

Bosideng (3998 HK)

An inline 1H9/23 result but the macro is at risk

1H9/23 was inline in general, except for the womenswear (drags on GP margin and impairment losses induced). Despite the drags, the operating income was still growing at 31% YoY. However, for the upcoming 2H23E, we urge investors to stay cautious to: 1) Covid-19 outbreaks, 2) macro-economic status and 3) the unfavorable weather in China. We maintain BUY only due to its undemanding valuation.

- **An inline 1H9/23 if we exclude drags from womenswear business.** Bosideng's 1H9/23 sales grew by 14% YoY to RMB 6.18bn, in line with CMBI est. while NP att. rose by only 15% YoY to RMB 734mn, 6% lower than CMBI est., mainly due to the underperformance of womenswear business (drags on GP margin and impairment losses induced). GP margin fell to 50.0% in 1H9/23, 0.7ppt lower than last year, but it was only due to more OEM sales and powerless womenswear. GP margin for down apparel actually rose by 2.2ppt to 63.6%. Moreover, if we look at the operating income (where the impairment loss was excluded), it still grew by an impressive 31% YoY.
- **Continued to outperform the industry during Oct-Nov 2022.** We believe Bosideng's 10-1 holidays sales growth (CMBI est.: ~15%) was still on track to guidance, and we are fairly impressed by the positive growth achieved by Bosideng, comparing to double digit/ 20%-30% decline in entire apparel/down apparel industry sales during double 11 on the Tmall platform.
- **But we are increasingly concerned about COVID-19 outbreaks, and this winter could be hotter vs last year.** Management did mention about 20% of total stores were affected by COVID-19 lately and the performance can be highly diverged for areas with/ without COVID-19. We have become more conservative on its 2H3/23E sales growth, because of the: 1) surging COVID-19 cases (reached 100K+ cases in GZ in Nov 2022, even more than the 50K+ cases in SH in Apr 2022, numbers are still climbing in BJ lately) and 2) potentially less favorable weather onwards (after a colder/ hotter than last year Oct/ Nov 2022), we expect 2022-2023 winter to be slightly hotter YoY, based on forecasts by NOAA (La Nina is still likely of a ~76% chance in Dec 2022-Feb 2023, but it is in a transition into a ENSO-neutral in Feb-Apr 2023) and China Meteorological Administration (cold winter is still likely but average temperature is expected to be higher than last year in general).
- **Maintain BUY but cut TP to HK\$ 4.07.** We cut FY3/23E-25E net profit by 8%-13% to factor in: 1) slower 2H23E sales growth, 2) less-than-expected store number growth, and 3) impairment and other losses from womenswear. We reiterate BUY and cut TP to HK\$ 4.07, based on 14x FY3/24E P/E (from 18x for sector de-rating), considering its undemanding valuation of 12x FY3/24E P/E, vs a 15% FY3/22-25E NP CAGR and a 5-year average of 16x.

Earnings Summary

(YE 31 Mar)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	13,517	16,214	17,870	19,596	21,153
YoY growth (%)	10.9	20.0	10.2	9.7	7.9
Net income (RMB mn)	1,710	2,062	2,340	2,736	3,135
Diluted EPS (RMB)	0.151	0.182	0.206	0.241	0.276
YoY growth (%)	48.1	22.2	13.5	16.9	14.6
Consensus EPS (RMB)	n/a	n/a	0.230	0.277	0.317
P/E (x)	19.2	15.7	13.8	11.8	10.3
P/B (x)	2.8	2.5	2.4	2.2	2.0
Yield (%)	3.9	5.5	5.1	5.9	6.8
ROE (%)	15.4	16.9	18.2	19.5	20.5
Net gearing (%)	1.8	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$4.07
(Previous TP)	HK\$5.89
Up/Downside	+18.3%
Current Price	HK\$3.44

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Stock Data

Mkt Cap (HK\$ mn)	37,452
Avg 3 mths t/o (HK\$ mn)	110.07
52w High/Low (HK\$)	5.74/3.11
Total Issued Shares (mn)	10,887.3

Source: Bloomberg

Shareholding Structure

Mr Gao Dekang & Family	70.49%
Employee incentive scheme	6.81%
Free Float	22.70%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	8.8%	-6.5%
3-mth	-10.9%	-2.8%
6-mth	1.1%	15.1%
12-mth	-32.3%	-5.4%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: KPMG

Related Reports

1. Bosideng (3998 HK, BUY) – Our view on three major investors' concerns – 12 Aug 2022
2. Bosideng (3998 HK, BUY) – Healthy inventory with an upbeat guidance – 27 Jun 2022
3. Bosideng (3998 HK, BUY) – The negatives should have priced in – 15 Feb 2022

