

What’s Hot Today:

► **Aeon Credit (900 HK, HK\$7.23, HK\$3bn, Fair value HK\$12.00) Solid 3Q with record Loan book and improving asset quality**

3Q26 inline. Aeon Credit (ACSA) provides consumer credit in Hong Kong by issuing credit cards and providing personal loans. It reported a solid 3Q26 results, with revenue up 3.8% YoY to HK\$461mn, inline with our expectation. Thanks to lower S&M expenses due to effective marketing strategies and enhanced brand recognition, total cost-to-income ratio narrowed by 1ppts YoY to 45%. Hence operating profit before impairment grew by 6.7% YoY to HK\$237mn. Net profit amounted to HK\$119mn, up 13.5% YoY, inline with our forecast. This marked the 5th consecutive quarters of higher growth in profit than topline.

Fig 1. 3Q26 Financial Review

| | 3Q25 | | 3Q26 | | YoY chg | Results comments |
|--------------------------------|-----------|----------|-----------|----------|---------|--|
| | HK\$'k | % of Rev | HK\$'k | % of Rev | | |
| Revenue | 444,230 | | 460,931 | | 4% | Credit card+2.7% personal loan+3.9% |
| Interest income | 371,001 | | 385,857 | | 4% | |
| Interest expense | (32,693) | | (30,990) | | -5% | |
| Net interest income | 338,308 | 76% | 354,867 | 77% | 5% | |
| Fees & commissions | 37,193 | 8% | 39,815 | 9% | 7% | |
| Handling & late charges | 36,036 | 8% | 35,259 | 8% | -2% | |
| Other income | 2,161 | | 3,264 | | 51% | |
| Other gains & losses | (111) | | (278) | | 150% | |
| Operating income | 413,587 | 93% | 432,927 | 94% | 5% | |
| Operating expenses | (191,125) | 43.02% | (195,664) | 42.45% | 2% | Lower S&M expense |
| Opt profit b/f impairment | 222,462 | | 237,263 | | 7% | |
| Impairment losses & allowances | (104,142) | | (99,346) | | -5% | Prudent credit assessment to improve asset quality |
| Recoveries of write-offs | 7,217 | | 5,229 | | -28% | |
| Profit before tax | 125,537 | 28% | 143,146 | 31% | 14% | |
| Income tax expense | (20,591) | | (24,043) | | 17% | |
| Profit for the period | 104,946 | 23.62% | 119,103 | 25.84% | 13% | |
| EPS – Basic (HK cents) | 25.06 | | 28.44 | | 13% | |

Source: Company Data, Sunwah Kingsway Research

Healthy growth in total loan book. Gross advances and receivables reached HK\$7.7bn in 3Q26, up 3% QoQ. This solid performance was driven by 2.7% growth of credit cards business thanks to targeted marketing and diverse promotions, and 3.9% increase in personal loan segment. ACSA focuses on steady loan book expansion supported by providing competitive rate of cash rebate and products to attract young customers. Its new bonus points platform, One AEON point project launched in 1H26, has made good progress. It is believed that One AEON could enhance customer loyalty and leverage credit card usage in partner merchants such as Aeon stores.

| China & HK Indices | CLOSE | 1D | YTD |
|--------------------|--------|-------|-------|
| HSI | 25,774 | -0.1% | 28.5% |
| HSCEI | 8,913 | -0.3% | 22.3% |
| HSCCI | 4,067 | -0.2% | 7.6% |
| CSI300 | 4,620 | 0.2% | 17.4% |
| Shanghai A | 4,110 | 0.1% | -6.8% |
| Shanghai B | 249 | 0.4% | -6.8% |
| Shenzhen A | 2,607 | -0.0% | 27.4% |
| Shenzhen B | 1,257 | -0.6% | 3.6% |

| Key Int'l Indices | CLOSE | 1D | YTD |
|-------------------|--------|-------|-------|
| Dow Jones | 48,442 | 0.2% | 13.9% |
| S&P 500 | 6,909 | 0.5% | 17.5% |
| Nasdaq | 23,561 | 0.6% | 22.0% |
| Nikkei Index | 50,519 | 0.2% | 26.6% |
| FTSE Index | 9,889 | 0.2% | 21.0% |
| CAC Index | 8,103 | -0.2% | 9.8% |
| DA-X Index | 24,340 | 0.2% | 22.3% |

| Commodities | CLOSE | 1D | YTD |
|----------------------|--------|-------|--------|
| GOLD (US\$/oz.) | 4,484 | 0.9% | 72.1% |
| STEEL (US\$/oz.) | 2,585 | 2.2% | 44.7% |
| SILVER (US\$/oz.) | 71 | 3.5% | 149.1% |
| CRUDE OIL (US\$/bbl) | 58 | 0.6% | -18.3% |
| COPPER (US\$/oz.) | 12,060 | 1.5% | 37.6% |
| ALUMINIUM (US\$/oz.) | 2,939 | -0.2% | 15.2% |
| PLATINUM (US\$/oz) | 2,289 | 7.5% | 162.1% |
| ZINC (US\$/oz.) | 3,093 | 0.7% | 3.9% |
| WHEAT (US\$/bu) | 517 | 1.4% | -6.3% |
| CORN (US\$/bu) | 447 | 0.8% | -1.7% |
| SUGAR (US\$/lb) | 64 | -0.8% | -29.7% |
| SOYBEAN (US\$/bu) | 1,063 | 0.4% | 2.9% |
| PVC (US\$/t.) | 4,708 | 2.4% | -18.9% |
| CRB | 301 | 2.2% | 3.0% |
| BDI | | -2.2% | 98.5% |

