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**People's Government of Yongding District, Zhangjiajie City**  
**Details in Relation to the Phoenix Hotel Project Located in Zhangjiajie**

The Zhangjiajie Phoenix Hotel Project under an investment promotion scheme located in our District has attracted media's attention recently. The District Government attaches high importance to the current situation, and presents the relevant details as follow:

With an aim to execute the instructions from the Provincial Party Committee and Provincial Government of "Shaping Zhangjiajie as the World's Tourism Spot", and speed up the construction of tourism infrastructure in Zhangjiajie, the People's Government of Yongding District, Zhangjiajie City entered into an agreement for a 5-star hotel project on 26 September 2006 at the "First Investment Trade Expo in Central China" (中國中部投資貿易博覽會) co-organized by the Ministry of Commerce and the People's Government of Hunan Province. This hotel project is of provincial level in Hunan Province, and is a significant capital investment promotion project undertaken by the People's Government of Yongding District, Zhangjiajie City. After inspection and verification, this project will be located in Banping Village, Shati Town, and Laomuyu Village, Xinqiao Town of Yongding District.

During the processes in relation to land reserves, after obtaining an approval from the People's Government of Yongding District, Land Reserve Centre of Yongding District published a land reserve tender notice (enclosed) in Zhangjiajie's Daily (張家界日報) on 30 September 2006. The objectives of this tender were to obtain necessary funding for land reserves, attract funds from a broader base in a public, fair and equitable manner, and procure the target reserves. On 13 October 2006, Zhangjiajie Gaojun Investment Co., Ltd. (張家界高駿投資有限公司) was successful in the tender, after being evaluated by a team of specialists and approved by the District People's Government. Zhangjiajie Gaojun Investment Co., Ltd. (張家界高駿投資有限公司) then became a

working party for land reserves of the project, and entered into a “Cooperative Development Contract” with the District People’s Government on 18 October and a supplement to the Contract “Capital Investment Agreement for Land Reserves” on 26 December. The whole tender process for land reserves, the content of the agreement and the entering into the agreement were undertaken after collective decision, and were in a public, fair and equitable manner.

Towards the end of December 2006, the Land Reserve Centre of Yongding District commenced the processes of application for a change of agricultural uses and collection of land for the project. This project was confirmed and documented by Zhangjiajie’s Planning and Developing Committee (Document No. 06, 29), and the Planning Permit for Construction Use of Land No. 0612128 was issued by Yongding Construction Bureau. On 10 January 2007, Provincial People’s Government approved the change of agricultural uses and collection of land (Approval Document No.: Xiang Tu Guo Zi No. [2007]062), the area involved was 69.2768 hectare. Collection, abolishment, resettlement and compensation processes were subsequently completed in accordance with laws.

On 1 May 2007, the Zhangjiajie State-owned Land Resources Transaction Centre announced a “Notice for Listing-for-Sale of State-owned Land Use Rights by State-owned Land Resources Bureau of Yongding District, Zhangjiajie City” (《張家界市永定區國土資源局國有土地使用權掛牌出讓公告》) (Zhang Ding Guo Tu Zi Gao Zi No. [2007]1) in Zhangjiajie’s Daily (張家界日報), Zhangjiajie Radio Traffic Channel (張家界旅游交通頻道), [www.landchina.com](http://www.landchina.com) (中國土地市場網), [www.cnestate.com](http://www.cnestate.com) (中國地產投資網), and Transaction Hall for State-owned Land Resources (國土資源交易大廳), a tangible market for land. The listing period was from 21 May 2007 to 4:00 p.m. on 5 June 2007, and the application period was from 21 May 2007 to 1 June 2007. Prior to the listing, Zhangjiajie Zhengyuan Real Estate Appraisal Company Limited (張家界市正源地價評估公司) determined the value of the land at RMB93,647 per mu. The listing price was discussed at the 65<sup>th</sup> executive meeting of the People’s Government of Yongding District and confirmed at 93,647 per mu. After announcing the notice, a bidder, Ta Binchong (natural person), from Xiamen City, Fujian Province, and Zhangjiajie Country Garden Phoenix Hotel Co., Ltd. submitted their applications and completed “Tender Application Forms” and paid a tendering deposit of RMB18 million each. After an examination undertaken by the State-owned Land Resources Bureau of

Yongding District, the two applicants met the required tendering conditions and were qualified to participate in the tender. In the afternoon on 5 June, District People's Government ordered the Supervisory Bureau, State-owned Land Resources Bureau, Finance Bureau, Pricing Bureau, Construction Bureau, and Planning and Developing Committee to formulate a Committee for Listing-for-sale of State-owned Land Use Rights of Yongding District, for the purpose of determining the exact base price. At 15:53 on 5 June, Zhangjiajie Country Garden Phoenix Hotel Co., Ltd. submitted a quotation in writing, with a price of RMB One Hundred and Thirteen Thousand and Six Hundred and Forty-Seven per mu (RMB113,647 per mu). As at the deadline for submitting quotations, Ta Binchong, another bidder, had not submitted any quotation in writing. Mr. Ta verbally informed staff members at the Transaction Hall of the Zhangjiajie State-owned Land Resources Transaction Centre (張家界市國土資源交易中心交易大廳) that he withdrew from the tender and requested the tender deposit to be refunded as soon as possible. According to the base price of RMB168 per square metres (i.e. RMB112,000 per mu), the quotation submitted by Zhangjiajie Country Garden Phoenix Hotel Co., Ltd. was confirmed as valid and the deal was closed. The District Government did not determine the base price on 28 May 2007, nor did it disclose the base price.

The one-off land premium of RMB118 million paid by Zhangjiajie Country Garden Phoenix Hotel Co., Ltd. was deposited into a special account of the District Government. Collection and resettlement costs and taxation fees were expensed according to the Administration Methods for the Income and Expenditure of Land Premium, and the balance is currently in the financial account of the District Government. According to the supplemental agreement entered into on 5 June 2007, the capital would be used to finance the infrastructure of "Three Connections" (三通) of the District, and the title of the infrastructure would be owned by the District Government. That piece of land was not granted at "nil premium", and no refund of 96.25% of the land premium was made to Zhangjiajie Gaojun Investment Co., Ltd. (張家界高駿投資有限公司).

The Grant Contract of State-owned Land Use Rights and Supplemental Agreement of the Grant Contract of State-owned Land Use Rights clearly provided for the completion time of construction works on the land granted, total investment and degree of development. Construction works shall commence before 31 December 2007, and this timeframe must be strictly observed by the contractor.

The development plan submitted to the District Government by Zhangjiajie Country Garden Phoenix Hotel Co., Ltd. is in compliance with the above provisions.

Pursuant to the Grant Contract of State-owned Land Use Rights, that piece of land is for commercial use and development of a hotel. Real estate development on the land is not permitted. If the contractor changes the use of land without approval, it will be handled with in accordance with the Laws of Land Administration.

The development of Zhangjiajie Phoenix Hotel has only just commenced and requires the concern and support from our society. Our District appreciates the enhanced supervision from the community, in order to proceed with this project successfully.

People's Government of Yongding District, Zhangjiajie City

17<sup>th</sup> November, 2007