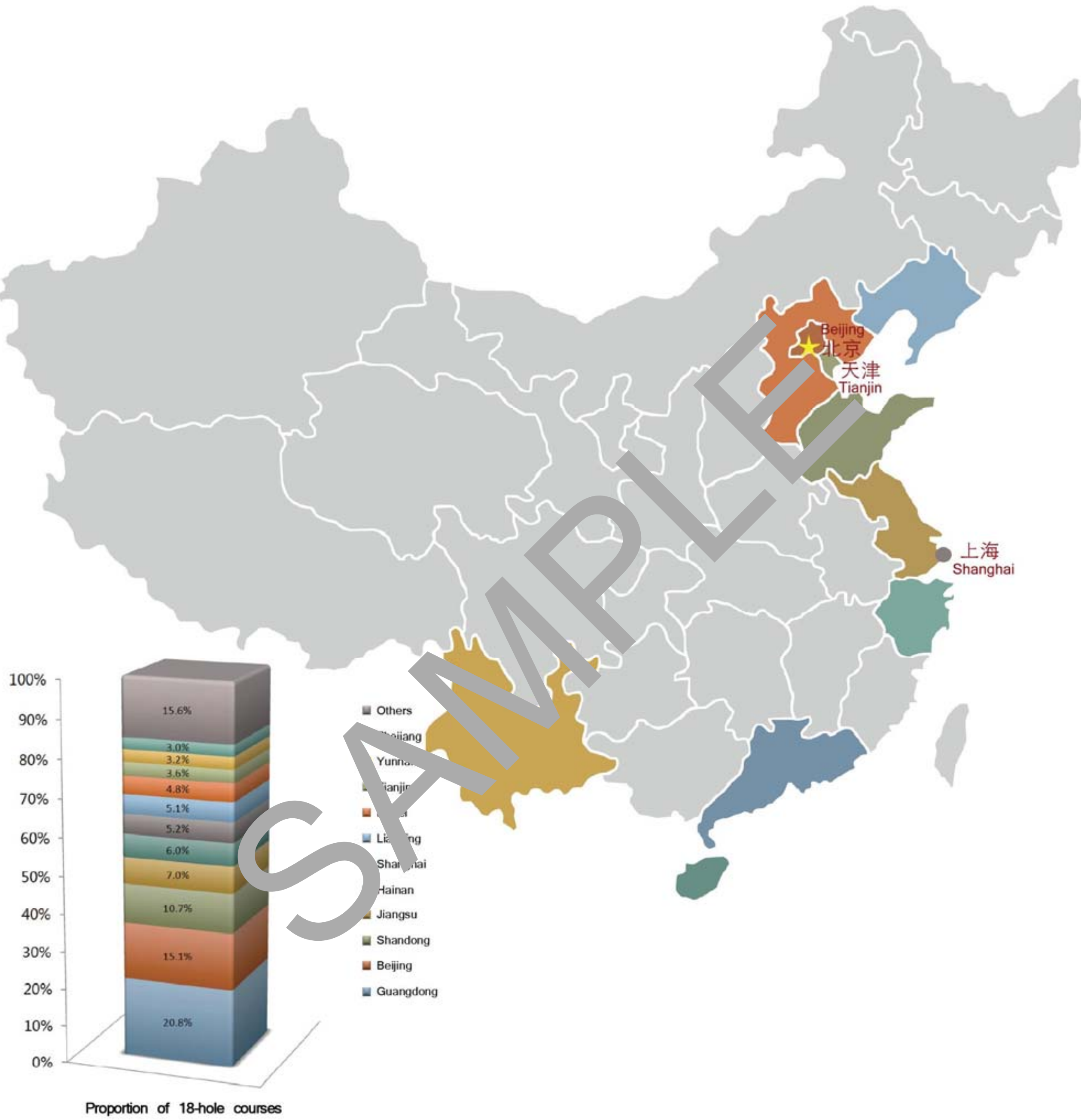


Figure 2-4 Distribution of 18-hole Equivalents in China

With respect to the distribution of golf courses, the provinces with GDP rankings in the top six have 54.7% of the total 18-hole equivalents in China. The number of golf courses in a region correlate with the economic development of the region.