| Exchange Rates | USD | HKD | EUR | JPY | CHF | RMB |
|----------------|-------|-------|-------|---------|--------|-------|
| USD | | 7.778 | 0.848 | 156.230 | 0.788 | 7.030 |
| HKD | 0.129 | | 0.109 | 20.082 | 10.127 | 0.904 |
| EUR | 1.180 | 9.174 | | 184.240 | 1.077 | 8.282 |
| JPY | 0.006 | 4.980 | 0.543 | | 0.504 | 0.045 |
| CHF | 1.270 | 9.873 | 1.077 | 198.325 | | 8.922 |
| RMB | 0.142 | 1.107 | 0.121 | 22.227 | 0.112 | |

| Market Sentiment | CURRENT | 5D |
|-------------------------|---------|--------|
| CDS Monitor - USD SR 5Y | | |
| Greece | | N/A |
| Ireland | 83 | -2.4% |
| Italy | 139 | -0.6% |
| Portugal | 207 | -0.0% |
| Spain | 108 | 0.3% |
| VIX | 14 | -15.0% |

Source: Bloomberg

Sequential improvement in impairment losses through strong credit controls. Impairment losses dropped by 4.6% YoY and 2.4% QoQ to HK\$99mn. With the local economy and tourism gradually recovering ACSA continued to see improving asset quality and default rates through key initiatives such as implementing robust credit monitoring measures. As a result, ACSA successfully reduced impairment losses level below HK\$100mn for the first time since 4Q24.

Our view: ACSA maintained robust topline momentum supported by its successful marketing strategy and competitive promotions. Meanwhile, the sequential improvement of impairment losses reflects its ability to control default risk, which may partly ease market concerns. We believe ACSA would continue to benefit from the resilient consumption demand in the Hong Kong market. Therefore, we maintain our FY26A/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 DCF valuation, we value ACSA at HK\$12.00. The current valuation corresponds to about 0.56x FY2/26E PB with an estimated yield of 7.2%.(Ensley LIU)

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) | 7.7 | 7.6 | 6.2 | 5.6 | 5.4 |
| 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 (%) | 6.6% | 6.8% | 7.2% | 8.0% | 9.0% |
| 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

