



Company Report: Anta Sports (02020 HK)

公司报告: 安踏体育 (02020 HK)

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2Q22 Retail Sales Beat Expectations, "Buy"

2022年第二季度零售流水好于预期, “买入”

- 2Q22 retail performance beat pessimistic market expectations.** In 2Q22, retail sales of Anta and FILA decreased YoY by mid-single-digit and high-single-digit percentage. Retail sales of the other brands grew by 20%-25% YoY. Inventory and discount rate remained overall controllable. Current retail channel inventory-to-sales ratio for Anta and FILA were slightly higher than 5 months and 7 months, respectively. Retail discount rate for Anta and FILA (including outlets) were around 25% and 20%-25%, which beat market expectations.
- We forecast Anta's 2022-2024 shareholders' profit to be RMB8,186 million, RMB10,014 million and RMB12,769 million, respectively.** Given the pandemic resurgence impact in 1H22, our assumptions factor in: 1) slower FILA sales growth, 2) lower OPM amid DTC transformation and 3) high uncertainties on retail sales from the COVID-19 pandemic. We forecast Anta's 2022-2024 EPS to grow by 5.1%, 21.7% and 27.2% to RMB3.017, RMB3.672 and RMB4.670, respectively.
- Set investment rating as "Buy" with TP of HK\$115.00.** Although the Company's sales performance was under pressure in 1H22, we believe that, due to its significant economic moat, the Company remains on track with its 5-year "Lead to Win" plan to continuously enhance brand value, and improve product mix and retail channels. We set the investment rating as "Buy" to reflect our confidence in Anta's long-term growth prospects. Our TP represents 32.4x, 26.6x and 20.9x 2022, 2023 and 2024 PER, respectively, and implies 24.6% upside potential.
- 2022年第二季度零售表现好于市场悲观预期。** 2022年第二季度安踏和 FILA 零售流水分别同比下降中单位数和高单位数。其他品牌零售流水同比增长 20%-25%。库存与折扣水平保持整体可控。当前安踏和 FILA 零售渠道库销比分别略高于 5 个月和 7 个月, 安踏和 FILA (含奥莱) 零售折扣率分别为 25%左右和 20%-25%, 好于市场预期。
- 我们预计安踏 2022-2024 年股东净利润分别为 81.86 亿元人民币、100.14 亿元人民币和 127.69 亿元人民币。** 考虑到 2022 年上半年疫情反复的影响, 我们的假设已经考虑了: 1) FILA 销售流水的放缓, 2) DTC 转型造成的经营利润率下降, 以及 3) 疫情对零售流水形成的高不确定性。我们预计安踏 2022-2024 年每股收益将分别增长 5.1%、21.7%和 27.2% 至 3.017 元人民币、3.672 元人民币和 4.670 元人民币。
- 给予“买入”的投资评级与 115.00 港元的目标价。** 尽管 2022 年上半年公司销售业绩有所承压, 但我们相信, 由于公司拥有显著的经济护城河, 公司仍将继续执行其 5 年“赢领”计划以持续提升品牌价值, 并改善产品组合和零售渠道。我们给予“买入”的投资评级以反映我们对安踏长期增长前景的信心。我们的目标价分别相当于 32.4 倍、26.6 倍和 20.9 倍 2022 年、2023 年和 2024 年市盈率, 以及隐含 24.6%的上升空间。

Rating:
Buy

评级:

买入

6-18m TP 目标价:

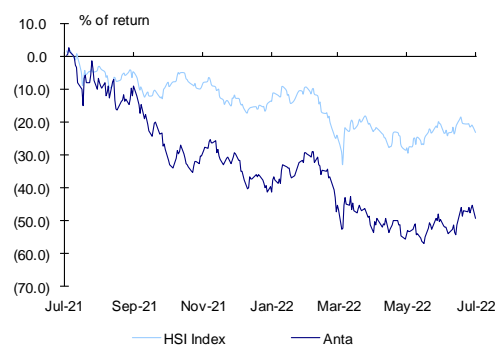
HK\$115.00

Share price 股价:

HK\$92.300

Stock performance

股价表现



Change in Share Price	1 M	3 M	1 Y
股价变动	1 个月	3 个月	1 年
Abs. % 绝对变动 %	0.8	8.3	(50.1)
Rel. % to HS Index 相对恒指变动 %	3.9	8.7	(27.3)
Avg. Share price(HK\$) 平均股价 (港元)	91.2	88.4	121.1

Source: Bloomberg, Guotai Junan International.

