

# Investment Plan for Chongli Ski Travel Complex Project

**Central Government Policy** It is clearly stated in the proposal of “the Twelfth Five-Year Plan ” formulated by the central government that acceleration should be made to develop service industry and take the great development of service industry as the strategic focus in the upgrade and optimization of industrial structure while a series of preferential policies are provided in tax and financing aspect.

**Government’s Attention** Yang Chongyong, Hebei provincial vice governor put forward in the whole province’s Travel television and telephone meeting that during the Twelfth Five-Year Plan, our province will pay great efforts to promoting the construction of ski resort and infrastructure, and build four counties including Chongli, Weixian, Chicheng and Weichang into the largest designation of ski Travels in North China.

**Travel Investment Positioning** Travel investment is a propeller for rapid growth of economy in Hebei province. It should intensify the support to the advantageous Travel resources in whole province and target the high-quality ski Travel resources in Chongli as the investment of project in middle and long term, and develop in rolling way and cultivate the main body listed in market for Travel.

# Origin

Chongli, at an altitude of 814-2174m, has a slope of mountain ranging from 5 to 35 degree. Inside Chongli, it is surrounded with undulating hills, green graceful mountain, extensive grass yard, with a forest coverage rate of 30%, which is one of counties with largest area of natural secondary forests in Hebei province.

Special landform creates particular climate. It has larger annual precipitation compared to its neighborhood with annual averaged snowfall 63.5 cm, and accumulation of deposited snow up to 1m, and the snow storage lasts as long as 150 days. Featuring good quality of snow, various snow quality parameters including particle, hardness and velocity conforming to ski standard, Chongli is the best desirable place for ski Travel. It has distinct seasons, and each season has particular uniqueness on its own; It equips climate conditions for Travel in four seasons, e.g. ski in winter, hiking trip in spring, hunting in Autumn and spend holiday in summer resort.

## Chongli Climate

# Chongli Traffic



# Chongli Traffic

Skiing in winter and four-seasonal Travel has incomparable advantages than others. It has snow resources equivalent to Yabuli, Beida Lake and Changbai Mountain, whereas its traffic are more convenient than those mentioned above.





At present, Wanlong ski resort that is in largest scale and has best hardware facility in North China, the biggest foreign-invested Duolemeidi ski resort and Changchengling ski resort that is the first modern high competitive sports training base in Hebei province are all situated here. It has 42 snow roads extending almost 52 km. Now, Chongli Miyuan Ecological Travel Resort Industry Demonstrative Area invested by Genting Group, is under construction. Standing at commanding elevation and generous investment, it has control coverage of 99 sq. km and the planning area is 12 sq.km. It is proposed to invest 5 billion RMB to build a complex full-time resort area integrating ski, golf, recreation and holiday, as well as business meeting.



## Ski Resort



The government has planned a place of covering 1.5 sq.km in north of Chongli county to act a leisure auxiliary service area, where the hotel, business street and apartment and other projects are being constructed. Though under the influence of ski Travel, matched service facility and real estate in Chongli County are still at preliminary stage. Only Rongchen resort hotel and Shuanglong hotel reach four-star standard, providing more than 300 rooms. As for Travel real estate, there are several buildings being sold or being built such as Tang in, Alpine County, a majority of which are well-decorated multi-floor elevator apartments at an average price of 5,500 yuan/square meter, and the sale status is general. The land price surrounding Chongli County is approximately 500,000 RMB/mu, and the land price of ski ground is between 80,000-100,000 RMB/mu.

## Real Estate



Rongchen



汤INN



Now, Chongli has formed a gathering area for ski industry and took a lead in domestic, which is well received. After being put into use, Miyuan resort will lift Chongli ski to a new level and transform winter Travel into four-season Travel.

The number of tourists in Chongli County demonstrates a sharp increase by 40% in recent years, up to 800,000 people in 2010, including 238,000 tourists in summer. 50% of tourists are from Beijing. In busy season, all ski grounds in Chongli are jammed with people.

Though there is a big gap compared with the ski population ranging from 10-15% in Europe, Japan and Korea, the rapid growth of GDP in China and ski Travel has brought charms to tourists as “white opium” and ensures the rapid development of Chongli Ski.



