Wed, 13 Mar 2019

ORIENTAL PATRON

Equity Research
Sportswear / China

Xtep Intl (1368 HK)

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Company Update

BUY

UNCHANGED

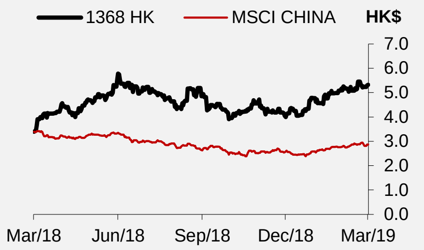
Close price: HK$5.30
Target Price: HK$6.50 (+23%)
Prior TP: HK$5.70

Key Data

HKEx code		1368 HK
12 Months High	(HK$)	6.14
12 Month Low	(HK$)	3.46
3M Avg Dail Vol.	(mn)	2.58
Issue Share	(mn)	2,243.38
Market Cap	(HK$mn)	11,934.78
Fiscal Year		31/12/2018
Major shareholder (s)		Ding Shuibo (59.98%)

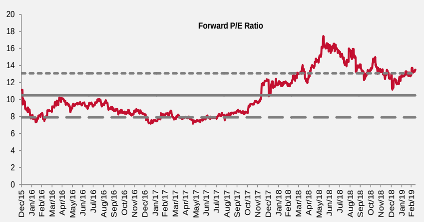
Source: Company data, Bloomberg, OP Research
Closing price are as of 12/03/2019

Price Chart



	1mth	3mth	6mth
Absolute %	**11.3**	**11.9**	**-9.3**
Rel. MSCI CHINA %	**10.5**	**9.1**	**3.8**

PE



Company Profile

Xtep International Holdings Ltd. designs, manufactures, and markets sportswear. The Company produces footwear, apparel, and accessories.

Growth momentum likely keeps up in FY19E

- **Xtep saw FY18 revenue/net earnings up 24.8%/60.9% yoy to RMB6,383mn/RMB657mn respectively.**
- **We revise up our FY19/20E earnings estimates by 14.1%/13.8% to RMB848mn/RMB988mn as we expect stronger topline growth.**
- **Reiterate BUY on Xtep with TP HK$6.50 revised up from HK$5.70 based on same 14x FY19E P/E.**

Revenue beat, earnings miss on higher A&P expenses. Xtep announced FY18 results with revenue increased by 24.8% yoy to RMB6,383mn, beating consensus/OP expectations by 3.8%/3.6%, mainly thanks to (1) higher sell-through, more replenishment orders, and restocking demands from distributors after inventory buy-back in prior year. **GPM** edged up 0.4ppts to 44.3% on higher portion of functional products in sales mix. **A&P** exp. ratio swelled to 15.2%, up 2.3ppts from 12.9% in FY17 due to 2.2ppts increase, or RMB141mn in conditional rebates as incentives for distributors to carry out store refurbishment and relocate in shopping malls, which we believe will help align distributors' interests with the brand and improve the retail sell-through. As a result, FY18 core earnings grew by 60.9% yoy to RMB657mn. After adjusting RMB121mn inventory write-off in FY17 and RMB79mn receivables write-back in FY18, core earnings increased 9.1% yoy from RMB529mn to RMB577mn, missing consensus/OP target by ~10%. The Company declared final dividend of HKD9.5cents, implying a full-year **payout** ratio of 60%, same with FY17.

Revise up FY19/20E earnings estimates by 14.1%/13.8% to RMB848mn /RMB988mn. We revise up our FY19E/20E revenue by 12.3%/13.1% to RMB7,672mn/RMB8,794mn on better than expected offline sales. The company has seen similar retail sales growth as FY18 in the first two months of FY19E and keeps a positive full-year outlook. We also revise up FY19/20E opex by 9.2%/10.4% to RMB2,169mn/RMB2,449mn to factor in additional channel development expense(~2% of revenue). As a result, our FY19/20E diluted EPS is revised up by 14.1%./13.7% to HK$0.466/HK$0.543 respectively.

Reiterate BUY as reformed channel bears fruit. We reiterate BUY on Xtep with revised up TP of HK$6.50 from HK$5.70 based on same 14x FY19E P/E. We believe the company will reap the consolidation positives in tier 3-4 cities as its reform on distribution channel bears fruit.

