

**MASIK – *RYONG* SKI RESORT
DEVELOPMENT PROJECT**

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This project (Stage 1) for a world – standard ski resort in the eastern highlands, the Democratic People’s Republic of Korea is to start at July, 2012 and to be completed by 2013. It is named **Masik – *ryong*** Ski Resort as it will be built on a valley of Masik Range, located at Ryongjo Workers’ District, Wonsan City, Kangwon Province.

I BACKGROUNDS FOR THE DEVELOPMENT OF A SKI RESORT

It is very important for the D.P.R.K. to build a ski resort as it is aimed at the improvement of material and cultural lives of the people, and their physical training, by making an effective use of the mountains. As 80 percent of the territory is mountainous, it is very significant to build a resort, characteristic of highlands, and contribute to the physical enhancement and the cultural and sentimental lives of the people as well as the development of sports.

The government initiated and is dynamically propelling this project as a nation – wide concern. Skiing is particularly benefit able to the people concerned with mental labor, and the amateurs are growing in number over the world as it helps people to strengthen their physiques, flying like birds over the snow world which purifies their minds like white snow in the mountains very abundant in fresh air. Due to the rapid development of science and technology, the consumption of mental energy increased over the physical one, among people, which multiplies the mental fatigues and stresses, the dangerous preludes of various disastrous diseases. As required by the 21st century, an era characterized by the enjoyment of human civilization in good health, Masik – *ryong* Ski Resort would offer a new challenge to the world ski amateurs, desirous of new adventures, as a sports service and tour attraction.

The D.P.R.K. put forward the construction of a civilized socialist nation and a sports power as an important strategic goal and is increasing the state investment to this field, to make people not only possess strong physiques and sound mentality, but also enjoy their sports and cultural lives in a world’s advanced condition. The good examples are the People’s Open-air Skating Rink and the People’s Open-air Roller Arena on Rungna Island and the Fitness Training Center in Tongil Street. The construction of Masik – *ryong* Ski Resort is funded by the state as a nation-wide concern.

II NATURAL GEOGRAFICAL CONDITIONS

The ski resort would be located in the Masik-ryong Mountains which stretches 150 km northeast and southwest to Cholwon from Masik Range, north of Kangwon Province.

The mountains have an average height of 800-1500m and mainly consist of lime rock and gneiss.

Masik Range is a mountain peak between Bubang-ri, Munchon City and Zakdong-ri, Bobdong County in Kangwon Province with a height of 768m above sea level and its name derived from a story that it was so steep and difficult to pass that even the horse should have breaks on the way.

Major bedrock is granite of the Mesozoic Tanchonam County.

The eastern slope is very rapid, but the western side has a gentle descent.

The area has many broad- leaf trees like oak, linden, pakdal and furthermore, it has rich wild resources including osmund, bracken, wild grapes, wild rocambole, Schizandra chineusis, Atractylodes japonica, etc.

The average annual temperature is 10.4'c with averagely -3.6 in January and 22.5 in July.

The annual rainfall is 1406.3 mm with 304.8mm in July. Frosts starts in 10.24 and ends in 4.19. It snows from 11.22 to 4.4.

As one of the several connecting the mid-east and mid-west, the range has great traffic significance, providing routes to Wonsan, Pyongyang, Bobdong, Pankyo and Ichon.

It is about 20km to Wonsan, one of the leading cultural port cities.

III THE PRESENT DEVELOPMENT SITUATIONS

For the first 4 months since July 20, 2012, a ski – runway of 260,000m² has been laid, the finish line of 31,200m² leveled, a reservoir of 10,000 m³ constructed and leveling ski course on the hilltop concluded.

Picture 1 Completed ski – runway



Picture 2 Levelled and readjusted Daehua Peak



Picture 3 Completed reservoir



All the labour and domestic materials for the project were provided sufficiently to accelerate the engineering works.

IV Development prospects

Masik-ryong Ski Resort development programme is not simply aimed at the construction of a ski course, but aimed at a world – level, ever – green tour resort, which contributes to the tourists’ complete recovery from stresses and, to their physical culture throughout the year, offering various sports activities in a pollution-free, naturally pure circumstance with a maximum use of natural energies rich in alpine region.