## **Ski Resort and Operation Status**

# Wanglong Ski Resort



- ◆ **Operation period: 8 months**
- ◆ **Annual income: 40 million yuan**
- ◆ **Among hotel with 124 rooms, income of 10 million yuan**
- ◆ **Number of tourists for skiing: 50,000 peoples**
- ◆ **Per capita daily consumption for skiing: 600 yuan**

Through investigation, the ski grounds are operated under the state of loss or balance. Actually profitable goods are matched service facility. The consumption rate between snow ground and matched service facility is 1:5. Though Chongli is at preliminary stage in the scale of industry, the shortage of matched facility has restrained the development of ski industry to a certain extent, in the meantime, which demonstrates ski industry in Chongli has a large development space.

The rapid development of ski activities targeting the public and launch of full-year Travel in Chongli guarantee the growth of tourists and quick development of Chongli Travel. If based on the growth speed by 40%, in 2015, the tourists in Chongli will reach 4.3 million. Under the present scale and level, it is far from satisfying the huge demands of tourists toward ski ground, travel scenic spot, matched service facility as well as resort real estate.



# Primary Conclusions

Chongli ski and four-season travel have **regional** advantage, developed **traffic** network, **leisure and travel fundamental** advantage and sound **policy** advantage.

However, its disadvantages include single product structure, reception facility lagging behind and the shortage of overall plan. Now, with great efforts paid by macroscopic policy to modern service industry, through ten years' development, Chongli ski has entered into rapid development phase, the industrial gathering area has taken shape and it is under development from single snow ground into complex resort village.

With the help of brands "Hebei Construction Investment Co.", the local government provides great support (zero land price of raw land, etc). The non-recycling high-quality resources are obtained at lower price. Through comprehensive analysis, this is the best time for the entrance of Travel investment into Chongli.

# Project Positioning

Utilize mountain resource, forest land resource to develop ski, mountain cross-country, meeting, resort and recreation and other activities; create --

Create core attraction center

Create leisure gathering center

Create extending development center

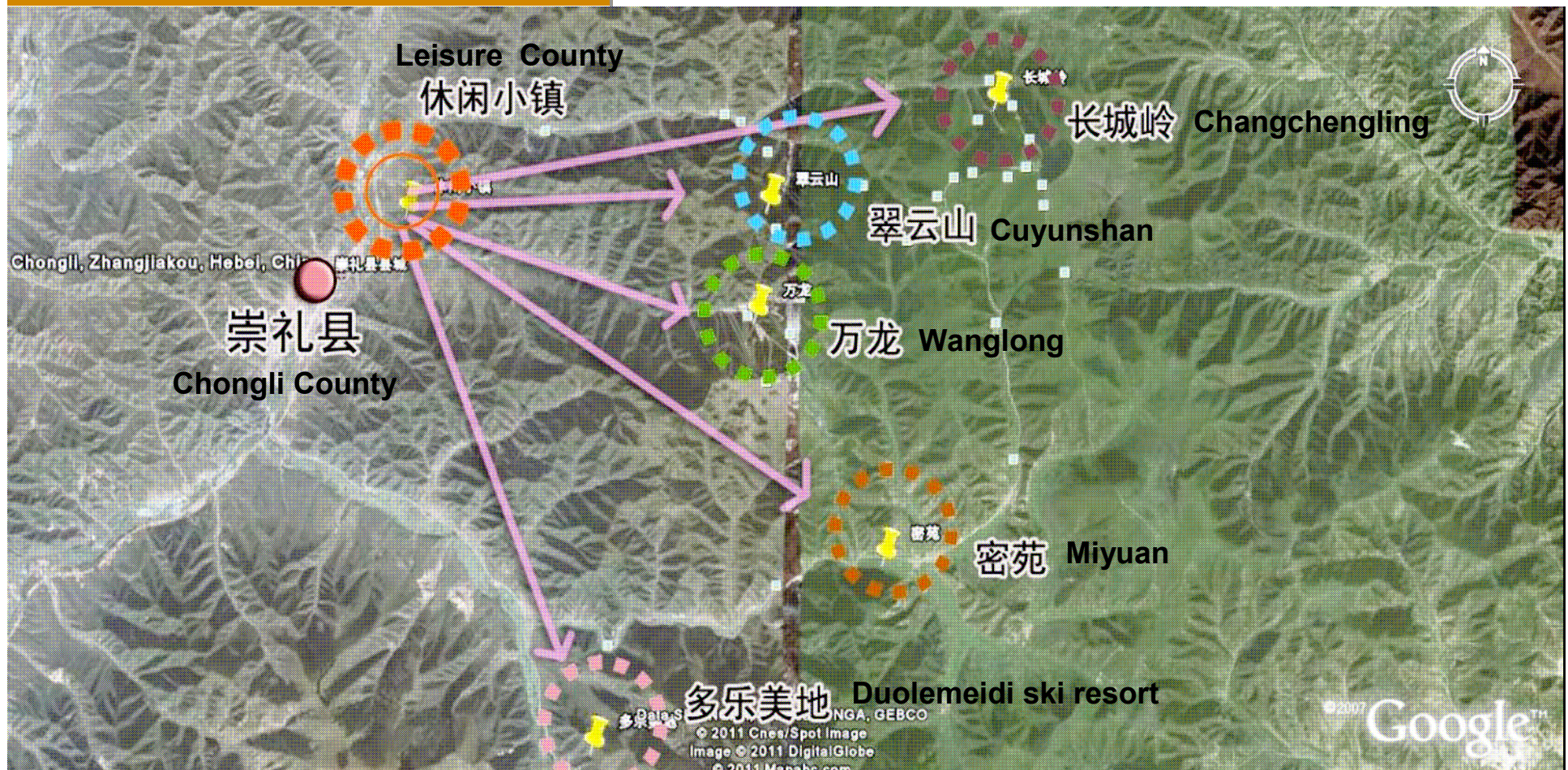
- an ecological full-time resort centralizing ski
- featuring four-season travel in the mode of earning by Travel real estate



