S HEALTH TOURISM AND RECREATION

BY

LENGJIE ZHANG

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT

OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF

BUSINESS ADMINISTRATION (INTERNATIONAL PROGRAM)

SOUTHEAST ASIA UNIVERSITY

ACADEMIC YEAR 2022

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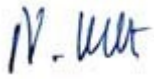

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Abstract

This model not only broadens the horizons of the elderly, but also allows them to enjoy their health in the process. As an investment hotspot in the next 5 to 10 years, the travel and retirement project has the following advantages. There are three engines that support the high speed of the health industry: 1) the renewal of the concept of health care and the increase in demand; 2) the increase in the amount of money spent on health care; and 3) the many favorable policies introduced by the state to support the development of the pension industry. Marketing Plan, In addition to leveraging on local recreational resources, the company will also systematically train a professional housekeeping team with its own rehabilitators and physiotherapists, and a team of housekeepers for each base. Financial Projections. For the company's newly developed recreation and residence business, sales forecasts are made according to the company's business affordability and the market demand. Develop a cash flow statement based on the company's required asset investment and operational projections. A break-even analysis of the company's leisure and residence business was carried out to conclude that the project was viable. In summary, the feasibility of the project is high from all aspects.

Keywords: Spring, health Tourism, Recreation

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Section 1

Executive Summary

1.1 Industry Analysis.

The current situation in China is that care homes are the most demanding of institutional care, but in terms of supply and demand there are not really enough high-quality care facilities on the market to meet these needs, they are unevenly distributed geographically and require a clear policy from the payer before they can be developed on a large scale.

The pace of modern life has accelerated, and children are too busy with their own work and families to take care of the lives and emotional needs of the elderly. These elderly people have started to organize their own activities, go out on trips and meet people of their own age who share the same interests. On the other hand, the elderly is becoming more open-minded and have higher spending power, and they have higher demands for their old age. The traditional nursing home and home care models are no longer able to meet the specific needs of the new generation of older people, so the "travel + retirement" model has emerged.

This model not only broadens the horizons of the elderly, but also allows them to enjoy their health in the process. As an investment hotspot in the next 5 to 10 years, the travel and retirement project has the following advantages. There are three engines that support the high speed of the health industry: 1) the renewal of the concept of health care and the increase in demand; 2) the increase in the amount of money spent on health care; and 3) the many favourable policies introduced by the state to support the development of the pension industry.

1.2 Market Analysis.

At present, the development of the market is not perfect, and there are more general community and institutional aged care in the market. These institutions only have the basic functions of nursing care and caretaking. In other words, these institutions can be called "nursing homes" and lack additional services. After market research, it was found that high-end customers in the market segment

have a high demand for recreational services and are not satisfied with the recreational institutions around their living area. They pursue a colourful daily life, with senior citizen gatherings, senior citizen universities and tours as leisure activities to pass the time in their daily lives. They pursue a higher quality of life and attach more importance to their health. They are more aware of and recognise health programmes such as physiotherapy, wellness and recreation.

1.3 Marketing Plan.

The company has launched four service programs: high-end wellness, mid-range wellness, high-end travel and residence, and mid-range travel and residence. The distribution channels are offline partner travel agencies, insurance companies, and online spring travel network. Give offline partner travel agencies preferential discounts for the number of people, with echelon discounts as the main focus, the more people sign up for the program, the bigger the discount. Packaged contracts are signed with insurance companies to sell at a one-bite price.

Advertising is promoted by sending brochures to offline physical shops and easy-to-use displays at the entrance; publishing information about the project in the travel brochures of aeroplane flights; and rotating advertisements on the homepage of Spring Travel. Public relations publicity through donations to widows, orphans and the poor elderly, and taking trips around the area for the poor elderly.

1.4 Operations and Production Plan.

Add new travel and recreation business in the travel agency's offline shops and promote the Spring Autumn travel and recreation project in the cooperative hotels, scenic spots and recreation bases. The main focus is on nationwide residence and recreation, so that the elderly's retirement options are no longer limited to local retirement communities and institutions, but rather rotate through the recreation bases around the country according to the company's organizational plan to experience and gain insights. This not only meets the needs of the elderly in their retirement, but also enriches their spiritual world and broadens their horizons.

On-line through the spring travel network to publish travel and recreation services, the opening of an exclusive service column, according to the company's unified

recreation and travel plans, according to the location of customers, will be divided into seasonal sections of the organization of various thematic direction of the recreation plan announced in a timely manner. For example, in August, we organized the theme of living and recreation in the Jade Dragon Snow Mountain in Yunnan Province, setting up the registration time and deadline, and submitting information for online review. The offline travel agencies register at the travel agency through in-store consultation and in-store distribution of brochures for each theme. According to the registration, the travel agency will organize consumers in each region, and the travel agency will arrange for them to go to the local airport. Spring Airlines will take over the journey care of the registered elderly people and arrive at the airport of the residence destination on Spring Airlines' flight, and the business of the place where the current residence and recreation theme activity is held will be docked. The elderly people from all over the world will be brought together at the target recreation base for the follow-up recreation services.

In addition to leveraging on local recreational resources, the company will also systematically train a professional housekeeping team with its own rehabilitators and physiotherapists, and a team of housekeepers for each base. The company also provides a team of housekeepers for each of the bases, arranging for the full range of clothing, food, accommodation, transport, medical care and recuperation at each of the bases, solving the service problems of the residence and recuperation.

1.5Management Team and Company Structure.

Ltd. has been in business for a long time and has a complete and experienced management team, with strict hierarchy and clear organisation. The company has a finance, administration, sales and planning department, from different business directions, the company business processing in an orderly manner.

1.6Financial Projections.

For the company's newly developed recreation and residence business, sales forecasts are made according to the company's business affordability and the market demand. Develop a cash flow statement based on the company's required asset investment and operational projections. A break-even analysis of the

company's leisure and residence business was carried out to conclude that the project was viable.

1.7 Summary

In summary, the feasibility of the project is high from all aspects.

Section 2
Industry Analysis

2.1 Current state of the industry and analysis

The age structure of the population, especially the data reflecting the trend of ageing, has attracted much attention in the data of the Seventh Five-Year Plan. According to the data, there are 264 million people aged 60 and above in China, accounting for 18.7% of the total population; and 191 million people aged 65 and above, accounting for 13.5%.

According to the internationally accepted division standard, population ageing is divided into three stages: entry, deep and super, according to the proportion of people aged 65 to the total population. When the proportion of people aged 65 and above exceeds 7%, it means that the population has entered the ageing process; when the proportion reaches 14%, it is considered to be deeply ageing. The structural problems of the population are becoming increasingly prominent.

At the same time, the structure of Chinese families is becoming smaller and smaller. According to data from the Seventh Five-Year Plan, there are 2.62 people in each household, while other data show that "one generation households" (small families, old families, empty nesters, solitary families, butch families, etc.) account for nearly 50% of the family structure, revealing the changes behind ageing.

He Xiaofeng said, China's per capita life expectancy reached 77 years old, 100 years old life is no longer a distant dream, but we are experiencing happy troubles - the original three families and four generations together become less, who will take up the traditional model of family retirement?

In the opinion of economist Guan Qingyou, founder and president of the Ruizi Financial Research Institute, the trend of retirement in China will not be the solitary retirement that is common in Europe and the United States. The characteristics of Eastern culture combined with the faster economic development may lead to a new form of retirement, retirement products and retirement system in China in the future that cannot be fully analogous to other regions.

He argues that the uniqueness of Chinese ageing is that it is likely to remain the typical ageing at home in Eastern societies, but that this 'ageing at home' will be somewhere between 'home' and 'institutional care'.

The insurance industry is one of the most active players in the exploration and promotion of new retirement models. In addition to providing pension insurance products, large insurance institutions have now extended their business to the pension industry.

In the case of Everybody Insurance Group, the company is in the process of deepening its presence in the field of elderly services. Recently, We All Insurance said that it has pooled its senior care practices from various business areas to create a professional senior care brand, "We All Home", which includes both insurance protection and senior care services. In terms of insurance, it provides a wide range of products including risk protection, wealth management and retirement planning according to the retirement needs of family members at different stages, and opens up payment channels for retirement communities; in terms of retirement, WeCare Insurance has now set up medical and healthcare communities in the heart of the city, travel and healthcare communities, overseas retirement communities, and explores the community embedded care centre type of home hospice model.

