

LEVEL 7 ASSESSMENT SPECIFICATION

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Programme:	MBA		
Module:	Finance for Business Managers		
Module code:	HKBM7008	Contribution to Overall Module Assessment (%):	100%
Lecturer:	Dr Katherine Mo	Internal Verifier:	Dr Arion Wong
Assignment Title:	Assignment 1	Word count (or equivalent):	5,000 words ± 10%
Submission deadline:	5 September 2022	Return date of provisional marks & written feedback:	Within 10 days after submission
Submission method:	All written assessments, where practical and possible, must be submitted via Turnitin unless otherwise instructed by the Lecturer. (Please DO NOT put this assessment specification into Turnitin or it will match many similarities with other students' submissions.) Alternative submission method (if applicable): Late submission of the assessment will result in a late penalty mark. Penalties for late submission: Up to one week late, maximum mark of 50%. Over one week late, 0%. Only the Extenuating Circumstances Panel may approve a change to submission dates.		
Academic honesty / referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

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1. Introduction

Financial analysis is the process of assessing the suitability and performance of enterprises and projects. It is used to determine the liquidity, solvency, and profitability of the business (Delen et al., 2013). Economic trends are evaluated through financial analysis, financial rules are established, long-term company activity plans are developed, and potential investment opportunities are identified. Combining financial information with numerical data is how this is done. This report analyses the financial situation of Dongfeng Motor using its three years financial statements (2019-2021). The analysis has been conducted in comparison with Guangzhou Automobile and Geely Automobile.

2. Company Background

Dongfeng Motor Corporation, one of China's largest automakers, was founded in 1969. Most of Dongfeng's principal business is in passenger and commercial automobiles, parts and components, machinery and equipment, and other automotive-related items and services. The company currently has employees of over 200,000 employees. Dongfeng Motor has evolved into an industry leader in R&D, manufacturing, and marketing after more than 49 years of development. For many years, Dongfeng has established itself as a household name in China and has a prominent international reputation. The commercial vehicles come in a wide variety of series, such as light-duty, micro trucks, medium-duty and heavy-duty versions with specific uses. SUVs, MPVs, Cars, mini-CVs, and other types of passenger vehicles are included. The Dongfeng Motor Warrior, AWD off-road vehicles and desert off-road are a few examples of high mobility special off-road vehicles. Dongfeng Motor additionally manufactures several new-energy vehicles, such as natural gas and HEV, pure electric automobiles.

In 2021, the Group kept excellent growth in its overall operations throughout the year in the face of complex and changeable external aspects. Through measures like seizing the

market, wiretapping internal potentials, eagerly cutting costs and increasing efficiency, and strengthening resource synergy, the Group also accomplished a double growth in income and profit and a double decrease in gearing ratio and interest-bearing responsibilities. For the period, the Group sold about 2,775,100 units, generated about RMB113,008 million in sales revenue, and made about RMB11,387 million in profit attributable to shareholders (Dongfeng, 2021). The company's passenger vehicles' sales volume was around 2,252,500 units, reflecting a decline of about 2.6% yearly due to the worldwide chip supply constraint. Among these, the joint ventures' sales of passenger vehicles were around 1,875,100 units, a decline of about 8.8% from the previous year.

2.1. Present Business Overview

Dongfeng Motor Group Co Ltd, established in China, mostly engages in automotive-related business. The business divides its operations into four main areas. The Commercial Vehicles segment manufactures and markets commercial vehicles, together with the corresponding engines and other auto parts. Its commercial vehicles include trucks and buses. The production and sale of passenger vehicles, as well as the associated engines and other auto parts, fall under the purview of the Passenger Vehicles segment. Only a few of its passenger vehicles include basic passenger cars, sports utility vehicles, and cross-type passenger cars. The provision of financial services is the main activity of the Financing Service segment. Other automobile-related goods are created and offered under the Corporate and Others categories (Dongfeng, 2021).

	2020		2021		% Growth
Commercial Vehicles	93,844.10	77.4%	85,811	63%	-8.56%
Passenger Vehicles	18,117.30	14.9%	38,872.90	28.5%	+114.56%
Financing Service	8,492.87	7%	1,0313	7.6%	+21.43%
Corporate and Others	864.12	0.7%	1,201.60	0.9%	+39.05%

Table 1: Sales Per Business 2020 & 2021 (Source: Constructed by Author)

2.2. Company Information for Financial Analysis

Guangzhou Automobile Group (“Guangzhou”), stock code 2238.HK and Geely Automobile Holding (“Geely”), stock code 0175.HK were the comparison companies. Table 2 shows the market value of the three companies. All of the companies had the same business nature which are China-based automotive and have similar market value. Therefore, peer group analysis could be conducted for Dongfeng b comparing Guangzhou and Geely to measure the performance of Dongfeng’s financial management.

Company	Dongfeng	Guangzhou	Geely
Stoke Code	0489.HK	2238.HK	0175.HK
Business Nature	Automotive	Automotive	Automotive
Market Value	4.61	5.25	11.66
Market Area	China	China	China

Table 2: Company Information Overview (Source: Constructed by Author based on three companies’ annual report 2021.)

3. Financial Analysis

3.1. Bankruptcy Analysis

Altman’s Z-score analysis is used to analyse the financial distress of a company. The ratio is arrived at by the formula below:

$$\text{Altman Z-Score} = 1.2A + 1.4B + 3.3C + 0.6D + 1.0E$$

Where:

A = working capital / total assets; B = retained earnings / total assets; C = earnings before interest and tax / total assets; D = market value of equity / total liabilities; E = sales / total assets.

Figure 1: Altman’s Z-score formula (Source: Toly, Permatasari and Wiranata, 2020)

A Z-score of between 0 and 1.8 indicates that the company is in distress, 1.8 and 2.99 indicates a grey zone and finally, 2.99 and 4.0 indicate a safe zone.



Figure 2: Z-Score zone (Quora, no date).

The Z-score ratio of Dongfeng was 1.8 in 2019. The ratio implied that the company was in a grey zone. The ratio decreased from 2020 to 2021. The decrease in the Z- Score indicated that the company was in a distress zone.

Dongfeng				
Year		19/20	20/21	21/22
		HKD '000	HKD '000	HKD '000
Working Capital		34,811	30,017	35,285
Total Assets		272,000	316,521	319,767
Retain Earning		100,829	106,899	114,903
EBIT		14,605	12,218	12,760
Market Value Equity		133,968	141,126	152,064
Total Liabilities		138,032	175,395	167,703
Sales		101,087	107,964	113,008
A	1.2	0.127981618	0.09483415	0.110345971
B	1.4	0.370694853	0.337731146	0.359333515
C	3.3	0.053694853	0.038600914	0.039904055
D	0.6	0.970557552	0.804618148	0.906745854
E	0.999	0.371643382	0.341095851	0.353407325
Z-Score		1.80335002	1.537533246	1.664266897

Table 3: Altman Z-Score Calculation. (Source: Calculated by Author based on three companies' annual reports 2019-2021.) (See Appendix II.)

3.2. Profitability Analysis

Profitability Ratios									
Ratio	DONGFENG MOTOR			Guangzhou Automobile			Geely Automobile		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Gross Profit Margin	13%	15%	13%	4%	4%	7%	17%	15%	18%
EBIT RATIO	14%	12%	13%	11%	10%	12%	16%	11%	8%
Net profit Ratio	14%	12%	13%	11%	10%	12%	16%	11%	8%
Return on Assets Ratio	5%	3%	4%	5%	4%	5%	8%	5%	3%
Return on Equity Ratio	10%	8%	7%	8%	7%	8%	15%	9%	6%

Table 4: Profitability Ratios (Source: Constructed by Author based on three companies' annual reports 2019-2021.) (See Appendix II.)

3.2.1. Gross Profit Margin

The Gross Profit Margin ratio measures how efficiently management produces each product. This ratio displays the typical discrepancy between the cost of goods sold and sales revenue (Delen et al., 2013). The gross profit margin is subtracted from 100% to determine the cost of goods sold to sales ratio. These two ratios show profitability as a share of sales after production costs are subtracted and show the connection between the selling price and production costs. An industry-average high gross profit margin shows that the business can produce at substantially cheaper expenses. A low gross profit margin ratio implies that the organization is not managing well the costs of goods sold.

In 2019 Dongfeng had a gross profit margin ratio of 13% compared to 4% of Guangzhou and 17% of Geely. The company was second best in the management of costs of goods sold when compared to the three enterprises. The efficiency levels of managing the costs of goods sold increased slightly to 15% in 2020 and dropped to 13% in 2021 for Dongfeng.

Guangzhou has registered lower gross profit ratios in all three years compared to Dongfeng motor. The lower ratios imply that the management of Dongfeng is managing the costs of goods sold better compared to Guangzhou.

Geely registered higher gross profit ratios in 2019 and 2021 compared to Dongfeng. The high ratios implied that Geely was managing the costs of goods sold better in the two years

compared to Dongfeng. In 2020, the gross profit ratios of the two companies were the same indicating a similar rate of efficiency levels in the management of the costs of goods sold.

The analysis of the gross profit ratio indicates that Geely has managed to outperform both Dongfeng and Guangzhou in managing the costs of goods sold. Dongfeng comes in second while Guangzhou comes in third.

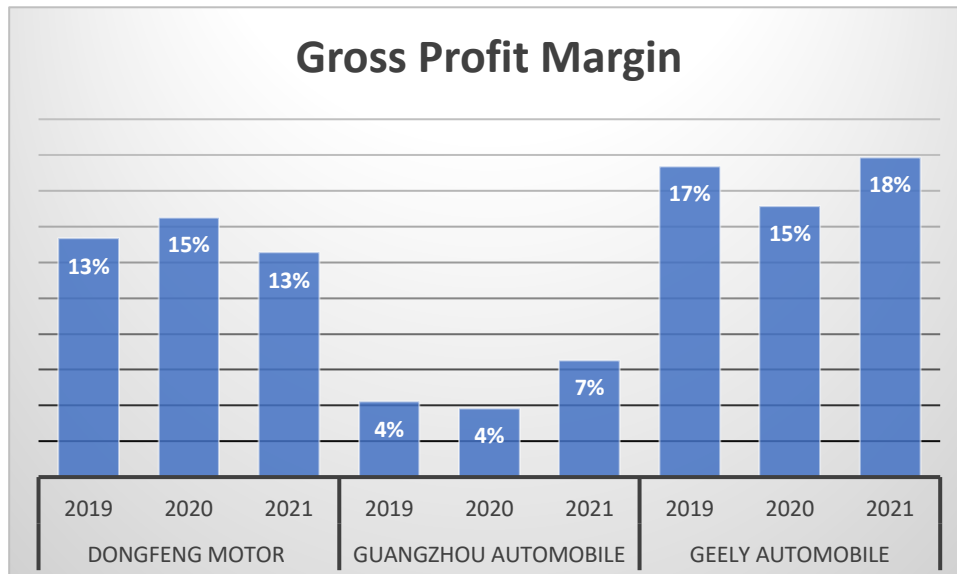


Figure 3: Gross Profit Margin between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

3.2.2. Net Profit Ratio

The net profit margin ratio illustrates how effectively management controls the production, administration, and distribution of goods by establishing a connection between net profit and sales (Delen et al., 2013). This ratio demonstrates how well the business can convert each dollar of revenue into net profit. The business won't be able to provide shareholders with a reasonable return on their investment if the net margin is insufficient.