# Project site

Re-elect site or acquire?

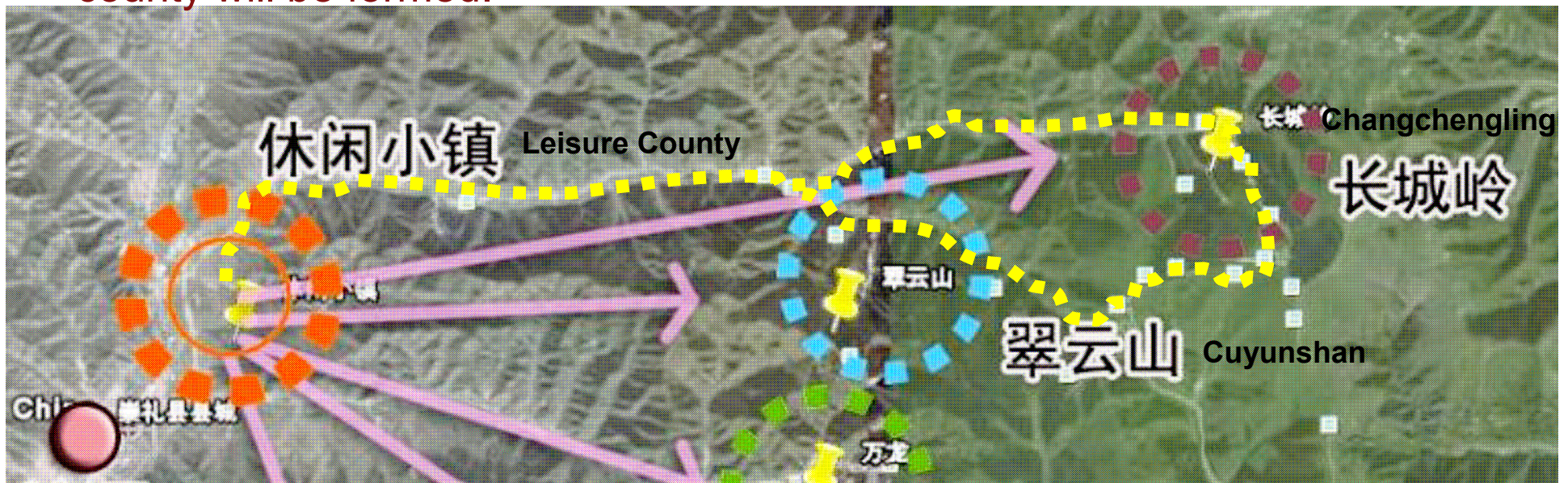
Through comprehensive consideration, it elects the region extending from Dajiadao trench to Changchengling (including Cuyunshan scenic spot) covering an area of 50 sq. km where a land parcel with an area of 3,000 mu approximately near Chongli county is proposed to build ski county, presenting healthy, sport and fashionable life mode.





