



## China | Consumer

14 January 2026

## 361 Degrees (1361 HK)

## Stable YoY growth in 4Q25

## ~10% YoY growth in 4Q25

361 Degrees announced its 4Q25 operational results, with offline retail sales for its 361° Core Brand recorded a +10% growth YoY (3Q25: +10%, 2Q25: +10%), while 361° Kids was up by +10% YoY (3Q25: +10%, 2Q25: +10%). Online sales continue to grow healthily and recorded a high double-digit YoY sales growth during the period (3Q25: ~20%, 2Q25: +20%). Retail inventory turnover was at a healthy level of 4.5-5 months (flat QoQ), while the retail discount level was at around 29%-30% (3Q25: 30%).

## New products to drive top-line growth

Series of new product offerings were introduced in 4Q25, such as the newly launched running shoes "Flying Flame 5" (飛燃 5) and "Flying Flame 5 FUTURE" (飛燃 5 FUTURE) which enhance its waterproof capability, and professional marathon racing shoes "Flying Flame 4.5" (飛燃 4.5). The third generation of the 361° SPIRE family has been fully upgraded. The "SPIRE FLOAT3" (速湃 FLOAT3) incorporated the all-new CQT QU!K midsole technology, delivering enhanced cushioning and responsive energy return. The "SPIRE CQT3" (速湃 CQT3) adopted a wrap-around TPU structure to provide reliable support for jogging and multi-terrain training. The "Peak Pierce 1st Generation" (凌刺 1代) also was launched during the period, which is a high-performance dual-density cushioned trail running shoe. As for brand building, the company renewed its partnership with the Olympic Council of Asia last month. The company also established a deep strategic partnership with Cleancool (康綸航天) and Tianjin University of Sport, integrating aerospace technology and sports research resources to jointly advance the development of competitive sports. During the 15th National Games, 361° offered full support to the Tianjin and Inner Mongolia delegations, providing tailored professional sports equipment to help athletes deliver their best performance.

## 33 Super Premium Stores were opened during 4Q25

In 4Q25, the company continued to advance its 361° Super Premium Stores, achieving impressive performance. During the quarter, a total of 33 new stores were opened across the country. By end-4Q25, there are a total of 126 361° Super Premium Stores nationwide, of which 21 stores are Kidswear stores. These premium stores sizes average 800-1200sqm with a better operating efficiency than regular stores. The first overseas Super Premium Store was opened in Cambodia. Management expects once these new Super Premium Stores successfully ramp up, revenue could be 5 to 6x of regular stores. As for ONEWAY, there were 6 stores by end of FY25. 361° accelerated its e-commerce expansion, with thousands of stores participating in Taobao Flash Sales, initiating a new strategy in instant retailing.

## Maintain our BUY rating and TP of HK\$7.3

We believe the company is on track to achieve a 12.4%/11.5% YoY growth in revenue/net profit this year. We maintained our FY25-FY27 forecasts for now, and keep our target price unchanged at \$7.3. We maintained our BUY rating on the counter.

**BUY**

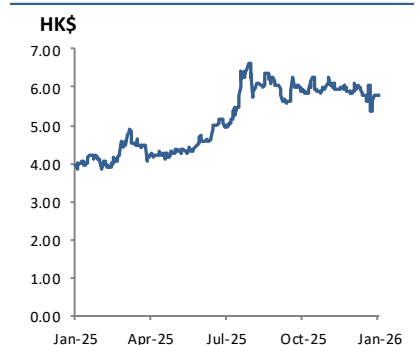
Last Price (HK\$)*	5.80
<b>Target Price (HK\$)</b>	<b>7.30</b>
Upside / (Downside)(%)	25.9%
Previous rating	BUY
Previous TP	7.30
Hang Seng Index*	26,848.47
* Prices as of	13-Jan-26

## Key Data

Ticker	1361 HK
Market Cap (HK\$m)	11,993
3M avg daily T/O (HK\$m)	24.1
52-week High (HK\$)	6.70
52-week Low (HK\$)	3.83
Free Float (%)	34.7%
Shares O/S (m)	2,067.7

Performance	Absolute	Relative
1 month	-1.2%	-4.4%
3 months	-2.4%	-5.8%
6 months	16.2%	4.5%