This ratio also reveals the firm's resilience to adverse economic conditions. A business with a high net margin ratio would be more likely to survive if selling prices dropped, production expenses increased, or consumer demand for its products decreased. It would be very difficult for a low-net-margin corporation to get through these barriers. Similarly to this, a business with a high net profit margin can benefit from advantageous conditions like rising selling prices,

falling production costs, or increasing product demand. This company will be able to increase profits more quickly than one with a low net profit margin.

Dongfeng registered a net profit margin ratio of 14% in 2019. The ratio was high indicating that the management of the company was managing the operating expenses efficiently. Efficient management of the organization's operating expenses ensured that there were as many as possible revenues that were converted into profits. The net profit margin ratio also indicated that the company was generating sufficient revenue to withstand harsh economic conditions. The net profit ratio decreased from 14% to 12% from 2019 to 2020. The decrease in the net profit ratio implied that the efficiency levels of managing the revenues generated to create profit had dropped. Generally, Dongfeng has recorded higher net profit ratios in the three years compared to Guangzhou and Geely. The higher ratios imply that Dongfeng is the most profitable company of the three enterprises.

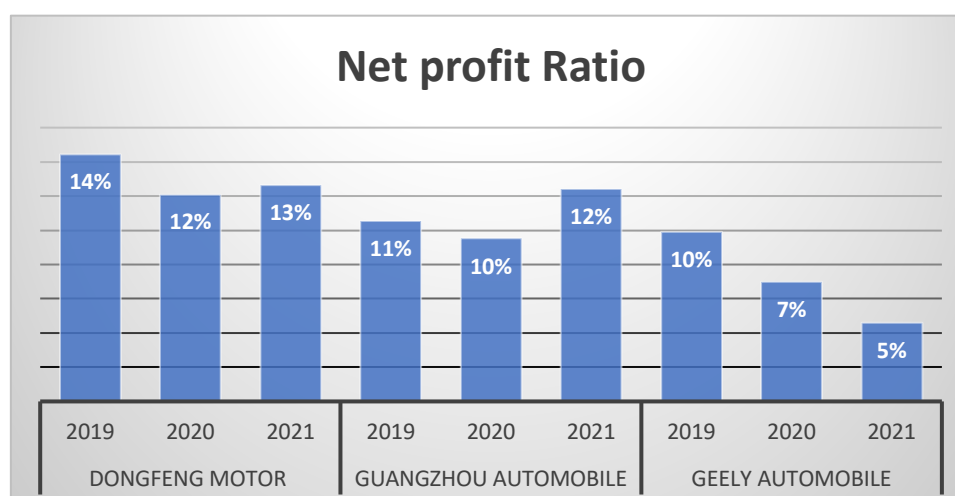


Figure 4: Net Profit Ratio between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

3.2.3. Return on Assets Ratio

Return on assets (ROA) is the name of a financial ratio that describes how successful a business is in comparison to its total assets (Myšková & Hájek, 2017). ROA can be used by investors, analysts, and corporate management to assess how well a business uses its resources to make a profit (Delen et al., 2013). The net income and average assets of a firm are usually used to calculate the metric as a percentage. In contrast, a lower ROA implies room for

improvement. A company's capacity to manage its balance sheet to make profits is more effective and efficient when its ROA is higher.

Dongfeng had a return on assets ratio of 5% in 2019. The ratio was lower than that of Guangzhou and Geely. The lower ratio compared to the two companies in 2019 implied that the company was managing its assets less efficiently compared to the two competitors. The return on assets ratio decreased from 2019 to 2020 from 5% to 3%. The decrease in the return on assets ratio implied that Dongfeng's efficiency in terms of using assets had decreased. The company had more idle assets in 2021 compared to 2019. The return on assets ratio of Dongfeng increased from 2020 to 2021 by 1%. The increase implied that the organization was using its assets more efficiently in 2021 compared to 2020. Despite an improvement in the return on assets ratio in 2021 by Dongfeng, the company posted the lowest return on assets ratio in all three years compared to Geely and Guangzhou. The low return on assets ratios in the three years compared to the two companies implied that the two companies were managing their assets more efficiently to generate revenue compared to Dongfeng.

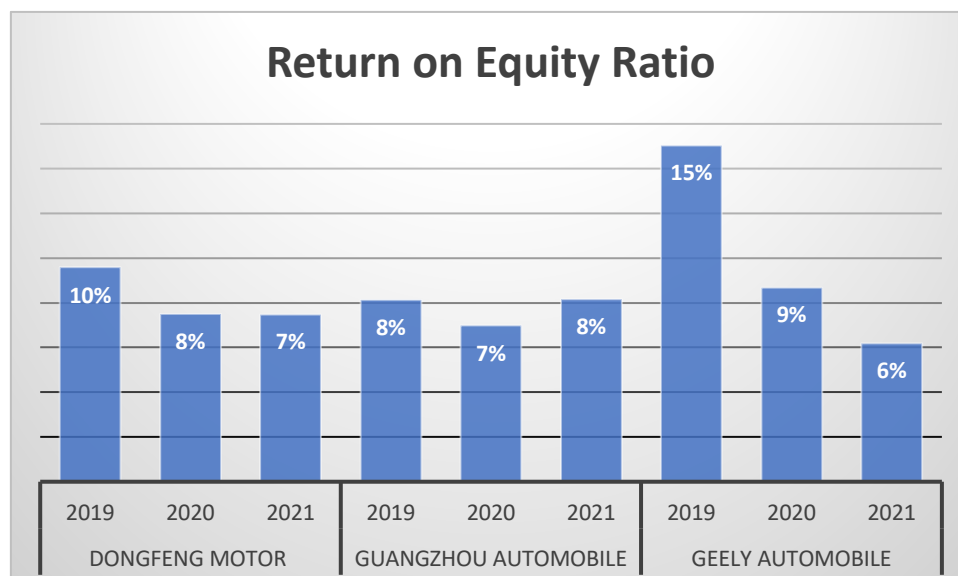


Figure 5: Return Equity Ratio between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

3.3. Liquidity Ratios

Ratio	DONGFENG MOTOR			Guangzhou Automobile			Geely Automobile		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
current ratio	1.33	1.21	1.25	1.36	1.33	1.25	1.03	1.22	1.08
Acid Test Ratio	1.22	1.12	1.17	1.20	1.18	1.08	0.93	1.13	0.99
Cash ratio	0.26	0.34	0.36	0.57	0.37	0.35	0.40	0.45	0.46

Table 5: Liquidity Ratios (Source: Constructed by Author based on three companies' annual reports 2019-2021.) (See Appendix VII.)

3.3.1. Current Ratio

The firm's short-term solvency is measured by the current ratio. For every dollar of current liabilities, it shows the number of current assets that are available in dollars (Myšková & Hájek, 2017). If the ratio is larger than 1, the company has more current assets than they do in terms of its current liabilities. A current ratio of at least 2 to 1 is typically regarded as adequate.

This rule is founded on the idea that even if present assets lose half of their value in a worse-case, the company would still be able to pay its debt. A safety net for creditors is provided by the current ratio. The margin of safety is increased by a higher current ratio; likewise, the ability of the company to satisfy short-term obligations is increased by a higher ratio of current assets to short-term liabilities.

Dongfeng recorded a current ratio of 1.33 in 2019. The ratio was more than one indicating that the company had more current assets compared to current obligations. Dongfeng was able to meet its current obligations using its current assets in 2019. The current assets ratio decreased from 2019 to 2020 from 1.33 to 1.21. The decrease in the current ratio implies that the strength of Dongfeng to meet its current obligations using its current assets had dropped. The current ratio of Dongfeng would increase from 2020 to 2021 from 1.21 to 1.25. The increase in the current ratio from 2020 to 2021 indicated that the company was financed more by current assets compared to current liabilities in the year 2021 compared to 2020. Despite the increase and decrease in the current ratios of Dongfeng in the three years, the current ratios are above one but close to one and below the conventional current ratio of 2:1. The company is financed more

by current assets compared to current liabilities and can meet its current obligations using its current assets. However, the ratio is close to one indicating that it is a risky investment for potential creditors and investors.

A comparison of the three companies indicates that Dongfeng comes in second as far as its ability to meet its current obligations using its current assets. Guangzhou registered higher current ratios in all three years compared to the two companies indicating its financial strength in meeting its current obligations using its current assets in all three years. Dongfeng registered higher current ratios in 2019 and 2021 compared to Geely indicating its financial strengths in the two financial years in paying up current liabilities using current assets.

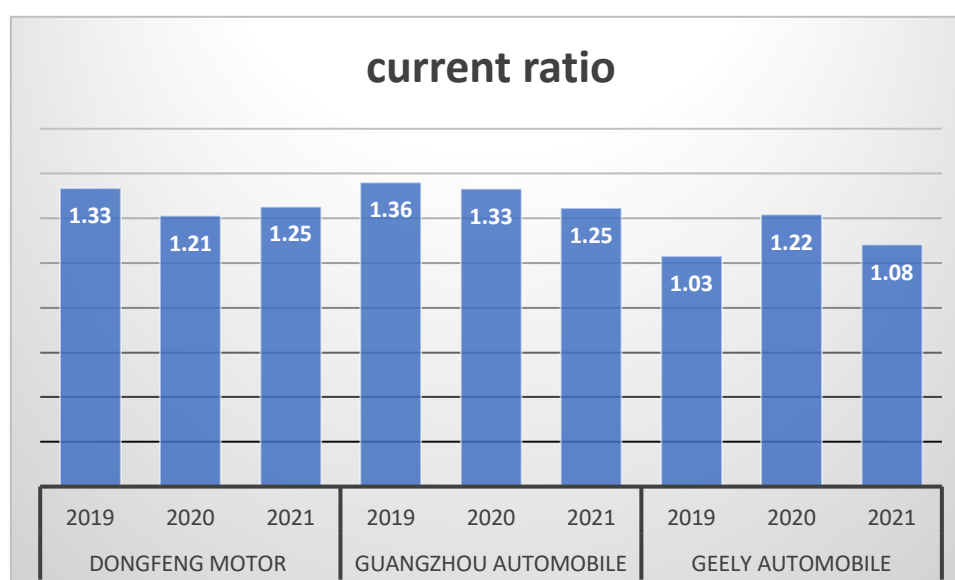


Figure 6: Current Ratio between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

3.3.2. Acid Test Ratio

A relationship between current liabilities and liquid assets is established using the acid test ratio. An asset is considered liquid if it can be swiftly converted into cash without losing any value (Myšková & Hájek, 2017). The most liquid asset is cash. Additional quick assets that are relatively liquid include, marketable securities, debtors, accounts receivable and other items. Inventories are not considered to be liquid assets. Thus, at arriving at the quick ratio the inventories are subtracted from the current assets and then divided by the current liabilities.

