



## Anta Sports (2020 HK)

### Expect positive growth for Anta and Fila brands in FY26

#### Anta core brand saw LSD YoY sales decline in 4Q25

Anta announced its 4Q25 operational results, with retail sales for its Anta Core Brand recorded a LSD decline YoY (3Q25: +LSD, 2Q25: +LSD). The main reasons for 4Q YoY sales decline was due to i) warmer weather; ii) a later CNY in 2026; and iii) dragged down by the kids segment. Online sales was up by LSD YoY, compared with 3Q25 HSD growth, while offline sales saw negative YoY growth, compared with LSD growth in 3Q25. Retail inventory turnover was at a healthy level of slightly above 5 months (3Q25: slightly above 5 months), while offline retail discount was flat QoQ at 29% and online retail discount was also flat QoQ at 50%. Full year core brand retail sales recorded a LSD growth, inline with management expectations. New retail formats have shown outstanding performance. As of end-FY25, Anta Champion store count reached 150, with retail sales (GMV) exceeding Rmb1bn. Additionally, nearly 300 stores were upgraded to "Lighthouse" stores, achieving 60% higher efficiency than standard locations. Overseas business continues to advance, with accelerated expansion in markets such as the US & SE Asia, providing a foundation for mid-to-long-term growth.

#### Core Fila recorded MSD YoY growth, online sales up LDD YoY

Retail sales for Fila brand recorded a MSD positive growth YoY in 4Q25 (3Q25: +LSD, 2Q25: +MSD). Offline sales grew by HSD YoY (3Q25: +LSD), online sales was up by LDD YoY (3Q25: +HSD), and kidswear grew by LSD YoY. Retail inventory turnover was slightly above 5 months (3Q25: 6 months), while both online/offline retail discount rates were at 35%/27% respectively (3Q25: 42%/26%).

#### Kolon and Descente continued to record strong YoY growth

Retail sales for other brands recorded 35%-40% growth YoY in 4Q25 (3Q25: 45%-50%, 2Q25: 50%-55%), thanks to continual strong demand for outdoor sports products in general in Mainland China. Kolon was doing better than Descente with 55% YoY (3Q25: 70%) in sales growth during the quarter, while Descente recorded 25-30% (3Q25: 30%) growth YoY. Maia Active recorded 25-30% (3Q25: 45%) YoY growth. Jack Wolfskin was consolidated in June this year. The business is currently in an integration phase, which will incur one-off costs. Management plans to execute a 3-5 year revival plan to achieve a brand turnaround and expects to continue to record a loss in FY26.

#### Maintain our BUY rating, TP lowered to HK\$108

With a YoY sales decline in 4Q25 for core Anta, management was cautious with this year's outlook, and expect core Anta brand to have positive YoY growth (FY25: +LSD), Fila to maintain its growth momentum (FY25: +MSD), Descente and Kolon to maintain its high growth (FY25: +45-50%) but likely a lower growth this year. 2026 is a major year for sports, featuring events such as the Milan Winter Olympics in February, the World Cup in June, and the Asian Games in September. Consequently, both Anta core brand and Fila brand plan to increase their branding and marketing investments throughout 2026. We lowered our FY25/26/27 NP estimates by 3.2%/5.3%/6.9% and cut our TP from HK\$115 to HK\$108. We maintained our BUY rating on the counter.