## Price Chart



Source: Bloomberg

## Summary financial data

Year to Dec 31 (Rmb mn)	2023	2024	2025E	2026E	2027E
Revenue	8,423	10,074	11,320	12,620	13,813
Gross profit	3,462	4,183	4,692	5,233	5,728
Net profit	961	1,149	1,280	1,450	1,602
YoY Growth	28.7%	19.5%	11.5%	13.3%	10.5%
EPS (HKD)	0.521	0.622	0.694	0.785	0.868
P/E (x)	11.1	9.3	8.4	7.4	6.7
P/B (x)	1.18	1.14	1.06	0.98	0.90
Dividend Yield (%)	3.6	4.8	5.4	6.1	6.7
ROE (%)	11.3	12.4	13.1	13.8	14.0
Net debt / equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Crosby Securities

Raymond Ip  
raymond.ip@crosby.com  
+852 3476 2928



Figure 1 Sportswear operational data (1Q16-4Q25)

	Anta 2020 HK		Li Ning 2331 HK		Xtep 1368 HK		361 Degrees 1361 HK		China Dongxiang 3818 HK	
	ANTA Brand	Other Brands	Sell through	SSSG	Xtep Brand	Saucony	Core	Kid	Kappa	SSSG
1Q 2016	+MSD	-	-	+LSD	-	-	+7.2% <sup>(2)</sup>	+7.5% <sup>(2)</sup>	-	-
2Q 2016	+HSD	-	-	+HSD	-	-	+7.0% <sup>(2)</sup>	+7.3% <sup>(2)</sup>	-	-
3Q 2016	+LSD	+60-70%	-	+HSD	-	-	+7.3% <sup>(2)</sup>	+7.3% <sup>(2)</sup>	-	-
4Q 2016	+high-teens	+50-60%	-	+mid-teens	-	-	+7.5% <sup>(2)</sup>	+7.7% <sup>(2)</sup>	-	-
1Q 2017	+low-teens	+40-50%	+HSD	Flat	-	-	+7.0% <sup>(2)</sup>	+7.4% <sup>(2)</sup>	-	-
2Q 2017	+20-30%	+50-60%	-	+HSD	-	-	+HSD	+HSD	-	-
3Q 2017	+mid-teens	+40-50%	+LSD	-LSD	-	-	+HSD	+HSD	-	-
4Q 2017	+20%-25%	+85-90%	+mid-teens	+low-teens	-	-	+HSD	+HSD	-	-
1Q 2018	+20%-25%	+80-85% <sup>(1)</sup>	+mid-teens	+low-teens	-	-	+HSD	+HSD	-	-
2Q 2018	+low-teens	+90-95%	+low-teens	+HSD	-	-	+HSD	+low-teens	+HSD	+5-9%
3Q 2018	+mid-teens	+90-95%	+mid-teens	+low-teens	-	-	+MSD	+low-teens	Flat	-1-6%
4Q 2018	+mid 10-20%	+80-85%	+high-teens	+mid-teens	-	-	Flat	+low-teens	+low-teens	+MSD
1Q 2019	+low 10-20%	+65-70%	+low-twenties	+mid-teens	+20%+	-	+LSD	+LSD	+HSD	+LSD
2Q 2019	+mid 10-20%	+55-60%	+low-twenties	+mid-teens	+20%+	-	+LSD	+HSD	+MSD	+LSD
3Q 2019	+mid 10-20%	FILA: +50-55% Others: +30-35%	+low-thirties	+high-teens	+20%	-	+LSD	+HSD	+MSD	+LSD
4Q 2019	+high-teens	FILA: +50-55% Others: +25-30%	+mid-thirties	+high-teens	+20%+	-	+LSD	+HSD	+mid-teens	+5-9%
1Q 2020	-20-25%	FILA: -MSD Others: -HSD	+high-teens	-	-20-25%	-	-25-30%	-25-30%	+low-teens	+5-9%
2Q 2020	-LSD	FILA: +low-teens Others: +25-30%	-MSD	-MSD	-LSD	-	-low-teens	-low-teens	-high-twenties	-1-6%
