

# Investment Value Analysis of Listed Tourism Enterprises

## -- Taking China CDFG as an Example

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### Abstract

Since 2020, China's tourism development has faced unprecedented difficulties and challenges under the influence of intensified world changes and epidemic impact. In the past three years, the epidemic risk has been generally reduced, the optimization measures have been effective, the tourism industry has fully recovered, and the tourism industry has once again become one of the popular choices for investors in the capital market. This paper takes China CDFG as an in-depth research object, combines the basic knowledge of the discipline of financial statement analysis, and explores its future investment value in terms of both external environment and internal value.

### Keywords

China CDFG; Tourism Enterprise; Investment Value.

## 1. Introduction

In the context of high-quality economic development, tourism has become a new engine of economic growth. In 2017, tourism has accounted for 11.04 % of the total domestic GDP, and is one of the pillar industries driving China's economic development[1]. In addition, the State Council Document No.41 of 2009'Opinions on Accelerating the Development of Tourism Industry ', the State Council Document No.31 of 2014' Several Opinions on the Reform and Development of Tourism Industry', and the State Council Document No.15 of [2018] 'Guidance on Promoting the Development of Global Tourism' and other relevant guidance have been continuously issued, focusing on tourism investment[2].

As a sub-sector of the tourism industry, the duty-free industry refers to the tourism retail service business in which countries and regions sell duty-free goods to international or specific travelers in accordance with relevant laws and regulations. Wang Yan and Zhang Wei argue that promoting the high-quality development of China's duty-free economy can accelerate economic growth and enhance the influence of Chinese brands[3]. According to Li Xiaojia, there are still many opportunities for the future development of China's duty-free economy. Under the backdrop of the new era, expediting the updating of duty-free policies and vigorously developing the duty-free economy will contribute to a new development model of mutual promotion between domestic and international cycles[4]. Bai Yanfeng believes that the offshore duty-free policy can stimulate consumer repatriation, promote consumption upgrading, and drive the development of the modern service industry, especially the tourism industry, thereby playing a significant role in economic growth[5]. Wang Tianjiao argues that the duty-free economy plays an important role in promoting the integration of domestic and international trade, establishing an international consumption center in the Greater Bay Area, and facilitating consumer repatriation[6]. Although the duty-free business in China started relatively late, it enjoys strong support from government policies and enormous market potential, thus offering vast opportunities for future development. In the new era, Tong Zelin suggests that accelerating duty-free policy and institutional innovation, and vigorously developing new forms of duty-free economy, will drive high-quality economic development[7].

According to the data compiled by Southern Finance Network, as of December 8, 2022, the top ten companies in the tourism industry by market capitalization are as follows: China Duty Free Group, Jinjiang International Holdings Co. Ltd., OCT Group Co. Ltd., Greenland Holdings Group, Songcheng Performing Arts Development Co. Ltd., Beijing Tourism Group Co. Ltd., Oriental Pearl Group, China Eastern Airlines Corporation Limited, Overseas Chinese Town Holdings Company Limited, and Gree Real Estate Group. Among them, China Duty Free Group holds the first position with a market capitalization of CNY 443.77 billion. Based on this, the present study selects China Tourism Group China Duty Free Group, a listed tourism company, as an example, and analyzes the investment value of China Duty Free Group based on its financial data from 2018 to 2022 to provide investment and development insights for investors in the tourism industry and other enterprises.

## 2. Profile of China Duty Free Group

China Duty Free Group is a comprehensive listed company primarily engaged in duty-free and tourism services. Since its establishment, the company has gone through multiple reorganizations and acquisitions. In the tourism industry in China, most companies adopt diverse development models such as traditional tourism, modern tourism, and "tourism plus," with a main focus on the tourism service sector. However, the gross profit margin of tourism service businesses tends to be limited to below 10%. The industry has relatively low entry barriers, leading to increasing competition between companies and making it difficult to meet their internal development requirements. With the active support of national policies, the duty-free business has rapidly developed into an important sub-industry of tourism. The growth of duty-free operations not only contributes to increasing tourist flow to various destinations but also enhances tourists' consumption levels within scenic areas, thereby providing momentum for profit growth in the tourism sector[8]. China Duty Free Group is now the largest tourism retailer in terms of types of duty-free shops and the number of retail points of a single country, serving nearly 200 million domestic and international tourists each year with its duty-free product offerings.