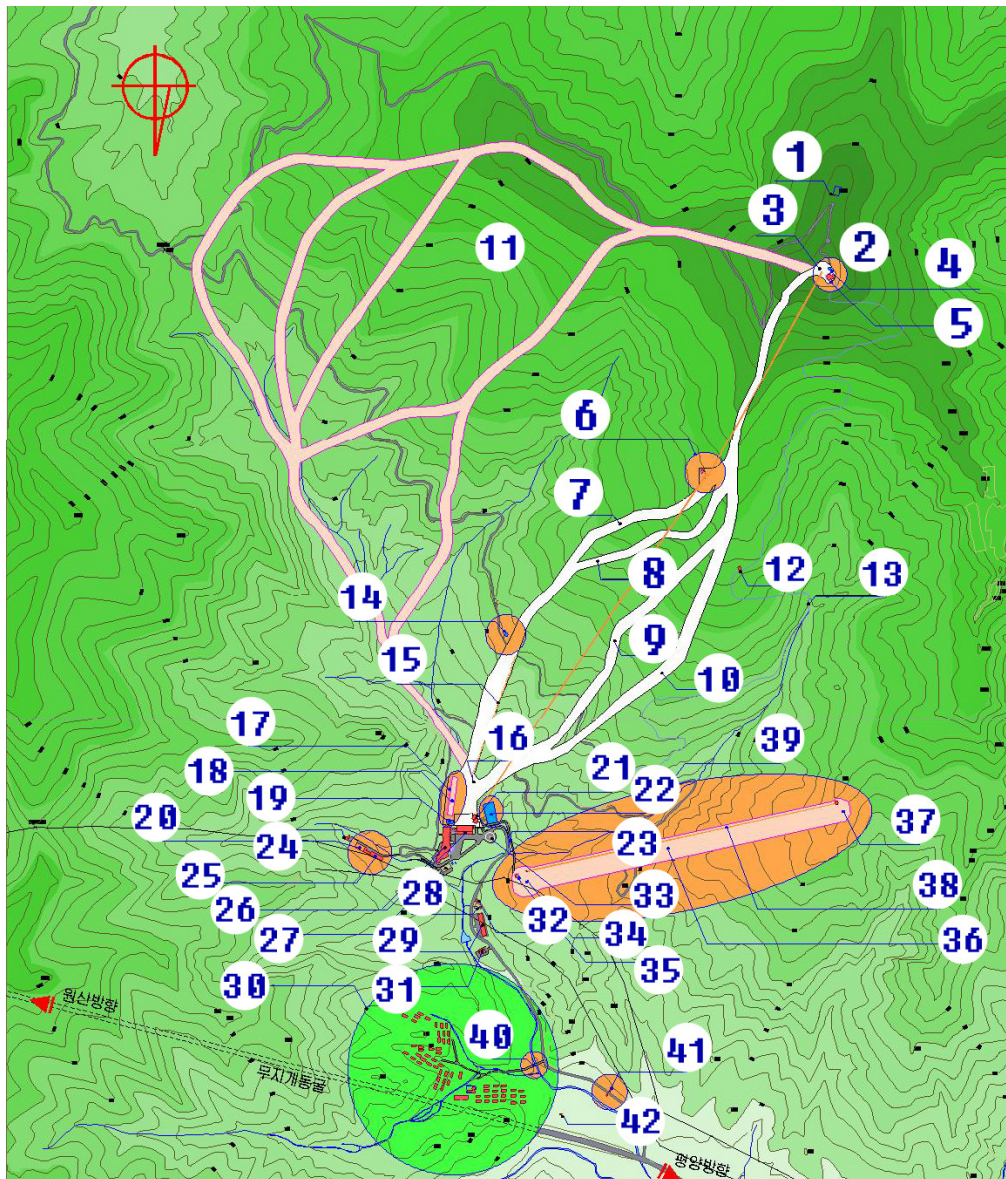
1. Development Stage 1

Covering an area of 2,430,000m², it is to form a junior – level ski course and 4 high – level ski – runways, to deliver and install one detachable combined lift and 2 surface lifts, 1 moving carpet and other equipments and facilities. It also includes the construction of 44 objects like hotel, ski service halls, ski school, ski kindergarten and other service buildings, children’s snow park and children’s skating ground. It will open from the end of 2013.