3Q 2020	+LSD	FILA: +20-25% Others: +50-55%	+MSD	+LSD	+MSD	-	-HSD	-HSD	-MSD-LSD	-MSD
4Q 2020	+LSD	FILA: +25-30% Others: +55-60%	+mid-teens	+low-teens	+HSD	-	+LSD	+MSD	+MSD	+LSD - +MSD
1Q 2021	+40-45%	FILA: +75-80% Others: +115-120%	+High 80%	-	+Mid 50%	-	+high-teens	+low-twenties	+low-teens	+MSD
2Q 2021	+35-40%	FILA: +30-35% Others: +70-75%	+low-nineties	+low-eighties	+30-35%	-	+15-20%	+30-35%	+mid-sixties	+HSD
3Q 2021	+low-teens	FILA: +MSD Others: +35-40%	+Low 40%	+high-twenties	+Mid-teens	-	+low-teens	+15-20%	+mid-to-low teens	+M-HSD
4Q 2021	+mid-teens	FILA: +MSD Others: +30-35%	+low-thirties	+low-twenties	+20-25%	-	+high-teens	+25-30%	-mid-to-high-teens	-high-teens
1Q 2022	+high-teens	FILA: +MID Others: +40-45%	+ high-twenties	+low-twenties	+30-35%	-	+high-teens	+20-25%	-mid-teens	-mid-to-high-teens
2Q 2022	-MSD	FILA: -HSD Others: +20-25%	-HSD	-low-teens	+Mid-teens	-	+low-teens	+20-25%	-MSD	-MSD
3Q 2022	+MSD	FILA: +low-teens Others: +40-45%	+mid-teens	+HSD	+20-25%	-	+mid-teens	+20-25%	-mid-to-high-teens	-mid-to-low-teens
4Q 2022	-HSD	FILA: -low-teens Others: +low-teens	-low-teens	-high-teens	-HSD	-	Flat	+LSD	-mid-20-30%	-mid-teens
1Q 2023	+MSD	FILA: +HSD Others: +75-80%	+MSD	-HSD	+~20%	-	+low-teens	+20-25%	+mid-to-low teens	+mid-to-low-teens
2Q 2023	+HSD	FILA: +High-teens Others: +70-75%	+ low-teens	-LSD	+High-teens	-	+low-teens	+20-25%	+mid 10%-20%	+mid- to-low10-20%
3Q 2023	+HSD	FILA: +Low-teens Others: +45-50%	+MSD	-MSD	+High-teens	-	+15%	+25-30%	+mid-to-low single digit	+MSD
4Q 2023	+high-teens	FILA: +25-30% Others: +55-60%	+low-twenties	+low-teens	+>30%	-	+>20%	+~40%	+mid 40%-50%	+high 20%-30%
1Q 2024	+MSD	FILA: +HSD Others: +25-30%	+LSD	-MSD	+HSD	-	+high-teens	+20-25%	-low 10-20%	-HSD
2Q 2024	+HSD	FILA: +MSD Others: +40-50%	-LSD	-	+10%	-	+10%	+mid-teens	-mid LSD	-MSD
3Q 2024	+MSD	FILA: -LSD Others: +45-50%	-MSD	-	+MSD	+>50%	+10%	+10%	-HSD	-low 10-20%
4Q 2024	+HSD	FILA: +HSD Others: +50-55%	+HSD	-	+HSD	+50%	+10%	+10-15%	-MSD	-HSD
1Q 2025	+HSD	FILA: +HSD Others: +65-70%	+LSD	-	+MSD	+>40%	+10-15%	+10-15%	-mid-to-high single digit	-
2Q 2025	+LSD	FILA: +MSD Others: +50-55%	+LSD	-	+LSD	+>20%	+10%	+10%	-	-
3Q 2025	+LSD	FILA: +LSD Others: +45-50%	-MSD	-	+LSD	+>20%	+10%	+10%	-	-
4Q 2025							+10%	+10%		

Notes: (1) Other brands sales excluding brands newly joined in the reporting quarter  
(2) Data represents SSSG

