

ETW 2001 Assessment 3

Business Case Analysis & Data- Driven Strategy

By: Kang Jia Xin, Lok Mei Hui, Binyi Tang, Yaci Zhu

Overview

- A summary of the company and its challenges
- The dataset and key findings from analysis
- Proposed solution
- Expected impact or benefit of recommendation

Summary of Company

Country Garden is a real estate company, with most of its business focused in China. It was once listed among the Fortune Global 500, recognized for its rapid expansion. However, by 2023, the company faced a serious financial crisis and was on the verge of bankruptcy.



Challenges faced

External Pressures

- COVID-19 weakened the economy and reduced housing demand
- The Three Red Lines Policy (2021) restricted borrowing
- Cash flow worsened due to limited financing

Internal Missteps

- No strategy change: continued high-leverage, fast-expansion despite market downturn
- Poor investment direction: poured resources into low-demand smaller cities
- No response to falling sales, leading to a serious liquidity crisis



Dataset

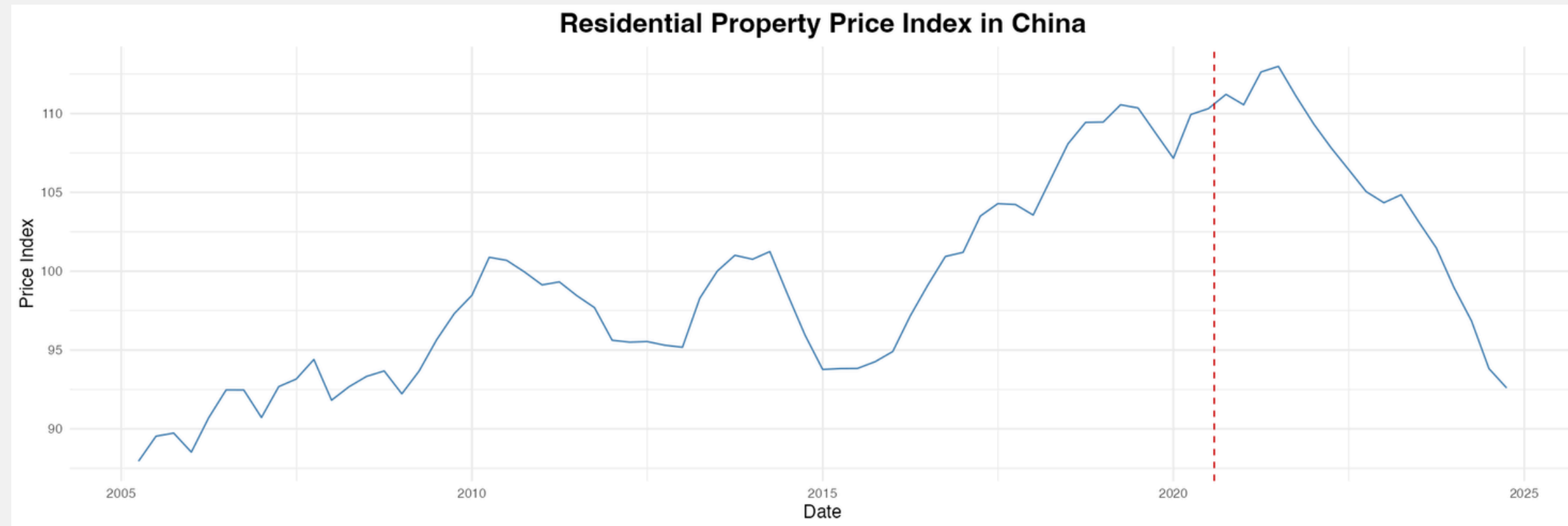


✓	Dataset 1	Real Residential Property Prices for China (FRED)
		Tracks property price trends to reveal market shifts and demand risks
✓	Dataset 2	Lending Interest Rate in China (World Bank)
		Shows borrowing cost stability and helps assess debt pressure exposure
✓	Dataset 3	RMB to USD Exchange Rate (FRED)
		Measures currency risks affecting foreign-denominated debt repayments
✓	Dataset 4	Company Bankruptcy Prediction Dataset (Kaggle)
		Identifies financial indicators linked to bankruptcy through modeling