Risks: (1) Deep discount on e-commerce platform (2) slower than expected retail growth (3) deflated consumer confidence due to slowing down macro economy.

Exhibit 1: Forecast and Valuation

Year to Dec (RMB mn)	FY17	FY18	FY19E	FY20E	FY21E
Revenue	5,113.4	6,383.2	7,672.4	8,794.2	9,931.7
Growth (%)	(5.2)	24.8	20.2	14.6	12.9
Adjusted net profit	529.0	577.3	847.6	988.3	1,138.6
Growth (%)	0.2	9.1	46.8	16.6	15.2
Diluted EPS (HK$)	0.230	0.369	0.466	0.543	0.625
EPS growth (%)	(22.6)	60.6	26.2	16.6	15.2
Change to previous EPS (%)			14.1	13.7	
Consensus EPS (HK$)			0.356	0.416	
ROE (%)	8.0	12.4	15.3	16.6	17.7
P/E (x)	23.1	14.4	11.4	9.8	8.5
P/B (x)	1.8	1.8	1.7	1.5	1.4
Yield (%)	2.6	3.8	5.3	6.1	7.1
DPS (HK$)	0.140	0.200	0.279	0.326	0.375

Source: Bloomberg, OP Research

Exhibit 2: Earnings Revision

	FY19E			FY20E			OP Comments
(RMB mn)	**New**	**Old**	**% Chg**	**New**	**Old**	**% Chg**	
Revenue	**7,672**	**6,831**	**12.3**	**8,794**	**7,778**	**13.1**	On better than expected offline sales performance.
Gross profit	3,361	2,979	12.8	3,869	3,391	14.1	
Gross margin	43.8%	43.6%	0.5	44.0%	43.6%	0.9	
Opex	(2,169)	(1,986)	9.2	(2,449)	(2,217)	10.4	On higher expenses for distribution channel investment
EBIT	1,299	1,144	13.5	1,527	1,326	15.2	
Net Profit	848	743	14.1	988	869	13.8	
Diluted EPS (HK$)	0.466	0.408	14.1	0.543	0.477	13.7	

Source: OP Research

Exhibit 3: 1H18 results review

(RMB mn)	1H17	2H17	1H18	2H18A	2H18E	Act/Est (%)	FY17	FY18	yoy%
Revenue	**2,311**	**4,072**	**2,729**	**3,654**	**3,435**	**6.4%**	**5,113**	**6,383**	**24.8%**
COGS	(1,295)	(1,574)	(1,536)	(2,019)	(1,941)	4.0%	(2,869)	(3,555)	23.9%
Gross profit	1,016	1,229	1,193	1,635	1,494	9.4%	2,244	2,828	26.0%
Other income & gains	96	63	143	53	9	490.0%	158	196	23.6%
Selling exp	(385)	(526)	(480)	(877)	(569)	54.1%	(911)	(1,357)	48.9%
Admin exp excl R&D	(183)	(441)	(194)	(263)	(407)	-35.4%	(623)	(456)	-26.8%
R&D	(64)	(79)	(70)	(96)	(84)	14.1%	(143)	(166)	15.7%
Operating profit (EBIT)	**479**	**245**	**592**	**452**	**444**	**2.0%**	**725**	**1,044**	**44.1%**
Provisions or other items	0	0	0	0	0	n.a.	0	0	n.a.
Interest income	23	29	28	45	27	63.9%	52	72	40.0%
Finance costs	(35.2)	(70.3)	(69.2)	(71.3)	(47)	51.0%	(106)	(141)	33.2%
Profit after financing costs	467	204	551	426	423	0.5%	671	976	45.5%
Associated cos	0	0	0	0	0	n.a.	0	0	n.a.
Jointly controlled cos	0	0	0	0	0	n.a.	0	0	n.a.
Pre-tax profit	467	204	551	426	423	0.5%	671	976	45.5%
Tax	(131)	(93)	(175)	(131)	(98)	34.2%	(224)	(306)	36.5%
Minority interests	(25)	(12.81)	(0)	(12.98)	(35)	-62.5%	(38)	(13)	-64.8%
Profit from discontinued operations	0.00	0.00	0.00	0.00	0	n.a.	0	0	n.a.
Net profit	**310**	**98**	**375**	**281**	**291**	**-3.4%**	**408**	**657**	**60.9%**
Adjusted net profit			**352**	**225**	**291**	**-22.7%**	**529**	**577**	**9.1%**
HoH%									
Revenue	-19%	76%	-33%	34%	26%	n.a.	n.a.	n.a.	n.a.
Gross profit	-18%	21%	-3%	37%	25%	n.a.	n.a.	n.a.	n.a.
Net profit	110%	-68%	283%	-25%	-22%	n.a.	n.a.	n.a.	n.a.
YoY%									
Revenue	-9%	42%	18%	-10%	-11%	n.a.	-5.2%	24.8%	n.a.
Gross profit	-8%	0%	17%	33%	22%	n.a.	-3.7%	26.0%	n.a.
Net profit	-18%	-34%	21%	188%	198%	n.a.	-22.7%	60.9%	n.a.
Key ratios						**(in ppts)**			**(in ppts)**
GPM	43.9%	30.2%	43.7%	44.7%	43.5%	1.24	43.9%	44.3%	0.42
Selling exp	16.7%	12.9%	17.6%	24.0%	16.6%	7.44	17.8%	21.3%	3.44
Admin exp	7.9%	10.8%	7.1%	7.2%	11.8%	(4.65)	12.2%	7.2%	(5.04)
EIT	28.1%	45.7%	31.8%	30.8%	23.1%	7.75	33.5%	31.4%	(2.08)
Net margin	13.4%	2.4%	13.7%	7.7%	8.5%	(0.78)	8.0%	10.3%	2.30