Source: Companies data, Crosby Securities

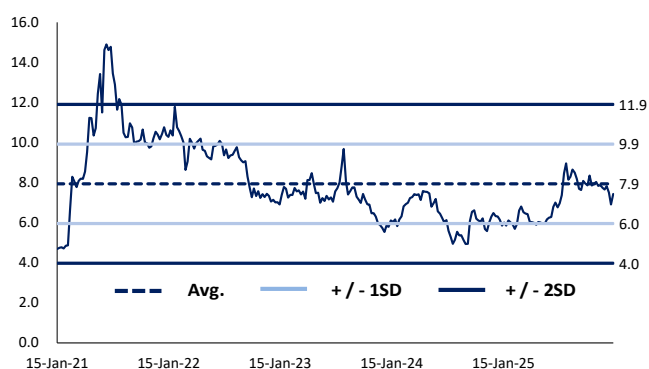


Figure 2 Peer comparison (closing prices as of 13 Jan 2026)

Company	Ticker	Price	Mkt cap (US\$m)	3-mth avg t/o (US\$m)	P/E (x)		FY1-FY3 EPS Cagr (%)	FY1 PEG (x)	Div Yld (%)		P/B (x)		ROE (%)		ROIC Hist (%)	Share px chg (%)		
					FY1	FY2			FY1	FY2	Hist	FY1	Hist	FY1		1-mth	3-mth	12-mth
HSI		26,848			12.9	11.7	11.5	1.12	3.0	3.2	1.43	1.41	10.4	10.5		3.4	3.7	42.3
HSCEI		9,285			11.9	10.7	12.2	0.97	2.8	2.9	1.33	1.34	11.1	11.1		2.3	0.7	35.7
CSI300		4,761			17.1	14.9	14.2	1.21	2.3	2.5	1.87	1.84	10.2	10.8		3.9	3.6	27.9
<b>Sector Average</b>					<b>12.6</b>	<b>11.2</b>	<b>11.7</b>	<b>1.1</b>	<b>5.1</b>	<b>5.7</b>	<b>1.5</b>	<b>1.7</b>	<b>12.9</b>	<b>14.1</b>	<b>10.4</b>	<b>(1.4)</b>	<b>(3.4)</b>	<b>16.8</b>
<b>Sector Median</b>					<b>12.7</b>	<b>11.5</b>	<b>11.9</b>	<b>1.0</b>	<b>5.5</b>	<b>6.0</b>	<b>1.3</b>	<b>1.6</b>	<b>12.6</b>	<b>13.7</b>	<b>9.9</b>	<b>(2.0)</b>	<b>(3.7)</b>	<b>10.8</b>
Anta Sports	2020 HK	80.20	28,755	93.1	15.1	13.4	11.9	1.27	3.2	3.7	3.13	2.84	24.6	19.8	14.3	(2.0)	(7.5)	2.8
Li Ning Co Ltd	2331 HK	19.10	6,329	42.0	17.5	15.4	12.8	1.37	2.9	3.2	1.63	1.61	10.5	9.3	8.7	8.0	12.9	30.3
Xtep Intl	1368 HK	5.26	1,892	4.8	9.3	8.4	10.1	0.92	5.5	6.0	1.33	1.33	14.5	14.9	11.7	(2.0)	(9.8)	(4.5)
361 Degrees	1361 HK	5.80	1,537	3.1	8.4	7.5	11.3	0.74	5.8	6.6	1.07	1.01	12.6	12.7	11.1	(1.2)	(2.4)	49.9
China Dongxiang	3818 HK	0.45	336	0.3	N/A	N/A	N/A	N/A	N/A	N/A	0.25	N/A	3.0	N/A	N/A	(6.3)	(3.7)	42.5
Topsports Intern	6110 HK	2.90	2,306	5.4	12.7	11.5	12.2	1.04	8.0	9.2	1.79	1.74	13.0	13.7	8.8	(7.3)	(11.0)	10.8
Eagle Nice Intl	2368 HK	3.51	258	0.0	N/A	N/A	N/A	N/A	N/A	N/A	1.02	N/A	12.2	N/A	8.1	1.2	(2.5)	(14.4)