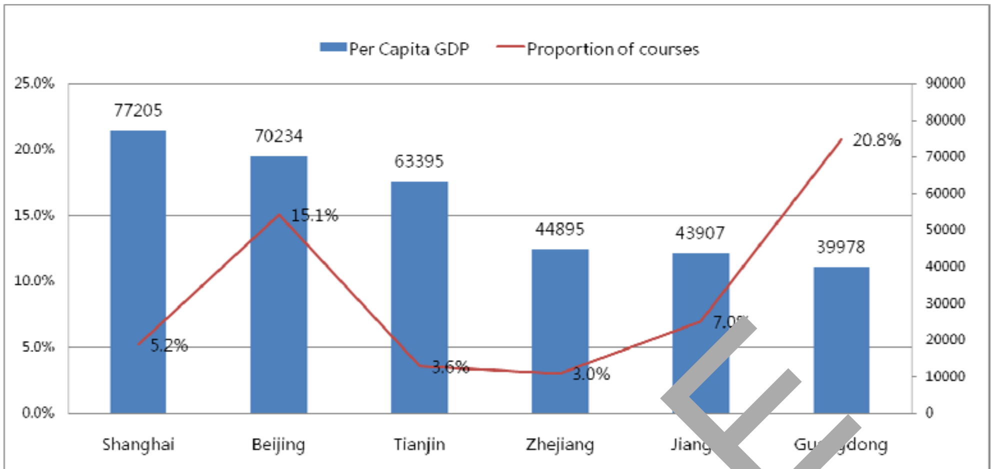


Figure 2-7 Relationship between the Quantity of 18-hole equivalents and Per Capita GDP (Unit: Yuan) in the Main Areas

At present, golf is recognized as a luxurious sport by most Chinese. According to the survey, Shanghai, Beijing and Guangdong, the cities with the highest level of per capita consumption, have 40% of total 18-hole equivalents in China.

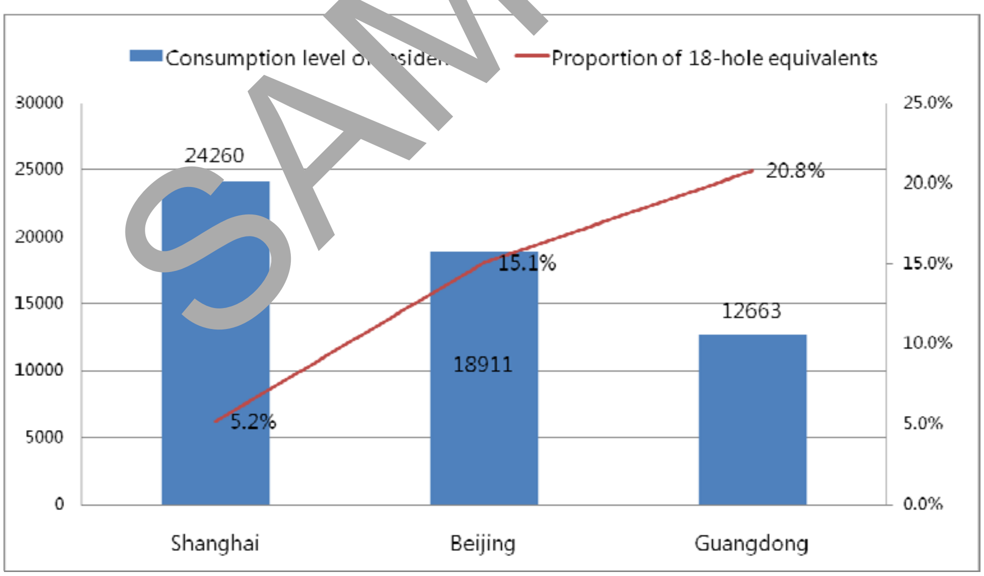


Figure 2-8 Relationship between the Quantity of 18-hole equivalents and per capita Consumption (Unit: Yuan) in Beijing, Shanghai and Guangdong

A driving range needs a building to have the basic functions of a teeing area, rest area and reception desk, etc. The size of ranges is shown in Figure 2-25. Among the 223 driving ranges in our survey, almost half of them are 20,000-49,999 square meters.