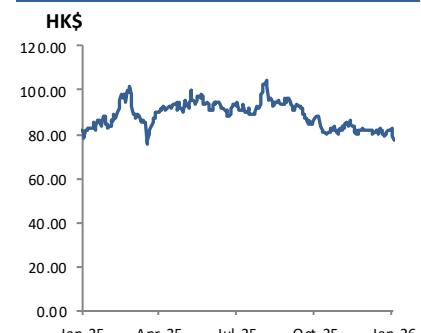
BUY	
Last Price (HK\$)*	77.50
Target Price (HK\$)	108.00
Upside / (Downside)(%)	39.4%
Previous rating	BUY
Previous TP	115.00
Hang Seng Index*	26,629.96
*Prices as of	22-Jan-26

#### Key Data

Ticker	2020 HK
Market Cap (HK\$m)	216,741
3M avg daily T/O (HK\$m)	718.3
52-week High (HK\$)	106.30
52-week Low (HK\$)	73.55
Free Float (%)	46.6%
Shares O/S (m)	2,796.7

Performance	Absolute	Relative
1 month	-5.8%	-8.7%
3 months	-11.4%	-14.2%
6 months	-16.8%	-21.4%

#### Price Chart



Source: Bloomberg

#### Summary financial data

Year to Dec 31 (Rmb mn)	2023	2024	2025E	2026E	2027E
Revenue	62,356	70,826	78,720	86,021	93,279
Gross profit	39,028	44,032	49,208	53,593	58,226
<b>Net profit</b>	<b>10,236</b>	<b>15,596</b>	<b>13,157</b>	<b>14,532</b>	<b>15,928</b>
YoY Growth	34.9%	52.4%	-15.6%	10.5%	9.6%
EPS (CNY)	3.660	5.577	4.704	5.196	5.695
P/E (x)	<b>18.7</b>	<b>12.3</b>	<b>14.6</b>	<b>13.2</b>	<b>12.0</b>
P/B (x)	3.73	3.11	2.77	2.45	2.17
Dividend Yield (%)	2.7	3.2	2.7	3.0	3.3
ROE (%)	<b>23.8</b>	<b>27.6</b>	<b>20.1</b>	<b>19.7</b>	<b>19.1</b>
Net debt/equity (%)	Net cash	4	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-low 10-20%
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	-LSD	FILA: +MSD Others: +35-40%	-LSD	-	-	+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 22 Jan 2026)

Company	Ticker	Price	Mkt cap (US\$m)	3-mth avg t/o	P/E(x)		FY1-FY3		FY1	Div Yld (%)	P/B(x)		ROE (%)		ROIC Hist (%)	Share px chg (%)			
					FY1	FY2	EPS Cagr (%)	PEG (x)			FY1	FY2	Hist	FY1		1-mth	3-mth	12-mth	
HSI		26,630			12.9	11.6	11.7	1.10	3.0	3.2	1.43	1.41	10.4	10.5		3.2	3.3	34.6	
HSCEI		9,114			11.8	10.6	12.2	0.96	2.8	3.0	1.32	1.32	11.1	11.0		2.0	(1.2)	27.0	
CSI300		4,724			16.9	14.7	14.3	1.18	2.3	2.6	1.84	1.82	10.2	10.8		2.4	2.9	24.4	
<b>Sector Average</b>					<b>12.7</b>	<b>11.5</b>	<b>10.9</b>		<b>1.2</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>(2.5)</b>	<b>(2.7)</b>	<b>15.6</b>
<b>Sector Median</b>					<b>12.4</b>	<b>11.2</b>	<b>10.6</b>		<b>1.0</b>	<b>5.6</b>	<b>6.0</b>	<b>1.3</b>	<b>1.7</b>	<b>12.6</b>	<b>13.7</b>	<b>9.9</b>	<b>(3.4)</b>	<b>(4.3)</b>	<b>2.8</b>
Anta Sports	2020 HK	77.50	27,795	92.1	14.8	13.5	10.6	1.39	3.3	3.7	3.02	2.76	24.6	19.7	14.3	(5.8)	(11.4)	(4.1)	
Li Ning Co Ltd	2331 HK	21.30	7,060	46.1	18.6	17.0	10.5	1.76	2.8	2.9	1.81	1.78	10.5	9.7	8.7	11.0	22.4	36.7	
Xtep Intl	1368 HK	5.23	1,882	5.0	9.3	8.4	10.1	0.92	5.6	6.0	1.32	1.32	14.5	14.9	11.7	(6.8)	(8.9)	(10.4)	
361 Degrees	1361 HK	5.75	1,525	3.4	8.3	7.4	11.2	0.74	5.8	6.6	1.06	1.01	12.6	12.6	11.1	(3.4)	(4.3)	44.8	
China Dongxiang	3818 HK	0.46	344	0.3	N/A	N/A	N/A	N/A	N/A	N/A	0.26	N/A	3.0	N/A	N/A	(3.2)	(0.6)	55.0	
Topsports Intern	6110 HK	2.84	2,258	5.6	12.4	11.2	12.2	1.02	8.2	9.4	1.75	1.70	13.0	13.7	8.8	(9.0)	(13.7)	2.8	
Eagle Nice Intl	2368 HK	3.49	257	0.0	N/A	N/A	N/A	N/A	N/A	N/A	1.02	N/A	12.2	N/A	8.1	(0.6)	(2.2)	(15.3)	