Two land parcels are integrally developed as one project (big scenic area)

One land parcel with an area of 3,000 mu is located adjacent to Chongli county, located in the core of several snow grounds with convenient traffic. It is proposed to construct a ski county with complete matched service facility, beautiful view and its own features. Through the connection to adjacent snow grounds by train or shuttle car, a ski leisure county will be formed.





Matched  
Business



Resort  
Hotel



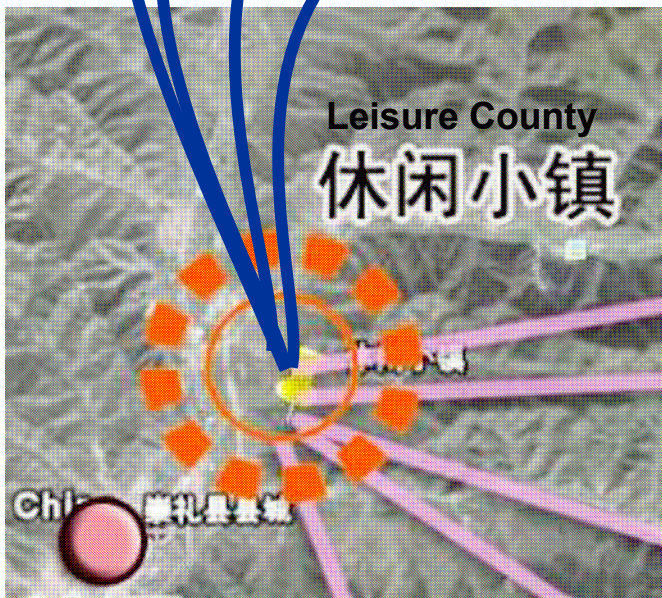
Landscape  
in Park



Travel Real  
Estate



Leisure County  
休闲小镇



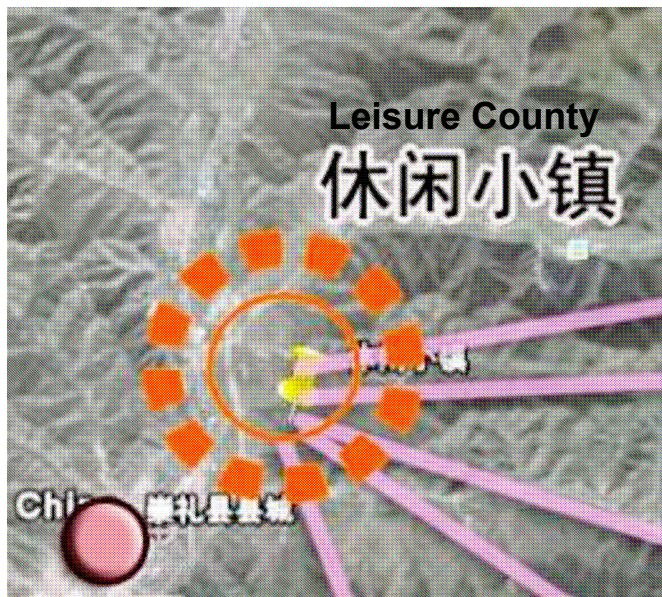
Ski Leisure County having a floor of 3,000 mu, including acquired land 1,000 mu at unit price of 150,000 RMB, and the rest land 2,000 mu for lease.