- **However, we believe the margins can still improve.** Despite Bosideng's emphasis on mid-priced items (ranged from RMB 900-1500) and volume growth in FY3/23E, the ASP was still increasing in 1H9/23, hence it is still benefiting the GP margin expansion. Moreover, given decent SSSG (per store operation should have improved after the imposition of more tailor-made KPIs for each store) and savings in opex (esp. A&P expenses, where we may see a 30%+ YoY cut), we believe OP margin improvement can still be strong and offset some pressure in sales growth.
- **Sales area was still increasing, even with a sharp drop in store number.** Store number for down apparel fell by 8% YoY (or ~330 stores) to just 3,670 stores in 1H9/23, because of the closures of some non-performing stores. However, this is a miss, in our view, as Bosideng was guiding 100/ 300-400 new self-operated/ wholesale store openings for FY3/23E. But we believe sales growth should not be that negative and still be supported by: 1) more pop up stores (opened ~500 by Sep and ~300 more by Peak season), and 2) positive sales area growth in 1H9/23 thanks to more larger-sized stores.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	17,870	19,596	21,153	18,862	21,114	23,277	-5.3%	-7.2%	-9.1%
Gross profit	10,633	11,702	12,760	11,378	12,803	14,291	-6.5%	-8.6%	-10.7%
EBIT	3,005	3,447	3,935	3,482	4,096	4,775	-13.7%	-15.8%	-17.6%
Net profit att.	2,340	2,736	3,135	2,538	3,067	3,606	-7.8%	-10.8%	-13.1%
Diluted EPS (RMB)	0.206	0.241	0.276	0.225	0.272	0.319	-8.3%	-11.2%	-13.5%
Gross margin	59.5%	59.7%	60.3%	60.3%	60.6%	61.4%	-0.8ppt	-0.9ppt	-1.1ppt
EBIT margin	16.8%	17.6%	18.6%	18.5%	19.4%	20.5%	-1.6ppt	-1.8ppt	-1.9ppt
Net profit att. margin	13.1%	14.0%	14.8%	13.5%	14.5%	15.5%	-0.4ppt	-0.6ppt	-0.7ppt

Source: Company data, CMBIGM estimates

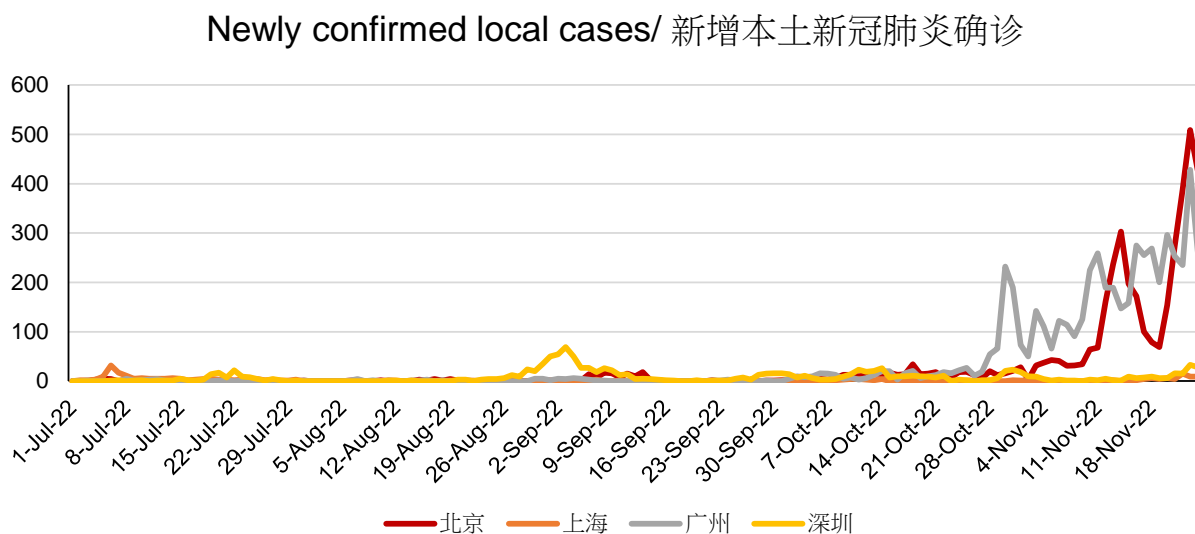
Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	17,870	19,596	21,153	18,902	21,929	25,113	-5.5%	-10.6%	-15.8%
Gross profit	10,633	11,702	12,760	11,402	13,283	15,277	-6.7%	-11.9%	-16.5%
EBIT	3,005	3,447	3,935	3,160	3,744	4,357	-4.9%	-7.9%	-9.7%
Net profit att.	2,340	2,736	3,135	2,482	2,939	3,462	-5.7%	-6.9%	-9.4%
Diluted EPS (RMB)	0.206	0.241	0.276	0.230	0.277	0.317	-10.5%	-12.8%	-12.9%
Gross margin	59.5%	59.7%	60.3%	60.3%	60.6%	60.8%	-0.8ppt	-0.9ppt	-0.5ppt
EBIT margin	16.8%	17.6%	18.6%	16.7%	17.1%	17.3%	0.1ppt	0.5ppt	1.3ppt
Net profit att. margin	13.1%	14.0%	14.8%	13.1%	13.4%	13.8%	0ppt	0.6ppt	1ppt