A satisfactory current financial situation is often thought to be one with an acid test ratio of 1 to 1. Even though the acid test ratio is a more thorough test of liquidity than the current ratio, it should still be utilized with caution. It should be kept in mind that not all creditors are liquid and that sometimes cash is required right once to cover operating costs. Inventories are not entirely non-liquid; they should be added. A quantifiable number of inventories can be used to fulfil present responsibilities. As a result, a business with a high acid test ratio may experience a cash flow problem if its outstanding debtors are sluggish to pay, unreliable, or long-term.

Dongfeng had a quick ratio of 1.22 in 2019. The acid test ratio was above one indicating that the company had enough liquid assets to meet its current obligations when they fall due. In 2020, Dongfeng's acid test ratio dropped from 1.22 to 1.12. The decrease in the acid test ratio implied that the ability of the organization to meet its current obligations using its most liquid assets had dropped from 2019 to 2020. Even though the acid test ratio decreased it was still in good margins.

A comparison of the acid test ratios of the three companies indicates that Dongfeng had a high acid test ratio in 2019 compared to Guangzhou and Geely. In 2019 Dongfeng was more liquid compared to the two companies. In 2020, Dongfeng's acid test ratio was the lowest of the three companies. The acid test ratio implied that the ability of the organization to meet its current obligations using its most liquid assets was the lowest of the three companies. In 2021, Dongfeng's acid test ratio was the highest of the three companies. The high acid test ratio implied that Dongfeng was financed more by liquid assets than current liabilities when compared to Guangzhou and Geely.

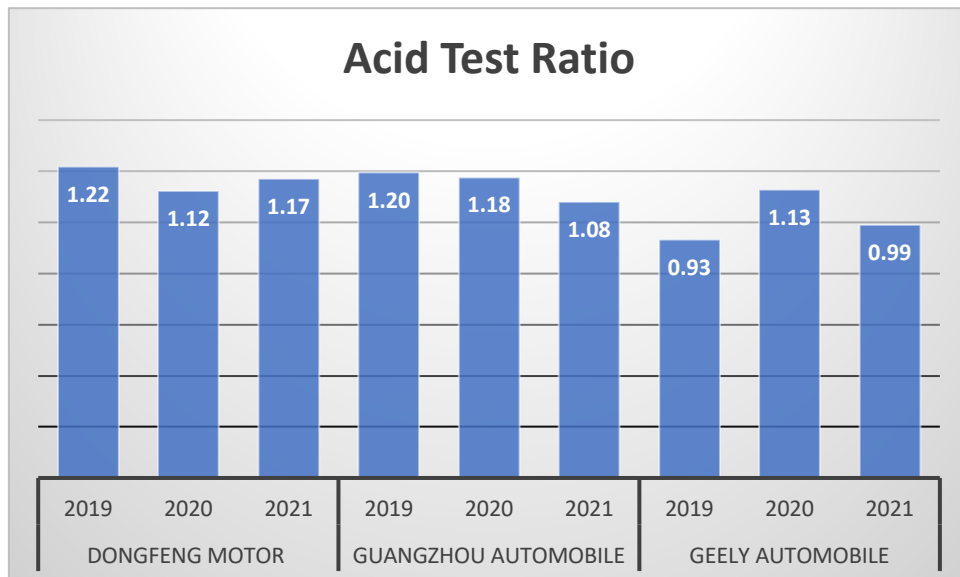


Figure 7: Acid Test Ratio between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

3.3.3. Cash Ratio

Because cash is the most liquid asset, a financial analyst may look at the cash ratio and its equivalent to current liabilities (Myšková & Hájek, 2017). The lack of cash does not necessarily imply the company is in a dire situation if the organization has a strong borrowing capability.

Dongfeng had a cash ratio of 0.26 in 2019. The cash ratio implied that Dongfeng had more current liabilities compared to cash. If the current liabilities fall due then, the company will not be able to pay them using cash only. The cash ratio increased slightly from 2019 to 2020. The increase in the cash ratio meant that Dongfeng was in a stronger position to meet its current liabilities using cash in 2020 compared to 2019. The cash ratio increased also in 2021 indicating an increase in financial strength.

A comparison of Dongfeng, Guangzhou and Geely cash ratios indicates that Dongfeng had the lowest ratios in all three years. The low cash ratios compared to the two companies imply that Dongfeng has the lowest ability to meet its current obligations using cash when they fall due.

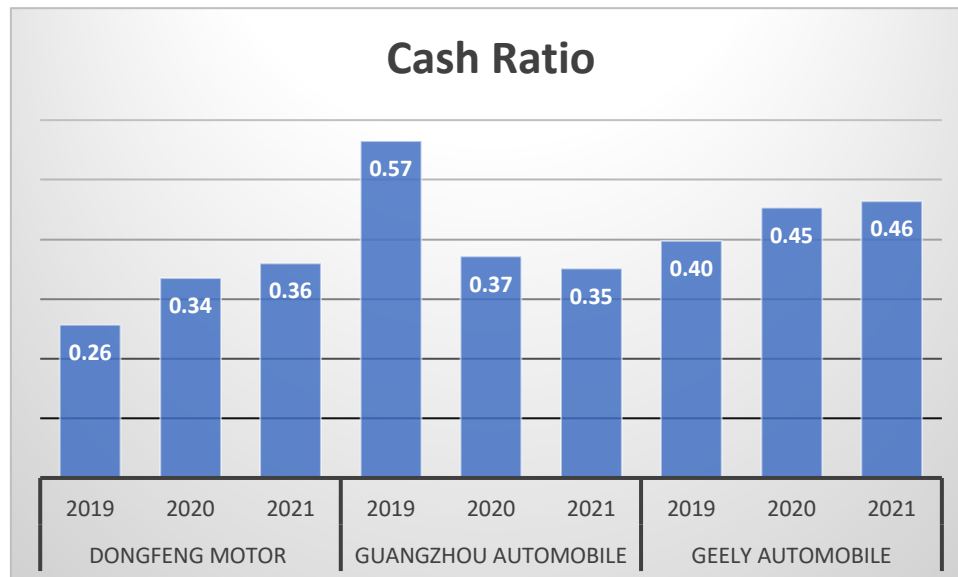


Figure 8: Cash Ratio between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

3.4. Leverage Ratio

Leverage Ratios									
	DONGFENG MOTOR			Guangzhou Automobile			Geely Automobile		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total Debt Ratio	0.17	0.02	0.01	0.10	0.10	0.11	0.02	0.02	0.01
Debt to equity ratio	0.34	0.04	0.03	0.17	0.17	0.19	0.04	0.03	0.03
Long term debt ratio	0.10	0.08	0.06	0.06	0.06	0.05	0.02	0.02	0.00
Equity Multiplier	2.03	2.24	2.10	1.67	1.65	1.66	1.97	1.73	1.91

Table 6: Leverage Ratios (Source: Constructed by Author based on three companies' annual reports 2019-2021.) (See Appendix II.)

3.4.1. Total Debt Ratio

A financial ratio that measures a company's level of leverage is known as a debt ratio. When represented as a decimal or percentage, the debt ratio is the proportion of total debt to total assets (Myšková & Hájek, 2017). It can be seen as the percentage of an organization's assets that are financed by debt. When an organization's asset-to-debt ratio is more than 1, it means that a sizable amount of its assets is financed by debt, which means that it has more obligations than assets. A corporation with a high ratio may be at risk of loan default if interest rates suddenly rise. A ratio below 1 shows that a greater part of a company's assets is funded by equity.

Dongfeng had a debt ratio of 0.17 in 2019. The ratio was below one indicating that the company was funded more by equity as opposed to debt. The debt ratio decreased significantly to 0.02 in 2020. The decrease in the debt ratio from the year 2019 to 2020 implied that the company was being funded more by equity compared to debt in 2020. The debt ratio decreased further in 2021. The decrease in the debt ratio implied that the company was being funded less by debt and more by equity as the year went by. Generally, the debt ratio implies that the company is less leveraged and has more room to take debt.

Guangzhou registers higher debt ratios in the three years compared to Dongfeng and Greely. The high debt ratios imply that Guangzhou is highly leveraged. Dongfeng and Greely are financed by fewer debts compared to Guangzhou.

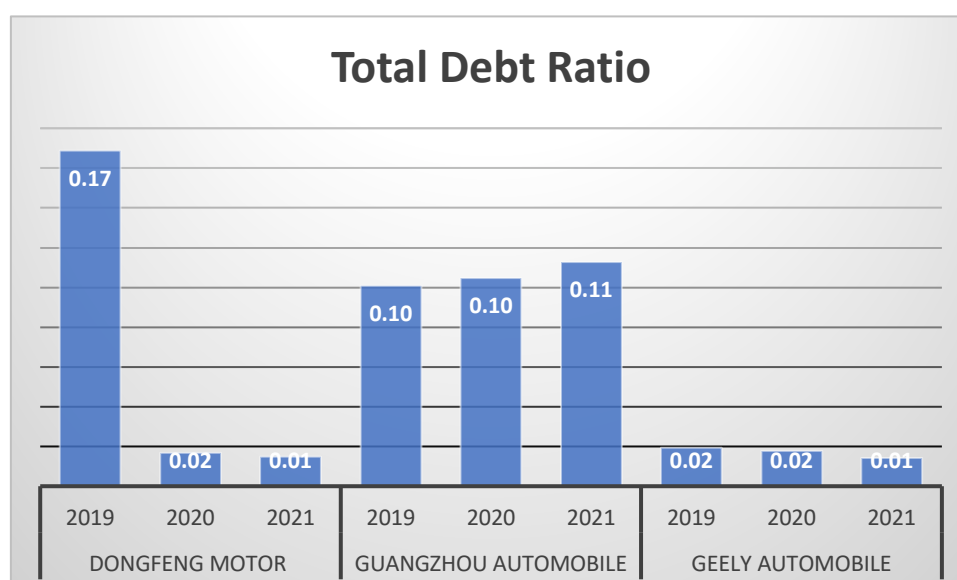


Figure 9: Total Debt Ratio between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

3.4.2. Debt to Equity Ratio

The debt-to-equity ratio is used to determine a company's capacity to repay its debt (Myšková & Hájek, 2017). It is calculated by dividing an organization's total debt by the total of its shareholders' equity. The higher the D/E ratio, which shows how much debt a company has compared to its assets, the harder it may be for the company to fulfil all of its obligations (Myšková & Hájek, 2017). A high D/E ratio suggests that a business's ability to make its debt

payments may be in jeopardy. Debt in a firm isn't always a bad thing, of course, but the equity ratio helps to give a trustworthy image of a company's current state of health.