Year End	Turnover	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
年结	收入	股东净利	每股净利	每股净利变动	市盈率	每股净资产	市净率	每股股息	股息率	净资产收益率
12/31	(RMB m)	(RMB m)	(RMB)	(Δ %)	(x)	(RMB)	(x)	(RMB)	(%)	(%)
2020A	35,512	5,162	1.919	(3.4)	40.5	8.883	8.7	0.575	0.7	23.4
2021A	49,328	7,720	2.870	49.6	26.2	10.699	7.0	1.304	1.7	29.2
2022F	55,589	8,186	3.017	5.1	26.0	12.340	6.4	1.803	2.3	26.2
2023F	68,151	10,014	3.672	21.7	21.4	13.973	5.6	2.567	3.3	27.9
2024F	83,737	12,769	4.670	27.2	16.8	15.741	5.0	3.265	4.2	31.4

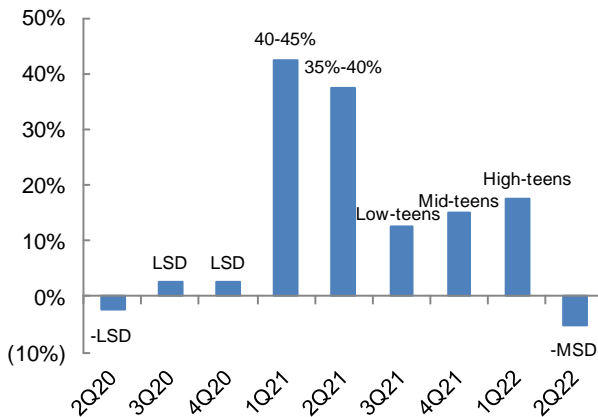
Shares in issue (m) 总股数 (m)	2,713.6	Major shareholder 大股东	Ding Shizhong 55.0%
Market cap. (HK\$ m) 市值 (HK\$ m)	250,465.3	Free float (%) 自由流通比率 (%)	45.0
3 month average vol. 3 个月平均成交股数 ('000)	10,184.7	FY22 Net gearing (%) FY22 净负债/股东资金 (%)	Net cash
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)	191.367 / 75.750	FY22 Est. NAV (HK\$) FY22 每股估值 (港元)	127.2

Source: the Company, Guotai Junan International.

Operating Results Analysis

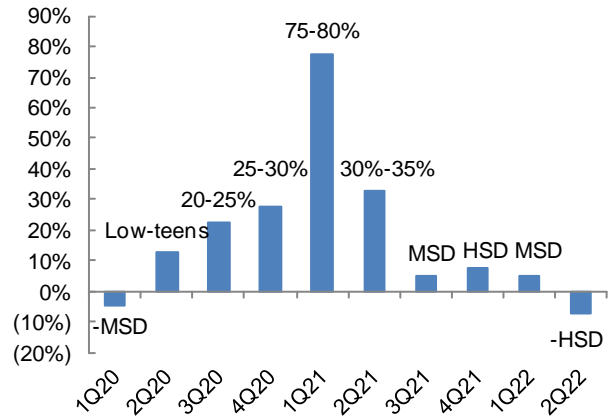
2Q22 retail performance beat pessimistic market expectations. Anta Sports ("Anta", or the "Company") announced its operational update for 2Q22. Retail sales of Anta and FILA branded products in 2Q22 decreased YoY by mid-single-digit percentage (1Q22: increase of high-teens percentage) and high-single-digit percentage (1Q22: increase of mid-single-digit percentage), respectively, mainly due to closures of brick-and-mortar stores in response to pandemic resurgence and high base in 2Q21. Notably, retail sales of Anta online recorded high-single-digit percentage growth and retail sales of Anta Kids achieved positive growth in 2Q22. With relaxation of anti-epidemic measures since June, retail sales of the Anta brand rebounded to double-digit growth. Other brands recorded 20%-25% YoY growth (1Q21: increase of 40%-45% YoY growth), in which retail sales of Descente and Kolon branded products benefited from strong demand for outdoor apparel. Retail sales for Anta, FILA and other brands increased YoY by mid-single-digit percentage, negative low-single-digit percentage and between 30%-35%, respectively, in 1H21.