## 3. External Environmental Analysis of China Duty Free Group

### 3.1. Industry Landscape

The industry in which China Duty Free Group operates is classified as the tourism industry according to the "Listed Company Industry Classification Guide," which, in turn, falls under the category of the business services industry. Within China's economic structure, the tertiary sector, namely the service industry, has gradually become a major driving force for economic growth and holds an increasingly important position in the overall national economic system. As a vital component of the national economy, the role of the service industry extends beyond promoting the upgrading of the primary and secondary industry chains to facilitating industrial value addition, attracting investment, and fostering the growth of the service sector. The flourishing development of commercial services not only benefits the service industry itself but also has a ripple effect on other sectors. For instance, improving productivity and reducing operational costs contribute to enhancing the overall competitiveness of various industries, thereby fostering the development of the national economy. In recent years, as economic conditions have improved, the market performance of the business services sector has shown remarkable growth trends[9].

### 3.2. Policy Environment

In August 2014, the State Council issued "Several Opinions on Promoting the Reform and Development of the Tourism Industry," emphasizing the need to enhance the vitality and

optimize the development environment of the tourism industry while upholding the principles of scientific development[10]. In April 2016, the National Tourism Administration released the "National Tourism Standardization Development Plan (2016-2020)," outlining the overarching objectives to deepen tourism standardization reform and further improve the tourism standardization system by the year 2020. In recent years, China has placed increasing emphasis on the development of the tourism industry, and various policies and regulations from government departments have played a significant role in promoting the healthy growth of the tourism sector. In the duty-free goods business, the policy of tax-free shopping on Hainan Island, which came into effect on July 1, 2020, aimed to increase the duty-free shopping quota, expand the range of duty-free products, and reduce purchase quantity restrictions[11]. This policy seeks to provide tax incentives to domestic tourists, thereby stimulating an increase in the number of tourists and their spending on tourism. The Hainan Island tax-free policy applies to domestic and foreign travelers (including residents of Hainan Province) who are aged 16 and above, provided that they have purchased island departure tickets by ship, plane, or train and have not left the country's borders. With the continuous expansion and upgrading of the Hainan Island tax-free shopping policy, its promotional effects have been significant, contributing to increased consumption by domestic tourists, higher tourism revenue, and an upgrade in consumption patterns, among other positive outcomes[7]. The implementation of this policy has positioned China Duty Free Group as the largest beneficiary in the duty-free product sales business.

### 3.3. Socio-Cultural Environment

Presently, there is a growing demand for cultural and spiritual experiences among the Chinese population, and tourism has gradually evolved into the second-most essential requirement after subsistence. On one hand, people seek more convenient and comfortable travel options, leading to a year-on-year increase in demand for tourism. On the other hand, there is room for improvement in the development of Chinese tourist attractions and the supply of tourism services, with a shortage of high-quality tourism service offerings[12]. As China's tourism industry rapidly expands, public awareness of tourism deepens, and tourist attitudes undergo subtle changes. Tourists exhibit increasing levels of civilized travel consciousness and maturing consumption preferences, with young and middle-aged individuals forming the main consumer base for tourism. Leisure, sightseeing, and visiting friends and relatives have become the primary purposes of travel. Furthermore, when selecting travel destinations, Chinese travelers pay increasing attention to the overall cultural ambiance and the level of consumption. As a result, governments at all levels are working to strengthen the development of local cultural tourism industries, aiming to integrate residents' cultural consumption with tourist expenditure. This approach will facilitate the modernization transition of the Chinese tourism industry in line with the evolving consumer perspectives[13].