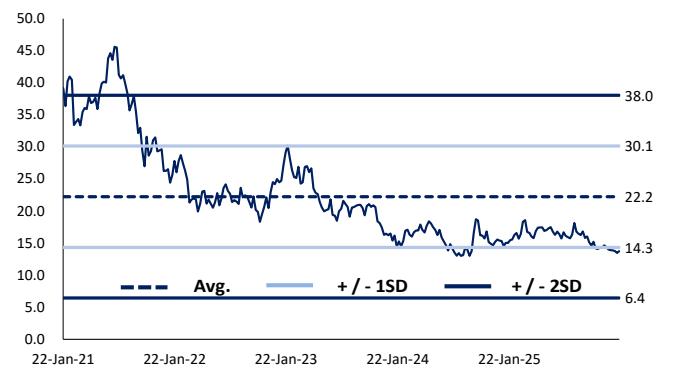
Source: Bloomberg, Crosby Securities

Figure 3 Old vs. new forecast

(RMB mn)	Old forecast	New forecast	Difference
<b>Revenue</b>			
FY25E	79,535	78,720	-1.0%
FY26E	87,725	86,021	-1.9%
FY27E	96,213	93,279	-3.0%
<b>Gross profit</b>			
FY25E	49,762	49,208	-1.1%
FY26E	55,003	53,593	-2.6%
FY27E	60,601	58,226	-3.9%
<b>Net Profit (Adj.)</b>			
FY25E	13,587	13,157	-3.2%
FY26E	15,344	14,532	-5.3%
FY27E	17,116	15,928	-6.9%

