	0.580		0.542	0.048
CHF	1.255	9.763	1.070	184.536		8.941
RMB	0.140	1.093	0.120	20.651	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	0.7%

Source: Bloomberg

Loan book maintained robust momentum. Gross advances and receivables reached a record high of HK\$7.5bn, up 4% YoY. ACSA has launched the One AEON project, an integrated bonus points platform for reward accumulation and redemption. We view these bonus points as an additional rebate mechanism that can incentivize credit card usage at partner merchants, particularly AEON stores. Meanwhile, realizing the importance of online transactions, the company will continue to focus on local and online transactions through providing attractive rate of cash rebate and massive promotions.

Credit monitoring drives sustained improvement in impairment losses. Impairment losses dropped by 13% YoY and 2% HoH to HK\$206mn, reflecting a solid progress of its key initiatives such as implementing robust credit monitoring measures to improve customers’ payment performance and maintain asset quality. An encouraging trend was observed that impairment losses delivered sequential improvement since 4Q25 (Dec 24-Feb 25) and YoY decline accelerated during 1H26, which could ease some concerns. As Hong Kong’s economy recovers gradually and interest rates continue to trend downward, we expect credit default rates in the local market to improve further.

Our view: Thanks to its successful marketing strategy, ACSA continued to maintain a solid momentum on the loan book expansion. Meanwhile, its efforts on credit risk control contributed to a gradual improvement in impairment losses. We believe ACSA is well positioned to capture opportunities from the ongoing recovery in Hong Kong’s economy and outbound travelling. 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 0.57x FY2/26E PB with an estimated yield of 7.1%.

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)	7.8	7.7	6.3	5.7	5.5
P/B (x)	0.76	0.72	0.57	0.51	0.46
DPS(HKD)	0.48	0.49	0.52	0.58	0.65
Dividend Yield (%)	6.5%	6.7%	7.1%	7.9%	8.9%
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	1,677	1,599	1,668	1,740
Interest expense	-108	-130	-108	-107	-110
Net Interest Income	1,259	1,548	1,491	1,561	1,630
Fees and commissions	129	143	146	154	163
Handling and late charge	127	139	137	145	139
Operating Income	1,521	1,649	1,709	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 equipment	-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 debt	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 debt	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	8,339
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	1,679	1,922	1,959	2,003	2,047
Bank borrowings	1,710	1,600	1,609	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	4,008	4,243	5,284	6,052	6,688
Total equity	4,008	4,243	5,284	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	49.8
Asset turnover (x)	0.06	0.06	0.06	0.06	0.06
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