According to incomplete statistics, over the past decade or so, more than 10 insurance companies have laid out nearly 60 senior living communities, with most of the head agencies launching their own senior living community brands and further exploring different models.

According to Guan Qingyou, in line with the trend of Chinese people's retirement requirements, retirement communities should not only feel like home, but also meet the emotional demands of the elderly and truly reflect the feelings of their children, and meet the high-level needs of the elderly in line with Chinese filial culture.

Today's tourism industry has become a key national development project, and China's tourism market is steadily expanding. But in comparison, the breadth and depth of our tourism industry is far from adequate to meet the needs of economic

development and the rising living standards of our people. With the development of the market economy and the further increase in people's income levels, people's demand for tourism consumption is also growing, and the status and role of domestic tourism in the national economy has become particularly important.

Since the reform and opening up, China's tourism industry has developed rapidly, covering a wide range of areas, but generally speaking it is still in a low-consumption, mass, low-level, medium- to close-range tourism situation. The tourism infrastructure has developed rapidly, but it still does not meet the needs of the domestic tourism market at the speed of development. The number of tourists is steadily increasing and the amount of money spent on tourism is gradually rising. Popular domestic tourism areas are mostly concentrated in economically developed, high-profile, tourist facilities are more complete 4A-level scenic spots. The number of self-guided tours is increasing, group tours are decreasing and the economy of resorts is distinctive in its own way.

Since 2020, due to the impact of the New Crown epidemic, China's tourism industry has suffered a huge impact and domestic tourism is still only showing a slow recovery after the huge impact. In terms of the domestic market, tourism arrivals and revenues continue to recover steadily, with suburban tourism perhaps leading the industry's recovery as the main market, and demand for inbound business travel and study in China will continue to be the underlying support for inbound tourism.

Tourism intelligence will develop rapidly. The epidemic has made us realise the benefits of intelligence, and likewise, it has changed many ways of travelling, with smart tourism becoming increasingly important. Rural tourism is likely to be a trend in the future because it has fresh air, organic food, spaciousness and traditional nostalgia. We also need to focus on the development of wellness tourism. People's desire for health and longevity is becoming stronger, so wellness will also become a new product and the tourism market will be restructured and adjusted.

2.2 Environmental Analysis

Social factors:The current "black guides" and "black tours" are a recurring source of tourism chaos, with malicious charges, compulsory shopping, congestion in scenic spots, poor scenic environments, vendors in scenic areas, and tight itineraries. The reason for the existence of chaos such as black guides is also related to the immaturity of the current development of China's tourism industry. At present, both the overall tourism market management, or the level of development of the tourism market itself, as well as the professionalism of practitioners, these aspects are still a long way from the mature stage. The existence of "black guides" and other tourism chaos is a problem that has arisen during the development of China's tourism market. Many people who love to travel are afraid of encountering similar problems, and often choose not to join a tour group when they go out, but to check the strategy, arrange the itinerary, plan the route, find hotels and buy tickets for scenic spots on their own. This way requires a lot of effort, time and cost, and it is relatively expensive to buy tickets and book hotels on your own. Moreover, this method is very unfriendly to the middle-aged and elderly, who do not have enough energy to cope with these trivial issues and seem very powerless to cope with the problems of accessing information, buying tickets and booking hotels with their mobile phones and computers. Professional butler-style travel services are relatively rare in China.

Economic factors:Since 2020, China's tourism industry has taken a huge hit due to the impact of the new crown epidemic, and domestic tourism is still only showing a slow recovery after the huge shock. The domestic economy has been hit by the epidemic and many companies have no orders and are having difficulty resuming production and work. Young people do not have the extra money to spend on tourism.

Cultural factors: Since ancient times, China has had a fine cultural tradition of supporting the elderly. Respecting and supporting the elderly has become a moral code observed in the bones of the Chinese nation.

Technical factors:China has been vigorously developing vocational skills education in recent years, providing substantial financial and technical support for recreational and nursing projects such as elderly care, rehabilitation and nursing care. Subsidies are provided to recreation and nursing training institutions around the country to promote the development of the recreation and nursing industry, regulate the guidelines for the elderly care industry and improve the technical standards of the industry.

Legal issues:Supporters should fulfil their obligations to provide for the elderly financially, care for them in their daily lives and comfort them spiritually, and to take care of their special needs. When children do not fulfil their maintenance obligations, parents who are unable to work or who are living in hardship have the right to demand maintenance payments from their children.

According to the Law of the People's Republic of China on the Protection of the Rights and Interests of the Elderly, the elderly ageing is based on the home, and family members should respect, care for and look after the elderly. The breadwinner shall fulfil the obligation to provide for the elderly financially, take care of them in their daily lives and comfort them spiritually, and take care of their special needs.

Supporters shall ensure that elderly people who are ill receive timely treatment and care; for those who have financial difficulties, they shall provide medical expenses. For elderly people who are unable to take care of themselves, the breadwinner shall be responsible for their care; if they are unable to take care of themselves, they may entrust the care to others or to an institution for the elderly according to their wishes.

2.3 Lifestyle Market Analysis

- Current state of the industry, growth rate and market volume forecast

As far as the current situation in China is concerned, institutional care homes have the highest degree of care requirements, but in terms of supply and demand, there are actually not enough high-quality care institutions in the market that can meet

these needs, with an uneven geographical distribution and the need for a clear policy from the payer before large-scale development is possible. On the other hand there is not much in the way of retirement property and care homes and medical services, which are significantly influenced by the real estate market. Although the use of skilled nursing, rehabilitation and assisted living services is currently low in China, as the market improves and transforms, nursing and medical services will become the most critical competitive point. In order to improve the return on investment and reduce risk, property companies and insurance companies have found alternative ways to focus on the high net worth elderly market, but the restrictions of heavy assets and affluent people have doomed this to be a niche market and the scale cannot be expanded on a large scale. With the introduction and improvement of long term care insurance, the market will grow faster after the payer's talent, and the market opportunity is clear.

The market opportunity is clear. Community care is a new concept and is still being tested.

In general, elderly care services are currently vulnerable to a lack of professional competence and a lack of clear positioning, resulting in an awkward situation where the services provided do not match the market demand. In the future, there will be a huge change and unqualified elderly services will be eliminated from the market. At the same time, for investors who want to enter the institutional and new concept of community aged care, the investment cycle is long and the initial investment is huge. This is because in addition to the necessary hardware facilities, there are more challenges in terms of software requirements such as medical services.

For example, the establishment of medical staff and medical data platforms will be a major bottleneck for real estate and insurance companies, which are currently strong anchors. In addition the payer remains the biggest dilemma and government support is essential.

From the perspective of senior care institutions, at present, China is mainly divided into non-profit relief type senior care institutions organized by the government, and

commercial senior care institutions in the market. The business layout of senior care companies is focused on the high net worth clientele, which leads to the neglect of the needs of the middle income level elderly who make up 80% of the population, who cannot meet the government's minimum guarantee to stay in public nursing homes, and who do not pay the high cost of senior care homes, which is the key reason why it is difficult to find a bed for senior care in China on the one hand, and the vacancy rate of commercial nursing homes with beds is as high as 46% on the other.

2.4 Growth rate

China's current focus on the needs of the elderly is on the disabled and demented elderly in need of care, and the government is making great efforts to increase the number of care beds for such elderly, but as of the end of 2019, there were 204,000 various types of elderly institutions and facilities in China, with a total of 7.75 million elderly beds each, an increase of 6.6% over the previous year, and 30.5 elderly beds per 1,000 elderly people. There is still a gap with the 50 to 70 beds in advanced countries. Since the government's 12th Five-Year Plan in 2011 set the main target of 30 elderly care beds per 1,000 people, the number of beds increased sharply from 2013 to 2015. However, after 2015 the rate of growth slowed down and there was even a decrease in the number of beds. In the past few years, the number of beds has basically stabilised at around 30, with ups and downs. The entire focus of elderly care services has been on the design of beds. The hardware facilities of the nursing homes have not met the needs of the elderly for the time being, not to mention the construction of software facilities, especially the provision of services for younger elderly people who can take care of themselves.