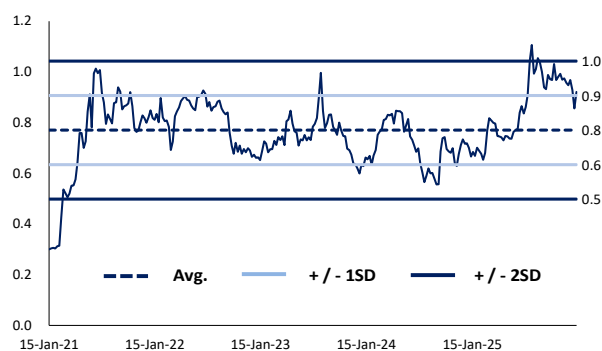
Source: Bloomberg, Crosby Securities

Figure 3 Historical 5-year forward PE range



Source: Bloomberg, Crosby Securities

Figure 4 Historical 5-year forward PB range



Source: Bloomberg, Crosby Securities



## Summary financials

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
<b>Profit &amp; Loss (RMBm)</b>					
Footwear	3,510	4,287	4,839	5,470	6,003
YoY%	23.0	22.1	12.9	13.0	9.7
Apparel	2,687	3,093	3,326	3,600	3,875
YoY%	9.8	15.1	7.5	8.2	7.6
Accessories	0	0	0	0	0
YoY%	N/A	N/A	N/A	N/A	N/A
361° Kids	1,924	2,310	2,656	3,002	3,332
YoY%	33.4	20.1	15.0	13.0	11.0
Others	302	383	498	548	603
YoY%	21.0	19.6	12.4	11.5	9.5
<b>Turnover</b>	<b>8,423</b>	<b>10,074</b>	<b>11,320</b>	<b>12,620</b>	<b>13,813</b>
YoY%	21.0	19.6	12.4	11.5	9.5
COGS	-4,961	-5,890	-6,628	-7,386	-8,084
<b>Gross profit</b>	<b>3,462</b>	<b>4,183</b>	<b>4,692</b>	<b>5,233</b>	<b>5,728</b>
Margin	41.1%	41.5%	41.5%	41.5%	41.5%
Selling & distribution	-1,863	-2,211	-2,502	-2,776	-3,025
Admin	-630	-699	-815	-883	-953
R&D	0	0	0	0	0
Other opex	0	0	0	0	0
<b>Total opex</b>	<b>-2,493</b>	<b>-2,910</b>	<b>-3,317</b>	<b>-3,660</b>	<b>-3,978</b>
YoY%	26.3	16.7	14.0	10.3	8.7
<b>Operating profit</b>	<b>969</b>	<b>1,273</b>	<b>1,375</b>	<b>1,574</b>	<b>1,750</b>
Margin	11.5%	12.6%	12.2%	12.5%	12.7%
Other income / (exp)	414	303	415	441	458
Finance costs	-20	-13	-17	-17	-17
Associates' income	0	0	0	0	0
Pre-tax profit	1,363	1,563	1,773	1,998	2,191
Tax	-323	-370	-426	-480	-526
<b>Profit after tax</b>	<b>1,040</b>	<b>1,193</b>	<b>1,348</b>	<b>1,518</b>	<b>1,665</b>
Margin	12.3%	11.8%	11.9%	12.0%	12.1%
Minority Interest	-79	-44	-67	-68	-63
<b>Net profit</b>	<b>961</b>	<b>1,149</b>	<b>1,280</b>	<b>1,450</b>	<b>1,602</b>
YoY%	28.7	19.5	11.5	13.3	10.5
Margin	11.4%	11.4%	11.3%	11.5%	11.6%
Non-core items adj.	0	0	0	0	0
<b>Adj. profit</b>	<b>961</b>	<b>1,149</b>	<b>1,280</b>	<b>1,450</b>	<b>1,602</b>
YoY%	3.3	19.5	11.5	13.3	10.5
Margin	11.4%	11.4%	11.3%	11.5%	11.6%
<b>EBITDA</b>	<b>999</b>	<b>1,392</b>	<b>1,451</b>	<b>1,647</b>	<b>1,821</b>
YoY%	(7.6)	39.3	4.2	13.5	10.6
Margin	11.9%	13.8%	12.8%	13.0%	13.2%
<b>Fully diluted EPS (RMB)</b>	<b>0.465</b>	<b>0.556</b>	<b>0.619</b>	<b>0.701</b>	<b>0.775</b>
YoY%	28.7	19.5	11.5	13.3	10.5
<b>DPS (RMB)</b>	<b>0.187</b>	<b>0.250</b>	<b>0.279</b>	<b>0.316</b>	<b>0.349</b>
YoY%	N/A	33.7	11.5	13.3	10.5

