课程名称：财务专业英语

　　Title: Financial performance analysis of vanke's light asset model

Research Proposal

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Abstract:In the process of China's economic development, the real estate industry plays an important role.China's real estate development is represented by Hong Kong real estate companies mode of operation, which is a typical heavy asset model.In the early years of the real estate industry, this model was a great success. With the booming development of real estate industry, however, it have emerged many problems,the government has also increased the regulation on the real estate market.Because of higher bank loans t, longer payback period , relying on the original model to get more market share, rapid expansion has become impossible.Some large real estate companies transform "light assets" into new strategic transformation targets, and try to shift from heavy asset mode to light asset mode. This article will choose the examples of vanke to analyze and evaluate the financial performance of real estate asset light operation mode.

Key words:　Comercial real estate;Asset management model;Financial performance  
　　

**1 Introduction**

* 1. Problem statement

In the process of China's economic development, the real estate industry plays an important role, which drives the development of many industries. China's real estate development is represented by Hong Kong real estate companies mode of operation, the development process in accordance with the "borrow money" - the land - development - sales this link for implementation, this is a typical heavy asset model, the characteristics of its expressed in the financial capital inputs is big, high debt ratio, cash flow is slow, to raise funds in the process of also can produce huge financial costs. Pattern due to the nature of real estate project, using the assets of the enterprise need to raise a lot of capital in the early stage of the project, project cycle in annual terms, so large amount of money only after the housing sales have to withdraw, collection speed and depends on the market environment, financial risk is big, there is the potential for capital chain rupture.

In the early years of the real estate industry, this model was a great success. With the booming development of real estate industry, however, it have emerged many problems,the government has also increased the regulation on the real estate market. The country has cut interest rates frequently, lowered down mortgage payments, and used a series of policy stimulus to boost the housing market, but it still hasn't changed the downward trend in the whole industry. Property inventories and capital are deteriorating.

Some large real estate companies transform "light assets" into new strategic transformation targets, and try to shift from heavy asset mode to light asset mode. For the use of asset-light operation mode, there have been many successful cases abroad, such as the light asset operation mode of iron lions gate and kaide company. Some real estate enterprises in China also began to explore the mode of light asset operation.

* 1. Statement of the research objectives

As one of the leading enterprises in real estate industry, vanke has a good reputation. In 2013 it was the first to put forward the development of real estate development mode to the asset light change strategy, the real estate enterprise asset light model, the results of this operation mode is indeed can bring new development opportunities for real estate enterprises in our country, this article will with the examples of vanke, analyze and evaluate the real estate asset light operation mode from the perspective of financial performance

**2 Literature Review**

Xue wenyan (2012) believes that light assets are a reflection of the soft power of enterprises. The proportion of fixed assets is relatively low in the companies operating in light assets, which means the operating cost of the company is relatively low. Asset-light operation can not only increase the return on net assets, but also can make the enterprise value grow rapidly.

Tang guoliang et al. (2012) studied the financial statement characteristics of asset-light operation mode as the starting point, and they believe that, from the perspective of financial management, the core of the asset-light model is cash flow. The financial statements of the company under the light asset operation mode have its unique characteristics, including the high cash reserve and working capital, and the low proportion of inventory and fixed assets. Depending on the high and low interest rate, the capital cost and interest expense are lower. Asset turnover and inventory turnover are fast. Advertising costs and research and development costs are high.

Mao wei (2013) through the Internet company tencent company's financial performance is analyzed, that light assets operating mode can realize the maximization of enterprise value,mainly depends on the success of the platform is the technical research and development, the good customer resources, excellent design team, and so on asset light part.

Jayoung Sohn et al. (2013) analyzed the relationship between light asset operation model and enterprise performance and corporate value through empirical analysis. Their hotel chain of the United States for the effect of the operation of the assets are analyzed, the results of the analysis are: the development of intermediary business, increase the proportionof light assets will play a positive role in enhance the value of the company. And these strategies will have beneficial effects on the improvement of corporate profitability and the stability of corporate earnings. The American chain hotel is to promote the light assets share, control cost to carry out the light assets operation.

Tang Guliang, Gao yuan (2016) think enterprises should reshape match the profit model of financial management and evaluation system, in order to maximize stakeholder value as the goal, increase the financial resources and the use of evaluation index. In addition, the asset-light model is "valuing the whole process of business", valuing non-financial resources, and integrating strategic planning, operational analysis and financial results assessment.

Tang Guliang, etc. (2017) from the adequacy of cash, asset structure, income model of vanke group three aspects to analyze the financial situation of the light asset model of vanke and Greenland. The strategic transformation effect is compared from the perspective of financing mode, free cash flow, inventory turnover efficiency, long-term asset investment, income structure and sales expense.  
　　   
**3 Hypothesis**

Real estate light asset model will have a positive effect on financial performance.

**4 Methods**

4.1Literature research method.

By looking at the document of light assets and financial performance, as well as the realestate industry related information, to fully understand the present situation of the real estate asset light model , and have an general thought to establish a financial analysis index system.

4.2Quantitative analysis

Through quantitative analysis, the relevant data of the real estate industry is collected andsorted, and the chart is formed as the data support in this paper.

4.3 Case study method.

This article selects the vanke as a case study, the light asset model and analyze the financial performance, summed up the experience and defects, and put forward reasonable Suggestions, provide certain reference for relevant enterprises and industry in our country and the reference.

The financial performance of vanke is comprehensively analyzed and evaluated by using the selected financial and non-financial indicators to sum up the achievements and shortcomings of vanke in the mode of asset-light production.According to the annual financial statement data of 2013-2017,this paper will focus on the asset-liability ratio, current ratio, working capital, inventory turnover, net profit growth rate, profit rate of main business, cash flow and other financial indicators. Based on the current situation of vanke, it selects non-financial indexes such as brand value, market share and innovation ability.

**5.Possible results**

The development of the asset-light model is expected to affect the enterprise's asset structure, inventory turnover speed, cash flow, financing mode and income structure.

**6.References**

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