### 3.4. Economic Environment

Amidst the global economic outlook that is far from optimistic, China's economy has consistently demonstrated stability, maintaining a high level of economic growth. In 2022, China's annual gross domestic product (GDP) reached 12,102.07 billion yuan, representing a 3.0% increase compared to 2021. Per capita gross national income also reached 85,698 yuan, showing a 3.0% growth from the previous year. In 2022, final consumption expenditure exceeded 60 trillion yuan, accounting for over 50% of the GDP and contributing 32.8% to the economic growth. This undoubtedly reflects the robust consumer capacity and the relatively favorable development trend of the tertiary industry in our country. In 2021, with the effective measures for epidemic prevention and control and gradual recovery of the tourism market, domestic tourist numbers and revenue experienced some degree of rebound, growing by 12.8% and 31.0% respectively. However, these numbers still remained below the levels of 2019,

reaching only 54.0% and 51.0% recovery respectively. Nevertheless, there is still existing consumer demand for tourism, evidenced by the emergence of hoarding behavior in booking future travel products. This indicates that travelers' confidence and enthusiasm for tourism have not diminished but rather they are awaiting the right opportunity to embark on trips. This also presents an opportunity for tourism enterprises to seize market share and enhance user loyalty.

## 4. Assessment of Investment Value of China Duty Free Group

### 4.1. Financial Statement Analysis

#### 4.1.1. Balance Sheet Analysis

**Table 1.** Main Data of the Balance Sheet

Year	2018	2019	2020	2021	2022
Total Assets (in RMB )	26,847,426,306.46	30,687,255,888.76	41,919,367,961.05	55,473,728,507.58	75,907,603,880.98
Total Liabilities (in RMB )	8,263,114,716.05	8,376,899,563.72	15,740,531,466.84	20,682,335,234.43	48,573,400,985.54
Accounts Payable (in RMB )	2,859,487,651.25	3,537,469,466.41	4,326,738,245.62	5,879,912,646.20	7,659,783,744.36
Shareholders' Equity Total (in RMB )	16,235,305,029.88	19,889,653,987.31	22,307,710,332.05	29,618,798,051.00	21,780,192,148.77

Table 1 provides an overall reflection of the significant growth trend in China Duty Free Group's total assets from 2018 to 2022. In 2018, total assets amounted to 26,847,426,306.46 RMB, increasing to 75,907,603,880.98 RMB in 2022. This indicates that over the five-year period, total assets have grown by approximately 2.82 times. This demonstrates the company's continuous expansion and increased business activities during this time. However, total liabilities also exhibited a sharp growth trend during the same period. In 2018, total liabilities were 8,263,114,716.05 RMB, reaching 48,573,400,985.54 RMB in 2022, an increase of approximately 5.88 times. The growth rate of liabilities has far exceeded that of assets, suggesting that the company may have engaged in significant financing efforts during its expansion process. Accounts payable also increased annually over these five years, rising from 2,859,487,651.25 RMB in 2018 to 7,659,783,744.36 RMB in 2022, representing a growth rate of approximately 2.68 times. This may reflect an increase in the transaction scale between the company and its suppliers or a broadening of business cooperation with partners. Although shareholders' equity fluctuated, it showed an overall upward trend during this period. In 2018, total shareholders' equity amounted to 16,235,305,029.88 RMB, reaching its peak at 29,618,798,051.00 RMB in 2021, but declining to 21,780,192,148.77 RMB in 2022. This could be attributed to the listing of China Duty Free Group on the Hong Kong stock market in 2022, with net assets increasing from 29.62 billion RMB to 48.57 billion RMB, as well as the decline in net profit margin due to rental concessions last year, resulting in a slight decline in net profit margin this year. In summary, the balance sheet analysis of China Duty Free Group from 2018 to 2022 reveals a high-speed expansion trend, but also highlights certain risk factors. Rapid asset growth, coupled with faster liability growth, has increased the debt ratio and the company's debt repayment risk. Additionally, the decline in shareholders' equity in 2022 warrants further investigation into the underlying reasons. Moving forward, the company needs to balance the growth of assets and liabilities to ensure a healthy financial position that supports sustainable business development.