Figure-1: Retail Sales Growth (YoY) of Anta Brand



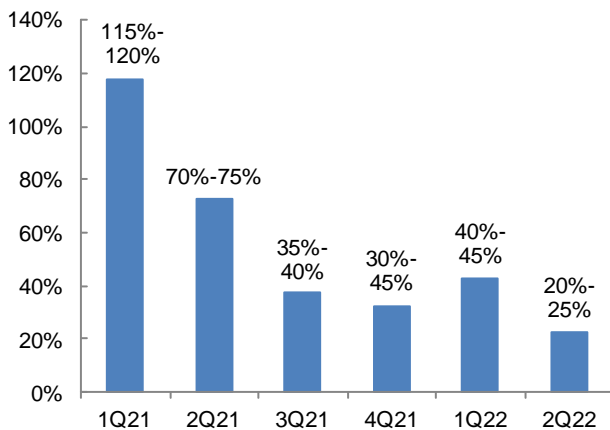
Source: the Company, Guotai Junan International.

Figure-2: Retail Sales Growth (YoY) of FILA Brand



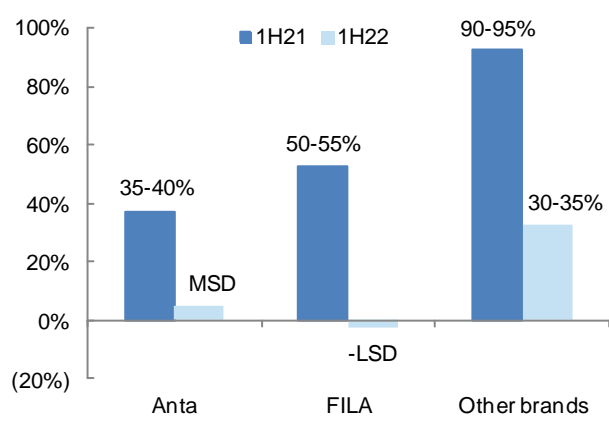
Source: the Company, Guotai Junan International.

Figure-3: Retail Sales Growth (YoY) of The Other Branded Products (Excluding FILA)



Source: the Company, Guotai Junan International.

Figure-4: 1H22 Retail Sales Growth (YoY) of Anta, FILA and The Other Branded Products



Source: the Company, Guotai Junan International.

Table-1: Anta's Retail Sales Growth Breakdown by Brand

	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q21
Anta brand	LSD	LSD	40%-45%	35%-40%	low-teens	mid-teens	high-teens	(MSD)
- Anta adults offline	positive	negative	n.a.	35%-40%	low-teens	MSD	mid-teens	negative
- Anta Kids offline	low-teens	LSD	n.a.	35%-40%	MSD	mid-teens	20-25%	positive
- Anta online	50%	n.a.	n.a.	40%-45%	25%-30%	30%-35%	30%+	HSD
FILA brand	20%-25%	25%-30%	75%-80%	30%-35%	MSD	HSD	MSD	(HSD)
- FILA adults offline	positive	n.a.	80%	20%	LSD	Flat	LSD	negative

- FILA Kids offline	30%	n.a.	100%	40%	10%-20%	mid-teens	mid-teens	positive
- FILA Fusion offline	50%	n.a.	150%	80%	10%-20%	low-teens	20%+	negative
- FILA online	90%	70%-80%	40%	40%	20%-25%	25%-30%	HSD	n.a
Other brands	50%-55%	55%-60%	115%-120%	70%-75%	35%-40%	30%-35%	40%-45%	20%-25%
- Descente	90%	80%	150%	100%	50%	40%-45%	50%	>20%
- Kolon Sport	20%-25%	40%	75%	40%	30%	high-teens	30%	>20%

Source: the Company, Guotai Junan International.

Inventory and discount rate remained relatively healthy. The retail discount rate for Anta in 2Q22 was 25%, which improved on both QoQ and YoY basis. The retail discount rate for FILA (including outlets) was 20%-25%. Retail channel inventory-to-sales ratio for Anta and FILA at the end of 2Q21 was slightly higher than 5.0x and 7.0x, respectively. According to the management team, the current inventory level was manageable and is expected to go down to normal levels with retail sales gradually returning to normal growth in 2H22. Based on the Company's dynamic management of omni-channel inventory, the management does not expect the discount rate to rise significantly in 2H22.