## Matched Business

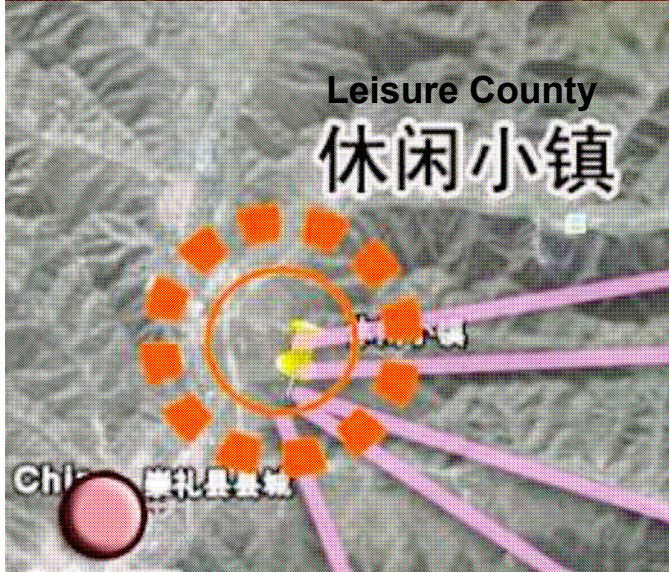
Entertainment club, ball game hall, SPA, special food and beverage, brand store and convenient stores are provided to enrich your holiday life and feel the convenience of life. SPA may introduce Chicheng hot spring; brand stores may work with snow products brands in Beijing Ciqikou to fill in the gap of snow apparatus in Chongli and fulfill the functions of recreation, shopping, cuisine and travel. It has construction area of 10,000 square meter, may be sold or leased, at an investment of 30 million RMB.





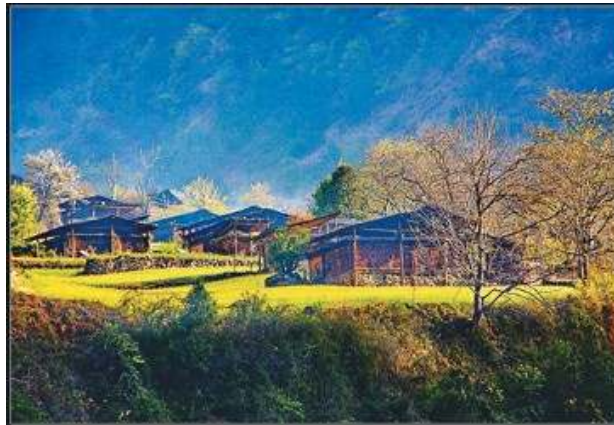


## Resort Hotel



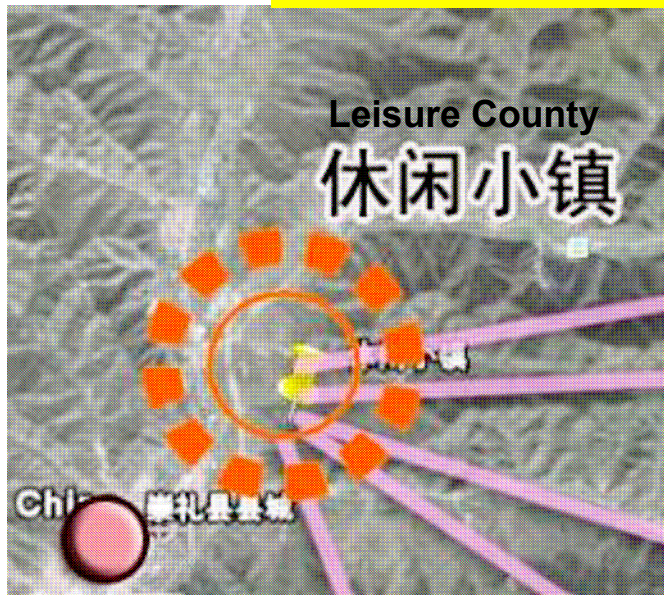
What the difference between hotels in business leisure area in Chongli County and the hotel in this project is this resort hotel shows features of garden-like resort hotels, if combined with business, it will take meeting market into primary consideration. It has construction area of 28,000 square meters, 150 rooms and it is planned to cooperate with brand hotel at an investment of 140 million RMB.