### 4.1.2. Income Statement Analysis

**Table 2.** Main Data of the Income Statement

Year	2018	2019	2020	2021	2022
Operating Profit ( in RMB )	5,426,253,40 6.33	7,108,614,89 6.51	9,694,056,76 8.50	14,804,468,13 7.04	7,619,453,55 8.85
Total Profit (in RMB )	5,336,003,57 5.04	7,160,484,05 4.00	9,671,782,26 5.63	14,801,404,43 2.96	7,616,924,16 1.20
Net Profit (in RMB )	3,935,160,11 5.59	5,414,712,07 1.36	7,336,515,94 5.30	12,364,634,62 3.73	6,188,249,97 4.43

Table 2 overall represents the fluctuating growth trend of China Duty Free Group's operating profit during this period. From 5,426,253,406.33 RMB in 2018 to 14,804,468,137.04 RMB in 2021, there was an increase of two-fold. However, the operating profit in 2022 declined to 7,619,453,558.85 RMB. Similarly, the total profit steadily increased over these five years, rising from 5,336,003,575.04 RMB in 2018 to 14,801,404,432.96 RMB in 2021. However, the total profit slightly decreased to 7,616,924,161.20 RMB in 2022 compared to 2021. Net profit also exhibited a growing trend year by year, from 3,935,160,115.59 RMB in 2018 to 12,364,634,623.73 RMB in 2021. However, net profit experienced a slight decline in 2022, amounting to 6,188,249,974.43 RMB compared to the previous year. Overall, China Duty Free Group's profit situation maintained a stable growth trend over these five years. Nevertheless, the data reveals a significant decline in operating profit, total profit, and net profit in 2022, almost halving the values. This reflects the substantial impact of COVID-19 containment measures on the company's profitability in 2022. Of course, it is also influenced by various factors such as economic fluctuations, intensified market competition, and changes in internal business strategies. In conclusion, China Duty Free Group's profit situation demonstrated an overall growth trend from 2018 to 2022, but faced challenges in 2022 resulting in profit decline. The company needs to take measures to address these challenges and ensure sustainable future development.

## 4.2. Financial Efficiency Analysis

### 4.2.1. Solvency Analysis

**Table 3.** Indicators of Solvency

Year	2018	2019	2020	2021	2022
Current Ratio	2.51	2.79	1.98	2.25	3.27
Quick Ratio	1.75	1.78	1.04	1.10	1.68
Inventory Turnover Ratio	6.01	3.47	2.74	2.61	1.64
Debt-to-Asset Ratio	0.31	0.27	0.38	0.37	0.29

The company's ability to repay debt is an indicator that measures its financial flexibility and its capacity to repay both principal and interest. The strength of debt repayment directly impacts the survival of a company and serves as a fundamental prerequisite for its healthy development. Analyzing a company's debt repayment capacity reveals its financial position, the magnitude of financial risk, and potential for fundraising, providing valuable financial information for company managers, suppliers, creditors, and investors[14]. The company's debt repayment capacity directly reflects its financial operational conditions and is the most effective proof indicator for assessing the company's comprehensive strength[15].

From the data in Table 3, we can observe that China Duty Free Group's solvency exhibited certain fluctuations and changes from 2018 to 2022. Firstly, the current ratio, an important indicator of a company's short-term debt-paying ability, reflects whether its current assets are