Source: OP Research

Financial Summary

Year to Dec	FY17	FY18	FY19E	FY20E	FY21E
Income Statement (RMB mn)					
Footwear	3,258	3,925	4,718	5,408	6,107
Apparel	1,759	2,327	2,797	3,206	3,620
Accessories	96	131	158	181	204
Turnover	**5,113**	**6,383**	**7,672**	**8,794**	**9,932**
YoY%	(5.2)	24.8	20.2	14.6	12.9
COGS	(2,869)	(3,555)	(4,312)	(4,925)	(5,562)
Gross profit	**2,244**	**2,828**	**3,361**	**3,869**	**4,370**
Gross margin	43.9%	44.3%	43.8%	44.0%	44.0%
Other income	158	196	107	107	107
Selling & distribution	(911)	(1,357)	(1,596)	(1,809)	(2,028)
Admin	(623)	(456)	(358)	(420)	(466)
R&D	(143)	(166)	(215)	(220)	(248)
Other opex	0	0	0	0	0
Total opex	**(1,678)**	**(1,980)**	**(2,169)**	**(2,449)**	**(2,742)**
Operating profit (EBIT)	**725**	**1,044**	**1,299**	**1,527**	**1,734**
Operating margin	14.2%	16.4%	16.9%	17.4%	17.5%
Provisions	0	0	0	0	0
Interest Income	52	72	73	79	83
Finance costs	(106)	(141)	(144)	(144)	(144)
Profit after financing costs	671	976	1,228	1,462	1,674
Associated companies & JVs	0	0	0	(50)	(50)
Pre-tax profit	671	976	1,228	1,412	1,624
Tax	(224)	(306)	(368)	(409)	(469)
Minority interests	(38)	(13)	(12)	(15)	(17)
Profit from discontinued operations	0	0	0	0	0
Net profit	**408**	**657**	**848**	**988**	**1,139**
YoY%	(23)	61	29	17	15
Adjusted net profit	**529**	**577**	**848**	**988**	**1,139**
YoY%	0	9	47	17	15
Adjusted net margin	10.3%	9.0%	11.0%	11.2%	11.5%
EBITDA	**783**	**1,126**	**1,367**	**1,602**	**1,818**
EBITDA margin	15.3%	17.6%	17.8%	18.2%	18.3%
EPS (RMB)	**0.184**	**0.289**	**0.372**	**0.434**	**0.500**
YoY%	(23)	57	26	17	15
DPS (HK$)	0.140	0.200	0.279	0.326	0.375