Source: Company data, CMBIGM estimates

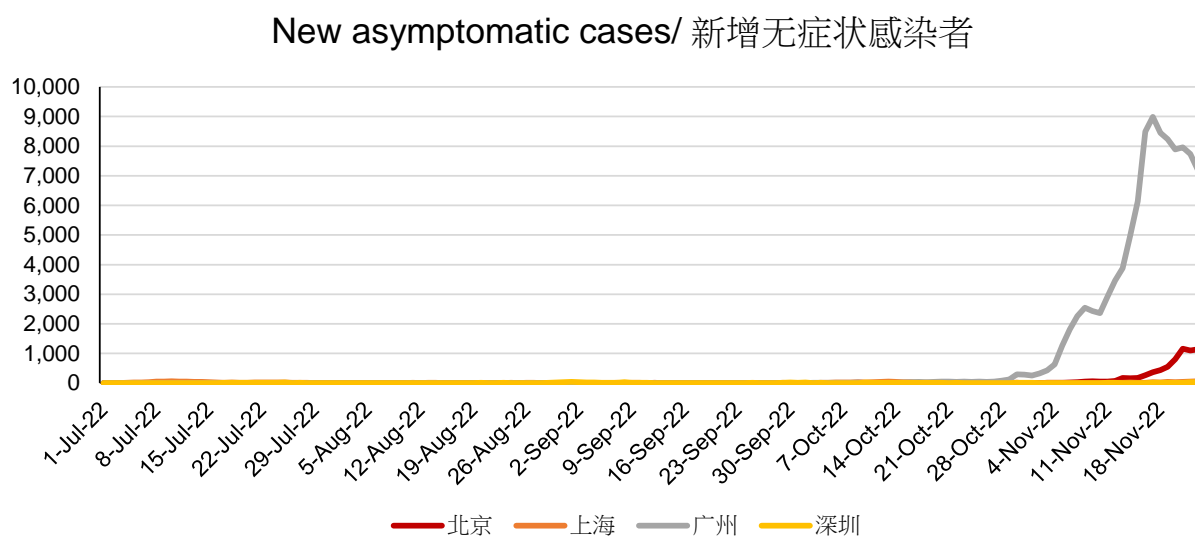
Focus Charts

Figure 3: Newly confirmed local cases of COVID-19 in tier 1 cities



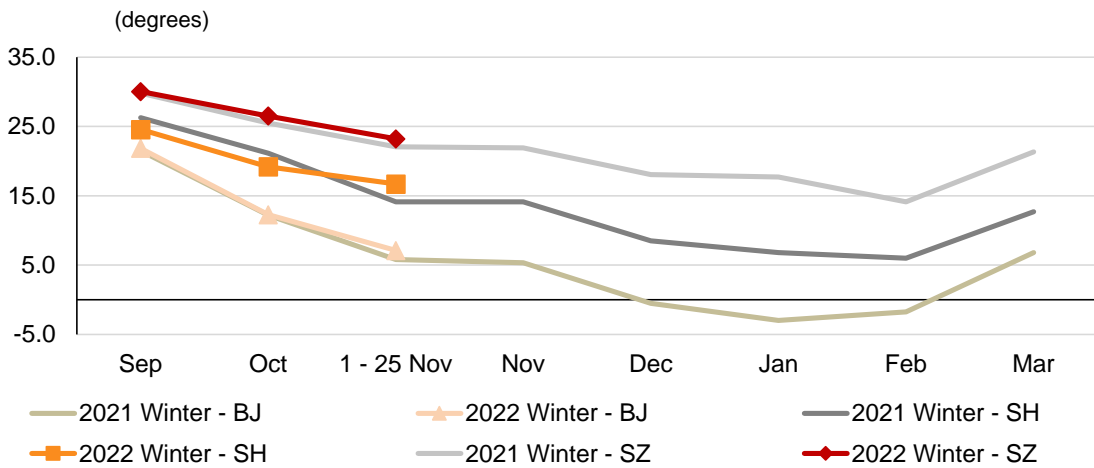
Source: Wind, CMBIGM estimates

Figure 4: New asymptomatic cases of COVID-19 in tier 1 cities



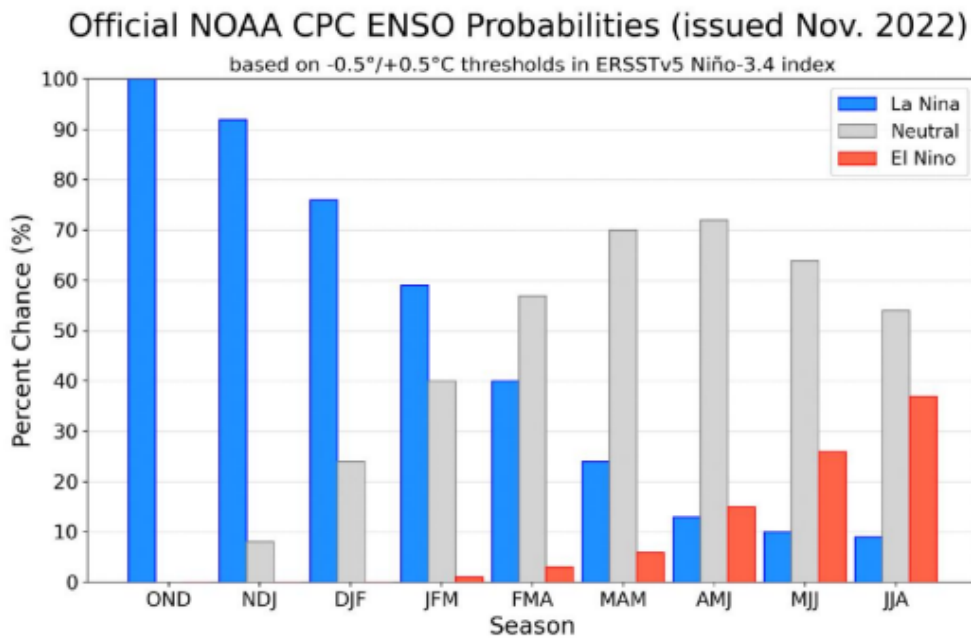
Source: Wind, CMBIGM estimates

Figure 5: Temperature in Beijing, Shanghai and Shenzhen in 2022 Winter vs last year



Source: Bloomberg, CMBIGM estimates

Figure 6: Chances of having La Niña gradually decrease through the Northern Hemisphere fall and winter, with ENSO-neutral favored beginning in February-April 2023



Source: NOAA, CMBIGM estimates

Results review

Figure 7: Earnings review - Half Year

Half yearly - (Mar year end) (RMB mn)	1H22	2H22	1H23	2H23E	1H22 YoY	2H22 YoY	1H23 YoY	2H23E YoY	1H23E CMBI	Actual vs CMBI
Revenue	5,417	10,797	6,180	11,689	16%	22%	14%	8%	6,214	-1%
COGS	-2,669	-3,808	-3,091	-4,145					-3,051	
Gross profit	2,748	6,989	3,089	7,544	23%	23%	12%	8%	3,163	-2%
GP margins	50.7%	64.7%	50.0%	64.5%					50.9%	