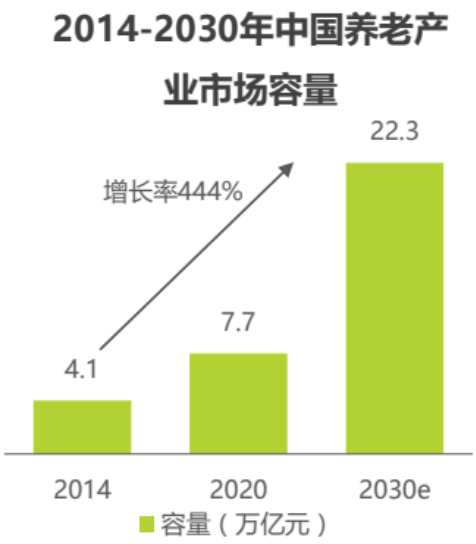
2.5 Market capacity

With the change in population structure, the elderly service industry will become the most promising "sunrise industry". The contradiction between the rapid growth of the elderly population and the lagging development of the elderly care industry

is plaguing China, which is "getting old before it gets rich". In general terms, the elderly industry refers to an industrial chain that provides facilities, special goods and services to meet all the special needs of the elderly, including clothing, food, housing, transportation, use, medicine, entertainment, learning and other spiritual and cultural aspects. According to the product categories the elderly industry can be divided into: elderly real estate, elderly finance, elderly products and elderly services. Among them, the elderly services industry covers clothing, food, housing, transportation, medical services, life care and learning and entertainment for the elderly, and is characterised by its extensive coverage, long industrial chain and close to the needs of the elderly.

It is a "sunshine industry" with unlimited business opportunities.

As the ageing process accelerates and the working population decreases, China, like the developed countries in the West, will be forced to adjust its industrial structure and shift its increasingly scarce workforce to the tertiary sector, which has the highest added value. As a result, the tertiary sector, or modern service industry, will develop rapidly, which will also benefit the elderly care industry. In 2020 the market size of China's retirement industry reached 7.7 trillion yuan and is expected to reach 22.3 trillion yuan in 2030. In the next 5-10 years, the second generation of the "baby boomers" will be entering old age. This group of people has a higher consumption level, a more open consumption philosophy and a higher demand for quality and enjoyment in their old age. In addition, it is a traditional Chinese virtue to respect and love the elderly, and most young people often purchase elderly products for the elderly, which are potential users for the future elderly services industry.



2.6 Industry structure

Industry structure refers to the characteristics and bargaining power of the various players within an industry.

The primary and fundamental factor determining the profitability of a company is the attractiveness of the industry. Competitive strategy must emerge from a deep understanding of the laws of competition that determine the attractiveness of an industry. The ultimate aim of competitive strategy is to apply these laws and, ideally, to transform them to the advantage of the firm. In any industry, whether domestic or foreign, whether producing a product or providing a service, the laws of competition are embedded in the following five competitive forces.

(i) the entry of new competitors.

② the threat of substitutes.

(iii) the bargaining power of the buyer.

(iv) the bargaining power of the supply side.

⑤ competition among existing competitors.

The aggregate strength of these five competitive forces determines a firm's ability to achieve an average rate of return on investment in excess of the cost of capital in an industry. The intensity of these five competitive forces varies from industry to industry and can change as the industry evolves, with the result that industries are not all uniform from the perspective of their intrinsic profitability. Industry

profitability is not determined by the appearance of a product or the level of technology contained in that product, but by the structure of the industry. These five forces determine the industry's profitability because they influence the prices, costs and investments required by firms in the industry, i.e. the elements that influence the rate of return on investment.

We start our analysis with these five aspects. The concept of recreation and travel residence, which brings together the close integration of recreation and tourism, breaks the traditional limitations of family retirement and regional communities and institutions, which are currently relatively blank in this field. Entry of new competitors: The threshold for new competitors to enter the industry is high, requiring a large investment of capital and resources, and it is more difficult for new competitors to enter the market. Threat of substitutes: The gradual popularity of community and institutional care has met the physical needs of some pensioners in the recent past. The cost of group or self-guided tours is not high for either, and ordinary tours can meet basic touring needs, but not many meet the needs of both at the same time. Bargaining power of the buyer: there are few services of the same type and quality available in the market, and the bargaining power of the consumer is poor. Bargaining power of the supply side: the company's own strong resource background, with long-standing strategic partners (hotels, scenic spots, recreation bases, etc.), has an advantage in terms of price. Competition between existing competitors: the recreation industry is not well developed at present, the attack relationship is imbalanced, the supply exceeds the demand, the market capacity is large and the competition situation is not intense.

2.7 Key success factors

01 Length of stay. A staycation is not the same as a tourist's "one visit", where you spend the time and content of our booked products in a hurry and according to the designed itinerary and routes. The length of stay is usually more than 10 days to a month or even longer.

02 Freedom of time. In addition to the longer duration of the stay, the time allotted is relatively free and extensive. Once you have arrived at your destination, the time you have booked for your stay is essentially at your disposal, unlike other forms of travel, where you have to complete a prescribed amount of consumption.

03 A wide range of space. Once you have lived in a destination, you are free to design and plan the space for your stay, depending on the length of your stay. This includes food, accommodation, transport, entertainment, and shopping, etc. The scope of space is not restricted to bases, scenic spots, attractions, etc.

04 The region is obvious. Most of the destinations are in the form of "migratory birds". For example, south to warm the winter, north to summer, etc. The first thing that makes a residence and recreation destination a preferred choice is the climate conditions. The climate and environment are chosen to suit the body's needs, with obvious regional characteristics.

05 Complete support. Due to the different purposes of the residence and recreation, all the supporting facilities of the residence and recreation destination are highly demanded by the residence and recreation clients. The length of stay and the recreational environment dictate that the better the facilities, the more popular they are. For example, transportation can be "fast and slow", medical treatment can be "fast and safe", shopping can be "near and convenient", etc.

06 Different groups. From the current perspective, more than 90% of the customers belong to the middle-aged and elderly groups. Therefore, the choice of base, product design, service specification and service content have obvious group characteristics.

2.8 Industry trends

The pace of modern life has accelerated, and children are so busy with their own work and families that they no longer have time to take care of the lives and emotional needs of the elderly. These elderly people are beginning to organise their own activities, go out on trips and meet people of their own age who share the same interests. On the other hand, the elderly are becoming more open-minded

and have higher spending power, and they have higher demands for their old age. The traditional nursing home and home care models are no longer able to meet the specific needs of the new generation of older people, so the "travel + retirement" model has emerged.

This model not only broadens the horizons of the elderly, but also allows them to enjoy their health in the process. As an investment hotspot in the next 5 to 10 years, the travel and retirement project has the following advantages. There are three engines that support the high speed of the health industry: 1) the renewal of the concept of health care and the increase in demand; 2) the year-on-year increase in the amount of money spent on health care; and 3) the many favourable policies introduced by the state to support the development of the pension industry. When people are young, they can choose not to get married or have children, but they cannot choose not to grow old. Therefore, "old age" is a topic that we all cannot avoid, and if we do not face it now, we will have to face it in the future. And will we accept the traditional model of old age then? Old people want to have a happy old age, so how can they be happy? By doing what they want to do, by going where they want to go, by fulfilling the dreams they didn't fulfil when they were young, of course. But the traditional retirement model does not help us to do all this. The residence retirement model created by the Qiu Miao - Travel & Leisure Centre gives the elderly freedom and health, provides them with a scientific approach to health and wellness, and offers them a carefully selected residence base suitable for recreation. Therefore, the residence model will become a new trend.

Analysis of the current situation

2.9 SWOT Analysis:

Strengths.

The company has a strong metallic backing.

The company has been in business for a long time and has a large amount of information on tourists and dealers.

The company has numerous tourist attractions, hotels and other business partners throughout the country.

The company has its own air transport service, easy coordination of route planning and low operating costs.

Disadvantages.

The company is not involved in many areas of recreation projects and has insufficient management and operational experience.

The company lacks staff with professional wellness care skills.

Opportunities.

The wellness industry is not very well developed at present, with the majority of nursing homes in China, but relatively few wellness projects.

China is entering the stage of population ageing and the elderly dependency ratio is increasing year by year.

At this stage in China, middle-aged people are living and working under great pressure and do not have the extra energy to take care of the elderly at home.

Many elderly people have high retirement salaries and are more concerned about their own health.

Threats.

There are many nursing homes and day care centres in the local community in proximity.

The socio-economic downturn has reduced the amount of cash available in the hands of consumers to support additional economic spending.