Table-2: Anta's Retail Discount Rate and Inventory-to-Sales Ratio by Brand

	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Retail Discount								
- Anta offline	30%	30%	27%	25%-30%	25%-26%	26%	27%	25%
- FILA offline (including outlets)	25%-30%	25%-30%	22%-23%	20%	23-24%	24%	25%	20%-25%
Channel Inventory								
- Anta adults	6.0	5.0-6.0	5.0	5.0	5.0	5.0	5.0	>5.0
- FILA	8.0	>6.0	6.0	6.0	6.0-7.0	6.0-7.0	6.0-7.0	>7.0

Source: the Company, Guotai Junan International.

Earnings Projection and Valuation

We forecast Anta's 2022-2024 shareholders' profit to be RMB8,186 million, RMB10,014million and RMB12,769 million, respectively, representing a CAGR of 19.3% during 2021-2024. Given the pandemic resurgence impact in 1H22, our assumptions factor in: 1) slower FILA sales growth, 2) lower OP margin amid DTC transformation and 3) high uncertainties from the COVID-19 pandemic. We forecast 2022-2024 GPM to grow YoY by -1.5 ppt, 0.4 ppt and 0.3 ppt to 60.1%, 60.5% and 60.8%, respectively. We forecast Amer Sports to reach breakeven in 2022 and achieve higher profitability in 2023 and 2024. We forecast Anta's 2022-2024 EPS to grow by 5.1%, 21.7% and 27.2% to RMB3.017, RMB3.672 and RMB4.670, respectively.

Table-3: Key Assumptions and Adjustments

RMB mn	Actual				NEW			YoY		
	2019A	2020A	2021A	2022F	2023F	2024F	2022F	2023F	2024F	
Revenue	33,928	35,512	49,328	55,589	68,151	83,737	12.7%	22.6%	22.9%	
Gross profit	18,659	20,651	30,404	33,386	41,220	50,934	9.8%	23.5%	23.6%	
Operating profit	8,695	9,152	10,989	11,821	14,252	17,994	7.6%	20.6%	26.3%	
Shareholders' profit	5,344	5,162	7,720	8,186	10,014	12,769	6.0%	22.3%	27.5%	
Basic EPS (RMB)	1.987	1.919	2.870	3.017	3.672	4.670	5.1%	21.7%	27.2%	
Gross margin	55.0%	58.2%	61.6%	60.1%	60.5%	60.8%	(1.5) ppt	0.4 ppt	0.3 ppt	
% A&P of turnover	10.6%	10.0%	12.4%	11.3%	12.0%	12.1%	(1.1) ppt	0.7 ppt	0.1 ppt	
% SG&A of turnover	32.5%	36.3%	41.9%	41.2%	41.6%	41.4%	(0.7) ppt	0.4 ppt	(0.2) ppt	
Operating margin	25.6%	25.8%	22.3%	21.3%	20.9%	21.5%	(1.0) ppt	(0.4) ppt	0.6 ppt	
Net margin	15.8%	14.5%	15.7%	14.7%	14.7%	15.2%	(1.0) ppt	0.0 ppt	0.5 ppt	

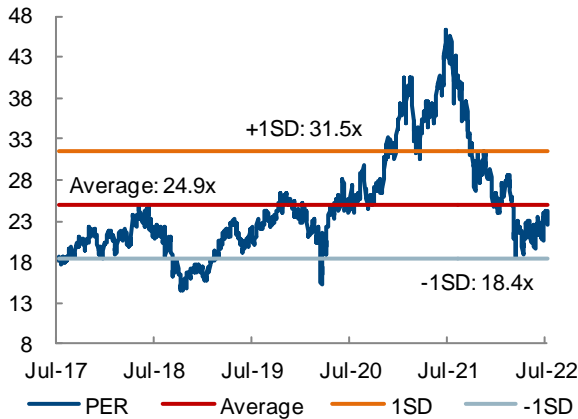
Source: the Company, Guotai Junan International.