Year to Dec	FY17	FY18	FY19E	FY20E	FY21E
Cash Flow (RMB mn)					
EBITDA	783	1,126	1,367	1,602	1,818
Chg in working cap	(119)	(513)	(193)	(299)	(273)
Others	205	(94)	0	0	0
Operating cash	**868**	**518**	**1,174**	**1,303**	**1,545**
Interest received	(51)	(55)	73	79	83
Tax	(259)	(309)	(54)	(368)	(409)
Net cash from operations	**558**	**154**	**1,193**	**1,013**	**1,219**
Capex	(123)	(72)	(87)	(100)	(113)
Investments	(75)	(81)	0	0	0
Change in short-term bank deposits	447	(234)	0	0	0
Sales of assets	63	83	0	0	0
Interests received	0	0	0	0	0
Others	(37)	24	0	0	0
Investing cash	**275**	**(281)**	**(87)**	**(100)**	**(113)**
FCF	**833**	**(127)**	**1,106**	**914**	**1,106**
Issue of shares	7	59	0	0	0
Buy-back	0	(89)	0	0	0
Minority interests	0	(4)	0	0	0
Dividends paid	(271)	(459)	(452)	(545)	(631)
Net change in bank loans	421	(10)	0	0	0
Others	(3)	(7)	(144)	(144)	(144)
Financing cash	**154**	**(511)**	**(596)**	**(689)**	**(775)**
Net change in cash	**987**	**(637)**	**509**	**225**	**331**
Exchange rate or other Adj	(1)	1	0	0	0
Opening cash	2,847	3,832	3,196	3,705	3,930
Closing cash	**3,832**	**3,196**	**3,705**	**3,930**	**4,261**
CFPS (HK$)	**0.314**	**0.085**	**0.655**	**0.557**	**0.669**

Year to Dec	FY17	FY18	FY19E	FY20E	FY21E
Ratios					
Gross margin (%)	43.9	44.3	43.8	44.0	44.0
Operating margin (%)	14.2	16.4	16.9	17.4	17.5
Net margin (%)	8.0	10.3	11.0	11.2	11.5
Selling & dist'n exp/Sales (%)	17.8	21.3	20.8	20.6	20.4
Admin exp/Sales (%)	12.2	7.2	4.7	4.8	4.7
Salaries/Sales (%)	12.1	11.6	11.1	10.8	10.6
A&P/Sales (%)	12.9	15.2	15.0	15.0	15.0
R&D/Sales (%)	2.8	2.6	2.8	2.5	2.5
Payout ratio (%)	101.4	59.5	60.0	60.0	60.0
Effective tax (%)	33.5	31.4	30.0	28.0	28.0
Total debt/equity (%)	35.4	36.5	34.0	31.5	29.1
Net debt/equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Current ratio (x)	3.2	2.5	2.3	2.3	2.3
Quick ratio (x)	2.9	2.2	2.1	2.1	2.1
Inventory T/O (days)	91	86	86	86	86
AR T/O (days)	129	121	120	117	115
AP T/O (days)	131	90	90	90	90
Cash conversion cycle (days)	90	117	116	113	111
Asset turnover (x)	0.6	0.7	0.8	0.8	0.9
Financial leverage (x)	1.7	1.7	1.8	1.8	1.8
EBIT margin (%)	14.2	16.4	16.9	17.4	17.5
Interest burden (x)	0.9	0.9	0.9	0.9	0.9
Tax burden (x)	0.6	0.7	0.7	0.7	0.7
Return on equity (%)	**8.0**	**12.4**	**15.3**	**16.6**	**17.7**
ROIC (%)	**19.9**	**26.2**	**31.2**	**37.1**	**39.3**