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
<b>Cash Flow (RMBm)</b>					
Operating profit	969	1,273	1,375	1,574	1,750
Dep. & Amort.	75	77	76	73	71
Chg in working cap	-679	-1,308	738	-351	-322
Others	305	303	301	301	301
<b>Cash from operations</b>	<b>671</b>	<b>345</b>	<b>2,490</b>	<b>1,597</b>	<b>1,800</b>
Tax paid	-263	-275	-426	-480	-526
<b>Net cash from operations</b>	<b>408</b>	<b>70</b>	<b>2,064</b>	<b>1,118</b>	<b>1,274</b>
YoY%	7.2	(82.9)	2,857.4	(45.9)	14.0
Capex	-64	-269	67	67	67
Investments	0	0	0	0	0
Disposal of assets	2	3	0	0	0
Interest received	67	45	113	140	156
Others	412	1,587	0	0	0
<b>Net cash from investments</b>	<b>417</b>	<b>1,366</b>	<b>180</b>	<b>206</b>	<b>223</b>
Issue/ buyback of shares	0	0	0	0	0
Interest paid	-20	-13	-17	-17	-17
Dividends paid	-122	-580	-547	-614	-687
Net change in debt	0	-31	0	0	0
Others	-938	-152	0	0	0
<b>Net cash from financing</b>	<b>-1,079</b>	<b>-777</b>	<b>-563</b>	<b>-631</b>	<b>-704</b>
<b>Net change in cash</b>	<b>-255</b>	<b>659</b>	<b>1,681</b>	<b>693</b>	<b>793</b>
Adjustments	-9	-1	0	0	0
Opening cash	3,860	3,596	4,254	5,935	6,628
<b>Closing cash</b>	<b>3,596</b>	<b>4,254</b>	<b>5,935</b>	<b>6,628</b>	<b>7,421</b>
<b>FCF</b>	<b>344</b>	<b>-199</b>	<b>2,131</b>	<b>1,184</b>	<b>1,341</b>
YoY%	(1.6)	N/A	N/A	(44.4)	13.2

Source: Company data, Crosby Securities

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
<b>Balance Sheet (RMBm)</b>					
Fixed assets	765	961	819	679	542
Associates & JCE	0	0	0	0	0
Goodwill & intangibles	0	0	0	0	0
Deferred tax assets	164	216	216	216	216
Others	519	179	179	179	179
<b>Non-current assets</b>	<b>1,448</b>	<b>1,355</b>	<b>1,213</b>	<b>1,074</b>	<b>937</b>
Inventories	1,350	2,109	1,698	1,893	2,072
Trade & bills receivables	3,831	4,389	4,528	5,048	5,525
Prepayments, deposits & others	1,227	1,298	1,298	1,298	1,298
Investments	0	0	0	0	0
Cash	3,596	4,254	5,935	6,628	7,421
Others	1,612	9	9	9	9
<b>Current assets</b>	<b>11,617</b>	<b>12,058</b>	<b>13,467</b>	<b>14,875</b>	<b>16,324</b>
<b>Total assets</b>	<b>13,065</b>	<b>13,414</b>	<b>14,681</b>	<b>15,949</b>	<b>17,261</b>
Trade & bills payables	2,577	2,704	3,170	3,533	3,868
Accruals & other payables	0	0	0	0	0
Tax payable	461	611	611	611	611
Bank loans	48	47	47	47	47
Bonds, CB & debentures	0	0	0	0	0
Others	2	2	2	2	2
<b>Current liabilities</b>	<b>3,088</b>	<b>3,363</b>	<b>3,829</b>	<b>4,193</b>	<b>4,527</b>
Bank loans	245	215	215	215	215
Bonds, CB & debentures	0	0	0	0	0
Deferred tax liabilities	8	6	6	6	6
Others	1	1	1	1	1
<b>Non-current liabilities</b>	<b>254</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>222</b>
<b>Total liabilities</b>	<b>3,342</b>	<b>3,584</b>	<b>4,050</b>	<b>4,414</b>	<b>4,748</b>
<b>Total net assets</b>	<b>9,723</b>	<b>9,829</b>	<b>10,630</b>	<b>11,534</b>	<b>12,513</b>
Share capital	182	182	182	182	182
Reserves	8,900	9,193	9,927	10,763	11,678
<b>Shareholder's equity</b>	<b>9,082</b>	<b>9,375</b>	<b>10,109</b>	<b>10,945</b>	<b>11,860</b>
Minority interests	641	454	521	590	653
<b>Total Equity</b>	<b>9,723</b>	<b>9,829</b>	<b>10,630</b>	<b>11,534</b>	<b>12,513</b>
Total debts	292	261	267	267	267
<b>Net cash/(debts)</b>	<b>4,916</b>	<b>4,002</b>	<b>5,677</b>	<b>6,370</b>	<b>7,163</b>
<b>BVPS (RMB)</b>	<b>4.393</b>	<b>4.534</b>	<b>4.889</b>	<b>5.293</b>	<b>5.736</b>