Other income & gains	113	161	105	109					124	-16%
S & D expenses	-1,614	-4,557	-1,623	-4,875	34%	27%	1%	7%	-1,771	-8%
S & D exp / sales	-29.8%	-42.2%	-26.3%	-41.7%					-28.5%	
Admin expenses	-453	-750	-525	-667	16%	18%	16%	-11%	-454	16%
Admin exp / sales	-8.4%	-6.9%	-8.5%	-5.7%					-7.3%	
Other opex	-0	-28	-3	-51					-19	
Operating profit (EBIT)	795	1,814	1,043	2,060	19%	13%	31%	14%	1,044	0%
OP margins	14.7%	16.8%	16.9%	17.6%					16.8%	
Other items	0	-40	-98	0					0	
Net finance income	29	88	69	94					6	1012%
Net finance income / sales	0.5%	0.8%	1.1%	0.8%					0.1%	
Profit after financing costs	824	1,862	1,014	2,154					1,050	
Associated coms	0	-14	-7	-29					0	
Jointly controlled coms	0	0	0	0					0	
Pre-tax profit	824	1,848	1,007	2,125	27%	16%	22%	15%	1,050	-4%
Tax	-197	-417	-283	-500					-263	8%
Tax / sales	-3.6%	-3.9%	-4.6%	-4.3%					-4.2%	
Effective tax rate	-23.9%	-22.5%	-28.1%	-23.5%					-25.0%	
Minority interests	-11	8	-10	19					3	
Net profit att.	638	1,424	734	1,606	31%	16%	15%	13%	785	-6%
NP margins	11.8%	13.2%	11.9%	13.7%					12.6%	