Dongfeng had a debt-to-equity ratio of 0.34 in the year. The debt ratio is below one indicating that the company is financed more by equity compared to debt. The debt-to-equity ratio declined from 2019 to 2020 and from 2020 to 2021. The decline in the debt ratio implied that the company was being financed more by equity as opposed to debt as the years went by. Dongfeng was becoming less leveraged year by year.

A comparison of the three enterprises indicates that Dongfeng was the most leveraged company in 2019. However, in 2020 and 2021 Guangzhou was the most leveraged company of the three enterprises. Generally, Dongfeng has more room to accommodate more debt due to its low debt ratio.

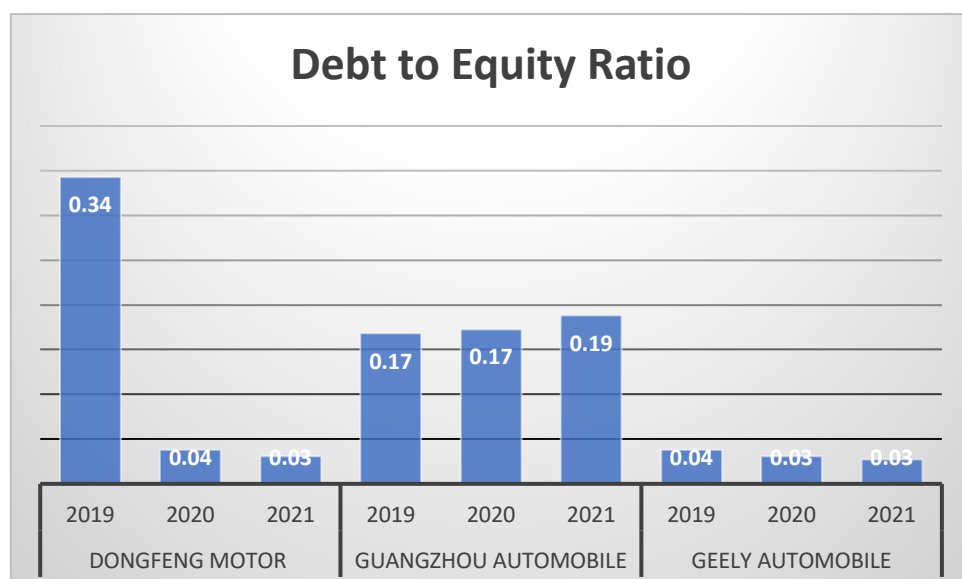


Figure 10: Debt to Equity Ratio between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

3.4.3. Long-Term Debt Ratio

At its most basic level, the Long-Term Debt to Total Asset Ratio Analysis provides a measure of the percentage of a company's total assets that are financed by Long-Term Debt (Myšková & Hájek, 2017). A higher long-term debt to total assets ratio is an indication that a significant percentage of the company's assets are financed by long-term debt.

Dongfeng had a long-term debt-to-asset ratio of 0.10 in 2019. The ratio was below one indicating that the assets were financed more by equity as opposed to long-term debt. The ratio declined from 0.10 in 2019 to 0.08 in 2020. The decline in the debt-to-equity ratio implied that there was a decrease in the proportion of debt to equity that financed assets in 2020. The debt-to-assets ratio decreased further in 2021 indicating a further decrease in the proportion of long-term debt to the equity that financed the assets. In the three years under comparison, Dongfeng is financed more by equity.

All three companies have debt-to-assets ratios of below one in the three years under comparison. The ratios imply that the companies' assets were financed more by equity as opposed to long-term debt. Dongfeng has the higher debt to assets ratios of the three-organization indicating that it is the company whose assets are financed more by long-term debt compared to equity in the three years.

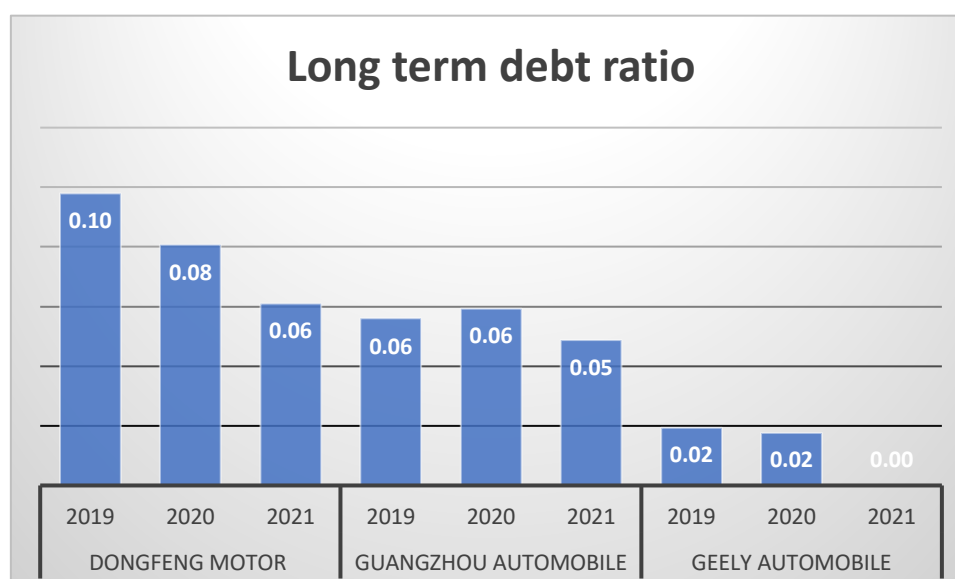


Figure 11: Long-Term Debt Ratio between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

3.4.4. Equity Multiplier

A financial ratio known as the equity multiplier can be used to determine how much of a company's assets are financed by stockholders' equity (Myšková & Hájek, 2017). It is derived by dividing total assets by shareholders' equity. A high equity multiplier is an indication that the company's assets are financed more by equity.

Dongfeng had an equity multiplier of 2.03 in 2019. The ratio implied that the company's assets were being financed more by equity. The equity multiplier ratio increased from 2019 to 2020. The increase in the equity multiplier was an indication that more equity had been used to finance the assets of the company in 2020 compared to 2019. The ratio dropped in 2021 indicating a decrease in the amount of equity that was financing the assets. Despite the increase and decrease in the equity multiplier in all three years, the assets of the company were financed more by equity.

The equity multipliers of Guangzhou and Geely are below those of Dongfeng in all three years. This implies that Dongfeng's assets are financed more by equity than those of Geely and Guangzhou.

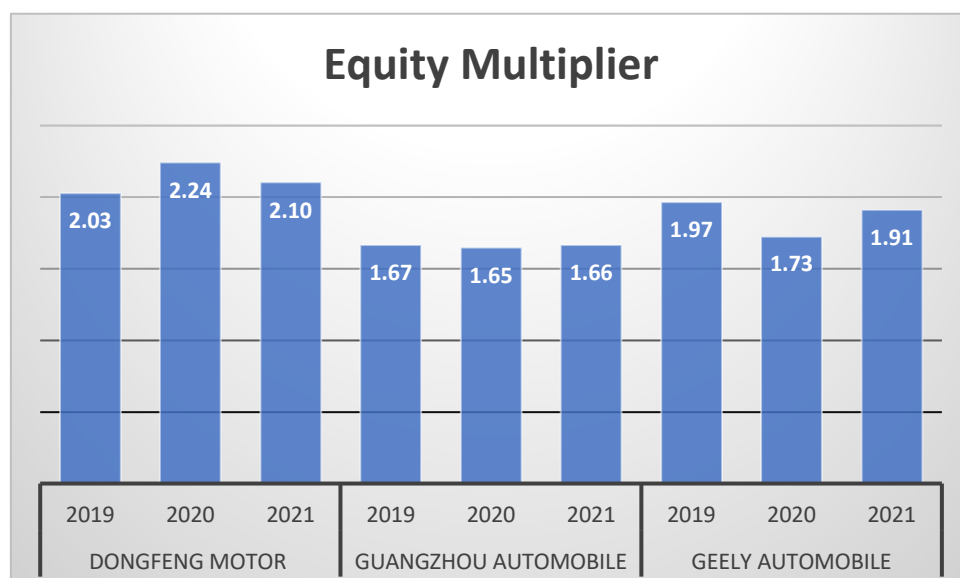


Figure 12: Equity Multiplier between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

3.5. Coverage Ratio

Coverage Ratios									
	DONGFENG MOTOR			Guangzhou Automobile			Geely Automobile		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Cash Coverage Ratio	0.26	0.34	0.36	0.57	0.37	0.35	0.40	0.45	0.46

Table 7: Coverage Ratios (Source: Constructed by Author based on three companies' annual reports 2019-2021.) (See Appendix II.)

3.5.1. Cash Ratio

The liquidity of a company can be assessed using the cash ratio (Myšková & Hájek, 2017). “The metric assesses the firm's capacity to pay off its short-term debt with cash or resources that can be converted into cash quickly, such as readily tradable securities” (Myšková & Hájek, 2017). A high cash ratio implies that the company has sufficient cash to cover current obligations when they fall due.

Dongfeng had a cash ratio of 0.26 in 2019. The cash ratio increased to 0.34 in 2020. The increase in the cash ratio implied that the ability of Dongfeng to meet its current obligations using cash had increased. Dongfeng's cash ratio increased to 0.36 in 2021 strengthening further the strength of the company to pay its current liabilities using cash.

A comparison of the three companies' cash ratios reveals that Dongfeng had lower cash ratios in 2019 and 2020. The ability of the company to pay up its current liabilities using cash was lower in the two years compared to Geely and Guangzhou. In 2021 Dongfeng posted a higher cash ratio than Guangzhou but lower than that of Geely. The ability of Geely to pay up its current obligations using cash was lower than that of Geely in 2021 but higher than that of Guangzhou.