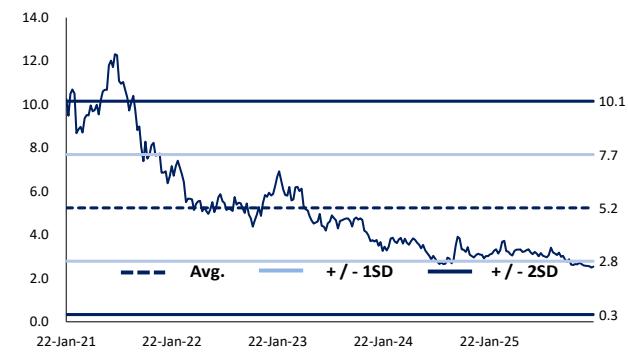
Source: Company data, Crosby Securities

Figure 4 Historical 5-year forward PE range



Source: Bloomberg, Crosby Securities

Figure 5 Historical 5-year forward PB range



Source: Bloomberg, Crosby Securities



## Summary financials

Year ended 31 Dec	2023	2024	2025E	2026E	2027E
<b>Profit &amp; Loss (RMBm)</b>					
Anta	30,306	33,522	35,085	36,392	37,665
YoY%	9.3	10.6	4.7	3.7	3.5
Fila	25,103	26,626	28,245	29,866	31,282
YoY%	16.6	6.1	6.1	5.7	4.7
Other brands	6,947	10,678	15,390	19,764	24,332
YoY%	57.7	53.7	44.1	28.4	23.1
<b>Turnover</b>	<b>62,356</b>	<b>70,826</b>	<b>78,720</b>	<b>86,021</b>	<b>93,279</b>
YoY%	16.2	13.6	11.1	9.3	8.4
COGS	-23,328	-26,794	-29,512	-32,428	-35,053
<b>Gross profit</b>	<b>39,028</b>	<b>44,032</b>	<b>49,208</b>	<b>53,593</b>	<b>58,226</b>
Margin	62.6%	62.2%	62.5%	62.3%	62.4%
Selling & distribution	-21,673	-25,647	-27,945	-30,107	-32,648
Admin	-3,693	-4,198	-4,666	-4,731	-5,130
<b>Total opex</b>	<b>-25,366</b>	<b>-29,845</b>	<b>-32,611</b>	<b>-34,839</b>	<b>-37,778</b>
YoY%	9.3	17.7	9.3	6.8	8.4
<b>Operating profit</b>	<b>13,662</b>	<b>14,187</b>	<b>16,596</b>	<b>18,754</b>	<b>20,448</b>
Margin	21.9%	20.0%	21.1%	21.8%	21.9%
Other income / (exp)	3,247	4,422	3,554	3,886	4,248
Finance costs	-551	-626	-1,041	-1,249	-1,249
Associates' income	-718	3,901	0	0	0
Pre-tax profit	15,640	21,884	19,109	21,391	23,447
Tax	-4,363	-4,895	-4,777	-5,562	-6,096
<b>Profit after tax</b>	<b>11,277</b>	<b>16,989</b>	<b>14,332</b>	<b>15,830</b>	<b>17,351</b>
Margin	18.1%	24.0%	18.2%	18.4%	18.6%
Minority Interest	-1,041	-1,393	-1,175	-1,298	-1,423
<b>Net profit</b>	<b>10,236</b>	<b>15,596</b>	<b>13,157</b>	<b>14,532</b>	<b>15,928</b>
YoY%	34.9	52.4	(15.6)	10.5	9.6
Margin	16.4%	22.0%	16.7%	16.9%	17.1%
Non-core items adj.	0	0	0	0	0
<b>Adj. profit</b>	<b>10,236</b>	<b>15,596</b>	<b>13,157</b>	<b>14,532</b>	<b>15,928</b>
YoY%	34.9	52.4	(15.6)	10.5	9.6