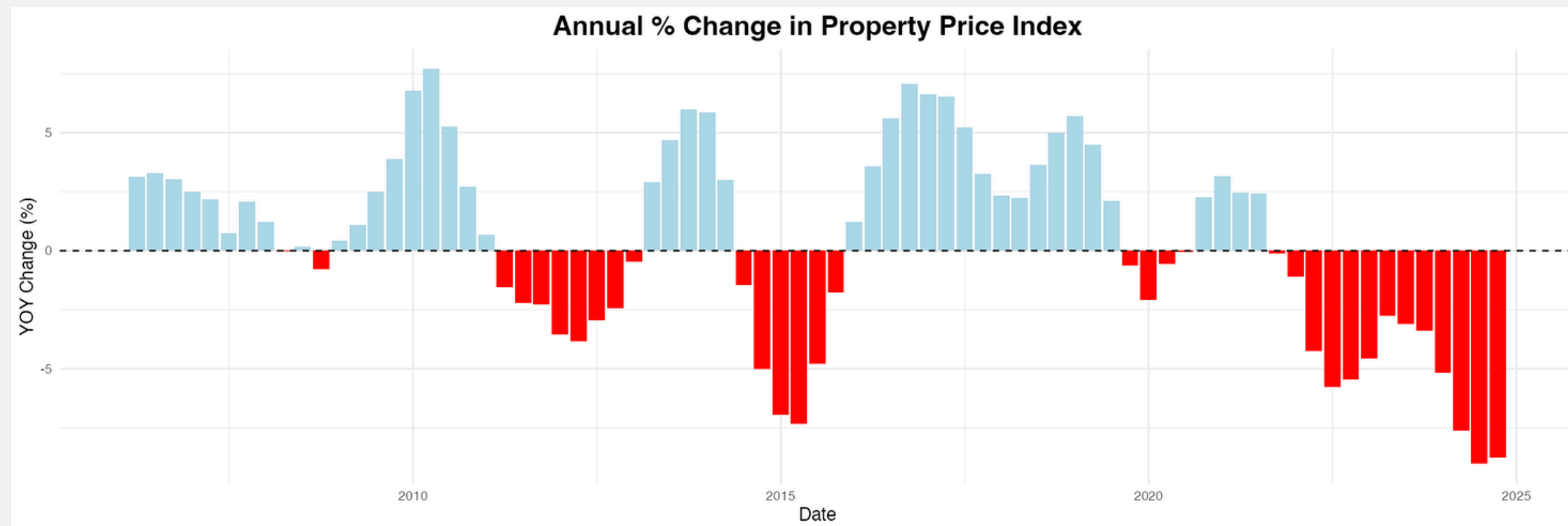
Key Findings



Market Demand Tracker



- Property prices in China were rising steadily until mid-2020.
- Dashed red line marks the "Three Red Lines" policy introduction (Aug 2020).
- Prices peaked after policy, then entered a sharp and prolonged decline.