Source: Company data, CMBIGM estimates

Figure 8: Earnings review - Full Year

Full yearly - (Mar year end) (RMB mn)				FY23E	FY24E
	FY22	FY23E	FY24E	YoY	YoY
Revenue	16,214	17,870	19,596	10%	10%
COGS	-6,476	-7,237	-7,893		
Gross profit	9,737	10,633	11,702	9%	10%
GP margins	60.1%	59.5%	59.7%		
Other income & gains	274	214	216		
S & D expenses	-6,171	-6,499	-7,133	5%	10%
S & D exp / sales	-38.1%	-36.4%	-36.4%		
Admin expenses	-1,203	-1,192	-1,279	-1%	7%
Admin exp / sales	-7.4%	-6.7%	-6.5%		
Other opex	-28	-54	-59		
Operating profit (EBIT)	2,609	3,103	3,447	19%	11%
OP margins	16.1%	17.4%	17.6%		
Other items	-40	-98	0		
Net finance income	117	163	254		
Net finance income / sales	0.7%	0.9%	1.3%		
Profit after financing costs	2,686	3,168	3,701		
Associated coms	-14	-36	-39		
Jointly controlled coms	0	0	0		
Pre-tax profit	2,672	3,132	3,662	17%	17%
Tax	-613	-783	-915		
Tax / sales	-3.8%	-4.4%	-4.7%		
Effective tax rate	-23.0%	-25.0%	-25.0%		
Minority interests	-4	9	10		
Net profit att.	2,062	2,340	2,736	13%	17%
NP margins	12.7%	13.1%	14.0%		