Margin	16.4%	22.0%	16.7%	16.9%	17.1%
<b>EBITDA</b>	<b>17,107</b>	<b>17,644</b>	<b>21,033</b>	<b>22,927</b>	<b>24,242</b>
YoY%	32.4	3.1	19.2	9.0	5.7
Margin	27.4%	24.9%	26.7%	26.7%	26.0%
<b>Fully diluted EPS (RMB)</b>	<b>3.646</b>	<b>5.556</b>	<b>4.687</b>	<b>5.177</b>	<b>5.674</b>
YoY%	34.9	52.4	(15.6)	10.5	9.6
<b>DPS (RMB)</b>	<b>1.848</b>	<b>2.185</b>	<b>1.843</b>	<b>2.036</b>	<b>2.232</b>
YoY%	61.1	18.2	(15.6)	10.5	9.6
<b>Year ended 31 Dec</b>					
<b>Cash Flow (RMBm)</b>					
Operating profit	13,662	14,187	16,596	18,754	20,448
Dep. & Amort.	4,987	5,471	5,706	5,775	5,757
Chg in working cap	1,659	2,223	264	-4,817	5,577
Others	2,910	3,838	-2,021	-2,021	-2,021
<b>Cash from operations</b>	<b>23,218</b>	<b>21,273</b>	<b>20,545</b>	<b>17,691</b>	<b>18,607</b>
Tax paid	-3,584	-4,532	-4,777	-5,562	-6,096
<b>Net cash from operations</b>	<b>19,634</b>	<b>16,741</b>	<b>15,768</b>	<b>12,129</b>	<b>12,511</b>
YoY%	61.6	(14.7)	(5.8)	(23.1)	3.1
Capex	-744	-1,412	-1,675	-1,675	-1,675
Investments	-22,488	-6,205	0	0	0
Disposal of assets	0	0	0	0	0
Interest received	1,542	2,014	1,270	1,602	1,964
Others	-4,103	-9,261	0	-284	-313
<b>Net cash from investments</b>	<b>-25,793</b>	<b>-14,864</b>	<b>-406</b>	<b>-357</b>	<b>-24</b>
Issue/ buyback of shares	10	-1	0	0	0
Interest paid	-551	-626	-1,041	-1,249	-1,249
Dividends paid	-4,022	-6,072	-5,654	-5,445	-5,990
Net change in debt	442	-1,121	0	0	0
Others	7,592	2,059	291	0	0
<b>Net cash from financing</b>	<b>3,471</b>	<b>-5,761</b>	<b>-6,404</b>	<b>-6,694</b>	<b>-7,239</b>
<b>Net change in cash</b>	<b>-2,688</b>	<b>-3,884</b>	<b>8,958</b>	<b>5,078</b>	<b>5,247</b>
Adjustments	538	46	0	0	0
<b>Opening cash</b>	<b>17,378</b>	<b>15,228</b>	<b>11,390</b>	<b>20,348</b>	<b>25,427</b>
<b>Closing cash</b>	<b>15,228</b>	<b>11,390</b>	<b>20,348</b>	<b>25,427</b>	<b>30,674</b>
<b>FCF</b>	<b>18,890</b>	<b>15,329</b>	<b>14,093</b>	<b>10,454</b>	<b>10,835</b>
YoY%	69.1	(18.9)	(8.1)	(25.8)	3.6

