



China | Consumer

30 January 2026

Xtep (1368 HK)

Core brand flat growth in 4Q25

Xtep core brand sales was flat YoY in 4Q25

Xtep announced its 4Q25 operational results, with retail sales for its Xtep Core Brand recorded a flat growth YoY, as compared with LSD/LSD growth in 3Q25/2Q25. Breaking down by month, sales in Oct/Nov were better than Dec, as Dec was negatively affected by warmer weather and delayed CNY. In terms of sales channels, online growth was better than offline, with online channel maintaining a double-digit YoY growth. In terms of products, running shoes and outdoor shoes enjoyed faster growth than other categories, with a double-digit full year YoY growth. Kidswear sales also fare better than adultwear. Retail inventory turnover was at a healthy level of 4.5 months (3Q25: 4-4.5 months) while retail discount level was at 25%-30% (3Q25: 25%-30%).

Plans to open more premium outlet stores this year

Xtep began to promote DTC transformation of its main brand this quarter with around 200 stores completed, and expects to transform 300-400 Xtep stores in FY26. During FY25, 30 premium outlet stores were opened, and mgmt. expects to open 70-100 more outlet stores this year. This strategy aligns with the current trend of solid traffic and robust sell-through in the outlet channel and should add incremental contribution to offline sales. As for "Xtep Gold Label" running stores, mgmt. targets to open around 20-30 stores in premium shopping areas in top tier cities in FY26. As of end-FY25, over 70% of Xtep stores were already upgraded to 9th generation image stores.

Saucony enjoyed 30% YoY growth during the quarter

Saucony recorded around 30+% YoY growth in 4Q25 and in full year FY25, and offline channels recorded an even stronger growth, with an average store sales of Rmb450k. Mgmt plans to channels upgrade and open more flagship stores to boost store productivity. Growth in online channel was slower than offline but was already in recovery in 4Q25. Mgmt is confident that sales can be doubled in 2027, with continual expansion in operating margin. As for Merrell, the brand enjoyed a double-digit growth in both 4Q25 and full year FY25, focusing in e-commerce at this stage.

Maintain our BUY rating and TP of HK\$7.8

With the recovery of outdoor activities such as marathons and the increasing health awareness of people, we believe that Xtep would benefit from the rising demand of sports equipment. Also, the idea of rational spending, which emphasizes the value of price is raising in the Chinese economy, we believe the mass-market-focused core brand of the company can favour from the new consumption behavior. We maintained our FY25-FY27 forecasts for now, and keep our target price unchanged at \$7.8. We maintained our BUY rating on the counter.

BUY

Last Price (HK\$)*	5.10
Target Price (HK\$)	7.80
Upside / (Downside)(%)	52.9%
Previous rating	BUY
Previous TP	7.80
Hang Seng Index*	27,469.82
* Prices as of mid-day close	30-Jan-26

Key Data

Ticker	1368 HK
Market Cap (HK\$m)	14,311
3M avg daily T/O (HK\$m)	41.9
52-week High (HK\$)	6.83
52-week Low (HK\$)	4.46
Free Float (%)	52.6%
Shares O/S (m)	2,806.1

Performance	Absolute	Relative
1 month	-4.5%	-10.1%
3 months	-8.4%	-12.4%
6 months	-12.1%	-19.4%