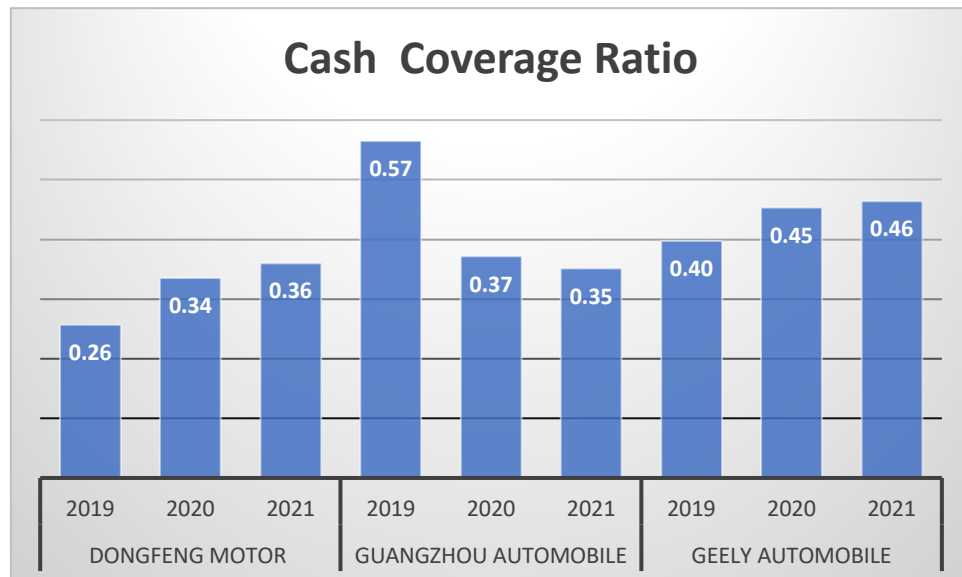


Figure 13: Cash Coverage Ratio between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

3.6. Efficiency Ratio

	DONGFENG MOTOR			Guangzhou Automobile			Geely Automobile		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Inventory turnover ratio	7.19	7.37	8.65	8.25	9.19	8.85	16.70	20.97	15.25
Days Sales Turnover	51	50	42	44	40	41	22	17	24

Table 8: Efficiency Ratios (Source: Constructed by Author based on three companies' annual reports 2019-2021.) (See Appendix II.)

3.6.1. Inventory Turnover Ratio

The efficiency with which a company produces and sells its goods is indicated by the inventory turnover rate (Myšková & Hájek, 2017). “The inventory turnover ratio is calculated by dividing the costs of goods sold by the average inventory” (Myšková & Hájek, 2017). Inventory turnover shows how rapidly inventory is turned into receivables by sales. A high inventory turnover rate is frequently an indicator of efficient inventory management. Low inventory turnover is a sign of sluggish or outdated stock, as well as of excessive stock levels regarding production and sales activities.

Dongfeng had an inventory turnover ratio of 7.19 in 2020. The ratio implied that the company sold and replaced inventory seven times in a year. The inventory turnover ratio was high indicating that the management was managing inventory well. In 2020, the inventory

turnover ratio of Dongfeng increased to 7.37. The improvement in the inventory turnover ratio implied that the efficiency levels of managing inventory had increased. Dongfeng was able to sell and replace inventory more times in 2020 compared to 2019. The inventory turnover ratio increased to 8.65 in 2021. The increase in the inventory turnover ratio from year to year implies that the management of Dongfeng is managing its inventory efficiently.

Guangzhou and Geely have registered hire inventory turnover ratios in 2019, 2020 and 2021. The higher inventory turnover ratios imply that the competitors of Dongfeng are managing their inventory more efficiently compared to Dongfeng.

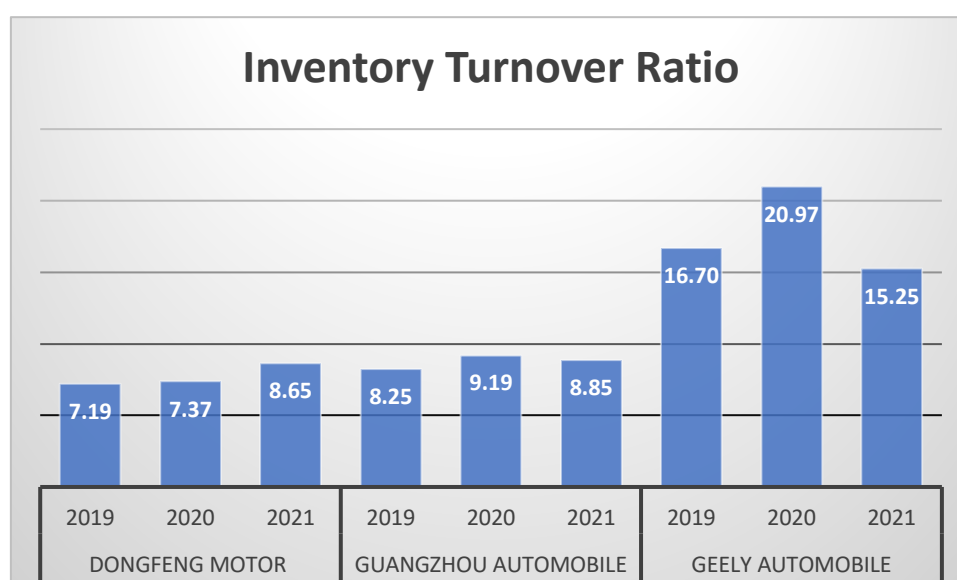


Figure 14: Inventory Turnover Ratio between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

3.6.2. Days Sales Turnover

Days sales outstanding is a metric used to determine how long it typically takes a business to receive payment for sales (Myšková & Hájek, 2017). Days sales outstanding are calculated by dividing the average accounts receivable during a period by the total credit sales over the same period. The result is then multiplied by the number of days in the period being measured. A high number of days sales outstanding indicates that a business sells its goods on credit to clients and then takes a while to get paid. This might cause issues with cash flow. A

low Days Sales Outstanding figure indicates that a business collects its accounts receivable more quickly. That business is acquiring the funding it requires right away to start new ventures.

Dongfeng took 51 days to collect credit sales in 2019. The number of days that the company took to collect trade receivables was high indicating poor performance. The number of days reduced to 50 in 2020 and 42 in 2021. Even though the number of days it took Dongfeng to collect trade receivables had reduced, the days were still high indicating poor performance in trade receivables collection.

Guangzhou also took relatively longer to collect trade receivables. Geely takes a relatively shorter period to collect its trade receivables. Dongfeng and Guangzhou have longer days of sales turnover period and consequently poor trade receivables collection management. The two companies are likely to run into trouble as a result of debtors holding onto their money for longer periods.

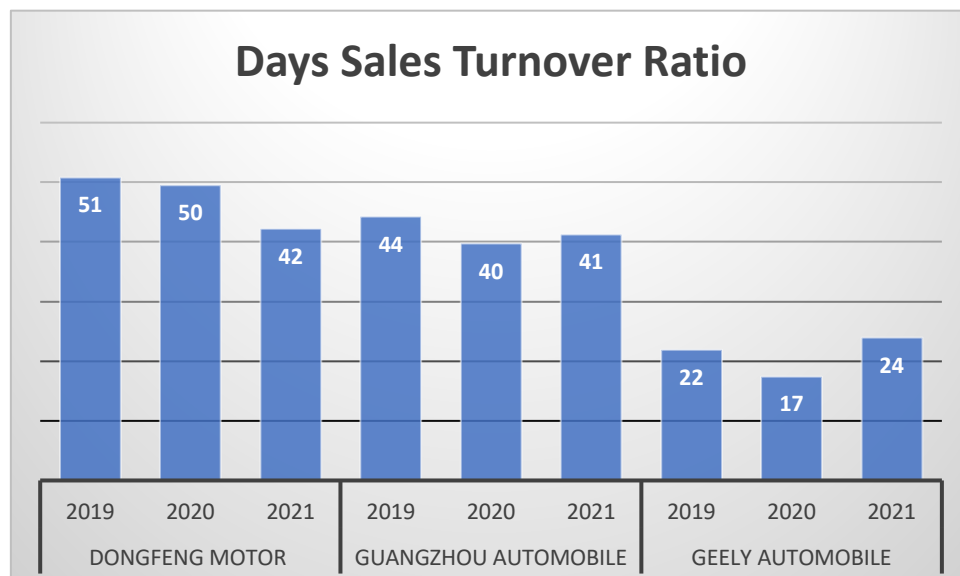


Figure 15: Days Sales Turnover Ratio between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

3.7. Market Value Ratios

Market Value Ratios									
	DONGFENG MOTOR			Guangzhou Automobile			Geely Automobile		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Dividend Yield per share	4.72%	6.33%	6.08%	5.70%	3.08%	3.32%	2.78%	2.07%	1.01%

Table 9: Market Value Ratios (Source: Constructed by Author based on three companies' annual reports 2019-2021.) (See Appendix VII.)

3.7.1. Dividend Yield Ratio

The annual amount of dividends earned about the market price per share of security is measured by the financial ratio known as the dividend yield (Myšková & Hájek, 2017). In other words, the dividend yield formula determines what portion of the market price of a company's shares is distributed to shareholders in the form of dividends. A higher dividend yield ratio is attractive to investors since it attracts high returns.

Dongfeng had a dividend yield ratio that was high and more stable in the three years compared to Guangzhou and Geely.

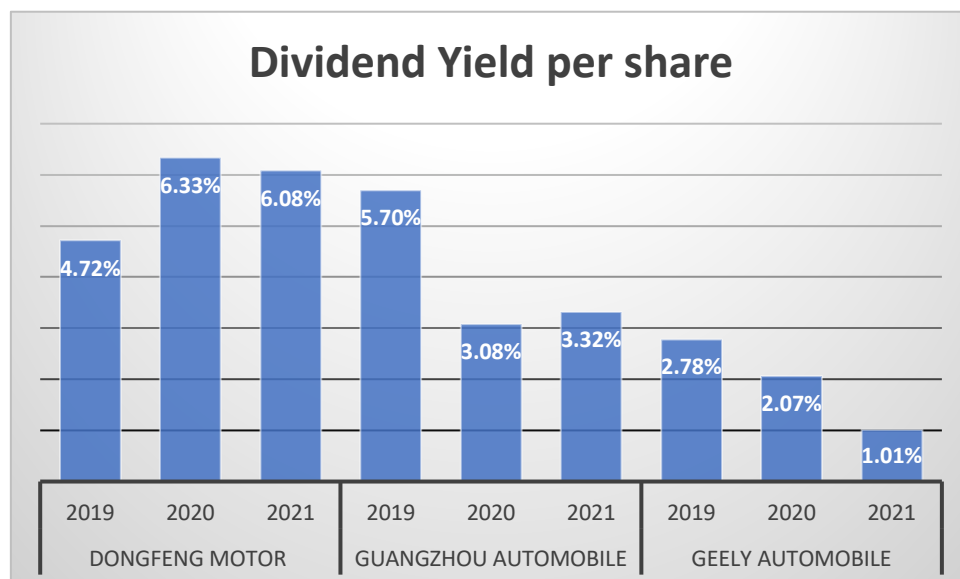


Figure 16: Dividend Yield per Share between 2019-2021 (Source: Constructed by Author based on three companies' annual reports 2019-2021.)