2. Development Stage 2

Starting at 2014, with a total area of 2,470,000m², it is to build one sleigh course and 7 medium-level and high-level ski courses, a terrace park, a ski park, a children's skating ground, snow park and various 4 – season playgrounds and amusement facilities. We will also reinforce and complete hotel, service facilities and other multi-functional buildings with an introduction of the energy-recycling technology.

Eventually we will turn this area into a unique, worldwide 4 – season, green ski resort admired by many ski fans and tourists from various countries.



V ADVANTAGES FOR THE DEVELOPMENT PROJECT

1. Advantageous Natural Conditions

Yablis Ski – runway, the largest one in China, is about 500m in elevation, and ski – runways in the South Korea are 400m only, and Japan opened a ski ground 600m when she was hosting the 2011 Winter Olympics.

The standard elevation for the international matches, defined by the International Ski Federation is 700 – 750m. Masik-ryong Ski Resort is 725m in height with an average sloping angle of 18°.

2. Advantageous Traffic Conditions

The resort is 180km from Pyongyang to the direction to Wonsan and 20km from Wonsan harbor and Wonsan airport.

3. Diversified Tour Arrangement

With Wonsan, a cultural port city which is soon to be built as a world-wide resort in the centre, this area provides many tour attractions like Songdownon and the Sijung Lake, the scenic spots of the East Sea and Myongsasib-ri, Ulim Waterfall, Kumgang Mountains.

A lot more tour objects are expected to be born soon here.

Tourists and ski fans from abroad can not only enjoy mountain and sea views, but also have options to further enrich and beautify the contents of the Korean tour in the central point of major tour spots like Mt. Paekdu, and Chilbo Mountains in the north, Pamnumjom in Kaesong to the south, the West Sea Barrage to the west, the world-famous Kumgang Mountains.

4. Environmental Protection, Constant Development

The advantage and peculiarity of this programme lie in the fact that it will be the example of an environment-friendly ski resort by solving all the local electricity demands entirely through windmills and solar-energy roofs to be installed under a prospective plan, right to the characteristics of alpine region, and constantly increasing the effectiveness of the natural energies, and introducing battery cars to the operation.

VI OTHER INFRA STRUCTURES

At present, along with the development of natural energies, it is planned to supply ample amount of electricity by both local energy distribution system in Kangwon Province and the state power network. As the state investment brings the constant increase in the local generating capacity in Kangwon Province, a more stable and sufficient generating capacity will be achieved.

At the entrance to the ski resort, detaching from Pyongyang – Wonsan motorway, there is a famous Bobdong natural spring, beneficial to the health, ready to satisfy the tourists.

Communication is very convenient as this area is connected to the nationwide mobile communication network and light fibre phone link.

VII INVESTMENT

Since this is the first time to build a ski course, there is lack of experience in the general blue print, detail designs, designs for ski and entertainment facilities and engineering.

This development project is so enormous that investment could be done over the whole scheme or over the parts by means of joint venture, joint production or private business. In cases of joint venture or joint production, investors will invest in lifts, ski facilities and other equipments, design, engineering, operation technology, rolling stocks, fluid fund, etc, while the Korean side will invest the expenses for land rent, land development, buildings and preparation for the operation.

In case of individual investment, he or she will invest land rent, development cost, equipment, rolling stocks, fluid fund, etc.