We set the investment rating as "Buy" with TP of HK\$115.00. Although the Company's sales performance was under pressure in 1H22, we believe that, in the medium and long term, the core advantages for the Company on multi-brand strategy and strong execution of channel management still exists. Assuming that there are no more large-scale city lockdowns, we

expect the Company's retail sales to gradually revert back to normal growth levels in 2H22. We thus set our investment rating as "Buy", with TP of HK\$115.00 to reflect our confidence in Anta's long-term growth prospects. Our TP is based on 32.4x, 26.6x and 20.9x 2022, 2023 and 2024 PER, respectively, and implies 24.6% upside potential.

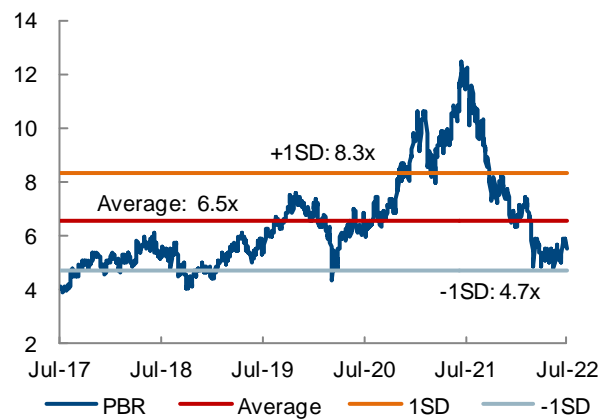
Risks: 1) slowdown in China's economic growth and sportswear industry growth, 2) large scale city lockdowns due to the spread of COVID-19 variants, 3) unexpected fluctuations in foreign exchange rates, 4) potential impact from Sino-US trade friction, and 5) higher intensity of competition in e-commerce channels.

Figure-5: Anta's PER Band (Forward 12 Months)



Source: Bloomberg, Guotai Junan International.

Figure-6: Anta's PBR Band (Forward 12 Months)



Source: Bloomberg, Guotai Junan International.

Table-4: Peers Valuation Comparison

Company	Stock Code	\$	Last price	Market Cap HKD mn	PE(x)				PB(x)				ROE(%) 22F	D/Y(%) 22F	EV/ EBITDA(x) 22F	Gross Margin(%) 22F	Operating Margin(%) 22F
					21A	22F	23F	24F	21A	22F	23F	24F					
Sportswear - Domestic																	
Anta^	02020 HK	HKD	92.30	250,467	27.3	26.0	21.4	16.8	7.3	6.4	5.6	5.0	26.2	2.3	14.0	60.1	21.3
Lining	02331 HK	HKD	68.70	179,844	35.6	32.3	25.8	21.1	6.9	6.1	5.1	4.4	20.2	1.0	19.4	52.3	22.1
Xtep Intl	01368 HK	HKD	14.12	37,204	32.2	26.7	21.4	17.2	3.8	3.6	3.3	3.1	13.7	2.2	15.2	41.8	13.7
361 Degrees	01361 HK	HKD	4.00	8,270	11.4	10.4	8.7	8.0	0.9	0.9	0.8	0.7	9.0	2.3	1.8	41.4	15.8
China Dongxiang*	03818 HK	HKD	0.43	2,532	n.a.	12.3	4.6	n.a.	0.2	0.2	0.2	n.a.	2.1	5.4	n.a.	65.0	12.1
Topsports*	06110 HK	HKD	7.04	43,657	14.8	14.1	11.6	10.6	3.3	3.3	2.9	2.6	23.5	4.7	6.0	42.5	10.6
Simple Average					24.3	20.3	15.6	14.7	3.8	3.4	3.0	3.1	15.8	3.0	11.3	50.5	15.9
Weighted Average					29.2	26.9	21.8	17.6	6.5	5.7	5.0	4.4	22.6	2.0	15.1	54.3	20.0
Sportswear - International																	
Nike*	NKE US	USD	107.93	1,333,32	28.2	27.1	22.6	19.1	11.1	10.4	8.8	8.2	40.7	1.2	20.3	46.2	14.6
Adidas	ADS GR	EUR	166.38	253,573	15.3	18.7	15.5	13.0	4.2	4.3	3.9	3.7	22.3	2.2	9.3	50.6	9.3
Asics	7936 JP	JPY	2,528.0	27,494	49.2	28.4	21.8	18.6	3.2	3.1	2.8	2.6	11.1	1.2	11.4	50.1	6.3
Puma	PUM GY	EUR	65.70	78,616	31.7	24.9	19.4	16.4	4.4	4.0	3.5	3.1	17.0	1.3	9.8	47.6	8.6
Under Armour	UAA US	USD	8.97	31,396	11.6	n.a.	13.5	10.6	2.0	n.a.	2.0	1.7	n.a.	n.a.	n.a.	n.a.	n.a.
Lululemon*	LULU US	USD	293.39	293,964	39.0	30.7	26.4	22.7	13.8	11.7	9.1	7.0	40.7	0.0	18.4	56.6	21.9
Simple Average					29.2	26.0	19.9	16.7	6.5	6.7	5.0	4.4	26.4	1.2	13.8	50.2	12.1
Weighted Average					28.3	26.5	22.0	18.6	10.1	9.4	7.8	7.1	37.0	1.1	18.1	48.4	14.7
Apparel																	
China Lilang	01234 HK	HKD	3.85	4,610	8.2	6.1	5.3	4.6	1.0	0.9	0.8	0.8	16.2	11.5	n.a.	45.4	20.9
Giordano Intl	00709 HK	HKD	1.85	2,923	15.4	15.4	11.6	9.7	1.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bosideng*	03998 HK	HKD	4.99	54,321	21.5	18.2	15.4	13.3	3.6	3.3	3.1	2.8	18.9	3.8	12.2	60.3	17.1
JNBY*	03306 HK	HKD	8.37	4,342	5.5	6.3	5.3	4.6	2.1	2.0	1.8	1.6	31.7	11.6	2.8	63.1	18.1
Cosmo Lady	02298 HK	HKD	0.31	686	n.a.	13.3	4.4	n.a.	0.3	0.3	0.3	n.a.	n.a.	0.0	n.a.	46.6	3.1
Koradior	03709 HK	HKD	12.60	8,871	12.5	10.0	9.0	8.2	1.8	1.7	1.5	1.4	17.9	4.6	3.9	n.a.	13.0
Simple Average					12.6	11.5	8.5	8.1	1.7	1.6	1.5	1.6	21.2	6.3	6.3	53.8	14.5
Weighted Average					18.4	15.7	13.2	11.5	3.0	2.9	2.6	2.4	19.4	4.8	10.5	59.3	16.8