4. Corporate Governance

The company has shareholders who are the owners of the business. The shareholders have delegated the management of the company to the board of directors. Several special committees, management, a supervisory board and employees play different roles in the corporate governance structure.

Name	Title
Mr. Yanfeng Zhu	Executive Chairman
Mr. Qing Yang	President & Executive Director
Mr. Zheng You	VP, GM of the Strategic Planning Department & Exec. Director
Mr. Guoyuan Liu	Head of the Technical Development Department
Mr. Jun Yu	Head of the Organisation & Information Department
Mr. Liang Wen	Head of the HR Department
Mr. Binbin Wang	Director of the Pres's Office
Mr. Junzhi Li	Gen. Manager of the International Bus. Department
Mr. Guolin Gao	Head of Strategic Planning Department
Mr. Weidong Hu	Head of the Audit Compliance Department

Table 10: Dongfeng Board Committees Members (Source: Dongfeng Annual Report 2021.)

5. Major Investment Project

5.1. Proposed Investment

Hypothetical Opening Up a new Branch.

	Start-up capital	Year One
Cash on hand (beginning of month)	20000000000 0	10000000000 0
CASH RECEIPTS		
Vehicle Sales		15000000000
Interest/Other Income		
TOTAL CASH RECEIPTS		11500000000 0
Total Cash Available	20000000000 0	11500000000 0
CASH PAID OUT		
Stock Costs	10000000000 0	10000000000 0
Wages (staff, directors, sole trader)		15000000
VicRoads costs (transfer fees, stamp duty)		10000000
PPSR Check Costs		10200000
Vehicle Transport Costs		10404000
Rent		10612080
Advertising Costs (Carsales, Trading Post, Newspaper, etc.)		10824321.6
Website Costs (web hosting, server costs, etc.)		11040808.03
Utilities Costs (phone, internet, electricity, etc.)		11261624.19
Licensing Costs		11486856.68
Fuel Costs		11716593.81
Accounting Costs		11950925.69
Insurance Costs		12189944.2
Interest on credit or loans		12433743.08
Costs related to statutory and/or extended warranties		12682417.95
Stationery Costs (Contracts of Sale, other required forms, basic stationery)		12936066.3
Other Business Expenses		13194787.63
Miscellaneous Costs		13458683.38
Petty Cash		13727857.05
Owner's withdrawal of cash		14002414.19
TOTAL CASH PAID OUT		1022912312 4
Cash on Hand (end of month)	10000000000 0	1270876876
Net profit before tax		
Projected no. cars purchased and sold		

Table 10: Project basic information

5.2. Project Evaluation

Year	Cashflow In	PV Cashflow	Cum Cashflow
0	-20000000000	-20000000000	-20000000000
1	1270876876	1155342615	-18844657385
2	1397964564	1155342615	-17689314771
3	1537761020	1155342615	-16533972156
4	1691537122	1155342615	-15378629541
5	1860690834	1155342615	-14223286926
6	2046759918	1155342615	-13067944312
7	2251435910	1155342615	-11912601697
8	2476579501	1155342615	-10757259082
9	2724237451	1155342615	-9601916467
10	2996661196	1155342615	-8446573853
11	3296327315	1155342615	-7291231238
12	3625960047	1155342615	-6135888623
13	3988556052	1155342615	-4980546008
14	4387411657	1155342615	-3825203394
15	4826152822	1155342615	-2669860779
16	5308768105	1155342615	-1514518164
17	5839644915	1155342615	-359175549.5
18	6423609407	1155342615	796167065.3
19	7065970347	1155342615	1951509680
20	7772567382	1155342615	3106852295
Method 1 NPV: 3106852295			
Method 2 BPB: 18 years			
Method 3 IRR: 12%			
Method 4 ARR: 18%			

Table 11: Project evaluation

5.3. Assumptions

5.3.1. ROA

The profit will grow at a rate of 10% each year and the ROA is 10%.

According to the cashflow calculations, the payback period will be after 18 years. The company should invest in the project since it will be profitable in the long run. The company has the potential to apply for loans as a source of funding for the project. The leverage ratios indicate that the company is financed by less debt and has room to borrow more. Dongfeng could also issue new shares as a project funding source.

5.3.2. ARR

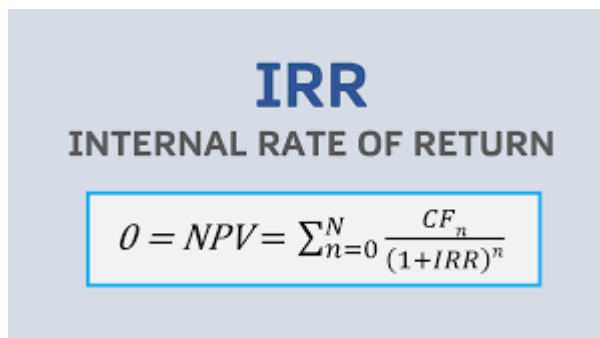
ARR = Average Annual Profit/ Initial Investment x 100

$$(3639473622/20000000000) \times 100$$

$$= 18\%$$

The company accepts projects with an accounting rate of return above 10%. In this case, the accounting rate of return is 18% hence the company should invest in the project.

5.3.3. IRR



The graphic shows the formula for IRR (Internal Rate of Return) in a blue box. The text 'IRR' is in large blue letters, and 'INTERNAL RATE OF RETURN' is in smaller blue letters below it. The formula is:
$$0 = NPV = \sum_{n=0}^N \frac{CF_n}{(1+IRR)^n}$$

$$= \text{IRR}(-20000000000, 1270876876, 1397964564, 1537761020, 1691537122, 1860690834, 2046759918, 2251435910, 2476579501, 2724237451, 2996661196, 3296327315, 3625960047, 3988556052, 4387411657, 4826152822, 5308768105, 5839644915, 6423609407, 7065970347, 7772567382)$$

$$= 12\%$$

The IRR is 12%. Assuming the minimum acceptable IRR for the company is 10%, the company should invest in the project.

5.4. Conclusion

The financial analysis indicates that the company is performing relatively poorly in inventory turnover compared to its peer in the industry. Dongfeng needs to look for ways in which it came to increase the number of times that it is turning over its inventory to increase its market share.

Dongfeng's Days Sales Turnover Ratio is also poor compared to that of its competitors. The company needs to negotiate for better trade receivables terms to enable it to collect its debts earlier. Continuing the current trend will likely lead the company into cash flow problems.

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7. Appendix

7.1. Appendix I - Ratio Calculations

Gross Profit Ratio = Gross Profit/Revenue									
	Dongfeng			Guangzhou			Geely		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Gross Profit	13,491	15,660	14,190	2,522,959	2,295,993	3,898,920	16,916,628	14,737,019	17,412,235
Revenue	101,087	107,964	113,008	59,704,322	59,704,322	59,704,322	97,401,248	97,401,248	97,401,248
Gross Profit Margin	13%	15%	13%	4%	4%	7%	17%	15%	18%

EBIT = EBIT/Revenue									
	Dongfeng			Guangzhou			Geely		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
EBIT	14,605	12,218	12,760	6,291,671	5,691,961	7,411,580	9,636,268	6,440,978	4,665,175
Revenue	101,087	101,087	101,087	59,704,322	59,704,322	59,704,322	59,704,322	59,704,322	59,704,322
EBIT Ratio	14%	12%	13%	11%	10%	12%	16%	11%	8%

Net Profit Margin Ratio = Net Profit/Revenue									
	Dongfeng			Guangzhou			Geely		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Net Profit	12,846	10,600	11,375	6,708,857	6,047,951	7,565,697	8,261,358	5,574,630	4,353,008
Revenue	101,087	101,087	101,087	59,704,322	59,704,322	59,704,322	59,704,322	59,704,322	59,704,322
Net Profit Ratio	13%	10%	11%	11%	10%	13%	14%	9%	7%

Return on Assets = Net Profit/Total Assets									
	Dongfeng			Guangzhou			Geely		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Net Profit	12,846	10,600	11,375	6,708,857	6,047,951	7,565,697	8,261,358	5,574,630	4,353,008
Total Assets	272,000	316,521	319,767	137,463,551	142,860,688	154,250,589	107,927,578	110,815,729	134,341,404
Return on Assets Ratio	5%	3%	4%	5%	4%	5%	8%	5%	3%

Return on Equity = Net Profit/Total Equity									
	Dongfeng			Guangzhou			Geely		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Net Profit	12,846	10,600	11,375	6,708,857	6,047,951	7,565,697	8,261,358	5,574,630	4,353,008

Total equity	133,968	141,126	152,064	82,508,246	86,713,628	92,648,785	54,924,466	64,213,266	70,220,972
Return on Equity Ratio	10%	8%	7%	8%	7%	8%	15%	9%	6%

Current Ratio = Current Assets/Current Liabilities									
	Dongfeng			Guangzhou			Geely		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Current Assets	138,993	172,083	174,875	56,864,500	56,642,909	61,191,646	50,014,013	50,934,736	65,295,822
Current Liabilities	104,182	142,066	139,590	41,774,878	42,543,186	49,132,556	48,526,432	41,886,877	60,350,557
Current Ratio	1.33	1.21	1.25	1.36	1.33	1.25	1.03	1.22	1.08

Total Debt Ratio = Total Debt/Total Assets									
	Dongfeng			Guangzhou			Geely		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total Debt	45,915	5,318	4,722	13,860,551	14,977,384	17,415,462	2,089,110	1,959,750	1,906,740
Total Assets	272,000	316,521	319,767	137,463,551	142,860,688	154,250,589	107,927,578	110,815,729	134,341,404
Total Debt Ratio	0.17	0.02	0.01	0.10	0.10	0.11	0.02	0.02	0.01

Total Debt to Equity Ratio = Total Debt/Equity									
	Dongfeng			Guangzhou			Geely		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total Debt	45,915	5,318	4,722	13,860,551	14,977,384	17,415,462	2,089,110	1,959,750	1,906,740
Equity	133,968	141,126	152,064	82,508,246	86,713,628	92,648,785	54,924,466	64,213,266	70,220,972
Debt to Equity Ratio	0.34	0.04	0.03	0.17	0.17	0.19	0.04	0.03	0.03

