

# Proposal for the Construction of Ji Hotel in Saudi Arabia

## 1. Recommendations on Building Height and Area Distribution for the Hotel

- Based on hotel operation experience in China, we recommend the number of floors be 7~8 floors
- The total area is approximately 7500~8000 square meters
- It is preferable that the area of each floor is less than and close to 1000 square meters
- The lobby area should be no less than 450 square meters (excess area may be considered for rental income)

# Cost Estimation for New Building Construction and Decoration

Estimation of New Building Construction and Decoration Costs, Using China as an Example							
	Project Name	Unit Price	Area	Guest Rooms	Total	Approximate Cost of Various Equipment	Remarks
1	New Building Construction	4000	8000	150	32000000		Floors 7–8 floors, 150 guest rooms, with a recommended floor area per floor of approximately 1000 square meters. The first floor or lobby area should be no less than 450 square meters
2	Decoration and Opening Costs				24000000		
3	Furniture					3000000	
4	Air Conditioning+ Hot Water Equipment					1400000	
5	IT Equipment and Electrical Appliances					850000	
6	Other Main Materials (Sanitary Ware, Flooring, Wall Surfaces, etc.)					2800000	
7	Pre-opening Operating Expenses					1000000	
8	Initial Operating Reserve Fund					500000	
	Total				56000000		

# Hotel Renovation and Refurbishment Investment

	Phase One Project Investment Table (Based on Chinese Hotel Example)							
							Unit: Ten Thousand Yuan	
	Serial Number	Item	Number of Rooms Used	Amount	Average Cost per Room	Cost per Room per Floor	Floor Cost	Public Area Cost
	1	Hotel Renovation	150	2131.86	14.2124	12.19	1828.05	303.81
	2	Deposit		10.00				
	3	Project Preparation Deposit		2.00				
	4	Project Preparation Fee (One-time)		2.00				
	5	Project Inspection Fee		0.70				
	6	Design Fee (One-time)		30.00				
	7	Franchise Fee	150	42.00	0.28			
	8	Pre-opening Salary Expenses		10.00				
	9	Opening Supplies		87.00				
	10	Deposit Refund		-12.00				
		Total		2303.56				
Including:	1	Long-term Deferred Expenses		1955.83				
	2	Start-up Expenses		79.91				
	3	Working Capital		76.99				
	4	Input Tax		190.83				

# Estimation of Operational Team Staffing and Salary Structure

Operational Team Staffing and Salary Structure Based on Examples from Second- and Third-Tier Cities in China						
	Project Name	Quantity	Salary/ Person	Total		
1	Receptionist	6	4000	24000		
	Housekeeper	2	7000	14000		
	Food and Beverage	2	4000	8000		
	Maintenance Engineer	1	4000	4000		
	General Manager	1	20000	20000		
	Sales	1	8000	8000		
	Room Supervisor	2	10000	20000		
	Room Cleaning Staff	8	3500	28000		Salary Calculation Method Based on Piecework
	Sanitation Cleaner	1	3500	3500		
	Security Personnel	2	3500	7000		
	Total Monthly Personnel Expenditure	26		136500		

# Regarding the Profit Model

## 1. Operating Revenue Forecast

[illegible]

# Regarding the Profit Model

## 2. Operating Cost Forecast

Operating Cost Forecast Table										
									Unit: Ten Thousand Yuan	
Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
GOP Forecast	53%	63%	65%	66%	66%	66%	66%	65%	61%	60%
Standard Operating Costs	440	830	845	821	821	821	821	845	942	966
Operating Cost Ratio	47%	37%	35%	34%	34%	34%	34%	35%	39%	40%
Labor Cost 16%	190	359	365	355	355	355	355	365	407	418
Energy Consumption 5%	54	102	104	101	101	101	101	104	116	119
Room Supplies 7%	74	139	141	137	137	137	137	141	158	162
Sales, Office, and Maintenance 5%	59	112	114	111	111	111	111	114	127	131
Non-Room Costs 4%	48	90	91	89	89	89	89	91	102	104
Central Reservation Fee ( 3.5% )	31	74	80	80	80	80	80	80	80	80
Brand Management Fee ( 5% )	47	112	121	121	121	121	121	121	121	121
Site Rent		37	37	37	37	37	37	37	37	37
Total Cash Operating Costs	518	1,053	1,083	1,059	1,059	1,059	1,059	1,083	1,180	1,204
Start-up Expenses or Improvement Costs	75					110				
Project Amortization	91	182	182	182	182	182	182	182	182	182
Total Operating Costs	684	1,235	1,265	1,241	1,241	1,351	1,241	1,265	1,362	1,386





# Regarding the Profit Model

Project profit forecast, cash flow forecast, payback period and investment return calculation

Project Profit Statement										
Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Main Business Income (After Tax)	883	2115	2278	2278	2278	2278	2278	2278	2278	2278
Operating Costs	684	1,235	1,265	1,241	1,241	1,351	1,241	1,265	1,362	1,386
Taxes and Surcharges	0	0	0	0	0	31	10	10	9	9
Total Profit	199	880	1,013	1,037	1,037	896	1,027	1,003	907	883
Income Tax	10	132	253	259	259	224	257	251	227	221
Net Profit	189	748	760	778	778	672	770	752	680	662
Project Cash Flow Statement										
Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Cash Inflow	936	2,242	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415
Cash outflow for paid costs	538	1,095	1,127	1,102	1,102	1,102	1,102	1,127	1,227	1,252
Tax payment	10	132	253	372	466	546	361	354	325	319
Project major repair expenses						120				
Project net cash flow	388	1,015	1,034	940	846	647	952	933	862	844
Initial Investment	2303.56									
Cumulative cash flow	6,157									
Static investment payback period (years)	2.7									
Return on investment	15.6%									
16%										
折现系数	0.87	0.75	0.65	0.56	0.48	0.42	0.36	0.31	0.27	0.23
4041.573447	335.968858	759.432882	669.53783	526.36439	409.94354	270.94063	344.93392	292.69598	233.7807	197.97471

# How to pay for renovation costs

- The renovation cost is about RMB 24 million (150 guest rooms)
- 1. Payment period: 20% advance payment, 30% at the end of masonry work, 30% at the end of floor installation, 10% at the end of furniture installation, 7% at the end of acceptance, and the remaining 3% as a warranty.

Regarding the payment method for the new building cost: it needs to be negotiated with the construction company. We are not involved in the new building business. China has high-quality construction companies providing overseas services

# About FAQ

- Regarding new buildings, China has very mature and professional construction companies that provide overseas services. Specific technical and material information can be discussed with the project intention.

# Thanks

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