Year ended 31 Dec	2023	2024	2025E	2026E	2027E
<b>Balance Sheet (RMBm)</b>					
Property, plant and equipment	4,143	4,687	4,813	5,161	5,527
Right of use asset	8,085	9,826	9,826	9,826	9,826
Intangible assets	2,089	2,034	1,891	1,748	1,605
Investments	11,179	17,833	17,833	17,833	17,833
Others	14,592	25,753	25,753	25,753	25,753
<b>Non-current assets</b>	<b>40,088</b>	<b>60,133</b>	<b>60,116</b>	<b>60,321</b>	<b>60,544</b>
Inventories	7,210	10,760	9,446	10,323	11,193
Trade & bills receivables	3,732	4,463	5,117	5,591	6,063
Prepayments, deposits & others	21,453	19,157	19,157	22,988	27,586
Investments	0	0	0	0	0
Cash	15,228	11,390	20,348	25,427	30,674
Others	4,517	6,712	6,712	6,996	7,309
<b>Current assets</b>	<b>52,140</b>	<b>52,482</b>	<b>60,781</b>	<b>71,325</b>	<b>82,826</b>
<b>Total assets</b>	<b>92,228</b>	<b>112,615</b>	<b>120,896</b>	<b>131,646</b>	<b>143,370</b>
Trade & bills payables	3,195	4,332	3,936	4,301	4,664
Accruals & other payables	0	0	0	0	0
Tax payable	2,825	3,386	3,386	3,386	3,386
Bank loans	3,996	8,583	8,583	8,583	8,583
Bonds, CB & debentures	0	0	0	0	0
Others	10,575	12,292	12,292	12,292	12,292
<b>Current liabilities</b>	<b>20,591</b>	<b>28,593</b>	<b>28,197</b>	<b>28,562</b>	<b>28,925</b>
Bank loans	10,948	12,233	12,233	12,233	12,233
Bonds, CB & debentures	0	0	0	0	0
Deferred tax liabilities	855	925	925	925	925
Others	3,824	4,125	4,125	4,125	4,125
<b>Non-current liabilities</b>	<b>15,627</b>	<b>17,283</b>	<b>17,283</b>	<b>17,283</b>	<b>17,283</b>
<b>Total liabilities</b>	<b>36,218</b>	<b>45,876</b>	<b>45,480</b>	<b>45,845</b>	<b>46,208</b>
<b>Total net assets</b>	<b>56,010</b>	<b>66,739</b>	<b>75,416</b>	<b>85,801</b>	<b>97,162</b>
Share capital	272	271	271	271	271
Reserves	51,188	61,458	68,960	78,047	87,985
<b>Shareholder's equity</b>	<b>51,460</b>	<b>61,729</b>	<b>69,231</b>	<b>78,318</b>	<b>88,256</b>
Minority interests	4,550	5,010	6,185	7,483	8,906
<b>Total Equity</b>	<b>56,010</b>	<b>66,739</b>	<b>75,416</b>	<b>85,801</b>	<b>97,162</b>
Total debts	14,944	20,816	21,741	21,741	21,741
Net cash/(debts)	4,801	-2,714	5,319	10,682	16,242
<b>BVPS (RMB)</b>	<b>18.331</b>	<b>21.989</b>	<b>24.662</b>	<b>27.899</b>	<b>31.439</b>
<b>Year ended 31 Dec</b>					
<b>Key ratios</b>					
<b>Margins (%)</b>					
Gross margin	62.6	62.2	62.5	62.3	62.4
EBITDA margin	27.4	24.9	26.7	26.7	26.0
EBIT margin	21.9	20.0	21.1	21.8	21.9
Net margin	16.4	22.0	16.7	16.9	17.1
Net margin (Core profit)	16.4	22.0	16.7	16.9	17.1
Effective tax rate (%)	26.7	27.2	25.0	26.0	26.0
Selling exp as % of rev	34.8	36.2	35.5	35.0	35.0
Admin exp as % of rev	5.9	5.9	5.9	5.5	5.5
R&D exp as % of rev	N/A	N/A	N/A	N/A	N/A
Other opex as % of rev	N/A	N/A	N/A	N/A	N/A
Total opex as % of rev	40.7	42.1	41.4	40.5	40.5
Interest coverage (x)	24.8	22.7	15.9	15.0	16.4
Dividend payout (%)	50.7	39.3	39.3	39.3	39.3
<b>Balance sheet ratios</b>					
Inventory days	123	122	125	111	112
Acct. rec. days	20	21	22	23	23
Acct. payable days	47	51	51	46	47
<b>Cash cycle</b>	<b>96</b>	<b>92</b>	<b>96</b>	<b>88</b>	<b>88</b>
<b>Net debt/equity (%)</b>	<b>Net cash</b>	<b>4.1</b>	<b>Net cash</b>	<b>Net cash</b>	<b>Net cash</b>
Net debt/total cap (%)	Net cash	3.9	Net cash	Net cash	Net cash
Current ratio (x)	2.53	1.84	2.16	2.50	2.86
<b>Returns (%)</b>					
Asset turnover (x)	0.77	0.69	0.67	0.68	0.68
Financial leverage (x)	1.88	1.81	1.78	1.71	1.65
EBIT margin (%)	26.0	31.8	25.6	26.3	26.5
Interest burden (x)	0.97	0.97	0.95	0.94	0.95
Tax burden (x)	0.65	0.71	0.69	0.68	0.68
<b>ROE (%)</b>	<b>23.8</b>	<b>27.6</b>	<b>20.1</b>	<b>19.7</b>	<b>19.1</b>
<b>ROIC (%)</b>	<b>26.6</b>	<b>26.7</b>	<b>20.2</b>	<b>21.7</b>	<b>22.1</b>

Source: Company data, Crosby Securities



## 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 TRANSMISTED OUTSIDE OF HONG KONG. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESETRICTED 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.**