sufficient to cover current liabilities. Based on the table data, China Duty Free Group's current ratio increased steadily from 2.51 in 2018 to 3.27 in 2022, indicating a gradual enhancement of its short-term debt-paying capacity. This suggests that China Duty Free Group had adequate current assets to support its short-term debt obligations over the five-year period, reducing its debt risk. Secondly, the quick ratio, a more stringent measure than the current ratio, eliminates the influence of inventory. China Duty Free Group experienced a significant decrease in the quick ratio from 1.75 in 2018 to 1.04 in 2020, followed by a slight recovery in 2021 and 2022. This could indicate challenges in inventory management, leading to a decline in debt-paying capacity during that period. However, the slight recovery in the following two years suggests that China Duty Free Group made progress in improving inventory turnover. Thirdly, the inventory turnover ratio reflects the efficiency of utilizing inventory, with a higher value indicating faster turnover. From the data, China Duty Free Group's inventory turnover ratio rapidly declined from 6.01 in 2018 and remained at a lower level from 2019 to 2022. This suggests room for improvement in inventory management and sales to enhance inventory turnover and liquidity. Lastly, the debt-to-asset ratio is an important financial indicator that reflects the ratio between a company's liabilities and assets, demonstrating its financial stability and debt-bearing capacity. From 2018 to 2022, China Duty Free Group's debt-to-asset ratio exhibited certain fluctuations. In 2018, the ratio was 0.31, indicating relatively low debt and high assets, highlighting the company's financial soundness. Subsequently, in 2019 and 2020, the debt-to-asset ratio decreased to 0.27 and increased to 0.38, respectively. This may reflect changes in the company's asset size and debt level during these two years, with a slight reduction in assets relative to liabilities in 2019 and an increase influenced by the impact of the COVID-19 pandemic in 2020, leading to fluctuations in the debt-to-asset ratio. In the following two years, 2021 and 2022, China Duty Free Group's debt-to-asset ratio was 0.37 and 0.29, respectively, showing a declining trend year by year. This indicates relatively low debt and high assets during that period, reflecting a relatively healthy financial condition for the company. The year-by-year decrease in the debt-to-asset ratio suggests a reduction in the ratio of total liabilities to total assets, thereby lowering the company's financial risk.

#### 4.2.2. Operational Efficiency Analysis

**Table 4.** Indicators of Operational Efficiency

Year	2018	2019	2020	2021	2022
Inventory Turnover Ratio	6.01	3.47	2.74	2.61	1.64
Accounts Receivable Turnover Ratio	48.84	53.94	113.26	576.79	423.13
Fixed Asset Turnover Ratio	28	26.92	32.65	39.42	14.96
Total Asset Turnover Ratio	1.97	1.67	1.45	1.39	0.83

Operational efficiency refers to a company's ability to effectively integrate various resources for profitability, with the core analysis and calculation based on asset turnover speed to evaluate operational efficiency. Assessing a company's operational efficiency relies on multiple financial analysis ratios, including inventory turnover ratio, accounts receivable turnover ratio, fixed asset turnover ratio, and total asset turnover ratio. These ratios reveal the company's asset operation and capital turnover, reflecting its management level and resource utilization efficiency. Maintaining good operational efficiency optimizes asset allocation, enhances resource utilization efficiency, stabilizes and improves financial conditions, accelerates capital turnover, and ensures healthy cash flow, thereby creating a favorable operating environment for the company. This not only helps managers make informed financial decisions but also provides a reasonable basis for investment judgments for external investors. Furthermore, it offers scientific references for creditors to make credit decisions[16].

The inventory turnover ratio is a crucial indicator of a company's inventory management efficiency, reflecting how frequently inventory is sold and replaced within a certain period. From the data, China Duty Free Group's inventory turnover ratio decreased gradually from 6.01 in 2018 to 1.64 in 2022. This signifies a slowdown in inventory turnover speed over the five-year period, potentially due to intensified market competition resulting in relatively slower product sales. China Duty Free Group can consider optimizing inventory management and sales strategies to improve the inventory turnover ratio. The accounts receivable turnover ratio is an indicator that evaluates the credit policy and collection efficiency between a company and its customers, reflecting the speed of receivables realization. The data shows that China Duty Free Group experienced significant growth in the accounts receivable turnover ratio from 2018 to 2020, but slight declines in 2021 and 2022. Particularly in 2021, there was a sudden increase, possibly influenced by specific business transactions or financial strategies. This indicates a need for China Duty Free Group to review its credit policy and collection process to ensure timely cash inflow. The fixed asset turnover ratio measures a company's efficiency in utilizing fixed assets, with a higher value typically indicating more effective utilization of fixed assets for production. China Duty Free Group's fixed asset turnover ratio exhibited fluctuations from 2018 to 2022, but overall showed a declining trend year by year. This may be attributed to increased fixed asset investments with a corresponding decrease in utilization efficiency. China Duty Free Group can consider optimizing asset allocation and improving the utilization efficiency of fixed assets.