Section 3
Company Description

3.1 Company Description.

Shanghai Spring International Travel Agency Limited, founded in 1981, has more than 5,000 employees and tour guides, annual business revenue of six billion yuan, business involves tourism, aviation, hotel booking, air ticket, conference, exhibition, business, private immigration, sports events and other industries, is the earliest member of the International Conference Association (ICCA) among Chinese travel agencies, is the 53rd, 54th and 55th Miss World Contest It is the designated reception unit of the Organizing Committee of the 53rd, 54th and 55th Miss World Contest, the domestic and overseas ticket agent of the world's top race Formula One China, the only famous trademark enterprise awarded among Shanghai travel agencies, and the first travel agency in China to found a wholly-owned airline.

The company has five core segments, including tourism centre, residence centre, research centre, investment and financing centre and merchandise centre, and aims to reach 500 ground transportation suppliers, 3,000 service providers in cities nationwide and a membership of over 50 million people, forming a nationwide tourism industry network and becoming a large-scale tourism group company in China.

Since 1994, the company has won several national tourism firsts: since 1994, it has been ranked by the National Tourism Administration as the No. 1 in domestic tourism every year. It is the largest chain of travel wholesalers and charter wholesalers in China, with the largest number of wholly-owned companies. The company has 41 wholly-owned branches in China and abroad, including the "Noble Journey" tour, the Spring Tour (a tour for Chinese and foreign guests in the same car), the Self-Tourist and the Parents' Tour. We have wholly-owned companies in 34 large and medium-sized cities in China, including Beijing, Guangzhou, Xi'an, Shenyang and Sanya, and seven wholly-owned companies outside China, including the United States, Canada, Thailand and Hong Kong. More than one hundred wholly-owned

shops are the first in China. Each wholly-owned company has mostly two to ten chain shops, with fifty chain shops in Shanghai. More than four thousand travel agents number one in the country. There are more than 400 in Jiangsu and Zhejiang and more than 4,000 network members nationwide, using the computer system developed by Spring Tours to sell Spring Tours' products, so that "casual passengers can be sent out every day and one person can travel the world". The only concept in the domestic tourism industry that requires collection within 48 hours of entering the network. Annual revenue of 10 billion yuan without bad debts. No. 1 in the country for domestic tourism for 13 consecutive years. The first in the country with 3,000 computer networks. More than 30 wholly-owned domestic branches of the first in the country. No. 1 in the country with 20,000 charter flights. No. 1 in the country in terms of total average occupancy rate of 99%.

3.2 Company History

Winner of several national tourism firsts since 1994: ranked No. 1 nationally in domestic tourism by the National Tourism Administration every year since 1994. We are the largest tour wholesaler and charter wholesaler in China, with the largest number of wholly-owned companies. We have a variety of special tourism products such as "Noble Journey" pure play tour, spring tour (Chinese and foreign guests in the same car tour), self-tourist, parent's tour. Our 41 wholly-owned branches in China and abroad are the first in the country. We have wholly-owned companies in 34 large and medium-sized cities in China, including Beijing, Guangzhou, Xi'an, Shenyang and Sanya, and seven wholly-owned companies outside China, including the United States, Canada, Thailand and Hong Kong. More than one hundred wholly-owned shops are the first in China. Each wholly-owned company has mostly two to ten chain shops, with fifty chain shops in Shanghai. More than four thousand travel agents number one in the country. There are more than 400 in Jiangsu and Zhejiang and more than 4,000 network members nationwide, using the computer system developed by Spring Group Tours to sell Spring Group's travel products, so that "casual passengers can be sent out every day, and one person can travel the

world", a convenient instant booking service for casual passengers. The only concept in the domestic tourism industry that requires collection within 48 hours of entering the network. Annual revenue of 10 billion yuan without bad debts. No. 1 in the country for domestic tourism for 13 consecutive years. The first in the country with 3,000 computer networks. More than 30 wholly-owned domestic branches of the first in the country. No. 1 in the country with 20,000 charter flights. No. 1 in the country in terms of total average occupancy rate of 99%.

In 2003, Shanghai Spring and Autumn Education and Training Centre was founded, the first school founded by a travel agency in China. The school was established in 2003 with the approval of the Shanghai education authorities and has been assessed by the education authorities as a B-class private school of excellence for several years. The school adheres to Spring Airlines' corporate spirit of "Integrity, Dedication, Innovation and Pioneering", and is committed to training outstanding talents for Spring Airlines and Spring Travel, as well as for the travel agency industry and the civil aviation transportation industry in China.

In 2004, Spring Airlines was established, the first low-cost airline to be operated exclusively by private capital in China, and the first low-cost airline to be started by a travel agency.

In 2009, a total of seven national brand-name products were created, covering Beijing, Hainan, Guilin, Zhangjiajie, five cities in East China, Chongqing and Hong Kong for pure play tours.

In 2010, three new national brand name products were added, namely Chengdu, Qingdao and Yunnan pure play tours.

In 2011, there are bases at Shanghai Hongqiao Airport, Shanghai Pudong Airport, Shijiazhuang Zhengding Airport, Shenyang Taoxian Airport and Yangzhou Taizhou International Airport.

In 2018, Spring Airlines will "unbundle" the ban on mobile phones on all domestic and international regional flights at the same time. By then, passengers will be able to use their mobile phones with flight mode on throughout the flight.

In 2021, more than 10 international and regional routes to and from Japan, Korea, Thailand, Malaysia, Cambodia, etc., and domestic routes to and from Shanghai, Guangzhou, Chengdu, Shenzhen, Weihai, Kunming, Chongqing, Zhuhai, Jieyang (Shantou), Xiamen, Sanya, Shenyang, Harbin, Changchun, Dalian, Qingdao, Shijiazhuang, Xi'an, Mianyang, Lanzhou, Urumqi, Hohhot, Hangzhou, Nanjing, Hefei, Ningbo, Changde, Zhangjiajie, Guilin, Nanning, Huai'an, Luoyang, Yangzhou, Guangyuan and other domestic routes, with a total of about 70 routes.

Mission Statement

Quality is the life of an enterprise, and details determine the success or failure of a brand.

3.3 Products and Services

Free travel, domestic travel, outbound travel, peripheral travel, cruise travel, and the Group's pioneering study tour + labour education + senior travel + parent-child activities + institutional training, building a "large study" system.

3.4 Current Status

Since 1994, Spring Group has been ranked No. 1 in China for domestic tourism by the National Tourism Administration. With an annual revenue of nearly RMB 2 billion, it is the largest travel wholesaler and charter wholesaler in China in terms of chain operations, the most wholly-owned companies and the largest scale. There are fifty chains in Shanghai and wholly-owned companies in 31 large and medium-sized domestic cities, including Beijing, Guangzhou, Xi'an, Shenyang and Sanya, with most of them having two to ten chains each. There are seven wholly-owned overseas companies in the United States, Thailand, the United Kingdom, Germany, Japan, Australia and Hong Kong. There are more than 400 in Jiangsu and Zhejiang, and nearly 2,000 network members nationwide, using the computer system developed by Spring Tours to sell Spring Tours products, so as to "send out casual passengers every day, one person can also travel the world" convenient instant booking service for casual passengers.

Legal status and ownership

3.5 Main partners

The company has expanded from a self-operated business to a platform business, working with quality travel agencies and suppliers to provide tourists with a wide range of travel products. At present, we are cooperating with more than 100 preferred suppliers such as Xianglong Wanliang, Wufang International Travel, Youpai Travel, Monkey Dad Travel, Panorama Travel and Tao Travel.

Section 4
Market Analysis

4.1 Market segmentation

Within a market, the most used segmentation is product and positioning, and elderly services are no exception. They can be divided into institutional, community and home based on product; able-bodied, semi-disabled, demented, and deaf, demented elderly based on positioning; and the basis of all segmentation - a 3-tier system: affluent, middle class and poor class. All the previously mentioned customer segmentation models need to be carried out on On this basis, the operating philosophy adhered to and the products offered on this basis are very different for these 3 different strata. According to the World Bank's criteria, those with an annual income of US$36,500 or more, i.e. roughly RMB 240,000 or more per year, are the upper income group. For this affluent segment, quality medical and care services are the most basic of the basics, and they do not have to consider these immediate needs. The competition for other companies in other markets lies in a variety of unexpected and human services, the quality, depth and variety of comprehensive services, such as pleasant living environment, comfortable body temperature, convenient transportation environment, etc. The problem of old age for the underprivileged, on the other hand, requires the attention and shared responsibility of society and the government. According to the World Bank's standards, those with an annual income of US$3650 to US$36,500, i.e. roughly RMB24,000 to RMB240,000 per year, are the middle-income group. A retirement system for this group is the inclusive retirement system now advocated by the government, achieving a further leap from addressing immediate needs to providing more comprehensive services.