Source: Bloomberg, Guotai Junan International.

Note^: Anta's 22F-24F figures are based on our earnings forecasts.

Note*: The financial year-end date of China Dongxiang (3818 HK), Topsports (6110 HK), Nike (NKE US), Lululemon (LULU US), Bosideng (3998 HK) and JNBY (3306 HK) are not 31 December. For easier comparison with peers, "21A" means "FY22A" and "22F" means "FY23F" and so on for the aforementioned companies.

Financial Statements and Ratios

Income Statement					
Year end 31 Dec (RMB m)	2020A	2021A	2022F	2023F	2024F
Total Revenue	35,512	49,328	55,589	68,151	83,737
Cost of Sales	(14,861)	(18,924)	(22,203)	(26,932)	(32,803)
Gross Profit	20,651	30,404	33,386	41,220	50,934
Other Revenue	1,389	1,266	1,317	1,411	1,733
Selling and Distribution Expenses	(10,766)	(17,753)	(19,401)	(24,262)	(29,894)
Administrative Expenses	(2,122)	(2,928)	(3,482)	(4,117)	(4,779)
Operating Profit	9,152	10,989	11,821	14,252	17,994
Share of Loss of a JV	(601)	(81)	98	172	265
Net Finance Income (costs)	(462)	332	19	63	47
Profit Before Tax	8,089	11,240	11,938	14,486	18,306
Income Tax	(2,520)	(3,021)	(3,223)	(3,911)	(4,943)
Profit After Tax	5,569	8,219	8,715	10,575	13,363
Non-controlling Interest	(407)	(499)	(529)	(561)	(594)
Shareholders' Profit / Loss	5,162	7,720	8,186	10,014	12,769
Basic EPS	1.919	2.870	3.017	3.672	4.670