Long Term Debt Ratio = Long Term Debt/Total Assets									
	Dongfeng			Guangzhou			Geely		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Long Term Debt	26,656	25,539	19,531	7,691,622	8,473,173	7,526,724	2,089,110	1,959,750	
Total Assets	272,000	316,521	319,767	137,463,551	142,860,688	154,250,589	107,927,578	110,815,729	134,341,404
Long Term Debt Ratio	0.10	0.08	0.06	0.06	0.06	0.05	0.02	0.02	0.00

Equity Multiplier = Total Assets/Total Equity									
	Dongfeng			Guangzhou			Geely		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total Assets	272,000	316,521	319,767	137,463,551	142,860,688	154,250,589	107,927,578	110,815,729	134,341,404

				551	688	589	578	729	404
Total Equity	133,968	141,126	152,064	82,508,246	86,713,628	92,648,785	54,924,466	64,213,266	70,220,972
Equity Multiplier	2.03	2.24	2.10	1.67	1.65	1.66	1.97	1.73	1.91

Cash Coverage Ratio = Cash/Current Liabilities									
	Dongfeng			Guangzhou			Geely		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Cash	26,768	47,640	50,270	23,604,986	15,791,397	17,234,963	19,281,216	18,976,843	28,013,995
Current Liabilities	104,182	142,066	139,590	41,774,878	42,543,186	49,132,556	48,526,432	41,886,877	60,350,557
Cash Coverage Ratio	0.26	0.34	0.36	0.57	0.37	0.35	0.40	0.45	0.46

Inventory Turnover Ratio = Cost of Goods Sold/Inventory									
	Dongfeng			Guangzhou			Geely		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Cost of Goods Sold	-87,596	-92,304	-98,818	57,181,363	60,860,992	71,776,845	80,484,620	77,376,859	84,198,821
Inventory	12,191	12,524	11,419	6,927,830	6,621,580	8,110,960	4,820,776	3,690,631	5,521,573
Inventory Turnover Ratio	7.19	7.37	8.65	8.25	9.19	8.85	16.70	20.97	15.25

Days Sales Inventory = (Inventory/Cost of Goods Sold) x 365									
	Dongfeng			Guangzhou			Geely		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Inventory	12,191	12,524	11,419	6,927,830	6,621,580	8,110,960	4,820,776	3,690,631	5,521,573
Cost of Goods Sold	-87,596	-92,304	-98,818	57,181,363	60,860,992	71,776,845	80,484,620	77,376,859	84,198,821
Days Sales Turnover	51	50	42	44	40	41	22	17	24

7.2. Appendix II – Financial Statements

Dongfeng Motor Group Company Limited				
Item	2019	2020	2021	
Revenue		101087	107964	113,008
Cost of Sales		-87,596	-92,304	-98,818
Gross Profit		13,491	15,660	14,190
Other Income		2,231	4,765	5,024
Selling and Distribution Expenses		-4,349	-4,940	-5,741
Administrative Expenses		-5,076	-4,513	-5,198
Net Impairment Losses on Financial Assets		-1,163	-1,356	-1,900
Other Expenses		-5,500	-8,679	-6,954
Finance Expenses		-575	-1,174	-265
Share of Profits and Losses of Joint Ventures		11,633	9495	11,800
Associates		3,913	2,960	1,804
Profit Before Income Tax		14,605	12,218	12,760
Income Tax Expense		-1,759	-1,618	-1,385
Profit for The Year		12,846	10,600	11,375

Guangzhou Automobile Group Company Limited				
Item	2019	2020	2021	
Revenue		59,704,322	63,156,985	75,675,765
Cost of Sales		-57,181,363	-60,860,992	-71,776,845
Gross Profit		2,522,959	2,295,993	3,898,920
Selling and Distribution Costs		-4,553,402	-3,641,480	-4,339,756
Administrative Expenses		-3,589,516	-3,850,327	-4,556,045
Net Impairment Losses on Financial Assets		-53,831	-55,110	-143,468
Interest Income		290,694	304,233	257,438
Other Gains – Net		2,620,340	1,379,690	1,257,349
Operating Loss		-2,762,756	-3,567,001	-3,625,562
Interest Income		171,565	127,551	58,558
Finance Costs		-516,481	-439,567	-425,316
Share of Profit of Joint Ventures and Associates		9,399,343	9,570,978	11,403,900
Profit Before Income Tax		6,291,671	5,691,961	7,411,580
Income Tax Credit		417,186	355,990	154,117
Profit for The Year		6,708,857	6,047,951	7,565,697

Geely Automobile Holding Company				
Item	2019	2020	2021	
Revenue		97,401,248	92,113,878	101,611,056
Cost of Sales		-80,484,620	-77,376,859	-84,198,821
Gross Profit		16,916,628	14,737,019	17,412,235
Other Income		1,224,666	1,039,382	1,339,074
Distribution and Selling Expenses		-4,332,267	-5,053,491	-6,322,762
Administrative Expenses, Excluding Share-based Payments		-5,084,146	-5,745,019	-7,907,530
Impairment Loss on Trade and Other Receivables		-38,242	-8,594	-128,290
Share-based Payments		-5,459	-4,095	-1,212,699
Finance Income, Net		108,021	208,322	280,155
Share of Results of Associates		38,122	50,604	57,984
Share of Results of Joint Ventures		625,878	824,810	1,147,008
Gain on Disposal of Subsidiaries		183,067	392,040	
Profit Before Income Tax		9,636,268	6,440,978	4,665,175
Taxation		-1,374,910	-866,348	-312,167
Profit for The Year		8,261,358	5,574,630	4,353,008

Dongfeng Motor Group Company Limited				
ITEM	2019	2020	2021	
ASSETS				
Non-current Assets				
Property, Plant and Equipment	17,309	20,071	18,827	
Right-of-use Assets	3,327	4,231	4,242	
Investment Properties	229	148	2,215	
Intangible Assets	5,076	5,061	5,826	
Goodwill	1,749	1,733	1,733	
Investments in Joint Ventures	40,427	39,596	41,986	
Investments in Associates	24,824	28,774	14,528	
Financial Assets at Fair Value Through Other				
Comprehensive Income	205	206	17,871	
Other Non-current Assets	36,470	41,295	34,735	
Deferred Income Tax Assets	2,356	2,928	2,929	
Due from Joint Ventures	1,035	395		
Total Non-current Assets	133,007	144,438	144,892	
Current Assets				
Inventories	12,191	12,524	11,419	
Trade Receivables	10,690	9,988	6,947	
Bills Receivable	1,439	1,427	731	
Prepayments, Deposits and Other Receivables	51,550	62,236	64,274	
Financial Assets at Fair Value Through Other				
Comprehensive Income	12,121	18,169	12,241	
Due from Joint Ventures	12,442	8,519	11,318	
Financial Assets at Fair Value Through Profit or Loss	6,972	8,117	14,033	
Pledged Bank Balances and Time Deposits	3,317	3,463	3,642	
Cash and Cash in Bank	26,768	47,640	50,270	
Assets Held for Sale	1,503			
Total Current Assets	138,993	172,083	174,875	
Total Assets	272,000	316,521	319,767	
Equity and Liabilities				
Equity Attributable to Equity Holders of The Company				
Issued Capital	8,616	8,616	8,616	
Reserves	18,336	20,293	23,823	
Retained Profits	100,829	106,899	114,903	
	127,781	135,808	147,342	
Non-controlling Interests	6,187	5,318	4,722	
Total Equity	133,968	141,126	152,064	
Non-current Liabilities				
Interest-bearing Borrowings	23,923	22,373	16,652	
Lease Liabilities	2,075	1,984	2,179	
Other Long Term Liabilities	2,733	3,166	2,879	
Government Grants	2,094	2,309	2,496	
Deferred Income Tax Liabilities	2,275	2,692	2,882	
Provisions	750	805	1,025	
Total Non-current Liabilities	33,850	33,329	28,113	
Current Liabilities				
Trade Payables	19,220	21,015	19,327	
Lease Liabilities	154	138	298	
Bills Payable	27,369	36,882	28,941	
Other Payables and Accruals	12,796	17,121	17,631	
Contract Liabilities	3,402	4,111	5,628	
Due to Joint Ventures	19,970	21,973	36,797	
Interest-bearing Borrowings	19,259	38,276	28,137	
Income Tax Payable	1,008	1,309	1,545	
Provisions	1,004	1,241	1,286	
Total Current Liabilities	104,182	142,066	139,590	
Total Liabilities	138,032	175,395	167,703	
Total Equity and Liabilities	272,000	316,521	319,767	

Guangzhou Automobile Group Company Limited				
ITEM	2019	2020	2021	
ASSETS				
Non-current Assets				
Property, Plant and Equipment	19,395,807	20,073,210	19,475,570	
Right-of-use Assets	6,846,371	6,909,008	6,817,666	
Investment Properties	1,334,487	1,387,545	1,871,624	
Intangible Assets	10,809,744	12,258,613	13,581,219	
Investments in Joint Ventures and Associates	32,004,786	33,403,563	36,926,987	
Deferred Income Tax Assets	1,705,313	2,123,604	2,833,925	
Financial Assets at Fair Value Through Other Comprehensive				
Income	1,224,218	630,703	1,597,702	
Financial Assets at Fair Value Through Profit or Loss	3,137,472	4,375,256	1,945,627	
Prepayments and Other Long Term Receivables	4,140,853	5,056,277	8,008,623	
Total Non Current Liabilities	80,599,051	86,217,779	93,058,943	
Current Assets				
Inventories	6,927,830	6,621,580	8,110,960	
Trade and Other Receivables	16,843,950	19,615,555	25,110,073	
Financial Assets at Fair Value Through				
Other Comprehensive Income	6,948	310,690	709,064	
Financial Assets at Fair Value Through Profit or Loss	842,845	1,595,011	3,225,636	
Time Deposits	6,959,924	10,624,362	5,176,560	
Restricted Cash	1,678,017	2,084,314	1,624,390	
Cash and Cash Equivalents	23,604,986	15,791,397	17,234,963	
Total Current Assets	56,864,500	56,642,909	61,191,646	
Total Assets	137,463,551	142,860,688	154,250,589	
Liabilities				
Non-current Liabilities				
Trade and Other Payables	262,876	530,786	773,048	
Borrowings	7,691,622	8,473,173	7,526,724	
Lease Liabilities	1,232,042	1,303,479	1,270,196	
Deferred Income Tax Liabilities	183,136	138,032	144,418	
Provisions	1,014,776	602,579	559,341	
Government Grants	2,795,975	2,555,825	2,195,521	
Total Non Current Liabilities	13,180,427	13,603,874	12,469,248	
Current Liabilities				
Trade and Other Payables	33,616,467	33,971,538	35,863,483	
Contract Liabilities	1,528,757	1,492,859	2,626,902	
Current Income Tax Liabilities	284,124	103,049	202,040	
Borrowings	6,168,929	6,504,211	9,888,738	
Lease Liabilities	176,601	209,062	193,531	
Provisions		262,467	357,862	
Total Current Liabilities	41,774,878	42,543,186	49,132,556	
Total Liabilities	54,955,305	56,147,060	61,601,804	
Net Assets	82,508,246	86,713,628	92,648,785	
Equity				
Share Capital	10,237,708	10,349,697	10,370,593	
Reserves	28,144,766	28,928,263	29,345,460	
Retained Earnings	41,805,637	45,097,071	50,597,258	
Capital and Reserves Attributable to Owners of The Company	80,188,111	84,375,031	90,313,311	
Non-controlling Interests	2,320,135	2,338,597	2,335,474	
Total Equity	82,508,246	86,713,628	92,648,785	