4.2 Target market selection

Based on the above analysis of market segmentation and our own resource advantages, we decided to choose the higher income group as our target. The

company has offline shops all over the country, and has cooperation in major tourist attractions, hotels and recreation bases, with convenient resources. Therefore, we decided to choose high-end users and do mid-to-high-end travel and recreation projects.

4.3 Buyer behaviour

The target customers of this segment are around 55-80 years old, by self-care and mobility, and most of them are highly educated and experienced successful people. They have more assets or retirement salary and have a high earning capacity, with an annual income of over $200,000 and more disposable income, which is sufficient to pay for their elderly wellness. In addition, this high-end income segment has a certain recognition and aspiration for travelling to live and recuperate. They pursue spiritual enrichment and a colourful daily life in their old age, with senior parties, senior universities and tours as leisure activities to pass the time in their daily life. They pursue a higher quality of life and attach more importance to their health. They are more aware of and recognize health programmes such as physiotherapy, wellness and recreation.

4.4 Competitor Analysis

Taikang Home, under Taikang Insurance Group, was founded in 2009 as a medical and healthcare industry brand integrating the construction and operation of elderly care, nursing and rehabilitation entities and innovative service areas, focusing on the construction and operation of elderly rehabilitation entities. Focusing on the integration of the elderly life chain industry, it takes health and wellness as the core and dovetails with insurance products to create a health service platform for the elderly. It has developed into a large chain of high-quality elderly care institutions, with Tai Kang Homes in Beijing, Shanghai, Guangzhou and Chengdu in operation, replicating the successful experience of the United States and combining the physical and mental characteristics of Chinese elders to create an international standard medical and healthcare community. Tai Kang Home has introduced the US

CCRC model of continuous care, providing residents with four types of living services: independent living, assisted living, skilled nursing care and memory care, to meet the care needs of elders with different physical conditions and achieve a one-stop solution for retirement living.

Strengths: Long history of establishment, parent company in the insurance industry, focused target customers, easy to attract traffic.

Weaknesses: Insufficient radiation of elderly care institutions, only in a few key cities across China, few choices of cities for customers.

Everbright Huichen, founded in 2007, is the parent company of China Everbright Pension and Health Industry Co. It provides diversified elderly care services to the elderly, with 27 elderly care institutions under its umbrella, with Beijing and Shanghai as the centre and the whole country. It is a senior health service industry group that integrates elderly institutions, elderly medical care, rehabilitation care and community services.

Strengths: Long history of establishment, concentrated distribution of target service groups, comprehensive services including institutional, community and migratory bird services.

Disadvantages: regional centralized elderly care industry, with regional limitations.

Jiu Ru Cheng, established in 2009, is a comprehensive operator of elderly care services that integrates medicine, health, research, health care, education and travel, starting with the operation of the "Zun Lao Society" project, and has been cultivating the health care industry for nearly ten years, using a standardized system to improve service quality. We are the first in the industry to introduce the special service of medical and nursing integration, combining rehabilitation care and elderly care services, supported by a comprehensive medical, recreational and nursing resource system. Meeting the full life-cycle elderly care needs of all elders in a certain region. The Group is currently strategically located in over 20 cities in the Yangtze River Delta and the Pearl River Delta, operating a chain of over 100 elderly and medical institutions and day care centres, with a total of 30,000 beds.

Strengths: A comprehensive medical, health and care resource system and comprehensive whole life cycle services.

Disadvantages: Regional aged-care institutions with limited group resources.

Section 5
Marketing Plan

5.1 Products or Services

The main travel and wellness services include four main categories: high-end wellness packages, high-end travel and wellness packages, mid-range wellness packages and mid-range travel and wellness packages.

High-end wellness packages, the main services include first class aeroplane during the journey; stay in a high standard suite in a wellness base or hotel, consisting of a separate bedroom and a separate living room with good light and scenery; the daily diet menu is designed by a nutritionist with reasonable matching and supplemented with medicinal food, lunch and dinner are served with five dishes and one soup as the standard, with reasonable matching of meat and vegetables, and flexible matching of seasonal fruits and vegetables; daily basic health check-ups. The package includes a basic health test every day, three times a week of rehabilitation and physiotherapy treatment, and a variety of physiotherapy services according to the needs of the clients; once a month, there is an outreach tour of the city where the tour takes place, with an itinerary of about three days, VIP services at scenic spots and through train services; and a personal butler to arrange specific activities in the local area, such as clothing, food, accommodation, transportation, medicine and health care.

The mid-range recreation package, the main services include economy class aeroplane during the journey; stay in a business room in a recreation base or hotel with good light and scenery; daily diet menu is reasonably designed by a nutritionist, lunch and dinner are served with five dishes and one soup as the standard, with a reasonable mix of meat and vegetables and a flexible mix of seasonal fruits and vegetables; daily basic health test, weekly rehabilitation physiotherapy treatment, and diversified physiotherapy services according to customer needs A personal butler is available to arrange specific local activities such as clothing, food, accommodation, transportation, medical care and recuperation.

The main services include first class air travel during the journey; accommodation in a high standard suite in a recreational base or hotel, consisting of a separate bedroom and a separate living room with good light and a good view; a daily diet designed by a nutritionist, with five dishes and one soup for lunch and dinner, a reasonable mix of meat and vegetables, and a flexible mix of seasonal fruits and vegetables; two regular health checks per week; and Two outreach trips to the city, one of which lasts for 5 to 6 days, with VIP service in scenic spots and through-train service; and a personal butler to arrange specific activities in the area, such as clothing, food, accommodation, transportation, medicine and health.

At the mid-range end of the package, the main services include economy class air travel during the journey; accommodation in a business room in a recreation base or hotel with good light and scenery; a daily diet menu designed by a nutritionist with a reasonable mix of five dishes and one soup for lunch and dinner, with a reasonable mix of meat and vegetables and a flexible mix of seasonal fruits and vegetables; two regular health checks per week; and two outreach excursions to the city where you are staying per month. The tour is scheduled for 5-6 days, and a personal butler is available to arrange specific local activities such as clothing, food, accommodation, transportation, medical care, and health care.

Section 6

Management team and corporate structure

6.1 Management Team

Wang Zhenghua, male, Han nationality. Born in Shanghai in 1944, he has served as deputy secretary of Shanghai Changning District Youth League Committee, deputy director of Changning District Government Regional Office and deputy secretary of Zunyi Street Party Committee. 1981, he founded Shanghai Spring Airlines. 1986, he became the chairman and general manager of Shanghai Spring International Travel Agency Co.

6.2 Members of the Board of Directors

The board of directors is composed of directors who are in charge of the company's affairs internally and represent the company externally as an executive body for business decisions and operations; the company has a board of directors who are elected by the shareholders (general) meeting. They are generally elected by the Board of Directors. The term of office of the directors is set out in the Articles of Association and is a maximum of three years. The directors may be re-elected before the expiry of their term of office and may not be removed by the shareholders' meeting without cause.

Wang Zhenghua, Chairman of the Board, is the beneficial owner and beneficiary of Shanghai Spring International Travel Service. 2007, paid-up capital contribution of RMB 12.48 million; 2021, paid-up capital contribution of RMB 40.7 million. The shareholding ratio is 64.73646%.

Zhang Xiuzhi, Director, 2007, paid-in capital of RMB2 million; 2021, contributed capital of RMB3,237,000. The shareholding ratio is 5.14874%.

Huang Jing, Director, 2007, paid up capital of RMB2 million; 2021, contributed capital of RMB1.169 million. Shareholding ratio 2.57437%.

Zhou Weihong, Director, 2007, paid-up capital of RMB1.2 million; 2021, contributed capital of RMB971,000. Shareholding ratio 1.54462%.

Xu Guoping, Director, 2007, paid-up capital of RMB2 million; 2021, contributed capital of RMB971,000. Shareholding ratio 1.54462%.

Deng Jing, Wang Yu, Yu Jianping and Liu Huahua, directors, the amount of capital contribution and shareholding ratio are not disclosed.