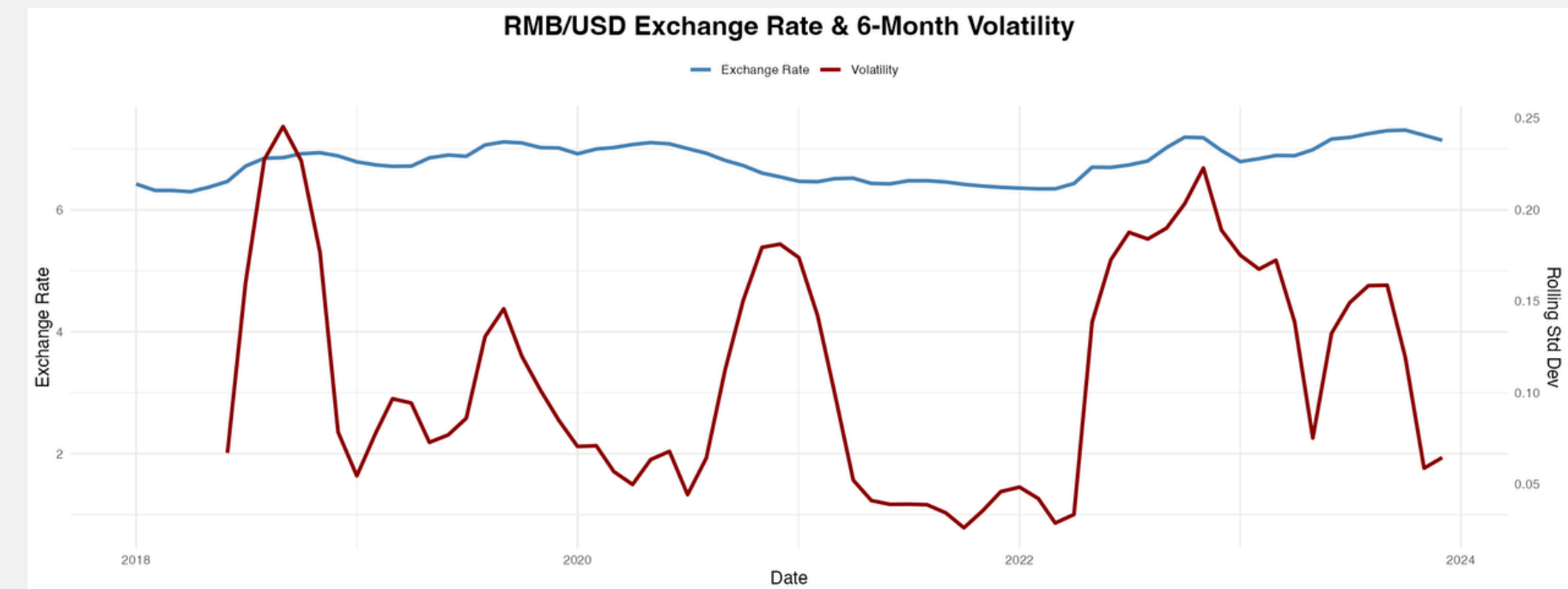
- Strong, but volatile growth seen from 2010 to 2019.
- Multiple consecutive quarters of negative YoY growth after 2021.
- Recent red bars signal weak demand or oversupply.