Year to Dec	FY17	FY18	FY19E	FY20E	FY21E
Balance Sheet (RMB mn)					
Fixed assets	686	677	698	724	755
Intangible assets & goodwill	8	8	6	4	3
Associated companies & JVs	0	0	0	(50)	(100)
Long-term investments	267	339	339	339	339
Other non-current assets	92	114	114	114	114
Non-current assets	**1,052**	**1,139**	**1,157**	**1,132**	**1,112**
Inventories	718	836	836	1,014	1,158
AR	1,807	2,115	2,522	2,819	3,129
Prepayments & deposits	572	727	874	1,002	1,132
Other current assets	953	1,186	1,186	1,186	1,186
Cash	3,832	3,196	3,705	3,930	4,261
Current assets	**7,882**	**8,060**	**9,123**	**9,950**	**10,865**
AP	1,028	879	1,066	1,217	1,375
Tax	66	54	368	409	469
Accruals & other payables	565	861	1,035	1,187	1,340
Bank loans & leases	831	1,483	1,483	1,483	1,483
CB & othe debts	0	0	0	0	0
Other current liabilities	0	1	1	1	1
Current liabilities	**2,489**	**3,278**	**3,953**	**4,297**	**4,667**
Bank loans & leases	1,019	461	461	461	461
CB & othe debts	0	0	0	0	0
Deferred tax & others	97	129	129	129	129
MI	108	5	17	31	48
Non-current liabilities	**1,224**	**595**	**606**	**621**	**637**
Total net assets	**5,221**	**5,326**	**5,721**	**6,165**	**6,672**
Shareholder's equity	**5,221**	**5,326**	**5,721**	**6,165**	**6,672**
Share capital	20	20	20	20	20
Reserves	5,201	5,306	5,702	6,145	6,652
BVPS (HK$)	**2.94**	**2.97**	**3.19**	**3.44**	**3.72**
Total debts	1,850	1,944	1,944	1,944	1,944
Net cash/(debts)	2,934	2,438	2,947	3,172	3,503

Source: Company, OP Research

Exhibit 4: Peer Group Comparison

Company	Ticker	Price	Mkt cap (US$m)	3-mth avg t/o (US$m)	PER Hist (x)	PER FY1 (x)	PER FY2 (x)	EPS FY1 YoY%	EPS FY2 YoY%	3-Yr EPS Cagr (%)	PEG (x)	Div yld Hist (%)	Div yld FY1 (%)	P/B Hist (x)	P/B FY1 (x)	EV/ Ebitda Hist	EV/ Ebitda Cur Yr	Net gearing Hist (%)	Gross margin Hist (%)	Net margin Hist (%)	ROE Hist (%)	ROE FY1 (%)	Sh px 1-mth %	Sh px 3-mth %
Xtep Intl	**1368 HK**	**5.30**	**1,520**	**1.6**	**14.4**	**11.4**	**9.8**	**26.2**	**16.6**	**16.3**	**0.7**	**3.8**	**5.3**	**1.8**	**1.7**	**8.4**	**6.5**	**Net cash**	**44.3**	**10.3**	**12.4**	**15.3**	**4.5**	**33.0**
HSI		28,929.43			11.1	11.2	10.2	(0.4)	9.1	4.3	2.57	3.5	3.7	1.37	1.23						12.3	11.0	2.7	10.5