Geely Automobile Holding Company				
ITEM	2019	2020	2021	
Non-current Assets				
Property, Plant and Equipment	27,070,318	26,574,279	30,858,504	
Intangible Assets	17,597,628	18,610,115	20,901,178	
Land Lease Prepayments	3,230,845	3,042,911	3,435,744	
Goodwill	42,806	42,806	58,193	
Interests in Associates	462,387	494,498	609,808	
Interests in Joint Ventures	8,375,076	9,194,017	9,594,805	
Trade and Other Receivables	268,899	952,356	800,512	
Financial Assets at Fair Value Through Profit or Loss			351,646	
Deferred Tax Assets	865,606	970,011	2,435,192	
Total Non Current Assets	57,913,565	59,880,993	69,045,582	
Current Assets				
Inventories	4,820,776	3,690,631	5,521,573	
Trade and Other Receivables	25,844,914	27,868,232	31,549,100	
Income Tax Recoverable	26,714	224,608	140,350	
Derivative Financial Instruments			66,892	
Pledged bank Deposits	40,393	174,422	3,912	
Bank Balances and Cash	19,281,216	18,976,843	28,013,995	
Total Current Assets	50,014,013	50,934,736	65,295,822	
Current Liabilities				
Trade and Other Payables	47,873,315	41,516,307	57,392,790	
Lease Liabilities	37,223	30,380	198,290	
Bank Borrowings			1,906,740	
Income Tax Payable	615,894	340,190	852,737	
Total Current Liabilities	48,526,432	41,886,877	60,350,557	
Net Current Assets	1,487,581	9,047,859	4,945,265	
Total Assets Less Current Liabilities	59,401,146	68,928,852	73,990,847	
Capital and Reserves				
Share Capital	167,733	179,672	183,015	
Perpetual Capital Securities	3,413,102	3,413,102	3,413,102	
Reserves	50,854,791	60,038,340	65,010,029	
Equity Attributable to Equity Holders of The Company	54,435,626	63,631,114	68,606,146	
Non-controlling Interests	488,840	582,152	1,614,826	
Total Equity	54,924,466	64,213,266	70,220,972	
Non Current Liabilities				
Trade and Other Payables		385,557	961,697	
Lease Liabilities	26,366	11,915	502,486	
Bank Borrowings	2,089,110	1,959,750		
Bonds Payable	2,060,085	1,949,735	1,901,137	
Deferred Tax Liabilities	301,119	408,629	404,555	
Total Non Current Liabilities	4,476,680	4,715,586	3,769,875	
	59,401,146	68,928,852	73,990,847	

7.3. Appendix III – 2019-2021 Year-End Stock Price

7.3.1. Dongfeng 2019-2021 Year-End Stock Price

Dongfeng Motor Group Company Limited (0489.HK)
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HKSE - HKSE Delayed Price. Currency in HKD

4.480 **+0.040 (+0.90%)**

At close: December 30 04:08PM HKT

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Currency in HKD Download

Date	Open	High	Low	Close*	Adj Close**	Volume
Dec 30, 2020	8.770	8.780	8.380	8.680	7.670	26,323,882
Dec 29, 2020	9.110	9.180	8.580	8.730	7.714	44,918,468
Dec 28, 2020	8.270	9.110	8.180	9.110	8.049	63,180,056

Dongfeng Motor Group Company Limited (0489.HK)
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HKSE - HKSE Delayed Price. Currency in HKD

4.480 **+0.040 (+0.90%)**

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Date	Open	High	Low	Close*	Adj Close**	Volume
Dec 30, 2020	8.770	8.780	8.380	8.680	7.670	26,323,882
Dec 29, 2020	9.110	9.180	8.580	8.730	7.714	44,918,468
Dec 28, 2020	8.270	9.110	8.180	9.110	8.049	63,180,056

Dongfeng Motor Group Company Limited (0489.HK)

HKSE - HKSE Delayed Price. Currency in HKD

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4.480 +0.040 (+0.90%)

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Date	Open	High	Low	Close*	Adj Close**	Volume
Dec 30, 2019	7.350	7.470	7.330	7.360	6.022	10,056,348
Dec 27, 2019	7.400	7.480	7.310	7.360	6.022	9,036,044

7.3.2. Guangzhou 2019-2021 Year-End Stock Price

Guangzhou Automobile Group Co., Ltd. (2238.HK)

HKSE - HKSE Delayed Price. Currency in HKD

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5.260 +0.060 (+1.15%)

At close: December 30 04:08PM HKT

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Frequency: [Daily](#) ▾

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Currency in HKD

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Date	Open	High	Low	Close*	Adj Close**	Volume
Dec 30, 2021	7.650	7.770	7.600	7.620	7.351	6,078,720
Dec 29, 2021	7.780	7.780	7.620	7.670	7.400	2,671,490
Dec 28, 2021	7.750	7.800	7.530	7.740	7.467	20,854,000

Guangzhou Automobile Group Co., Ltd. (2238.HK)

HKSE - HKSE Delayed Price. Currency in HKD

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5.260

+0.060 (+1.15%)

At close: December 30 04:08PM HKT

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Time Period: Dec 01, 2020 - Dec 31, 2020

Show: Historical Prices

Frequency: Daily

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Currency in HKD

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Date	Open	High	Low	Close*	Adj Close**	Volume
Dec 30, 2020	8.110	8.360	8.060	8.300	7.744	43,854,794
Dec 29, 2020	8.100	8.160	7.900	8.000	7.464	29,086,000
Dec 28, 2020	7.950	8.190	7.820	8.010	7.473	45,819,561

Guangzhou Automobile Group Co., Ltd. (2238.HK)

HKSE - HKSE Delayed Price. Currency in HKD

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5.260

+0.060 (+1.15%)

At close: December 30 04:08PM HKT

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Time Period: Dec 01, 2019 - Dec 31, 2019

Show: Historical Prices

Frequency: Daily

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Date	Open	High	Low	Close*	Adj Close**	Volume
Dec 30, 2019	9.650	9.950	9.450	9.860	8.934	18,154,077
Dec 27, 2019	9.480	9.650	9.410	9.580	8.681	13,964,368

7.3.3. Geely 2019-2021 Year-End Stock Price

Geely Automobile Holdings Limited (0175.HK)
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HKSE - HKSE Delayed Price. Currency in HKD

11.400 **+0.040 (+0.35%)**

At close: December 30 04:08PM HKT

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Date	Open	High	Low	Close*	Adj Close**	Volume
Dec 30, 2021	20.900	21.000	20.550	20.850	20.563	20,957,735
Dec 29, 2021	20.900	21.150	20.700	20.950	20.661	20,177,491
Dec 28, 2021	21.900	21.950	20.600	21.100	20.809	83,412,806

Geely Automobile Holdings Limited (0175.HK)
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HKSE - HKSE Delayed Price. Currency in HKD

11.400 **+0.040 (+0.35%)**

At close: December 30 04:08PM HKT

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Time Period: [Dec 01, 2020 - Dec 31, 2020](#)
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Currency in HKD Download

Date	Open	High	Low	Close*	Adj Close**	Volume
Dec 30, 2020	23.900	24.850	23.900	24.450	23.869	67,656,450
Dec 29, 2020	24.800	24.900	23.500	23.850	23.283	74,340,401
Dec 28, 2020	23.350	24.750	23.350	24.500	23.917	116,399,007

Geely Automobile Holdings Limited (0175.HK)

HKSE - HKSE Delayed Price. Currency in HKD

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11.400 +0.040 (+0.35%)

At close: December 30 04:08PM HKT

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Date	Open	High	Low	Close*	Adj Close**	Volume
Dec 30, 2019	15.040	15.580	14.940	<u>15.320</u>	14.647	47,296,189
Dec 27, 2019	14.780	15.160	14.780	15.060	14.398	29,934,244

7.3.4. Appendix IV – Dongfeng Consolidated Income Statement 2021

DONGFENG MOTOR GROUP COMPANY LIMITED		
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021		
	Year ended 31 December	
	2021 RMB million	2020 RMB million (Restated) (Note 3)
PROFIT FOR THE YEAR	11,375	10,567
OTHER COMPREHENSIVE INCOME		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income of investments accounted for using the equity method	(8)	(89)
Remeasurements of post-employment benefit obligations	(37)	(47)
Changes in the fair value of financial assets at fair value through other comprehensive income	3,947	2
	<u>3,902</u>	<u>(134)</u>
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(248)	516
Share of other comprehensive income of investments accounted for using the equity method	705	(297)
	<u>457</u>	<u>219</u>
Income tax effect		
Item that will not be reclassified subsequently to profit or loss	(971)	10
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>3,388</u>	<u>95</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>14,763</u>	<u>10,662</u>
Total comprehensive income attributable to:		
Equity holders of the Company	14,787	10,868
Non-controlling interests	(24)	(206)
	<u>14,763</u>	<u>10,662</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December	
	2021	2020
	RMB	RMB
	million	million
		(Restated)
		(Note 3)
PROFIT FOR THE YEAR	11,375	10,567
OTHER COMPREHENSIVE INCOME		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income of investments accounted for using the equity method	(8)	(89)
Remeasurements of post-employment benefit obligations	(37)	(47)
Changes in the fair value of financial assets at fair value through other comprehensive income	<u>3,947</u>	<u>2</u>
	3,902	(134)
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(248)	516
Share of other comprehensive income of investments accounted for using the equity method	<u>705</u>	<u>(297)</u>
	457	219
Income tax effect		
Item that will not be reclassified subsequently to profit or loss	<u>(971)</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	3,388	95
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	14,763	10,662
Total comprehensive income attributable to:		
Equity holders of the Company	14,787	10,868
Non-controlling interests	<u>(24)</u>	<u>(206)</u>
	14,763	10,662