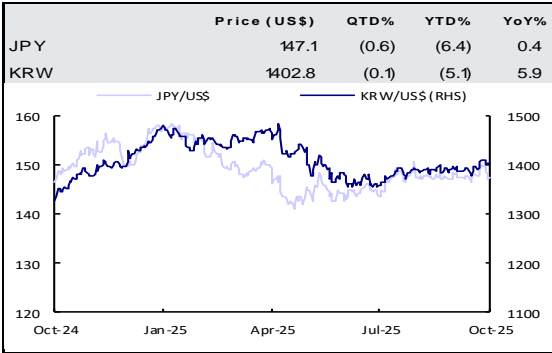
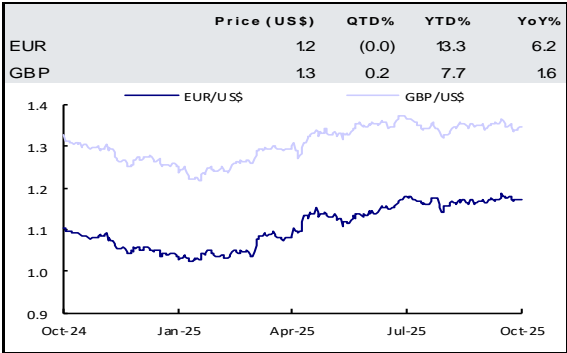
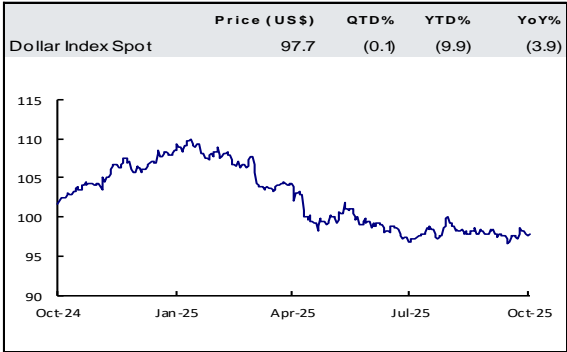
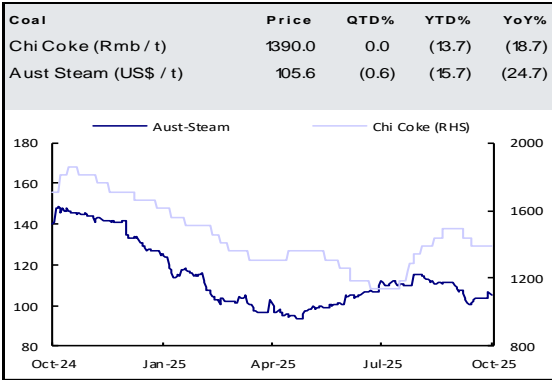
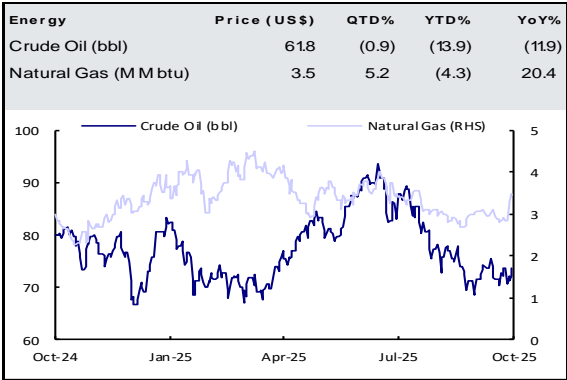
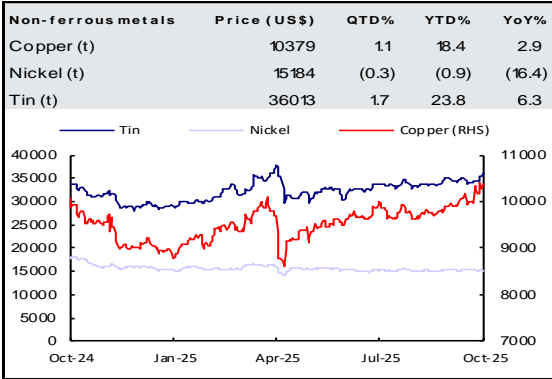
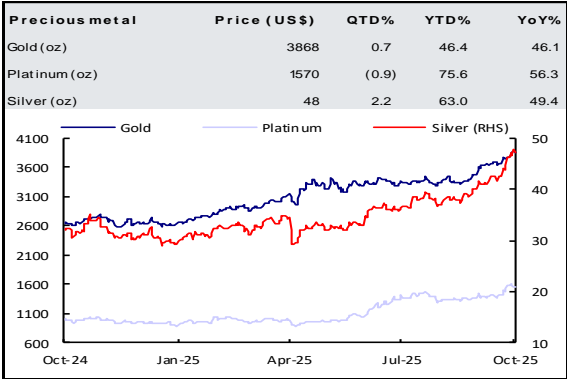
Financial Ratios	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue y-o-y growth (%)	32	8	7	5	4
Net profit y-o-y growth (%)	5.0	2.1	21.9	11.4	3.3
Operating profit margin (%)	49.8	50.1	50.8	50.8	49.8
Net profit margin (%)	24.2	22.8	25.9	27.7	27.5
Net debt (cash)/equity (%)	66.5	65.7	37.2	27.4	20.3
Net debt/total assets (%)	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	64.6	64.7	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 reversal	374	446	408	387	363
Dividend income and gains on disposal of financial assets	-4	-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	-41	-75	-36	-78	-80
Decrease (increase) in time deposits	0	-20	-20	-20	-20
Other investing cashflow	1	1	1	1	1
Investing activities	-41	-94	-55	-97	-99
New loans raised and repayment of loans	894	56	92	96	101
Repayment of lease liabilities	-63	-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/(ded) in cash	-14	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
ISM Manufacturing PMI	MoM		1-Oct-25
Initial Jobless Claims	WoW		2-Oct-25
Durable Goods Orders	MoM		2-Oct-25
Factory Orders	MoM		2-Oct-25
Employment Report	MoM		3-Oct-25
Trade Balance	MoM		7-Oct-25
Wholesale Inventories	MoM		9-Oct-25
CPI	MoM		15-Oct-25
PPI	MoM		16-Oct-25
Business Inventories	MoM		16-Oct-25
Retail Sales	MoM		16-Oct-25
Industrial Production	MoM		17-Oct-25
Housing Starts / Building Permits	MoM		17-Oct-25
Existing Home Sales	MoM		23-Oct-25
New home Sales	MoM		24-Oct-25
Consumer Confidence	MoM		28-Oct-25
GDP	QoQ		30-Oct-25
Personal Income & Spending	MoM		31-Oct-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Foreign Exchange Reserves	QoQ		7-Oct-25
Money Supply - M2	MoM		10-Oct-25
Trade Balance	MoM		13-Oct-25
PPI	MoM		15-Oct-25
CPI	MoM		15-Oct-25
Retail Sales	MoM		20-Oct-25
Industrial Production	MoM		20-Oct-25
GDP	YoY		20-Oct-25
PMI Manufacturing	MoM		31-Oct-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Retail Sales	MoM		2-Oct-25
PMI	MoM		6-Oct-25
Foreign Currency Reserve	MoM		8-Oct-25
Unemployment Rate	MoM		20-Oct-25
CPI	MoM		23-Oct-25
Trade Balance	MoM		27-Oct-25
GDP	QoQ		31-Oct-25
Money Supply - M2	MoM		31-Oct-25
Producer Prices Index	QoQ		15-Dec-25
Industrial Production	QoQ		15-Dec-25
Composite Interest Rate	MoM		

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