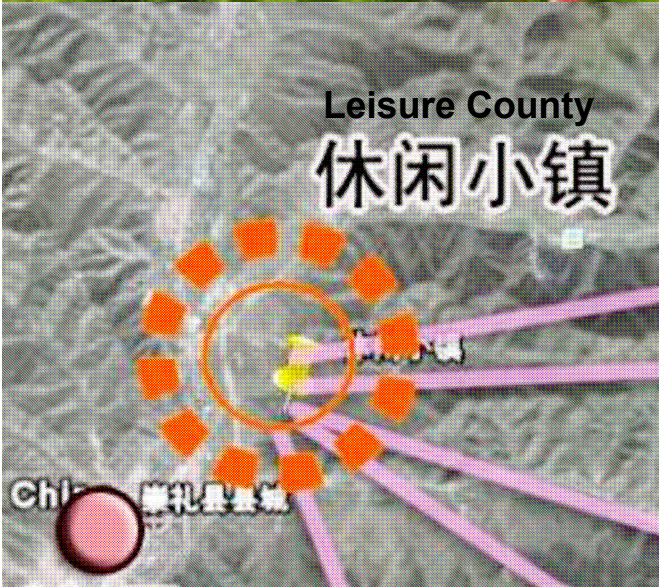


## Travel Real Estate

It is dominated by multi-floor apartments and targets at holiday groups. The area per apartment is 60-120 square meters. With low capacity rate and high greening rate, it builds apartments surrounding in scenic spot and provides experience of new life mode. It has construction area of approximately 330,000 square meters, total price about 4,000 yuan/square meter after integrating landscape and road price, total investment 1.32 billion RMB. The unit price of sale is 6,000 yuan/square meter, so the sale income can be 2 billion RMB. It is proposed to launch business invitation and cooperate with brand real estate to develop.







## Landscape in Park

This land parcel is a mountain land, easy in shady slop and steep in sunny slope. It is proposed to construct landscape lake and wetland in conjunction with gully and slope. By following the principle of respecting nature, the architecture is integrated into ecological environment of snow grounds under present state.



Travel  
Scenic Area



Resort  
Hotel



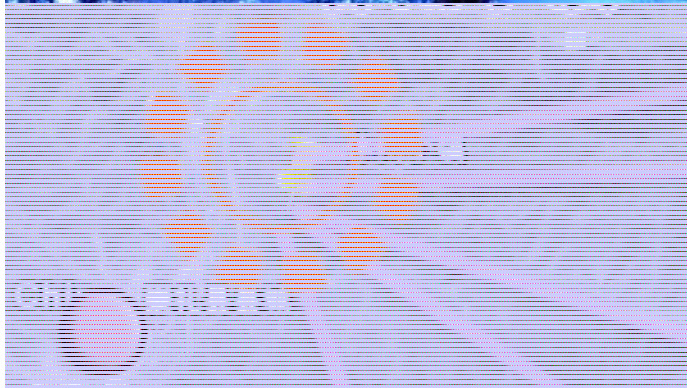
Ski  
Resort



Travel Real  
Estate



## Cuyunshan Ski Resort Scenic Spot





With the help of elegant white birch forest, good air quality, high-end resort villa group are constructed among the mountain, targeting resort and ski people. Build wealth club and high-end small meeting gathering area. It is proposed to partially launch business invitation and cooperative development with brand real estate.



**Travel  
Scenic  
Area**

Considering on the basis of summer travel, it makes best use of features in Cuiyunshan scenic area to integrate mountain, forest, great wall culture and summer climate to build attractive mountainous activity, forest leisure and resort products. In combination with matched service like hotel, it makes full consideration of meeting market



**Travel  
Real  
Estate**

## Cuiyunshan Scenic Spot



**Resort  
Hotel**

定-鼎-园-林  
ddyuanlin.com

By considering the differentiated operation, the ski ground is positioned at beginners and families under a huge number, to present interesting feature and high-quality. Also, sport above ski program will be added.



**Ski Resort**

High-end resort villas are built among mountains in adjacent to ski grounds, perfecting matched service facility in snow ground to meet the demands of high-end customers. It has construction area of approximately 25,000 square meters, 120 rooms. It is planned to work with high-end brand hotel at an investment of 200 million RMB