Price Chart



Summary financial data

Year to Dec 31 (Rmb mn)	2023	2024	2025E	2026E	2027E
Revenue	12,743	13,577	14,318	15,398	16,414
Gross profit	5,331	5,865	6,199	6,736	7,251
Net profit	1,030	1,238	1,379	1,524	1,661
YoY Growth	2.6%	20.2%	11.3%	10.5%	9.0%
EPS (HKD)	5.000	0.500	0.557	0.615	0.671
P/E (x)	15.7	10.8	9.2	8.3	7.6
P/B (x)	1.43	1.45	1.33	1.22	1.12
Dividend Yield (%)	4.0	4.8	5.3	5.9	6.4
ROE (%)	14.7	14.9	15.2	15.4	15.4
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% ⁽²⁾	+7.5% ⁽²⁾	-	-
2Q 2016	+HSD	-	-	+HSD	-		+7.0% ⁽²⁾	+7.3% ⁽²⁾	-	-
3Q 2016	+LSD	+60-70%	-	+HSD	-		+7.3% ⁽²⁾	+7.3% ⁽²⁾	-	-
4Q 2016	+high-teens	+50-60%	-	+mid-teens	-		+7.5% ⁽²⁾	+7.7% ⁽²⁾	-	-
1Q 2017	+low-teens	+40-50%	+HSD	Flat	-		+7.0% ⁽²⁾	+7.4% ⁽²⁾	-	-
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% ⁽¹⁾	+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	-LSD	FILA: +MSD Others: +35-40%	-LSD		Flat	+>30%	+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 mid-price of 30 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		27,470			13.6	12.2	11.8	1.15	2.8	3.1	1.50	1.48	10.4	10.5		6.2	4.5	35.8
HSCEI		9,354			12.3	11.1	12.2	1.01	2.7	2.9	1.38	1.38	11.1	11.0		4.0	0.1	26.7
CSI300		4,706			17.1	14.7	14.5	1.17	2.3	2.6	1.86	1.83	10.2	10.8		1.2	(0.1)	23.3
Sector Average					12.5	11.3	10.8	1.2	5.3	5.8	1.4	1.7	12.9	14.1	10.4	(0.1)	(2.1)	10.7
Sector Median					12.3	11.1	10.6	1.0	5.7	6.1	1.3	1.7	12.6	13.7	9.9	(0.7)	(3.9)	2.4
Anta Sports	2020 HK	78.55	28,137	96.8	15.0	13.8	10.2	1.47	3.3	3.6	3.05	2.78	24.6	19.7	14.3	(2.8)	(3.9)	(4.8)
Li Ning Co Ltd	2331 HK	20.44	6,767	45.9	17.8	16.2	10.6	1.67	2.9	3.0	1.73	1.71	10.5	9.7	8.7	8.7	23.2	27.6
Xtep Intl	1368 HK	5.10	1,833	5.4	9.1	8.3	9.7	0.93	5.7	6.1	1.28	1.29	14.5	14.8	11.7	(4.5)	(8.4)	(15.0)
361 Degrees	1361 HK	5.66	1,499	3.3	8.1	7.3	11.2	0.73	5.9	6.8	1.04	0.99	12.6	12.6	11.1	0.4	(3.9)	35.1
China Dongxiang	3818 HK	0.45	336	0.2	N/A	N/A	N/A	N/A	N/A	N/A	0.25	N/A	3.0	N/A	N/A	1.1	(8.5)	44.7
Topsports Intern	6110 HK	2.82	2,240	5.4	12.3	11.1	12.2	1.01	8.5	9.5	1.73	1.69	13.0	13.7	8.8	(0.7)	(9.3)	2.4
Eagle Nice Intl	2368 HK	3.48	256	0.0	N/A	N/A	N/A	N/A	N/A	N/A	1.01	N/A	12.2	N/A	8.1	(2.8)	(3.9)	(14.9)