#### 4.2.3. Profitability Analysis

**Table 5.** Indicators of Profitability

Year	2018	2019	2020	2021	2022
Operating Profit Margin	0.12	0.15	0.18	0.22	0.14
Return on Equity	0.19	0.23	0.28	0.33	0.1
Net Asset Value per Share (RMB)	8.32	10.19	11.43	15.17	23.48

Profitability refers to a company's ability to generate profits by effectively utilizing various economic resources, encompassing aspects such as cash generation, cost reduction, marketing, and risk mitigation. It is a concrete manifestation of the outcomes of operations at different stages of a company. In general, a company's drive stems from the pursuit of maximized profits. Assessing profitability is not only integral throughout the entire management process but also the core of financial analysis, as a company's operational performance is ultimately reflected in its profitability. The growth level of profitability is closely related to investment returns, debt repayment capabilities, and the performance of company managers, as well as aspects such as national fiscal revenue[17].

The operating profit margin is an important indicator that measures a company's operating efficiency, representing the proportion of profit within each unit of sales revenue. From the data, China Duty Free Group's operating profit margin exhibited certain fluctuations from 2018 to 2022 but overall remained at a moderate level. It increased from 0.12 to 0.22 and then decreased to 0.14. This may be attributed to intensified market competition and increased costs, resulting in fluctuating profit margins. China Duty Free Group can improve the operating profit margin by continuing to explore methods to reduce costs and increase sales. The return on equity is an indicator that measures a company's ability to generate profits relative to shareholders' equity. According to the data, China Duty Free Group's return on equity increased steadily from 0.19 in 2018 to 0.33 in 2022, followed by a drop to 0.1. This indicates that China Duty Free Group made progress in utilizing its assets and equity to generate returns, but experienced a decline in return on equity in 2022. China Duty Free Group can further examine changes in its business model and profitability to formulate corresponding improvement

measures. Net asset value per share is an indicator that measures the net asset value represented by each share of a company's stock. The data shows that China Duty Free Group's net asset value per share continued to increase from 8.32 RMB in 2018 to 23.48 RMB in 2022. This demonstrates the growth in the company's asset scale and net worth over the five-year period. China Duty Free Group can use the growth in net asset value per share as a positive signal, conveying its potential for business development and the ability to enhance shareholder equity. In summary, while China Duty Free Group's operating profit margin exhibited some fluctuations from 2018 to 2022, the overall level remained within a reasonable range. The increasing trend in return on equity indicates an improvement in profitability. The growth in net asset value per share also shows an increase in the company's return on capital and shareholder value.

#### 4.2.4. Development Capability Analysis

**Table 6.** Indicators of Development Capability

Year	2018	2019	2020	2021	2022
Main Business Growth Rate	0.66	0.02	0.1	0.29	-0.2
Net Profit Growth Rate	0.22	0.5	0.33	0.57	-0.48
Total Asset Expansion Rate	0.28	0.14	0.37	0.32	0.37
Net Asset Growth Rate	0.16	0.23	0.12	0.33	0.64

Development capability of a company typically refers to its trend and potential for progress accumulated through continuous production and operational activities. Key indicators for assessing the growth capability include the growth rates of operating activities, net profit, total assets, and net assets[18]. In the field of financial analysis in China, Zhang Xianzhi believes that development capability of a company mainly reflects the trends and potential of its future production and operational activities, also known as growth capability[19]. From a formation perspective, a company's development capability is mainly based on the continuous expansion of operating revenue, increasing operating profit and net profit, as well as the expanding shareholders' equity and assets. From a result perspective, a company with strong development capability is able to consistently create wealth for shareholders or owners, continuously enhancing the company's value. Fan Xingjian also points out that a company's development capability originates from its continuous production and operational activities, gradually shaping its potential for growth[20].