6.3 Supervisory Board

The Supervisory Board is a standing supervisory body of the Company. Supervisors of the Supervisory Board are elected by the General Meeting of Shareholders and perform supervisory functions on behalf of the General Meeting of Shareholders. The main powers of the Supervisory Board, as the internal supervisory body of the joint stock company, are: to supervise and inspect the financial and accounting activities of the company; to supervise and inspect whether the company's board of directors and managers and other management personnel perform their duties in violation of laws, regulations or the articles of association; to request the company's directors and managers to rectify their actions that are detrimental to the interests of the company; to propose the convening of an extraordinary general meeting; and to perform other powers granted by the articles of association.

A limited liability company has a supervisory board, whose members may not be less than three. A limited liability company with a smaller number of shareholders or a smaller scale may have one or two supervisors and no supervisory board.

The supervisory board shall include representatives of the shareholders and an appropriate proportion of representatives of the employees of the company, of which the proportion of employee representatives shall not be less than one-third, as specified in the articles of association of the company. The staff representatives on the Supervisory Board shall be democratically elected by the employees of the Company through the staff congress, staff meeting or other forms. The Supervisory Board shall have a chairman who shall be elected by a majority of all Supervisors. The Chairman of the Supervisory Board shall convene and preside over the meetings of the Supervisory Board; if the Chairman of the Supervisory Board is unable to perform his duties or does not perform his duties, more than half of the Supervisors shall jointly elect a Supervisor to convene and preside over the

meetings of the Supervisory Board. The Supervisory Board of a joint-stock company may also have a vice-chairman, who shall be elected by a majority of all the supervisors. The Vice-Chairman of the Supervisory Board may convene and preside over meetings of the Supervisory Board when the Chairman of the Supervisory Board is unable to perform the duties of convening and presiding over the meetings of the Supervisory Board or when he/she is not performing his/her duties. Directors and senior management may not also serve as supervisors.

The Company shall establish a Supervisory Board in accordance with the law, which shall consist of representatives of the shareholders and not less than one-third of the Company's employees in accordance with the requirements.

6.4 Other professional staff

A rehabilitation therapist with a college degree or above in rehabilitation therapy technology. He/she is currently certified by the Ministry of Health and the Ministry of Human Resources as a "Rehabilitation Therapist" or "Rehabilitation Therapist". Rehabilitation therapists promote the rehabilitation of patients through physiotherapy, occupational therapy, speech therapy, rehabilitation engineering and traditional rehabilitation. They are responsible for receiving patients for rehabilitation consultation, functional examination and assessment, arranging short-term rehabilitation training programmes, and recommending some patients who are in a position to do so to purchase intelligent rehabilitation equipment and carry out long-term passive stretching exercises to prevent muscle atrophy and promote or maintain the recovery of patients' functions. Observe the condition, treatment effects and reactions and deal with any reactions in a timely manner; and discuss treatment plans with the clinician (or 'rehabilitation practitioner') in a timely manner, making rational suggestions and guiding family members and nurses to participate in the implementation of relevant necessary rehabilitation activities.

The nurse, having passed the professional qualification examination for nurses, must carry out nursing projects in accordance with the relevant legal provisions and standards of the Health Care Commission and the nursing profession, observe the weight of the patient, understand the patient's condition, cooperate with the

doctor's treatment, deal with medical disputes in a timely manner and prevent medical accidents from occurring. They also work on physical, psychological, socio-cultural and spiritual aspects, daily activities, medication and safety. Engage in full clinical operations or single special nursing activities related to medical treatment, such as mechanical sputum evacuation, puncture and infusion, admission education, discharge instruction, execution of medical advice, bed making and changing, safety tips, medicine picking and dispensing, medication setting, shorthand notes on conditions, data entry, specimen collection, handover of responsibilities, observation of conditions, medical waste destruction and disinfection, medical waste management and classification, collection of recommendations, learning and training, delivery of standards and tests, guiding patients, and Night check-ups, equipment spot checks, equipment cleaning, housekeeping, 5s implementation, discharge accounting, organising medical records, disseminating medical advice, nursing instruction, resuscitation and first aid, on-time inspections, abnormality reporting, distribution of items, computer registration, repair and maintenance, temperature taking, skills assessment, patient classification, pest control, patient review and other necessary daily nursing activities.

Elderly care workers, with qualifications in elderly care, have sound knowledge of care in the areas of life care, technical care, rehabilitation care and psychological care.

6.5 Organizational charts

An organisational chart divides a business organisation into parts and indicates the various relationships that may exist between them. This is to better reflect and express the true relationship between the various departments. An organisation chart is not simply an organisational chart, and when describing an organisation chart care must be taken not to simply represent the subordination of the various departments. An organisation chart makes it clear to each individual what they are doing in their own organisation and strengthens their desire to participate in their work, as well as to people in other departments, enhancing organisational co-ordination.

Choose a 'linear-functional' organisational structure according to your business.

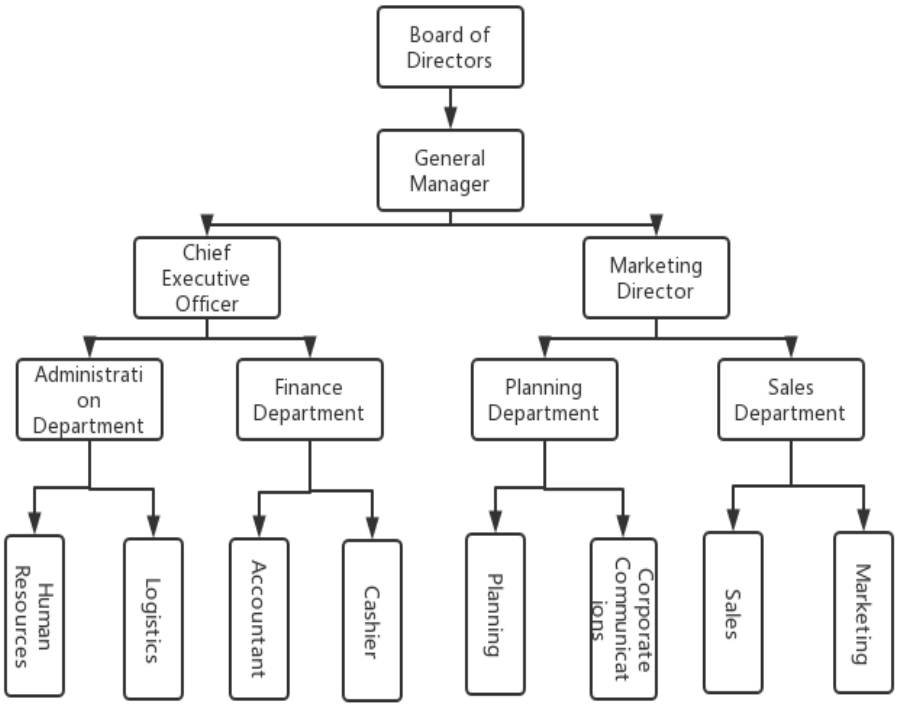
It combines a straight-line structure with a functional structure, based on a straight line, and sets up functional departments under the administrative head at each level, each engaged in professional management, as the leader's staff, implementing the unified command of the head and the functional departments of the staff and guidance of the form of organisational structure. The plans, programmes and related instructions drawn up by the functional staff departments are approved and issued by the line manager; the functional staff departments only play the role of operational guidance and do not have the authority to give direct orders.

Advantages.

(1) Combining the advantages of the linear and functional organisational structures, it is possible to maintain unity of command and to give full play to the role of staff officers; (2) The division of labour is fine, responsibilities are clear, and each department is responsible only for the work it should do, which is more efficient; (3) The organisational stability is high, and it is easy to give full play to the group efficiency of the organisation when the external environment does not change much.

Disadvantages.

(1) lack of information exchange between departments, which is not conducive to making decisions with collective wisdom; (2) objectives between line departments and functional departments (staff departments) are not easily unified, horizontal links between functional departments are poor, information transmission routes are long, there are more conflicts, and the coordination workload of upper-level supervisors is high; (3) it is difficult to train management personnel from within the organisation who are familiar with the overall situation; (4) the system is rigid and poorly adaptable, and It is easy to stick to the old ways and not easy to react to new situations in a timely manner.