# 冰雪游乐示意





# 山地运动示意



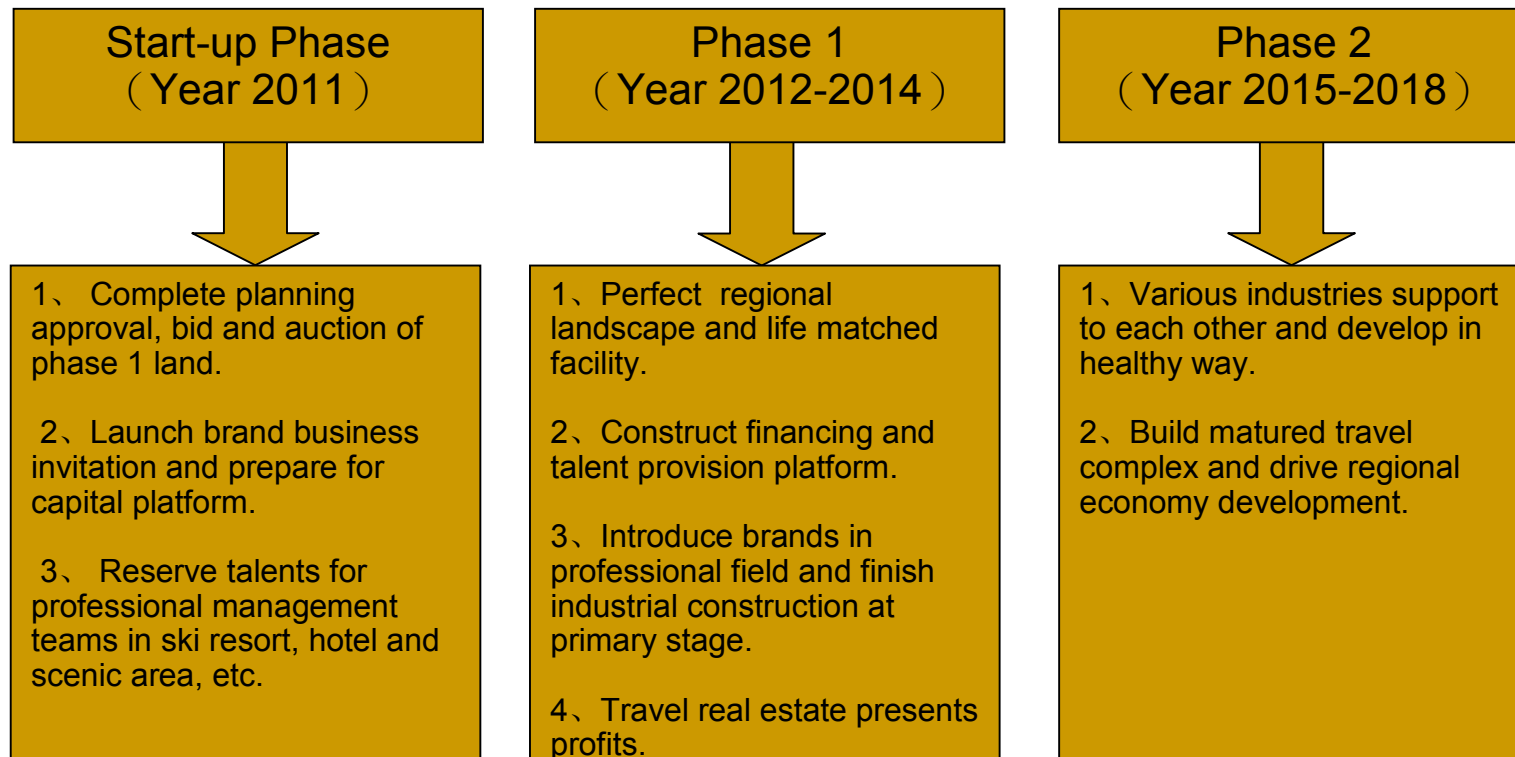
## List of construction contents, investment, income ( 100 million RMB )

Construction Contents		Scale	Investment	Income
Core attraction center	Ski Resort	20 Ski Road	3	
	Scenic Area	Based on the current summer travel, increase leisure and outdoor project, such as cycling, hiking, walking, crossing, etc.	2	
Leisure gathering center	Hotel	High and medium class resort hotel (53,000 square meter )	3.4	
	Auxiliary Facility	Entertainment club, ball game hall, SPA, special food and beverage, brand store , etc.	0.3	
Extending development center	Real Estate	The foot of the mountain is garden house Around ski resort is villa	25.2	44
Subtotal			33.9	44



# Project Development Plan

The project adopts strategy  
of overall planning and  
rolling development at  
stages