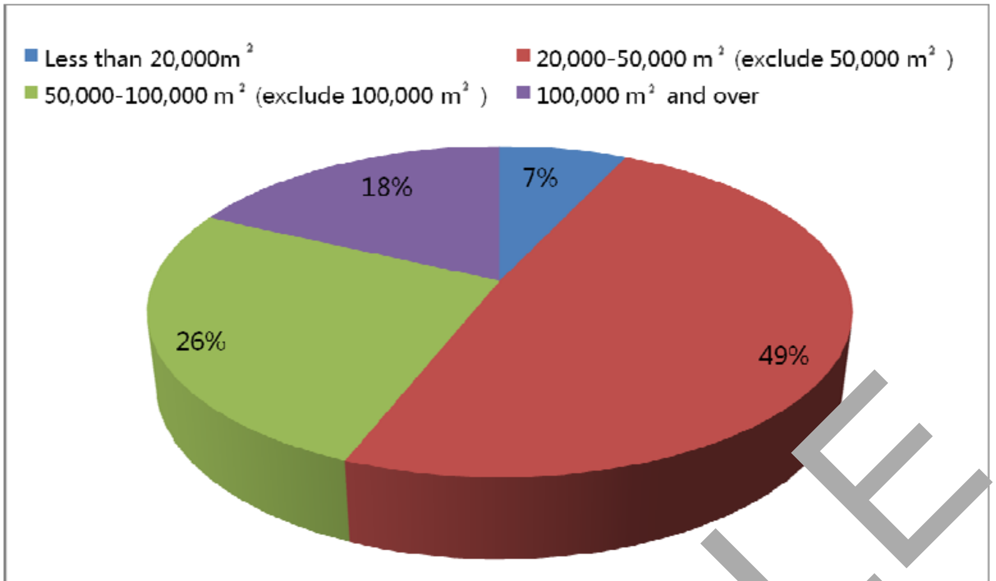


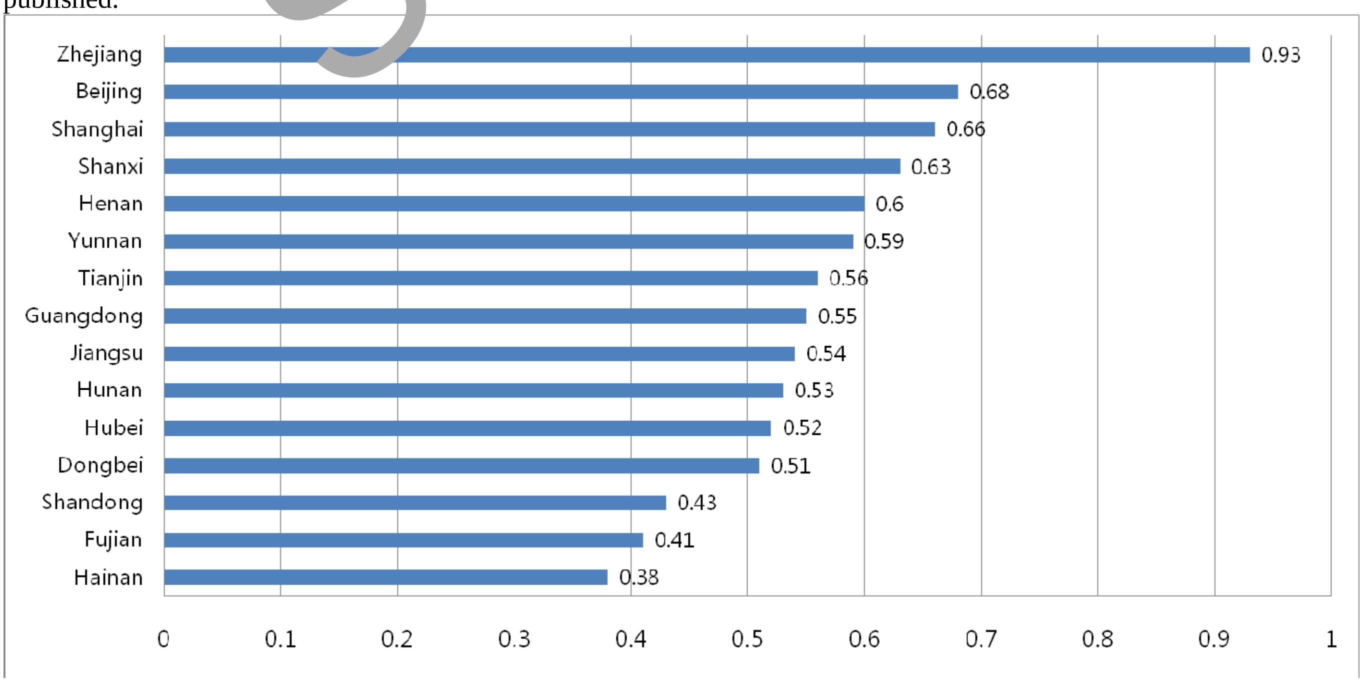
Figure 2-25 Proportion of Driving Ranges by Size of Area