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
<b>Key ratios</b>					
<b>Margins (%)</b>					
Gross margin	41.1	41.5	41.5	41.5	41.5
EBITDA margin	11.9	13.8	12.8	13.0	13.2
EBIT margin	11.5	12.6	12.2	12.5	12.7
Net margin	11.4	11.4	11.3	11.5	11.6
Net margin (Core profit)	11.4	11.4	11.3	11.5	11.6
Effective tax rate (%)	23.7	23.7	24.0	24.0	24.0
Selling exp as % of rev	22.1	22.0	22.1	22.0	21.9
Admin exp as % of rev	7.5	6.9	7.2	7.0	6.9
R&D exp as % of rev	0.0	0.0	0.0	0.0	0.0
Other opex as % of rev	0.0	0.0	0.0	0.0	0.0
Total opex as % of rev	29.6	28.9	29.3	29.0	28.8
Interest coverage (x)	48.1	94.6	81.9	93.6	104.1
Dividend payout (%)	40.2	45.0	45.0	45.0	45.0
<b>Balance sheet ratios</b>					
Inventory days	93	107	105	89	90
Acct. rec. days	149	149	144	138	140
Acct. payable days	180	164	162	166	167
<b>Cash cycle</b>	<b>61</b>	<b>92</b>	<b>87</b>	<b>62</b>	<b>62</b>
<b>Net debt/equity (%)</b>	<b>Net cash</b>	<b>Net cash</b>	<b>Net cash</b>	<b>Net cash</b>	<b>Net cash</b>
Net debt/total cap (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Current ratio (x)	3.76	3.59	3.52	3.55	3.61
<b>Returns (%)</b>					
Asset turnover (x)	0.66	0.76	0.81	0.82	0.83
Financial leverage (x)	1.50	1.43	1.44	1.45	1.46
EBIT margin (%)	16.4	15.6	15.8	16.0	16.0
Interest burden (x)	0.99	0.99	0.99	0.99	0.99
Tax burden (x)	0.71	0.73	0.72	0.73	0.73
<b>ROE (%)</b>	<b>11.3</b>	<b>12.4</b>	<b>13.1</b>	<b>13.8</b>	<b>14.0</b>
<b>ROIC (%)</b>	<b>17.3</b>	<b>19.7</b>	<b>25.3</b>	<b>30.3</b>	<b>32.0</b>



## Information Disclosures

The information and opinions in this report were prepared by Crosby Securities Limited and/or its affiliate(s) (collectively, hereinafter “Crosby”) and the research analyst(s) named in this report.

### Analyst Certification Disclosure

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to Crosby, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Each research analyst primarily responsible for the content of this research report further confirm that (i) neither they nor their respective associates (as defined in the Code of Conduct issued by the Hong Kong Securities and Futures Commission) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of the report; (ii) neither they nor their respective associates serve as an officer of any of the Hong Kong listed companies covered in this report; and (iii) neither they nor their respective associates have any financial interests in the stock(s) covered in this report.

### Stock Ratings Disclosure:

#### Fundamental Rating System

Our Fundamental Ratings are based on our estimated potential total return for the stocks over a 12-month time horizon. Potential total return is the sum of (1) share price upside or downside express in percentage plus (2) gross dividend yield over the next 12 months.

**Buy (B):** The stock's potential total return is expected to be over 10%/15% for Large Caps/Small&Mid Caps, respectively.

**Neutral (N):** The stock's potential total return is expected to be ranging from -10% to 10%/15% for Large Caps/Small&Mid Caps, respectively.