HSCEI		11,469.61			9.3	8.7	7.9	7.1	9.5	4.9	1.79	3.6	3.9	1.19	1.04						12.8	12.0	3.8	10.1
CSI300		3,755.35			14.2	11.9	10.5	19.2	13.3			2.1	2.7	1.8	1.6						12.8	13.1	12.8	18.4
Domestic peers																								
Adjusted sector avg*					**26.0**	**21.7**	**18.2**	**13.0**	**20.8**	**18.4**	**1.1**	**4.1**	**3.1**	**1.9**	**2.3**	**17.0**	**9.9**	**5.6**	**46.1**	**9.1**	**6.7**	**7.7**	**10.2**	**16.1**
361 Degrees	1361 HK	1.52	400	0.7	5.9	6.0	5.3	(2.3)	13.9	4.5	1.3	7.4	6.0	0.4	0.5	0.3	0.3	0.0	41.8	8.9	8.1	6.8	(10.6)	(17.8)
Anta Sports Prod	2020 HK	48.35	16,538	31.1	27.1	21.8	18.1	24.2	20.2	20.3	1.1	2.2	1.7	7.0	5.7	17.1	14.0	0.0	52.6	17.0	27.8	28.9	17.2	35.6
Li Ning Co Ltd	2331 HK	11.72	3,273	14.5	46.7	34.0	25.8	37.4	31.9	30.2	1.1	N/A	0.6	4.0	4.2	23.4	17.0	0.0	47.1	5.8	11.7	13.2	14.9	40.5
Pou Sheng Intl	3813 HK	1.61	1,099	0.3	18.2	15.3	12.2	18.9	25.6	21.9	0.7	1.2	1.7	1.1	1.1	7.9	7.0	33.7	35.0	2.1	6.2	7.0	5.2	6.6
China Dongxiang	3818 HK	1.16	870	0.7	18.2	8.8	9.0	107.7	(2.7)	30.2	0.3	9.4	7.9	0.6	0.6	31.0	11.3	0.0	57.3	18.5	3.3	6.3	(0.9)	(4.9)
Annil Co Ltd-A	002875 CH	21.80	429	17.8	36.8	31.7	26.7	16.0	18.9	15.4	2.1	0.7	N/A	3.4	N/A	26.0	N/A	0.0	55.1	6.7	10.0	9.8	15.3	43.0
Guirenniao Co-A	603555 CH	7.23	677	6.5	28.9	34.4	30.1	(16.1)	14.3	6.2	5.5	3.5	0.6	2.1	2.0	13.6	N/A	74.7	33.8	4.9	1.1	3.3	30.0	9.5
International peers																								
Adjusted sector avg*					**57.3**	**31.7**	**30.9**	**77.9**	**18.2**	**34.0**	**0.98**	**1.6**	**0.7**	**9.01**	**8.72**	**23.0**	**19.2**	**0.0**	**48.1**	**4.7**	**16.4**	**25.1**	**0.6**	**12.4**
Nike Inc -Cl B	NKE US	85.82	135,063	550.6	73.6	32.3	27.3	128.0	18.4	46.4	0.7	1.0	1.0	15.5	16.8	25.9	22.8	0.0	43.8	5.3	21.0	46.4	1.3	15.5
Under Armour-A	UAA US	22.03	9,316	118.0	N/A	66.8	47.4	N/A	40.9	(286.7)	N/A	N/A	0.0	4.9	4.5	60.5	22.9	8.5	45.1	(0.9)	(2.3)	6.2	(0.8)	11.2
Lululemon Ath	LULU US	145.29	19,028	314.2	76.5	38.4	33.0	98.9	16.5	39.5	1.0	N/A	0.0	13.7	11.8	32.5	22.2	0.0	52.8	9.8	27.2	33.5	(7.6)	18.5
Adidas Ag	ADS GR	214.40	48,413	128.9	39.6	25.6	22.4	54.5	14.2	26.1	1.0	1.2	1.5	6.6	6.4	16.4	14.6	0.0	50.4	5.2	24.7	25.5	6.5	7.8
Puma Se	PUM GR	496.00	8,429	19.3	39.6	30.4	24.6	30.0	23.6	23.8	1.3	2.5	0.9	4.4	4.1	17.2	13.7	0.0	48.4	4.0	11.3	14.0	3.4	9.3