Debt & Interest Burden



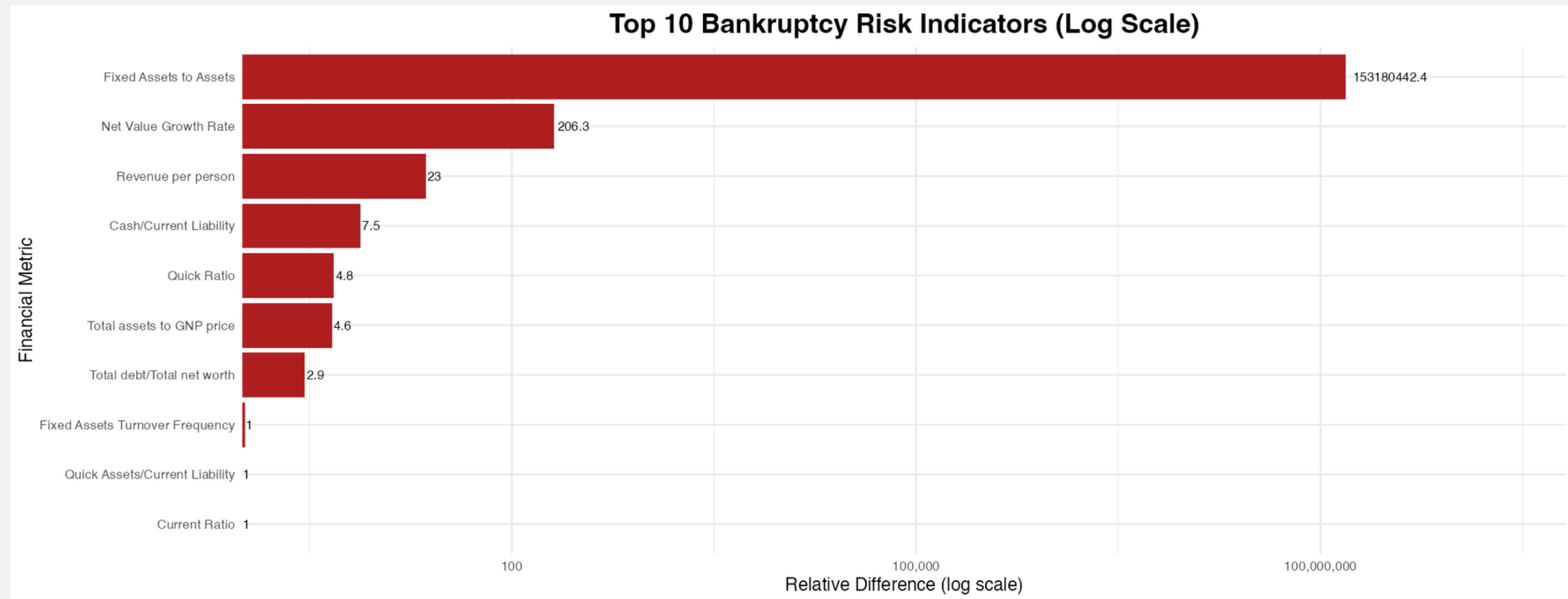
- Interest rates have remained stable over the last decade.
- No major fluctuations observed in lending cost.
- Confirms interest rates not a direct cause of recent financial stress.

FX Risk Panel



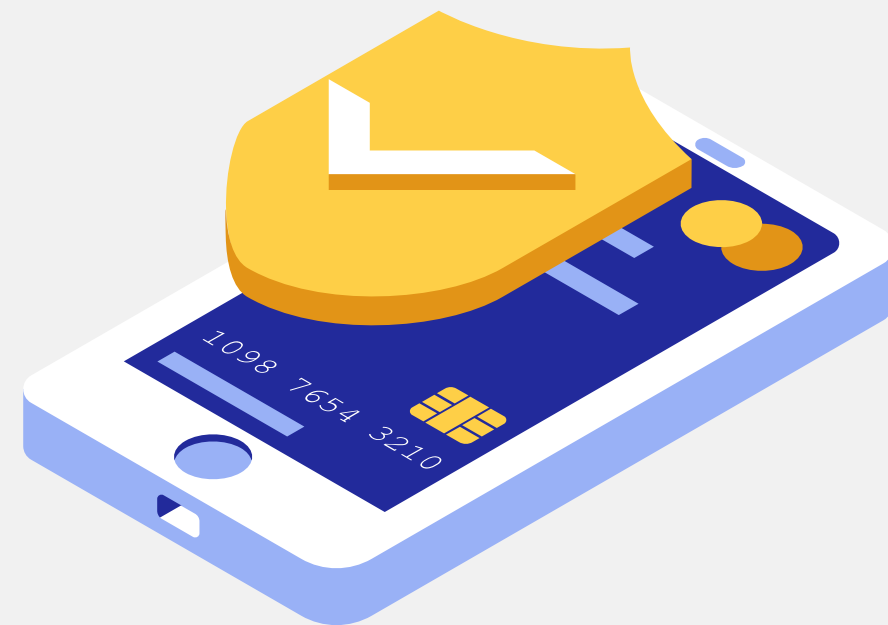
- Exchange rate increased, showing RMB depreciation, especially in 2018 & 2022.
- Volatility spikes during periods of global or policy uncertainty.
- Higher USD repayment burden for companies with foreign currency debt.