**Sell (S):** The stock's potential total return is expected to be less than -10% over the next 12 months.

#### Tactical Call Rating System

Our Tactical Calls are based on short-term share-price catalyst(s), technical factor(s) and/or quantitative analysis for a time horizon of 3 months. Our Tactical Calls could be on companies not covered by our fundamental rating system or contrary to our fundamental ratings of the same companies.

**Tactical Buy (TB):** The stock's potential total return is expected to be over 20%.

**Tactical Sell/Short (TS / TSH):** The stock's potential total return is expected to be less than -20%.

**Closure/Expiry of Tactical Call:** Our Tactical Call(s) will be considered closed or expires when (1) the share price(s) of our tactical Call(s) reaches either the Take-Profit or Cut-Loss levels after the initiation of the Tactical Call(s); or (2) after 3 months from the initiation of the Tactical Call(s), whichever comes earlier.

**Not Rated (NR):** Stocks that we have no Fundamental or Tactical Call rating

**Under Review (UR):** An indication of the stock's target price and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

We generally define LargeCaps as companies with a total market capitalization of US\$5bn or above, while those with total market capitalization below this level are defined as Small&Mid Caps.

Due to daily price volatility, actual total market capitalization of stocks of defined size categories may temporarily deviate from the above thresholds and potential total return of stocks covered by our Fundamental Rating System may temporarily be inconsistent with the defined potential total return associated with the assigned fundamental ratings.



## General Disclosures and Disclaimers

This report has been prepared based on information available to the public that we consider reliable, but Crosby Securities Limited ("Crosby") has not independently verified the contents hereof and does not represent or warrant, expressly or impliedly, that it is fair, accurate, timely, reasonable or complete and it should not be relied on as such. The information and opinions contained herein are for investors' reference only and do not take into account the particular investment objectives, financial situation or needs of individual clients, and does not constitute an offer to buy or sell or a solicitation of an offer to buy or sell the securities or other financial products or provide any investment advice or service. Under no circumstances shall the information contained herein or the opinions expressed herein constitute a personal recommendation to anyone.

Crosby may have positions in and may effect transactions in the securities of company(ies) referred to in the research report and may also perform or seek to perform investment banking or financial advisory services for those companies. Investors should aware that there is a possible conflict of interest that would affect the objectivity of the research reports attached herein. Crosby and our officers, directors and employees, excluding equity and credit analysts, may from time to time have long or short positions in, act as principal in, and buy or sell, the securities or other financial products, if any, referred to in this report. Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this report. None of Crosby, its shareholders or any of its or their related personal shall be liable in any manner whatsoever for any loss or consequences howsoever arising from any use of or reliance on this document or any of its contents or otherwise in connection therewith.

The information contained in this report, as well as the opinions, valuations, ratings, estimates and forecasts are subject to change and may be amended from time to time without any notification. Past performance is not a reliable indicator of future performance. At different period, Crosby may release reports which are inconsistent with the opinions, valuations, ratings, estimates and forecasts contained herein.

Crosby's salespeople, traders, and other professionals may provide oral or written market commentary or trading ideas that may be inconsistent with, and research different conclusion from, the recommendations and opinions presented in this report. Such ideas or recommendations reflect the different assumptions, views and analytical methods of the persons who prepared them, and Crosby is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this report. Crosby's asset management areas, proprietary trading desks and other investing business may make investment decisions that are inconsistent with the recommendations or opinions expressed in this report.

THIS DOCUMENT IS STRICTLY CONFIDENTIAL TO THE RECIPIENT. IT IS BEING SUPPLIED TO YOU SOLELY FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ON, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. NEITHER THIS DOCUMENT NOR ANY COPY OF IT MAY BE TAKEN OR TRANSMITTED OUTSIDE OF HONG KONG. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW, AND PERSONS IN TO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS REPORT YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS.

This report is distributed in Hong Kong only to professional investors (as defined in the Securities and Futures Ordinance (Cap 571)) by Crosby, which is regulated by the Securities and Future Commission of Hong Kong. The research report herein are not provided to and may not be used by any person or entity in any jurisdiction where the provision or use thereof would be contrary to applicable laws, rules or regulations of any governmental authority or regulatory or self-regulatory organization or clearing organization or where Crosby is not authorized to provide such information or service.

**Copyright of this report belongs to Crosby. Any form of unauthorized distribution, reproduction, publication, release or quotation is prohibited without Crosby's written permission.**