Source: Company data, CMBIGM estimates

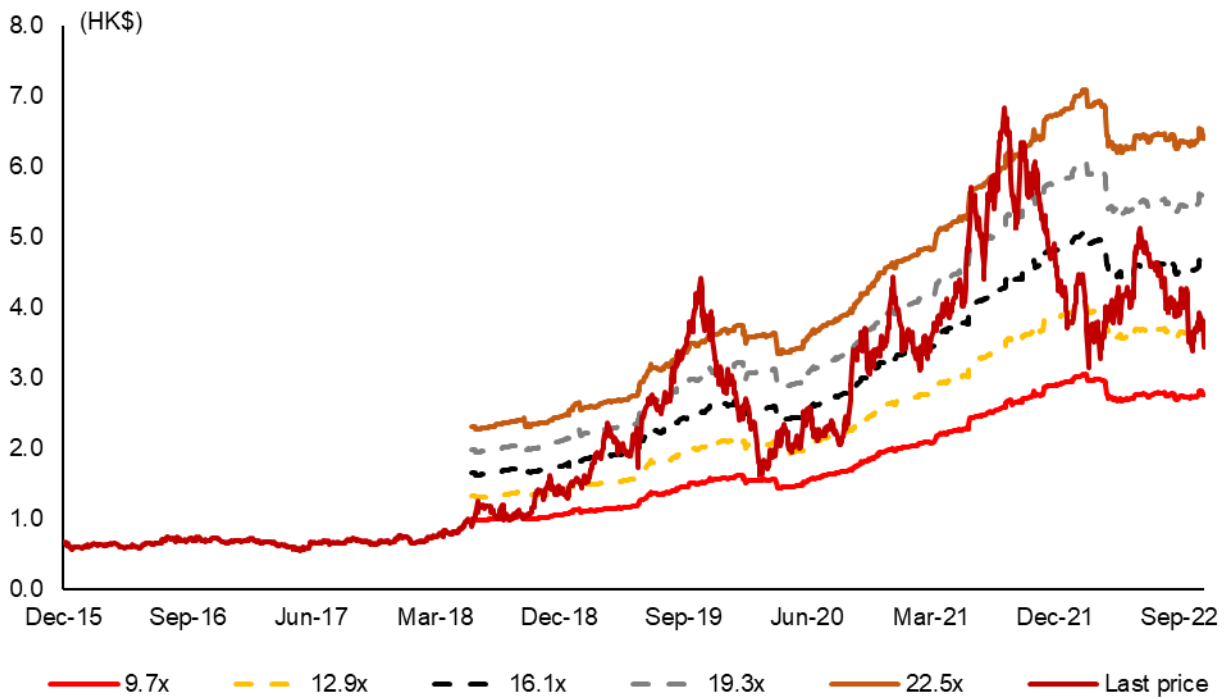
Valuation

Figure 9: Peers' valuation

Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/Down-side	Mkt. Cap (HK\$m)	Year End	P/E (x)		P/B (x)		ROE (%)	3yrs PEG (x)	Yield (%)	
								FY1E	FY2E	FY1E	FY2E	FY1E	FY1E	FY1E	
H-shares Apparel															
Bosideng Intl	3998 HK	BUY	4.07	3.44	18%	37,452	Mar-22	13.8	11.8	2.4	2.2	19.0	0.9	5.3	
China Lilang	1234 HK	BUY	4.94	3.62	36%	4,335	Dec-21	6.8	5.8	1.0	0.9	12.2	0.4	10.1	
Jnby Design	3306 HK	BUY	12.67	7.40	71%	3,839	Jun-22	5.6	4.8	1.9	1.7	32.9	0.5	13.0	
Cosmo Lady	2298 HK	NR	n/a	0.21	n/a	472	Dec-21	19.2	6.4	0.2	0.2	(23.3)	(0.1)	n/a	
Mulsanne Group	709 HK	NR	n/a	1.42	n/a	2,245	Dec-21	10.9	8.4	n/a	n/a	9.7	0.6	8.5	
Giordano	1817 HK	NR	n/a	3.20	n/a	3,040	Dec-21	n/a	n/a	n/a	n/a	(16.8)	0.0	n/a	
Koradior	3709 HK	NR	n/a	9.32	n/a	6,562	Dec-21	7.6	6.5	1.3	1.2	14.4	0.4	5.5	
								Avg.	10.7	7.3	1.4	1.2	6.9	0.4	8.5
								Med.	9.3	6.5	1.3	1.2	12.2	0.4	8.5
A-shares Apparel															
Ningbo Peacebird	603877 CH	NR	n/a	17.05	n/a	8,862	Dec-21	17.3	11.5	1.9	1.7	6.7	5.3	2.2	
Joeone Co Ltd	601566 CH	NR	n/a	8.05	n/a	5,047	Dec-21	n/a	22.7	1.2	1.1	0.7	0.0	0.6	
Fujian Septwolves	002029 CH	NR	n/a	5.50	n/a	4,534	Dec-21	16.2	13.5	0.7	0.6	4.0	2.9	n/a	
Hla Corp Ltd	600398 CH	NR	n/a	4.59	n/a	21,631	Dec-21	8.8	7.4	1.2	1.1	15.0	3.6	6.7	
Jiangsu Hongdou	600400 CH	NR	n/a	5.16	n/a	12,965	Dec-21	129.0	86.0	3.6	3.5	1.5	3.4	n/a	
Dazzle Fashion	603587 CH	NR	n/a	14.51	n/a	7,615	Dec-21	11.8	9.5	1.7	1.6	14.1	5.8	5.5	
Anzheng Fashion	603839 CH	NR	n/a	6.81	n/a	2,973	Dec-21	n/a	n/a	n/a	n/a	(0.1)	0.0	n/a	
Lancy Co Ltd	002612 CH	NR	n/a	20.53	n/a	9,910	Dec-21	96.4	42.1	3.0	2.9	1.6	8.2	0.7	
Shenzhen Huijie	002763 CH	NR	n/a	7.61	n/a	3,403	Dec-21	n/a	n/a	n/a	n/a	9.1	0.0	n/a	
Ellassay Fashion	603808 CH	NR	n/a	8.87	n/a	3,572	Dec-21	16.2	9.5	1.1	1.0	5.1	2.9	1.8	
Bobaolon Co	002776 CH	NR	n/a	2.32	n/a	1,362	Dec-21	n/a	n/a	n/a	n/a	(139.1)	0.0	n/a	
								Avg.	42.2	25.3	1.8	1.7	(7.4)	2.9	2.9
								Med.	16.2	12.5	1.5	1.4	4.0	2.9	2.0
International Apparel															
Canada Goose	GOOS US	NR	n/a	18.33	n/a	14,917	Apr-22	17.3	14.1	4.3	3.0	23.6	0.0	n/a	
Moncler Spa	MONC IM	NR	n/a	48.00	n/a	106,857	Dec-21	22.9	21.7	4.4	3.9	23.9	1.6	1.7	
Hugo Boss	BOSS GR	NR	n/a	52.70	n/a	30,178	Dec-21	17.8	15.9	3.3	2.9	21.9	0.9	2.2	
Next	NXT LN	NR	n/a	5752.0	n/a	70,296	Jan-22	10.6	11.4	6.0	5.1	76.3	(3.0)	3.3	
Hennes & Mauritz	HMB SS	NR	n/a	119.30	n/a	148,223	Nov-21	21.7	20.2	3.6	3.6	15.3	(7.2)	5.3	
Industria De Diseno	ITX SM	NR	n/a	24.96	n/a	632,770	Jan-22	19.5	18.7	4.7	4.5	26.5	2.9	4.6	
Ovs Spa	OVS IM	NR	n/a	2.17	n/a	5,135	Jan-22	10.4	9.2	0.6	0.6	6.3	1.7	2.6	
Pvh Corp	PVH US	NR	n/a	63.28	n/a	32,261	Jan-22	8.0	7.1	0.8	0.7	17.9	(1.7)	0.2	
Vf Corp	VFC US	NR	n/a	34.34	n/a	104,302	Apr-22	14.2	12.4	4.4	3.9	12.7	(3.7)	5.9	
Marks & Spencer	MKS LN	NR	n/a	125.70	n/a	23,345	Apr-22	8.3	9.1	0.8	0.8	11.3	(2.9)	3.5	
								Avg.	15.1	14.0	3.3	2.9	23.6	(1.1)	3.3
								Med.	15.7	13.2	3.9	3.3	19.9	(0.8)	3.3