Board of Directors
General Manager
Chief Executive Officer
Marketing Director
Administrati on Department
Finance Department
Planning Department
Sales Department
Human Resources
Logistics
Accountant
Cashier
Planning
Corporate Communicat ions
Sales
Marketing

Section 7

Production design and development plan

7.1 Business model and procedures

Business model

1. Entrance

Take tourism as the entrance

2. Direction

The direction is tourism and recreation

3. Carrier

With the Spring Tourism Platform as the carrier

4. Base

Based on the Spring Tourism platform for senior travel members

5. Core

Quality, theme, wellness and housekeeping as the core

6. Channels

Based on industry association and tourism system as the channel

7. Endorsement

Backed by Shanghai Spring International Travel Agency and Spring Airlines

8. Track

Multi-industry integration of "residence + recreation + retirement" as the track

7.2 Business location

The business will be carried out at existing offline travel agencies across China to expand and maintain target customers nearby. It is also possible to book exclusive wellness services online through the Spring Travel website, which is easy and convenient.

7.3 Operational Strategy and Plan

7.3.1 Operational Strategy

1. Platform thinking

Open, shared and win-win. Relying on the operation mode of the Spring Tourism platform, members can enjoy a comprehensive high-end, off-site rotation of recreation and health tourism mode.

2. Entrance thinking

Solve the traffic source. Thousands of tourist attractions, hotels and recreation bases across the country free accommodation will play a role in attracting traffic!

3. Ecological thinking

Diversified revenue. Diversification, open co-creation, connection circulation, choreography guidance, value sharing! Using the tourism resources of Spring Airlines and the transportation resources of Spring Airlines to create an ecological system for the recreation platform, providing diversified income for offline travel agencies, scenic hotels and recreation bases!

4. Cross-industry thinking

Cross-industry development. Break the restrictions of the tourism and pension industry, cross-industry development, multi-industry access to meet the various needs of members.

Operation Plan

Spring travel agency has been opened for a long time, the brand is well known and recognized by the public, high credibility, domestic tourism for thirteen consecutive years the first in the country. There are more than 4,000 offline agent travel shops throughout the country, spread across all urban areas. Spring Airlines, the number one in the country for 20,000 charter flights and the number one in the country for 99% of total average passenger capacity. To sum up, Spring Airlines has a good customer base and has long-term strategic cooperation with scenic spots, hotels and recreation bases across the country.

Spring Travel's original Journey for Mum and Dad program has been favoured by many consumers. According to the memories of the youth of the elderly had the main red exclusive tourism project, but also Zhangjiajie, Jade Dragon Snow Mountain and other leisure special lines. Many senior consumers have reflected that this exclusive tour program for seniors is very much in line with their tastes and

pace as seniors. With long itineraries and the freedom to switch between attractions, there is plenty of time to appreciate and appreciate the beauty of the landscape and fully enjoy the charm of an unfamiliar city. There's no need to rush around and run through the sights, so you can keep your strength up. The tour is also purely for senior citizens, who are of similar age and have a lot to talk about in common, so they are not bored or disliked during the trip.

At the end of the trip, many seniors said they could not get enough of the trip and could not forget it. They hoped they could get out more and enrich their senior life. Based on the feedback from consumers, it was decided to open a sojourn and recreation service. Based on the climate, environment and recreational conditions, a number of recreational bases will be selected across the country for seniors in need to go to for rehabilitation and recuperation, not only to soothe their bodies and minds, but also to focus on physical conditioning.

In the travel agency's offline shops, we have added a new travel and recreation business, and promoted the Spring and Autumn travel and recreation project in the cooperative hotels, scenic spots and recreation bases. The main focus is on national residence and recreation, so that the elderly's retirement options are no longer limited to local retirement communities and institutions, but are based on the company's organisational plans for recreation bases across the country, rotating experience and insight. This not only satisfies the elderly's retirement needs, but also enriches their spiritual world and broadens their horizons.

In addition to the local recreation resources, the company will also systematically train a professional housekeeping team, equipped with its own rehabilitation therapists and rehabilitation physiotherapists, and each residence recreation base is equipped with our housekeeping team. The company also provides a team of housekeepers at each of the bases, arranging for the full range of clothing, food, accommodation, transportation, medical care and recuperation at each base, solving the service problems of the residence and recuperation!

7.4 Production design and development plan

Challenges and risks

Challenges: 1. At present, there are few service models combining recreation and residence in the market, and they are in the process of groping. And there are no successful cases to learn from. Industry service standards are vague, and services may have shortcomings and incomplete coverage. Due to the impact of the New Coronavirus, China's initiatives to prevent and control the New Coronavirus are strict, cross-regional controls are more stringent, and cross-provincial travel itineraries are restricted, which is a considerable challenge for the newly opened recreation and travel residence project.

2. The project is a resource integration service across multiple regions, with multi-disciplinary cooperation and resource integration, which is also a challenge for project scheduling and operation.

Risks: 1. There is no way to control the basic service quality of the cooperative recreation base when implementing the service, such as in the catering aspect, there may be basic problems such as dish raw materials not being fresh and the quality of the dish selection not being up to scratch.

2. As the target group of the service is the elderly, accidents may occur during this kind of long-term stay and recreation trip. As they are older, their own physical functions and their ability to react to dangers are not as good as those of younger people, such as accidental falls and knocks. In addition, the target group may have their own inherent problems such as acute onset of malignant diseases.

3.subordinate cooperation of travel agencies in the promotion of recreation and leisure travel and residence project, in order to sales commission, false propaganda or exaggerated service propaganda; some travel agencies in order to increase sales, private services to promote additional value-added business; disrupt the market pricing and other issues.

4.the industry groping stage, their own management and operation problems.

Projected development costs

The company launched a new travel and recreation business, the newly expanded business to open a new office space, need to rent a new office office building, office office office rent for 600,000 yuan a year, the new office space decoration costs are expected to 240,000 yuan. The company has to purchase office equipment, 20 office computers, 2 projectors, printers, copiers, shredders, etc. The estimated cost is RMB 180,000. Furniture or apparatus office filing cabinets 12 sets, 22 sets of office tables and chairs, two sets of large conference tables and chairs, reception customers leisure sofa tables and chairs 4 sets, coffee machine, water dispenser, etc. is expected to cost 120,000 yuan. Two vehicles for receiving customers and business negotiation are expected to be RMB 600,000. Pre-opening registration fees, training fees, travel expenses, etc. are approximately RMB 120,000. The cost of advertising and marketing activities is expected to be RMB200,000.

Proprietary issue

Intellectual property licensing is the legal act of authorizing others to use intellectual property for a certain period of time and within a certain scope with the consent of the intellectual property owner, without changing the ownership of the intellectual property. Specifically, intellectual property licensing includes copyright licensing, patent enforcement licensing and trademark rights licensing.

The company has 253 intellectual property rights, six websites on record, 239 registered trademarks, one patent, five software copyrights and two copyrights.

Section 8

Financial Projections

8.1 Sources of funds and description of use

Source of funds: self-financing, using the net profit generated in the course of the enterprise's own operation to reinvest.

Description of use: The company launched a new travel and recreation business, the newly expanded business to open a new office space, need to rent a new office building, office rent for 600,000 yuan a year, the new office space decoration costs are expected to 240,000 yuan. The company has to purchase office equipment, 20 office computers, 2 projectors, printers, copiers, shredders, etc. The estimated cost is RMB 180,000. Furniture or apparatus office filing cabinets 12 sets, 22 sets of office tables and chairs, two sets of large conference tables and chairs, reception customers leisure sofa tables and chairs 4 sets, coffee machine, water dispenser, etc. is expected to cost 120,000 yuan. Two vehicles for receiving customers and business negotiation are expected to be RMB 600,000. Pre-opening registration fees, training fees, travel expenses, etc. are approximately RMB 120,000. The cost of advertising and marketing activities is expected to be RMB200,000.