iii Operation of Driving Ranges

At present, there are two fee structures at driving ranges in our country: by the number of golf balls and by time. According to the survey, charging by number of golf balls is the preferred method. According to prices published by driving ranges, Figure 2-26 shows the price per ball by region.

Zhejiang Province had the highest average cost of 0.93 Yuan/ball and Hainan had the lowest at 0.38 Yuan/ball. The cost for Beijing and Shanghai is about 0.66-0.68 Yuan/ball.

However, these prices do not account for the fact that most driving ranges have adopted the "membership" model of private golf clubs. They issue various kinds of "cards," including annual passes, time passes, monthly cards, ball rental cards, etc. The actual price is lower than the price published.



The Circum-Bohai-Sea Region, one of the golf destinations in China, has a large potential for golf tourism development, owing to its relatively short distance to Korea and Japan. Golf tourism in the region has risen in recent years, mainly due to the rapid development of golf in South Korea and Japan. However, with a large golf population and a shortage of land, many golfers in these countries have to play in other regions. Since China established diplomatic relations with South Korea in 1991, the relationship between the two countries has become closer and closer in recent years. Also, the Circum-Bohai-Sea region, centering in Shandong and Dalian, has become the best and most frequent choice for golf tourists from Japan and South Korea, considering the proximity and price.

Related data show that the total expenditure (including plane tickets) for Korean golfers to play one round in places like Yantai is equivalent to that in their country. For golfers in South Korea and Japan, the price-value ratio in China is better than in their own countries. Therefore, tourists at golf courses in Shandong on the weekend are mostly from Japan and South Korea. In addition, unlike golf tourists in Hainan and Yunnan, Japanese and Korean golf tourists in the Circum-Bohai-Sea region are mostly investors in the region. Therefore, besides sightseeing, golf business tourism is also quite popular.

Resort golf courses regularly appear in various ranking lists. Figure 3-5 shows the distribution of Top 10 golf facilities ranked by different media. Guangdong, with a large number of golf courses, usually has the most Top 10s.