Source: Bloomberg, CMBIGM estimates

Figure 10: P/E valuation band



Source: Bloomberg, CMBIGM estimates

Assumption

Figure 11: CMBIGM's major assumptions

Major assumptions	FY21A	FY22A	FY23E	FY24E	FY25E
Sales by segment (RMB mn)					
Down apparels	10,889	13,223	14,494	16,056	17,450
OEM management	1,536	1,901	2,396	2,515	2,641
Ladieswear	947	904	757	790	817
Diversified apparels	145	186	223	234	246
Total	13,517	16,214	17,870	19,596	21,153
Sales by segment growth (%)					
Down apparels	14.5%	21.4%	9.6%	10.8%	8.7%
OEM management	-4.7%	23.8%	26.0%	5.0%	5.0%
Ladieswear	-3.7%	-4.5%	-16.2%	4.4%	3.4%
Diversified apparels	72.6%	28.3%	20.0%	5.0%	5.0%
Total	10.9%	20.0%	10.2%	9.7%	7.9%
Sales by channel growth (%)					
Down Apparels - offline	2.1%	25.6%	3.1%	6.0%	5.0%
Down Apparels - online	54.3%	12.7%	25.0%	20.0%	15.0%
OEM management	-4.7%	23.8%	26.0%	5.0%	5.0%
Non-down apparels - offline	1.1%	-1.1%	-12.2%	4.5%	3.9%
Non-down apparels - online	21.8%	11.3%	15.0%	5.0%	2.0%
Total	10.9%	20.0%	10.2%	9.7%	7.9%
Sales network by segment					
Down apparel	4,150	3,809	3,733	3,835	3,940
Non - down apparel	477	462	476	490	505
Total	4,627	4,271	4,209	4,325	4,444
Sales network by channel type					
Self-operated	2,161	2,090	2,212	2,286	2,362
Third party distributors	2,466	2,181	1,996	2,039	2,083
Total	4,627	4,271	4,209	4,325	4,444
GP margins by segment					
Down apparels	63.7%	65.7%	66.4%	66.6%	67.1%
OEM management	19.6%	18.6%	20.0%	18.5%	18.5%
Ladieswear	72.6%	72.4%	65.0%	65.0%	65.0%
Diversified apparels	0.1%	25.7%	20.0%	15.0%	15.0%
Total	58.6%	60.1%	59.5%	59.7%	60.3%
Opex breakdown					
D&A/ sales	3.6%	3.0%	3.6%	3.1%	2.7%
Rental/ sales	13.3%	14.2%	13.9%	14.0%	14.0%
Labor/ sales	11.9%	10.6%	11.2%	11.7%	11.8%
A&P/ sales	6.0%	6.5%	4.0%	4.0%	4.0%
Others/ sales	8.2%	11.2%	10.4%	10.2%	10.0%
OP margins	16.5%	15.8%	16.8%	17.6%	18.6%
Effective tax rate	24.0%	23.0%	25.0%	25.0%	25.0%
NP att. margins	12.6%	12.7%	13.1%	14.0%	14.8%
NP att. growth (%)	42.1%	20.6%	13.5%	16.9%	14.6%