From 2018 to 2022, China Duty Free Group's main business growth rate exhibited significant fluctuations. During this period, the growth rate decreased from 0.66 to -0.2, showing considerable volatility. This may be influenced by global economic conditions, tourism industry development, and changes in duty-free policies. The growth rate remained relatively stable in 2019, but showed an improvement in 2020 and 2021, potentially due to gradual recovery of the Chinese tourism market and sustained popularity of duty-free shopping. However, the negative growth rate in 2022 may be linked to a setback in the tourism industry caused by the global pandemic. China Duty Free Group can consider exploring methods to improve the main business growth rate by optimizing marketing strategies and adapting to changing market dynamics. China Duty Free Group's net profit growth rate exhibited significant fluctuations from 2018 to 2022 but showed an overall increasing trend. The net profit growth rate notably improved in 2019, possibly indicating positive outcomes in operations and cost control. Fluctuations in net profit growth rate may be influenced by exchange rate fluctuations, adjustments in marketing strategies, and product pricing for duty-free goods. From 2018 to 2022, China Duty Free Group's total asset expansion rate gradually increased from 0.28 to 0.37. This indicates the company's active asset expansion efforts, potentially involving the opening of new stores, upgrading existing stores, and optimizing the supply chain. Asset expansion may



be driven by the need to adapt to evolving tourism market dynamics and increasing demand for duty-free shopping. China Duty Free Group's net asset growth rate showed a gradual increase from 0.16 in 2018 to 0.64 in 2022. This may reflect the growth in internal capital accumulation and is also related to the improvement in the company's profitability. The increase in net asset growth rate may be influenced by performance improvements, return on investment, and optimization of capital structure. In summary, China Duty Free Group's development capability from 2018 to 2022 is influenced by various factors. Global economic fluctuations, changes in the tourism market, adjustments in duty-free policies, and internal operational strategies may all impact its performance. The company demonstrated proactive asset expansion, with net profit and net assets showing an increasing trend. However, the fluctuating main business growth rate suggests the need for the company to pay attention to market dynamics and its ability to respond to potential risks. In the future, China Duty Free Group needs to continue optimizing operations, flexibly adapting to market challenges, and maintaining its capability for sustainable development.

## 5. Conclusion

Based on the financial data of the past five years, China Duty Free Group has shown a stable growth trend in its main business growth rate, indicating its competitiveness in the market and ability to adapt to market changes and attract consumers. The stable revenue growth provides investors with predictable profit prospects. The net profit growth rate of China Duty Free Group has also shown positive growth over the past five years, indicating commendable progress in operations and cost control. Efficient cost management contributes to higher net profit levels, enhancing the company's profitability and increasing the potential return for investors. China Duty Free Group has demonstrated positive trends in the expansion rate of assets and net asset growth over the past five years. This indicates the company's capability for sustained growth and development, providing impetus for long-term investment. With the recovery of the tourism industry and the increase in international travel, the duty-free retail market continues to thrive. As a leading company in this field, China Duty Free Group is expected to benefit from this trend. With the growing demand from Chinese consumers for high-quality duty-free products, China Duty Free Group has the opportunity to further expand its market share.

Through the study of various indicators over the past five years, China Duty Free Group has shown stable revenue growth, good profitability, positive asset expansion, net asset growth, and the potential to benefit from industry prospects and market opportunities. Even in the period of pandemic prevention and control, China Duty Free Group not only maintained continuous revenue growth but also achieved relatively large growth rates. This demonstrates that China Duty Free Group has developed strong capabilities to cope with epidemic risks, supported by its duty-free business, and also highlights its solid growth potential. Overall, as a leading company in the duty-free retail sector, China Duty Free Group has a high investment value.

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