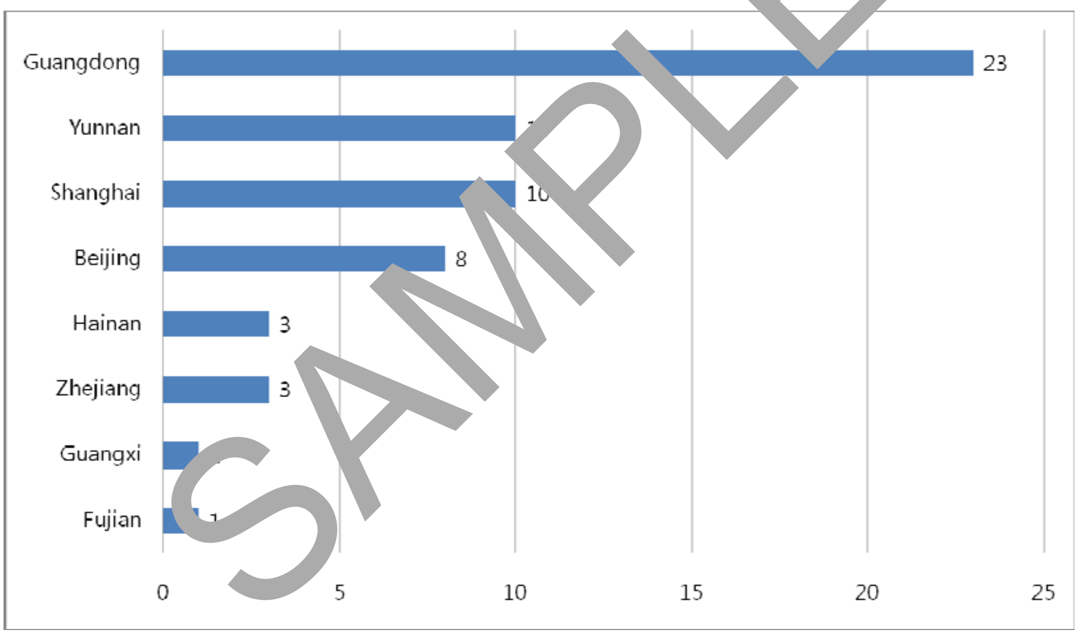


Figure 3-5 Distribution of the Top 10 Golf Facilities in China

Notes: the figures above are drawn from the Top 10 Golf Courses in China by “Golf Magazine” in 2004-2008 (three times) and “Golf Digest” in 2007-2009 (three times).

(1) In the three issues of “Golf Magazine,” the frequency of each region being listed is as follows: Guangdong (4 courses 7 times in three selections), Shanghai (3 courses 7 times in three selections), Yunnan (3 courses 6 times in three selections), Beijing (3 courses 5 times in three selections), Hainan (1 course in one selection), Jiangzhe (2 courses 3 times in two selections), Fujian (1 course).

(2) In the three issues of “Golf Digest,” the frequency of each regions being listed is as follows: Guangdong (8 courses 16 times in three selections), Yunnan (2 courses 4 times in three selections), Shanghai (2 courses 3 times in three selections), Beijing (2 courses 3 times in two selections), Hainan (1 course 3 times in three selections), Guangxi (1 courses 1 times)

For example: Guangdong: 7+16=23 times

2 Golf-Related Expenditures

According to a survey on the cost of an 18-hole round of golf in China (including green fee, caddie and golf cart, but excluding food and accommodations), the average weekday cost for a guest is 589 Yuan , and 820 Yuan for weekends and holidays. The guest, as the major rounds contributor besides members of the golf course, has very strong spending power and is considered an important revenue source for golf courses.

We conducted a specific survey on the average guest cost for a round of golf in golf-developed regions and popular tourist areas. Results are shown in Figure 3-14. The cost for a guest in Beijing is the highest during both weekdays and weekends. There is a big difference of about 300-400Yuan in Beijing, Shanghai and Guangdong between weekday and weekend.

Figure 3-14 Average Cost per Round for a Guest of a Private Club in Different Regions (Unit: Yuan)

The average cost for a round of golf for a visitor is 796 Yuan during weekdays and 1,077 Yuan on weekends and holidays. Yunnan Province has the highest average cost for a round of golf for a visitor (Figure 3-15). The cost of golf at municipal courses is 576 Yuan on weekdays and 827 Yuan on weekends, which is only a little less than that charged at daily fee golf courses. This is because the three municipal golf courses are all located in Shenzhen, which is a mature golf market. However, compared with other public courses in Shenzhen (807 Yuan on weekdays and 1,396 Yuan on weekends) there is some benefit from being government-run.