Source: Company data, CMBIGM estimates

Financial Summary

Income statement						Cash flow summary					
YE 31 Mar (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E	YE 31 Mar (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	13,517	16,214	17,870	19,596	21,153	EBIT	2,225	2,569	3,005	3,447	3,935
Down apparels	10,889	13,223	14,494	16,056	17,450	D & A	564	550	526	494	468
OEM management	1,536	1,901	2,396	2,515	2,641	Change in working capital	425	(162)	(35)	(49)	(52)
Ladieswear	947	904	757	790	817	Income tax paid	(348)	(593)	(783)	(915)	(1,066)
Diversified apparels	145	186	223	234	246	Others	267	306	372	463	581
Cost of goods sold	(5,592)	(6,476)	(7,237)	(7,893)	(8,393)	Net cash from operating	3,133	2,670	3,086	3,440	3,866
Gross profit	7,924	9,737	10,633	11,702	12,760	Capex & investments	(437)	(577)	(636)	(697)	(752)
Other income	204	274	214	216	233	Associated companies	(3,193)	(448)	-	-	-
Operating expenses	(5,903)	(7,442)	(7,842)	(8,471)	(9,058)	Interest received	153	124	-	-	-
D & A	(177)	(188)	(184)	(178)	(174)	Others	(386)	215	-	-	-
Staff costs	(1,633)	(1,735)	(2,017)	(2,309)	(2,526)	Net cash from investing	(3,863)	(686)	(636)	(697)	(752)
S & D costs (ex-staff, D&A)	(3,155)	(4,301)	(4,528)	(4,960)	(5,333)	Equity raised	-	-	-	-	-
Admin exp. (ex-staff, D&A)	(523)	(669)	(573)	(572)	(568)	Net change in bank loans	148	360	-	-	-
Other operating expenses	(416)	(549)	(541)	(452)	(457)	Dividend paid	(880)	(1,309)	(1,654)	(1,609)	(1,871)
EBIT	2,225	2,569	3,005	3,447	3,935	Others	(361)	(283)	(209)	(209)	(209)
Finance costs, net	18	117	163	254	371	Net cash from financing	(1,092)	(1,232)	(1,863)	(1,818)	(2,080)
JVs & associates	-	(14)	(36)	(39)	(42)	Net change in cash	(1,822)	752	587	925	1,033
Exceptional	-	-	-	-	-	Beginning cash balance	3,639	1,771	2,503	3,090	4,015
Pre-tax profit	2,242	2,672	3,132	3,662	4,264	Exchange difference	(46)	(21)	-	-	-
Income tax	(537)	(613)	(783)	(915)	(1,066)	Cash at the end of the year	1,771	2,503	3,090	4,015	5,048
Less: Minority interests	-5	-4	9	10	63						
Net profit	1,710	2,062	2,340	2,736	3,135						

Balance sheet						Key ratios					
YE 31 Mar (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E	YE 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
Non-current assets	6,080	6,547	6,620	6,784	7,026	Sales mix (%)					
Fixed asset	1,762	1,758	1,980	2,296	2,693	Down apparels	80.6	81.6	81.1	81.9	82.5
Intangible assets & goodwill	1,572	1,496	1,383	1,271	1,158	OEM management	11.4	11.7	13.4	12.8	12.5
Prepaid lease payments	912	983	983	983	983	Ladieswear	7.0	5.6	4.2	4.0	3.9
Interest in joint ventures	-	136	100	61	19	Diversified apparels	1.1	1.1	1.2	1.2	1.2
Other non-current assets	1,833	2,173	2,173	2,173	2,173	Total	100.0	100.0	100.0	100.0	100.0
Current assets	12,877	14,737	15,897	17,363	18,845	P&L ratios (%)					
Cash and cash equivalents	1,771	2,503	3,090	4,015	5,048	Gross margin	58.6	60.1	59.5	59.7	60.3
Inventories	2,646	2,688	3,004	3,276	3,484	Operating margin	16.5	15.8	16.8	17.6	18.6
Trade and other receivables	876	1,237	1,363	1,495	1,614	Pre-tax margin	16.6	16.5	17.5	18.7	20.2
Prepayments	1,168	1,281	1,412	1,549	1,672	Net margin	12.6	12.7	13.1	14.0	14.8
Other current assets	6,415	7,028	7,028	7,028	7,028	Effective tax rate	24.0	22.8	24.7	24.7	24.8
Current liabilities	5,442	6,610	7,148	7,640	8,037	Balance sheet ratios					
Bank loans	671	934	934	934	934	Current ratio (x)	2.4	2.2	2.2	2.3	2.3
Trade payables	2,469	3,283	3,669	4,002	4,255	Quick ratio (x)	1.9	1.8	1.8	1.8	1.9
Accruals & other payables	1,543	1,495	1,647	1,807	1,950	Cash ratio (x)	0.3	0.4	0.4	0.5	0.6
Tax payables	520	620	620	620	620	Inventory turnover days	173	152	152	152	152
others	239	278	278	278	278	Trade receivables days	24	28	28	28	28
Non-current liabilities	2,263	2,447	2,447	2,447	2,447	Trade payables days	161	185	185	185	185
Bank loans	-	-	-	-	-	Total debt / total equity ratio (%)	21	21	20	18	17
Deferred income	-	-	-	-	-	Net debt / equity ratio (%)	2	Net cash	Net cash	Net cash	Net cash
Deferred tax	174	166	166	166	166	Returns (%)					
Others	2,089	2,281	2,281	2,281	2,281	ROE	15.4	16.9	18.2	19.5	20.5
Minority Interest	182	33	42	52	116	ROA	9.0	9.7	10.4	11.3	12.1
Total net assets	11,069	12,193	12,880	14,007	15,271	Per share					
Shareholders' equity	11,069	12,193	12,880	14,007	15,271	Diluted EPS (RMB)	0.15	0.18	0.21	0.24	0.28
						DPS (RMB)	0.11	0.16	0.14	0.17	0.19
						BVPS (RMB)	1.04	1.14	1.20	1.31	1.43

Source: Company data, CMBIGM estimates

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