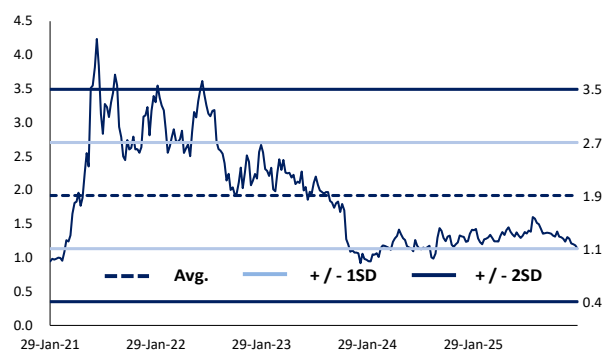
Source: Bloomberg, Crosby Securities

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	2025E	2026E	2027E
Profit & Loss (RMBm)					
Mass Market	11,947	12,327	12,682	13,114	13,442
YoY%	7.4	3.2	2.9	3.4	2.5
Athleisure	0	0	0	0	0
YoY%	N/A	N/A	N/A	N/A	N/A
Professional sports	796	1,250	1,635	2,285	2,972
YoY%	98.9	57.2	30.8	39.7	30.1
Turnover	12,743	13,577	14,318	15,398	16,414
YoY%	(1.5)	6.5	5.5	7.5	6.6
COGS	-7,412	-7,712	-8,119	-8,663	-9,163
Gross profit	5,331	5,865	6,199	6,736	7,251
Margin	41.8%	43.2%	43.3%	43.7%	44.2%
Selling & distribution	-2,655	-2,868	-3,024	-3,253	-3,467
Admin	-1,302	-1,428	-1,505	-1,619	-1,726
R&D	0	0	0	0	0
Other opex	0	0	0	0	0
Total opex	-3,957	-4,295	-4,530	-4,872	-5,193
YoY%	(4.5)	8.6	5.5	7.5	6.6
Operating profit	1,374	1,570	1,669	1,864	2,058
Margin	10.8%	11.6%	11.7%	12.1%	12.5%
Other income / (exp)	424	396	396	396	396
Finance costs	-139	-98	-69	-54	-49
Associates' income	15	33	0	0	0
Pre-tax profit	1,674	1,901	1,995	2,206	2,404
Tax	-416	-596	-617	-682	-743
Profit after tax	1,258	1,306	1,379	1,524	1,661
Margin	9.9%	9.6%	9.6%	9.9%	10.1%
Minority Interest	-3	0	0	0	0
Net profit	1,255	1,306	1,379	1,524	1,661
YoY%	36.1	4.1	5.6	10.5	9.0
Margin	9.8%	9.6%	9.6%	9.9%	10.1%
Non-core items adj.	-224	-67	0	0	0
Adj. net profit	1,030	1,238	1,379	1,524	1,661
YoY%	2.6	20.2	11.3	10.5	9.0
Margin	8.1%	9.1%	9.6%	9.9%	10.1%
EBITDA	1,679	1,945	1,842	2,071	2,299
YoY%	20.9	15.8	(5.3)	12.4	11.0
Margin	13.2%	14.3%	12.9%	13.4%	14.0%
Fully diluted EPS (RMB)	0.290	0.422	0.497	0.549	0.599
YoY%	(19.8)	45.4	17.7	10.5	9.0
DPS (RMB)	0.184	0.218	0.243	0.268	0.292
YoY%	10.6	18.6	11.3	10.5	9.0
Cash Flow (RMBm)					
Operating profit	1,374	1,570	1,669	1,864	2,058
Dep. & Amort.	305	375	173	207	240
Chg in working cap	-21	-439	1,691	-205	-193
Others	127	191	327	341	346
Cash from operations	1,786	1,697	3,860	2,207	2,452
Tax paid	-531	-469	-617	-682	-743
Net cash from operations	1,255	1,228	3,243	1,525	1,709
YoY%	119.5	(2.1)	164.1	(53.0)	12.0
Capex	-444	-317	-500	-500	-500
Investments	0	85	0	0	0
Disposal of assets	0	781	0	0	0
Interest received	0	0	0	0	0
Others	-471	103	0	0	0
Net cash from investments	-915	651	-500	-500	-500
Issue/ buyback of shares	0	0	0	0	0
Interest paid	0	0	0	0	0
Dividends paid	-469	-1,444	-604	-673	-744
Net change in debt	189	-651	0	0	0
Others	-182	-102	0	0	0
Net cash from financing	-461	-2,197	-604	-673	-744
Net change in cash	-122	-317	2,139	353	465
Adjustments	2	2	0	0	0
Opening cash	3,414	3,295	2,979	5,118	5,470
Closing cash	3,295	2,979	5,118	5,470	5,935
FCF	811	911	2,743	1,025	1,209
YoY%	292.0	12.4	201.0	(62.6)	17.9