** Outliners and "N/A" entries are in red and excl. from the calculation of averages*

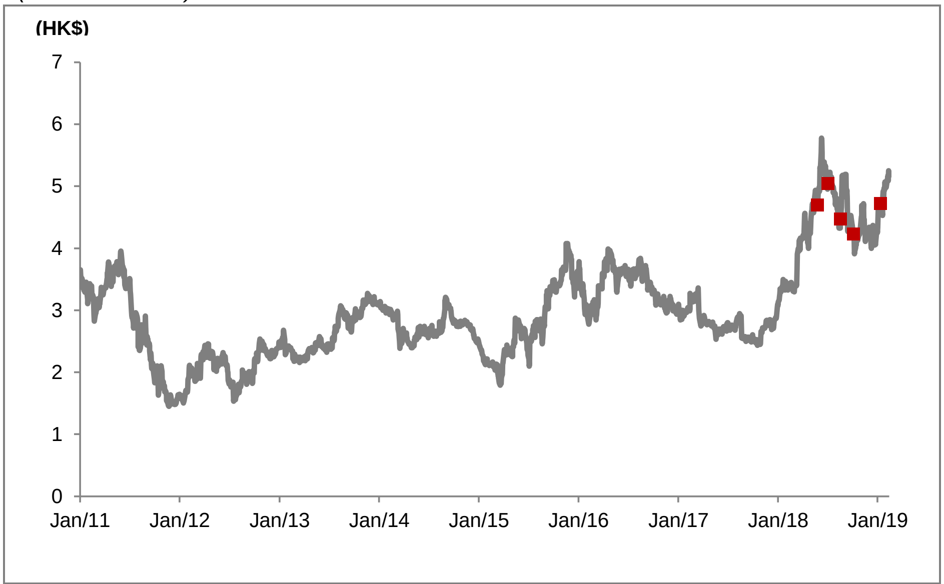
Source: Bloomberg, OP Research

Our recent reports

Date	Company / Sector	Stock Code	Title	Rating	Analyst
06/03/2019	Xtep Intl	1368	JV with Wolverine for multi-brand portfolio	BUY	Dallas Cai/Megan Jin
05/03/2019	CH Display OPT	334	Foldable smartphone play backed by CSOT	BUY	Yuji Fung/Dallas Cai
27/02/2019	Anta Sports	2020	FY18 revenue strong beat, profits in-line	BUY	Dallas Cai/Megan Jin
22/02/2019	Ausnutria Dairy	1717	FY18 profit surprise on margin expansion	BUY	Dallas Cai
20/02/2019	Q Tech	1478	Jan shipments growth was solid	BUY	Yuji Fung/Dallas Cai
19/02/2019	Tongda	698	FY18E profit warning	BUY	Yuji Fung/Dallas Cai
18/02/2019	Sunny Optical	2382	Earnings growth momentum likely resume in 2019	BUY	Yuji Fung/Dallas Cai
30/01/2019	Li Ning	2331	FY18E results preview	HOLD	Dallas Cai
30/01/2019	Anta Sports	2020	FY18E results preview	BUY	Dallas Cai
15/01/2019	361 Degrees Intl	1361	FY18E results preview	BUY	Yuji Fung/Dallas Cai
15/01/2019	Xtep Intl	1368	FY18E results preview	BUY	Dallas Cai
14/01/2019	Sinosoft Tech	1297	FY18E results preview	BUY	Yuji Fung/Dallas Cai
11/01/2019	Sunny Optical	2382	FY18E results preview	BUY	Yuji Fung/Dallas Cai
11/01/2019	Q Tech	1478	FY18E results preview	BUY	Yuji Fung/Dallas Cai
11/01/2019	Tian Lun Gas	1600	FY18E results preview	BUY	Yuji Fung/Dallas Cai
08/01/2019	Chinasoft Intl	354	FY18E results preview	BUY	Yuji Fung/Dallas Cai
20/12/2018	Tian Lun Gas	1600	A different coal-to-gas tale from Henan	BUY	Yuji Fung/Dallas Cai
11/12/2018	Sunny Optical	2382	November saw resilient shipments	BUY	Yuji Fung/Dallas Cai
11/12/2018	Q Tech	1478	November shipments in line with expectations	BUY	Yuji Fung/Dallas Cai
10/12/2018	Anta Sports	2020	Acquisition of Amer comes to a deal	BUY	Dallas Cai
03/12/2018	China Youzan	8083	December foresight bears fruit	BUY	Yuji Fung/Dallas Cai
03/12/2018	Ju Teng Intl	3336	Positive profit alert for FY18E	BUY	Yuji Fung/Dallas Cai
26/11/2018	Truly Intl	732	3Q18 turnover flat as expected	BUY	Yuji Fung/Dallas Cai
19/11/2018	Ausnutria Dairy	1717	Nurturing by global layout	BUY	Dallas Cai
13/11/2018	361 Degrees Intl	1361	Introduce new investor to kids' wear business	BUY	Yuji Fung/Dallas Cai
12/11/2018	Sunny Optical	2382	Oct shipments up to expectations	BUY	Yuji Fung/Dallas Cai
12/11/2018	Q Tech	1478	Shipment growth looms on horizon	BUY	Yuji Fung/Dallas Cai

Historical recommendations and target price: Xtep (1368 HK)

(as of 12/03/2019)



	Date	Rating	TP	Close	Date	Rating	TP	Close
1	29 May 2018	BUY	6.40	4.94	5. 15 Jan 2019	BUY	5.70	4.62
2	25 Jun 2018	BUY	7.30	5.30	6. 06 Mar 2019	BUY	5.70	5.27
3	22 Aug 2018	BUY	6.60	5.07				
4	09 Oct 2018	BUY	5.70	4.23				

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