— Investments for development stage 1

Total area: 2,430,000m²

Land rent (total): € 85,050,000

Land rent cost: € 36,450,000 (2,430,000 m², € 15 / m²)

Land development cost: € 48,600,000 (2,430,000 m²: €20 / m²)

— **Construction work cost (US \$)**

Building materials:	11,300,000
Electricity installation:	2,800,000
Closing materials:	1,900,000
Hygiene and heating:	2,400,000
Fittings:	900,000
Total:	19,300,000

— **Roadwork cost: 1,000,000**

— **Equipment cost:**

60,000kw substation facility:	700,000
Lifts and ski course facility:	11,200,000
Ski ground operation equipments :	540,000
Ski facilities:	1,200,000
Others:	1,400,000
Total:	15,040,000

The sum total (except land rent): 35,340,000

VIII BUSINESS OPERATION PERIOD

20 years

IX ENHANCEMENT OF ECONOMIC EFFECTIVENESS

Masik-ryong Ski Resort, as the first one of its kind in the DPRK, would be No.1 winter resort to the Korean people and be of great interest, especially to the younger generation, full of energy and fond of sports and adventures.

Since our schoolchildren have winter vacations from late December to the end of the next January, it is the best season for them to visit this place and also many people from Pyongyang, Wonsan in Kangwon Province, North and

South Hwanghae Provinces and South Hamgyong Province will come here as it is seated in a spot of traffic convenience.

Masik-ryong Ski Resort would also welcome foreign tourists to establish an income of foreign currencies.

Ski tour is a world fashion nowadays and ski fans are generally very interested in training their skills in new places, new environments and conditions.

We are expecting to increase the effectiveness of the Korean tour, inviting many tourists from surrounding nations by using geographical advantages of our country as a middle point of connecting the northeast Asia, and by using the clean air and water, pollution-free nature and environment. We also plan to host the Asian or international competitions, or hold business matches and to invite many ski fans and cheering enthusiasts, as well as professional skiers, as the geographical situations of this place is the closest to the standards for an international match among the Asian countries, in regards to the location, snowfall and elevation.

We are also going to raise the efficiency in using the resort by sponsoring Asian international matches (international matches prospectively), or hold Hostcup Challenge competitions and inviting more ski players and cheerers, providing them with accommodations for lodging and boarding and selling tickets.

In order to promote in a positive way the development of skiing over the world, we are planning to host international matches on more than 3 occasions, various cup contests and ski festivals in accordance with the interests of the investors and sponsors on more than 4 occasions during the winter, under a development strategy and a close relationship with the International Ski Federation.

We are trying to make more profits by combining advertisements and lotteries of various kinds, closely with sports and, reducing the expenditures for the contests and the operation of the place.

We also plan to increase the advertising effect of the Masik-ryong Ski Resort by sponsoring international or Asian countries' meetings and assemblies for the environmental protection under the close connection with the

International Environmental Protection Group, with regard to its characteristic of a green ski resort.

We can make other incomes, too, by organizing various cultural festivals and entertainment services and activities, like musical performances and show, golf, bowling and dancing to help the customers remove stresses, true to the intention of the tourists who come to the mountains to avoid urban noise and mental stresses.

Masik-ryong Ski Resort is going to increase to the maximum, the multiplicative and accelerant effectiveness of the investments by introducing energy-cycling technology and constant development operation strategy, which are the world trends in designing and operation management.

X ESTIMATED ANNUAL PROFIT

1. Estimated annual income: 62,500,000

Tour income: US \$ 50 × 5,000 people/day, 25 days/month, 10 months)

2. Annual sum: 18,750,000 (30% of estimated income)

3. Estimated annual profit: 43,750,000

4. Deductions

Business income tax: 25%

business fund 5%

reserve fund 5%

5. Net profit: 43,750,000

XI EXECUTIVE BODIES FOR THE PROJECT

The people's Committee in Kangwon Province

The Ministry of Sports

CONCLUSION

The realization of this project will be a turning point in the improvement of the public health and the cultural and sports activities of the younger generation and all the people, and has great importance in developing the national ski sport and improving the living standards of the local people through ski tour, and establishing closer relationships with people from various parts of the world.

We believe the development of the new ski tour ground, closely connected with development of tour objects, the constant management strategy and the environmental protection, would have sufficient economic effectiveness and receive positive welcome, from the international movements to realize the new 1000-year development plan in the 21st century and, also from the people over the world, who wish to protect the earth and the natural environment from green – house effects threatening the world.