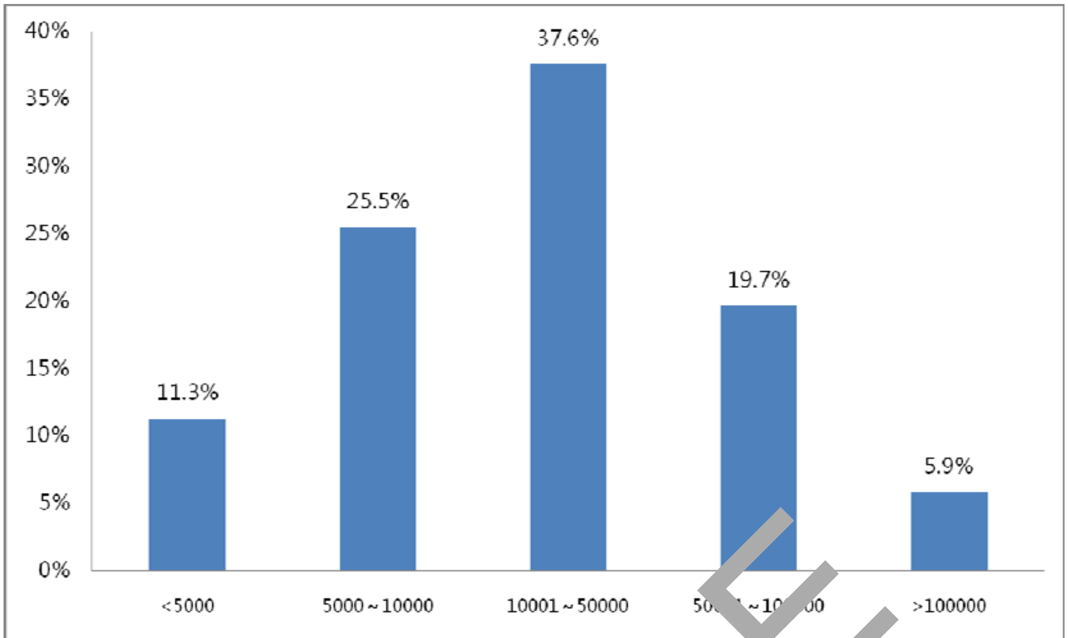


Figure 4-9 Annual Expenditures of Core Golfers in China

Age also has quite an impact on core golfers' annual spending. Among those core golfers ages 40 and above, 35% have annual expenditures over 50,000 Yuan. This age group leads golf consumption, as they also have the strongest ability and willingness to spend on golf.

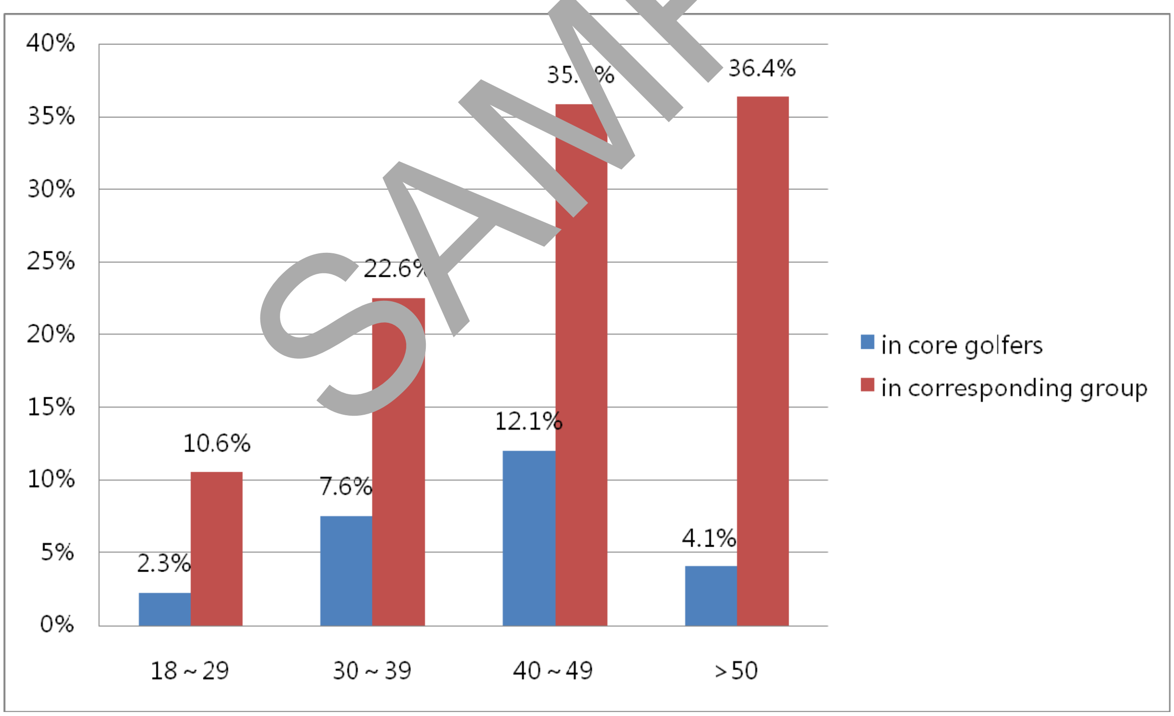


Figure 4-10 Proportion of Different Age Groups of Core Golfers with over 50,000 Yuan Annual Golf Expenditures

Golf travel, an important part of golf consumption, has gained more and more attention from golfers in recent years. Research shows that over 80% of golfers expect to take a golf trip. Over 50% of those with annual golf spending of over 10,000 Yuan have a strong willingness to take a golf trip. About 11.3% of total core golfers have annual spending exceeding 50,000 Yuan and have a strong inclination for golf travel. This means there is great potential for golf travel in the future.