Year ended 31 Dec	2023A	2024A	2025E	2026E	2027E
Balance Sheet (RMBm)					
Fixed assets	1,592	1,669	2,011	2,319	2,594
Associates & JCE	0	0	0	0	0
Goodwill & intangibles	723	17	2	-13	-28
Deferred tax assets	0	0	0	0	0
Others	2,966	3,053	3,053	3,053	3,053
Non-current assets	5,281	4,738	5,065	5,358	5,618
Inventories	1,794	1,596	1,861	2,002	2,134
Trade & bills receivables	4,975	5,011	3,579	3,850	4,103
Prepayments, deposits & others	1,112	1,046	1,046	1,046	1,046
Investments	0	0	0	0	0
Cash	3,295	2,979	5,118	5,470	5,935
Others	869	597	597	597	597
Current assets	12,044	11,230	12,202	12,966	13,816
Total assets	17,325	15,968	17,267	18,324	19,434
Trade & bills payables	2,531	2,195	2,720	2,926	3,119
Accruals & other payables	1,666	1,662	1,662	1,662	1,662
Tax payable	63	113	113	113	113
Bank loans	954	1,161	1,161	1,161	1,161
Bonds, CB & debentures	0	0	0	0	0
Others	680	150	150	150	150
Current liabilities	5,892	5,283	5,808	6,013	6,206
Bank loans	1,691	867	867	867	867
Bonds, CB & debentures	0	0	0	0	0
Deferred tax liabilities	243	176	176	176	176
Others	576	941	941	941	941
Non-current liabilities	2,510	1,983	1,983	1,983	1,983
Total liabilities	8,402	7,266	7,790	7,996	8,189
Total net assets	8,923	8,703	9,477	10,328	11,246
Share capital	23	24	24	24	24
Reserves	8,839	8,679	9,453	10,305	11,222
Shareholder's equity	8,863	8,703	9,477	10,328	11,246
Minority interests	61	0	0	0	0
Total Equity	8,923	8,703	9,477	10,328	11,246
Total debts	2,888	2,204	2,204	2,204	2,204
Net cash/(debts)	407	776	2,914	3,267	3,732
BVPS (RMB)	3.194	3.137	3.416	3.722	4.053
Key ratios					
Margins (%)					
Gross margin	41.8	43.2	43.3	43.7	44.2
EBITDA margin	13.2	14.3	12.9	13.4	14.0
EBIT margin	10.8	11.6	11.7	12.1	12.5
Net margin	9.8	9.6	9.6	9.9	10.1
Net margin (Core profit)	8.1	9.1	9.6	9.9	10.1
Effective tax rate (%)	25.1	31.9	30.9	30.9	30.9
Selling exp as % of rev	20.8	21.1	21.1	21.1	21.1
Admin exp as % of rev	10.2	10.5	10.5	10.5	10.5
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	31.1	31.6	31.6	31.6	31.6
Interest coverage (x)	9.9	16.1	24.2	34.4	41.7
Dividend payout (%)	49.5	48.8	48.8	48.8	48.8
Balance sheet ratios					
Inventory days	100	80	78	81	82
Acct. rec. days	132	134	110	88	88
Acct. payable days	131	112	110	119	120
Cash cycle	102	103	77	50	50
Net debt/equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Net debt/total cap (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Current ratio (x)	2.04	2.13	2.10	2.16	2.23
Returns (%)					
Asset turnover (x)	0.75	0.82	0.86	0.87	0.87
Financial leverage (x)	1.98	1.90	1.83	1.80	1.75
EBIT margin (%)	14.2	14.7	14.4	14.7	14.9
Interest burden (x)	0.92	0.95	0.97	0.98	0.98
Tax burden (x)	0.75	0.69	0.69	0.69	0.69
ROE (%)	14.7	14.9	15.2	15.4	15.4
ROIC (%)	17.9	17.5	20.5	23.8	24.1

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 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.