# Investment Plan by year

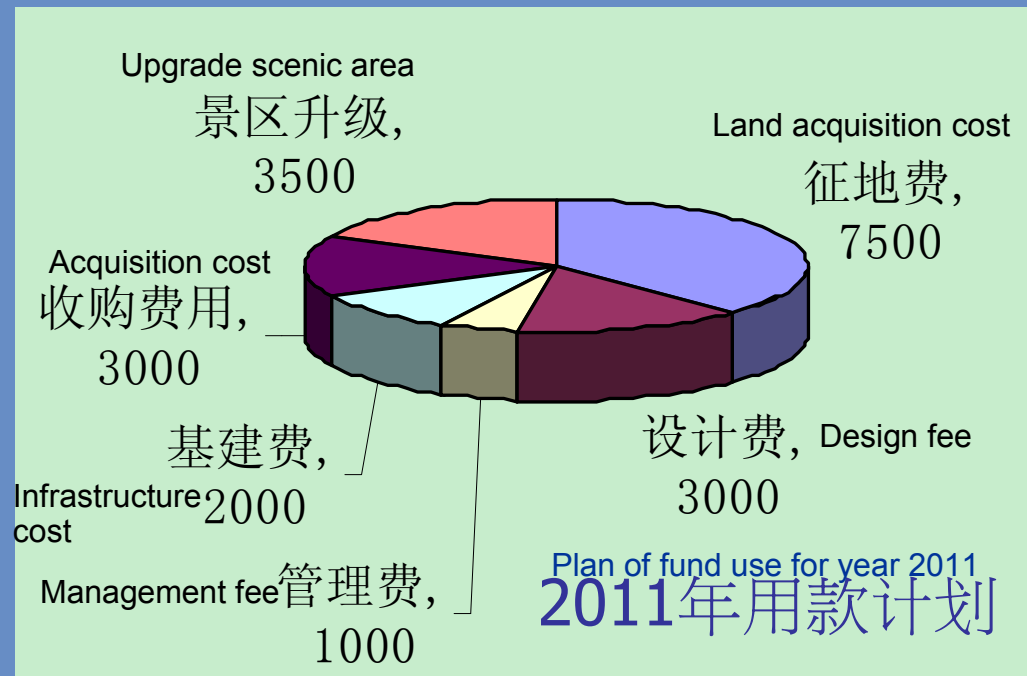
Year	Main construction contents	Land cost	Construction cost	Income	Need support from Group Company
2011	Design	7500	12500		20000 (registered capital)
2012	Landscape of phase 1, real estate, scenic area, snow ground start construction. Scenic area is put into operation	3000	33000	6000	30000 (The Company authorizes loan)
2013	Phase 1 construction, hotel, snow ground put into operation	4000	38000	12000	30000 (The Company authorizes loan)
2014	Phase 2 hotel, snow ground, real estate and scenic area are constructed	3000	32000	15000	20000 (The Company authorizes loan)
2015	Part of phase 2 is put into operation	5500	34000	62000	
2016	Hotel and real estate of phase 3 are constructed	4000	64000	83000	
2017	Real estate of phase 4 is constructed, hotel of phase 3 is put into operation	2000	55000	115000	
2018	Construction completed, all put into operation	1000	40500	147000	
Subtotal		30000	309000	440000	100000

# The Plan of Year 2011

- ★ Project investment plan is compiled and complete by the end of March and submitted to the group company for approval.
- ★ Chongli travel real estate development company is registered in May with registered capital of 200 million RMB.

- ★ List of directors and supervisors of the project are confirmed.
- ★ Planning, concept planning and design are finish in the end of July.

- ★ Phase 1 detailed specification of construction and architecture design are finish in October.  
A land of 30-500 mu land is acquired by bidding auction and listing.  
It strives to start construction within this year.



## Financing Mode

The project adopts strategy of overall planning and rolling development at stages

■ Seeking bank loans

■ Launch business invitation and introduce strategic cooperator.  
Introduce capital and brands through the directional development or cooperation of projects such as hotel and real estate in scenic area.

Propose business parties

Travel Scenic Area

Real Estate

Resort Hotel

Overseas Chinese Town(华侨城)

China Vanke Co., Ltd  
(万科)

Banyan Tree Hotels & Resort (悦榕庄)

达沃斯

Greenland Group  
(绿地)

Starwood  
(喜达屋)

Longfor Properties Co. (龙湖)

Shangri-La  
(香格里拉)

# Risk Analysis

- Macroscopic policy risk
- The project is closely related to the overall development of Chongli Ski
- Real estate has long sale phase and the capital returning is slow
- It is difficulty to achieve profits only depending on ski resort.

Please make a comment