Bankruptcy Risk Predictor



- Fixed Assets to Assets had the largest relative difference.
- Bankrupt firms showed weaker liquidity (like Cash/Current Liability).
- Quick Ratio & Current Ratio were significantly lower in bankrupt firms.

Proposed Solution



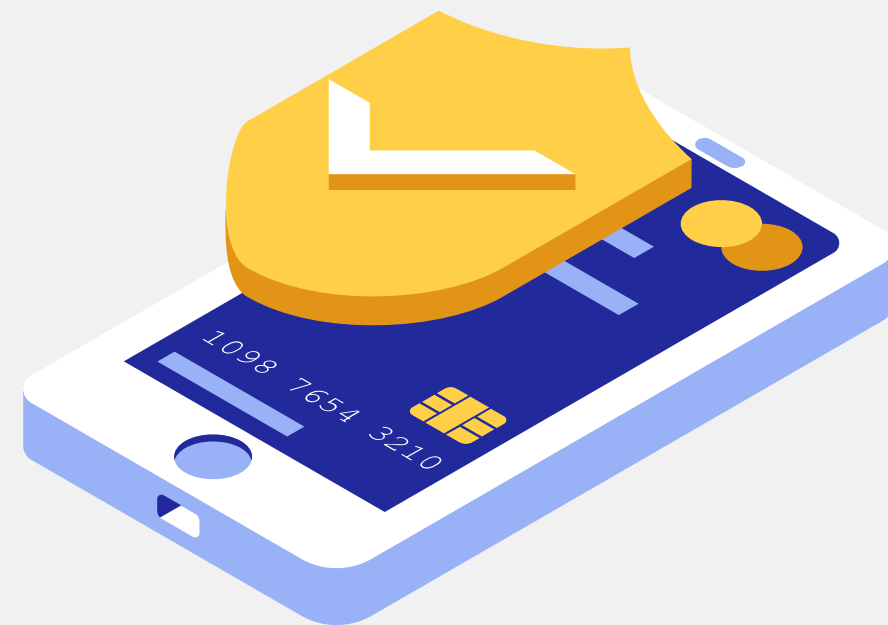
Liquidity and Debt

The **Debt & Interest Burden panel** simulates the impact of current interest rates on total debt servicing costs. It **triggers a warning** when estimated annual interest payments exceed a set threshold (e.g. 10% of revenue), allowing **timely refinancing**.

Revenue Pressure

The **Market Demand Tracker panel** visualizes residential property price trends and year-over-year change. It **highlights prolonged downturns** (≥ 3 consecutive quarters of decline), supporting decisions to delay project launches in weak demand cycles.

Proposed Solution



Policy & Macro Risk

The **Debt & Interest Burden panel** and **FX Risk panel** collectively reflect financing constraints. The former **tracks interest rate pressure**, while the latter **monitors RMB/USD volatility**. These panels help the company **assess macro-level risks** and **financing conditions under policy tightening**.

Strategic Missteps

The **Bankruptcy Risk Predictor panel** benchmarks Country Garden's simulated financial indicators against high-risk thresholds derived from a bankruptcy dataset. It **identifies structural weaknesses** early, supporting informed investment strategies.

Expected Impacts / Benefits of Recommendation



Real-Time Risk Visibility	Better Financial Planning	Data-Backed Strategic Shifts	Crisis Intervention Triggers
Identify early signs of distress across liquidity, FX, and debt positions	Adjust investment pace and financing strategy based on predictive analytics	Avoid repeating past missteps by grounding decisions in up-to-date indicators	Automate escalation when high-risk signals persist across panels

THANK YOU