Cash Flow Statement					
Year end 31 Dec (RMB m)	2020A	2021A	2022F	2023F	2024F
Profit Before Taxation	8,089	11,240	11,938	14,486	18,306
D&A	490	572	722	815	931
Other Adjustments	3,014	2,654	3,532	2,965	3,577
Changes in Working Capital	(2,212)	(282)	(1,410)	(1,624)	(1,909)
Income Tax Paid	(2,181)	(2,677)	(3,152)	(3,837)	(4,864)
Interest Received	258	354	517	550	561
Cash from Operating Activities	7,458	11,861	12,146	13,356	16,601
Capital Expenditure	(733)	(1,454)	(5,170)	(5,997)	(7,369)
Purchase of Equity Securities	0	0	(452)	(474)	(498)
Change in Fixed Deposits	(1,073)	(2,102)	(15)	(1,000)	(1)
Others	(117)	(1,113)	1,842	437	482
Cash from Investing Activities	(1,923)	(4,669)	(3,796)	(7,035)	(7,386)
Net Borrowings	(3,495)	(267)	(1,173)	(1,045)	(930)
Dividends Paid	(1,481)	(2,456)	(4,617)	(5,454)	(7,830)
Others	6,205	(2,224)	(20)	(4)	(12)
Cash from Financing Activities	1,229	(4,947)	(5,810)	(6,503)	(8,773)
Net Changes in Cash	6,764	2,245	2,541	(182)	443
Cash at Beg of Year	8,221	15,323	17,592	20,083	19,865
Foreign Exchange Effect	338	24	(50)	(35)	(34)
Cash at End of Year	15,323	17,592	20,083	19,865	20,274

Source: the Company, Guotai Junan International.

Balance Sheet					
As at 31 Dec (RMB m)	2020A	2021A	2022F	2023F	2024F
Property, Plant and Equipment	2,184	2,853	2,938	3,084	3,307
Right-of-use Assets	4,108	6,611	8,136	9,652	11,653
Construction in Progress	545	926	1,174	1,485	1,873
Intangible Assets	1,579	1,531	1,453	1,384	1,325
Investments in a JV	9,658	9,027	9,479	9,953	10,451
Others	1,076	1,818	1,243	1,335	1,437
Total Non-current Assets	19,150	22,766	24,424	26,893	30,047
Cash & Cash Equivalents	15,323	17,592	20,083	19,865	20,274
Inventories	5,486	7,644	8,867	10,286	11,931
Trade and Other Receivables	6,614	6,914	8,149	9,366	10,772
Fixed Deposit	5,023	6,985	7,000	8,000	8,001
Other Assets	271	767	4	4	4
Total Current Assets	32,717	39,902	44,102	47,521	50,983
Total Assets	51,867	62,668	68,526	74,414	81,030
Bank Loans	1,968	1,748	2,594	1,516	1,431
Trade and Other Payables	6,915	10,076	11,550	13,008	14,653
Current Taxation	1,507	1,816	1,907	2,002	2,102
Others	1,325	2,303	2,373	2,446	2,521
Total Current Liabilities	11,715	15,943	18,423	18,973	20,707
Borrowings	12,456	11,425	9,407	9,439	8,594
Deferred Tax Liabilities	527	655	688	722	758
Others	1,345	2,982	3,131	3,288	3,452
Total Non-current Liabilities	14,328	15,062	13,226	13,449	12,804
Total Liabilities	26,043	31,005	31,649	32,422	33,511
Share Capital	261	261	273	273	273
Reserves	23,752	28,662	33,335	37,889	42,822
Total Shareholders' Equity	24,013	28,923	33,608	38,162	43,095
Minority Interest	1,811	2,740	3,269	3,830	4,424
Total Equity	25,824	31,663	36,877	41,992	47,519

Financial Ratios					
	2020A	2021A	2022F	2023F	2024F
Gross Margin (%)	58.2	61.6	60.1	60.5	60.8
Operating Margin (%)	25.8	22.3	21.3	20.9	21.5
Net Margin (%)	14.5	15.7	14.7	14.7	15.2
ROE (%)	23.4	29.2	26.2	27.9	31.4
ROA (%)	11.1	13.5	12.5	14.0	16.4
ROCE (%)	13.8	16.6	15.7	17.8	21.0
Payout Ratio (%)	30.1	45.6	60.0	70.0	70.0
Inventory Days	121.5	126.6	135.7	129.8	123.6
A/C Receivable Days	39.2	26.0	23.9	23.3	22.4
A/C Payable Days	65.6	53.3	55.9	52.9	49.5
Net Gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Current Ratio (x)	2.8	2.5	2.4	2.5	2.5

Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance > 15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance < -15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance > 5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance < -5%; Or the fundamental outlook of the sector is unfavorable.

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