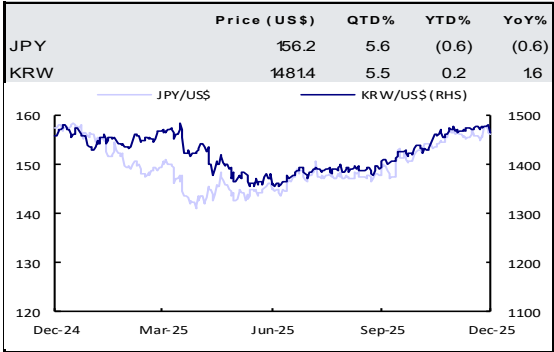
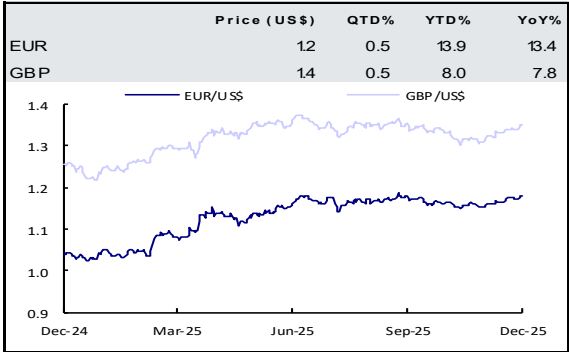
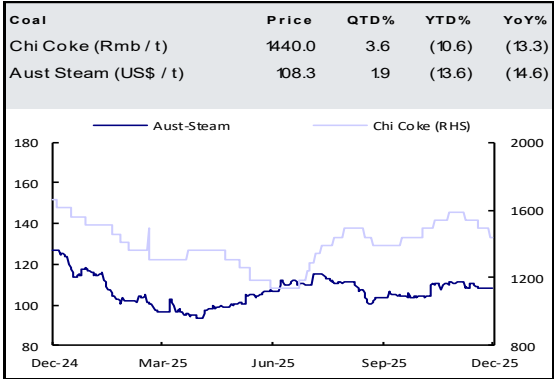
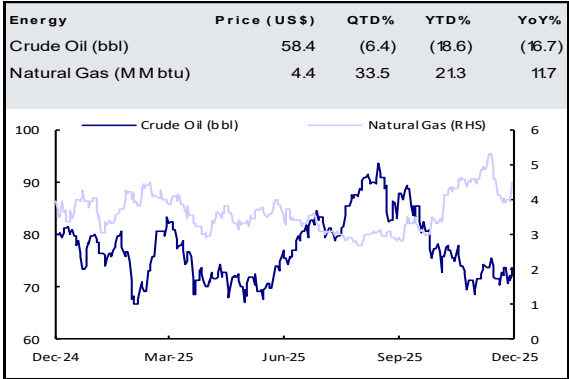
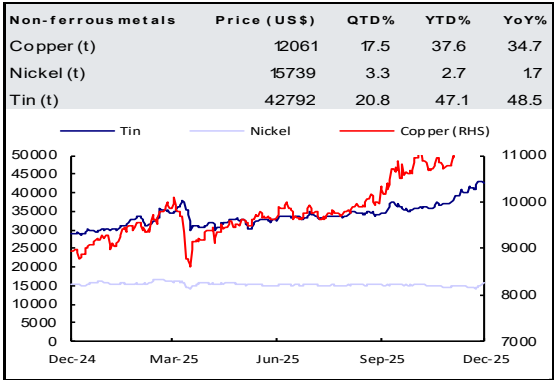
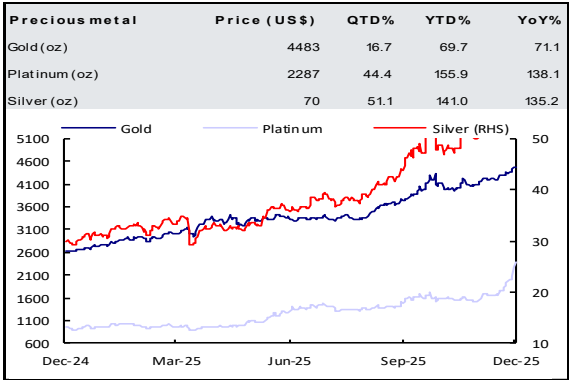
| Financial Ratios | FY24A | FY25A | FY26E | FY27E | FY28E |
|-----------------------------|-------|-------|-------|-------|-------|
| Revenue y-o-y growth (%) | 32 | 8 | 7 | 5 | 4 |
| Net profit y-o-y growth (%) | 5.0 | 2.1 | 21.9 | 11.4 | 3.3 |
| Operating profit margin (%) | 49.8 | 50.1 | 50.8 | 50.8 | 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 |
|-----------------------------------|------|----------|-----------------------|
| Durable Goods Orders | MoM | | 23-Dec-25 |
| GDP | QoQ | | 23-Dec-25 |
| Consumer Confidence | MoM | | 23-Dec-25 |
| Industrial Production | MoM | | 23-Dec-25 |
| Initial Jobless Claims | WoW | | 24-Dec-25 |
| ISM Manufacturing PMI | MoM | | 5-Jan-26 |
| Factory Orders | MoM | | 7-Jan-26 |
| Trade Balance | MoM | | 8-Jan-26 |
| Wholesale Inventories | MoM | | 8-Jan-26 |
| Housing Starts / Building Permits | MoM | | 9-Jan-26 |
| Employment Report | MoM | | 9-Jan-26 |
| New home Sales | MoM | | 13-Jan-26 |
| CPI | MoM | | 13-Jan-26 |
| Business Inventories | MoM | | 14-Jan-26 |
| Retail Sales | MoM | | 14-Jan-26 |
| PPI | MoM | | 14-Jan-26 |
| Existing Home Sales | MoM | | 14-Jan-26 |
| Personal Income & Spending | MoM | | 29-Jan-26 |
| Auto Sales | MoM | | |

China Economic Calendar

| Indicators | Freq | Obs Date | Expected Release Date |
|---------------------------|------|----------|-----------------------|
| PMI Manufacturing | MoM | | 31-Dec-25 |
| Foreign Exchange Reserves | QoQ | | 7-Jan-26 |
| Money Supply - M2 | MoM | | 9-Jan-26 |
| Trade Balance | MoM | | 14-Jan-26 |
| PPI | MoM | | |
| CPI | MoM | | |
| Retail Sales | MoM | | |
| Industrial Production | MoM | | |
| GDP | YoY | | |

Hong Kong Economic Calendar

| Indicators | Freq | Obs Date | Expected Release Date |
|--------------------------|------|----------|-----------------------|
| Trade Balance | MoM | | 29-Dec-25 |
| Money Supply - M2 | MoM | | 31-Dec-25 |
| Retail Sales | MoM | | 2-Jan-26 |
| PMI | MoM | | 6-Jan-26 |
| Foreign Currency Reserve | MoM | | 7-Jan-26 |
| Unemployment Rate | MoM | | 20-Jan-26 |
| CPI | MoM | | 22-Jan-26 |
| GDP | QoQ | | 30-Jan-26 |
| Producer Prices Index | QoQ | | 13-Mar-26 |
| Industrial Production | QoQ | | 13-Mar-26 |
| Composite Interest Rate | MoM | | |

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