Sales forecast table

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
High-end Wellness	Number of sales	89	132	167	183	207	188	169	178	228	198	177	132	2048
	Average unit price	15800	15800	15800	15800	15800	15800	15800	15800	15800	15800	15800	15800	—
	Monthly sales	1406200	2085600	2638600	2891400	3270600	2970400	2670200	2812400	3602400	3128400	2796600	2085600	32358400
Mid-Range Wellness	Number of sales	97	128	190	197	173	168	147	142	203	187	154	114	1900
	Average unit price	12800	12800	12800	12800	12800	12800	12800	12800	12800	12800	12800	12800	—
	Monthly sales	1241600	1638400	2432000	2521600	2214400	2150400	1881600	1817600	2598400	2393600	1971200	1459200	24320000
High-end residences	Number of sales	72	68	147	163	167	159	121	105	165	205	95	85	1552
	Average unit price	16800	16800	16800	16800	16800	16800	16800	16800	16800	16800	16800	16800	—
	Monthly sales	1209600	1142400	2469600	2738400	2805600	2671200	2032800	1764000	2772000	3444000	1596000	1428000	26073600
Mid-Range Residences	Number of sales	76	87	133	155	153	146	79	87	144	156	90	80	1386
	Average unit price	12800	12800	12800	12800	12800	12800	12800	12800	12800	12800	12800	12800	—
	Monthly sales	972800	1113600	1702400	1984000	1958400	1868800	1011200	1113600	1843200	1996800	1152000	1024000	17740800
Total	Total sales	334	415	637	698	700	661	516	512	740	746	516	411	6886
	Total sales revenue	4830200	5980000	9242600	10135400	10249000	9660800	7595800	7507600	10816000	10962800	7515800	5996800	100492800

Income Statement													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sales Revenue from sales with tax	4830200	5980000	9242600	10135400	10249000	9660800	7595800	7507600	10816000	10962800	7515800	5996800	100492800
VAT	140685	174175	269202	295206	298515	281383	221237	218668	315029	319305	218907	174664	2926975
Net sales revenue	4689515	5805825	8973398	9840194	9950485	9379417	7374563	7288932	10500971	10643495	7296893	5822136	97565825
Travel & Leisure Business Suite (Catering)	1288000	1600000	2512000	2768000	2992000	2776000	2320000	2264000	3144000	3224000	2176000	1736000	28800000
Travel & Leisure Business Room (Catering)	1038000	1290000	1938000	2112000	1956000	1884000	1356000	1374000	2082000	2058000	1464000	1164000	19716000
Air tickets (first class)	193200	240000	376800	415200	448800	416400	348000	339600	471600	483600	326400	260400	4320000
Air tickets (economy class)	138400	172000	258400	281600	260800	251200	180800	183200	277600	274400	195200	155200	2628800
Fare	66800	83000	127400	139600	140000	132200	103200	102400	148000	149200	103200	82200	1377200
Scenic Area Tickets	100200	124500	191100	209400	210000	198300	154800	153600	222000	223800	154800	123300	2065800
VIP through ticket	41940	48240	82980	91620	97380	91080	73980	69840	100440	109440	66060	54360	927360
salaries	480000	480000	480000	480000	480000	480000	480000	480000	480000	480000	480000	480000	5760000
Rentals	80000	80000	80000	80000	80000	80000	80000	80000	80000	80000	80000	80000	960000
Promotion fees	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	480000
Insurance fees	28600	28600	28600	28600	28600	28600	28600	28600	28600	28600	28600	28600	343200
Maintenance fees	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	60000
Utilities	5600	5600	5600	5600	5600	5600	5600	5600	5600	5600	5600	5600	67200
Telephone fees	3800	3800	3800	3800	3800	3800	3800	3800	3800	3800	3800	3800	45600
Broadband	800	800	800	800	800	800	800	800	800	800	800	800	9600
Purchase of office supplies	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	14400
Other expenses	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	240000
Depreciation and amortization	18000	18000	18000	18000	18000	18000	18000	18000	18000	18000	18000	18000	216000
Total cost	3549540	4240740	6169680	6700420	6787980	6432180	5219780	5169640	7128640	7205440	5168660	4258460	68031160
Additional taxes and charges	14069	17417	26920	29521	29851	28138	22124	21867	31503	31930	21891	17466	292697
Profits	1125906	1547668	2776798	3110254	3132654	2919099	2132659	2097425	3340828	3406125	2106343	1546210	29241968
Income tax Corporate income tax	112591	154767	277680	311025	313265	291910	213266	209743	334083	340612	210634	154621	2924197
Net profit	1013315	1392901	2499118	2799228	2819389	2627189	1919393	1887683	3006745	3065512	1895708	1391589	26317771

Income Statement					
	2022	2023	2024	2025	2026
Sales Revenue from sales with tax	100492800	113313400	122435800	131587200	142685600
VAT	2926975	3300390	3566091	3832637	4155891
Net sales revenue	97565825	110013010	118869709	127754563	138529709
Travel & Leisure Business Suite (Catering)	28800000	32776000	34872000	36664000	39888000
Travel & Leisure Business Room (Catering)	19716000	21966000	24222000	26796000	28926000
Air tickets (first class)	4320000	4916400	5230800	5499600	5983200
Air tickets (economy class)	2628800	2928800	3229600	3572800	3856800
Fare	1377200	1551600	1679200	1809800	1961400
Scenic Area Tickets	2065800	2327400	2518800	2714700	2942100
VIP through ticket	927360	1047060	1124820	1186920	1293120
salaries	5760000	5760000	5760000	5760000	5760000
Rentals	960000	960000	108000	1080000	1080000
Promotion fees	196000	216000	240000	270000	3000000
Insurance fees	340000	340000	340000	340000	340000
Maintenance fees	56000	56000	56000	67000	67000
Utilities	67200	70000	78000	82000	82000
Telephone fees	45600	50000	55000	58000	60000
Broadband	9600	9600	9600	9600	9600
Purchase of office supplies	14400	16800	18000	18800	20000
Other expenses	240000	260000	280000	300000	320000
Depreciation and amortization	18000	21000	21500	22500	23500
Total cost	67541960	75272660	79843320	86251720	95612720
Additional taxes and charges	292697	330039	356609	383264	415589
Profits	29731168	34410311	38669780	41119579	42501400
Income tax Corporate income tax	2973117	3441031	3866978	4111958	4250140
Net profit	26758051	30969280	34802802	37007621	38251260

Statement of Cash Flow

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	0	293115	1819416	4451934	7384563	10337351	13097941	15150734	17171817	20311962	23510874	25539982	—
Cash inflow Cash sales proceeds	4830200	5980000	9242600	10135400	10249000	9660800	7595800	7507600	10816000	10962800	7515800	5996800	100492800
Input from business owners (shareholders)	1500000	—	—	—	—	—	—	—	—	—	—	—	1500000
Total cash inflows (B)	6330200	5980000	9242600	10135400	10249000	9660800	7595800	7507600	10816000	10962800	7515800	5996800	101992800
Cash outflow Cash purchases	2866540	3557740	5486680	6017420	6104980	5749180	4536780	4486640	6445640	6522440	4485660	3575460	59835160
salaries	480000	480000	480000	480000	480000	480000	480000	480000	480000	480000	480000	480000	5760000
Rent	960000	—	—	—	—	—	—	—	—	—	—	—	960000
Promotional expenses	108000	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000	196000
Insurance premiums	54000	26000	26000	26000	26000	26000	26000	26000	26000	26000	26000	26000	340000
Maintenance	1000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	56000
Utilities	5600	5600	5600	5600	5600	5600	5600	5600	5600	5600	5600	5600	67200
Telephone	3800	3800	3800	3800	3800	3800	3800	3800	3800	3800	3800	3800	45600
Broadband	9600	—	—	—	—	—	—	—	—	—	—	—	9600
Purchase of office supplies	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	14400
Other expenses	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	240000
Taxes	267345	346359	573802	635752	641631	601431	456627	450277	680615	691848	451432	346751	6143869
Office appliances	120000	—	—	—	—	—	—	—	—	—	—	—	120000
Transportation	600000	—	—	—	—	—	—	—	—	—	—	—	600000
Electronic equipment	180000	—	—	—	—	—	—	—	—	—	—	—	180000
Start-up costs	120000	—	—	—	—	—	—	—	—	—	—	—	120000
Other (other expenses + renovation costs)	240000	—	—	—	—	—	—	—	—	—	—	—	240000
Total cash outflow (C)	6037085	4453699	6610082	7202772	7296211	6900211	5543007	5486517	7675855	7763888	5486692	4471811	74927829
Cash at end of month (A + B + - C)	293115	1819416	4451934	7384563	10337351	13097941	15150734	17171817	20311962	23510874	25539982	27064971	—

Statement of Cash Flow					
	2022	2023	2024	2025	2026
Cash at the beginning of the month(A)	0	27064971	58055251	92879552	129909674
Cash inflow Cash sales proceeds	100492800	113313400	122435800	131587200	142685600
Input from business owners (shareholders)	1500000	——	——	——	——
Total cash inflows (B)	101992800	113313400	122435800	131587200	142685600
Cash outflow Cash purchases	59835160	67513260	72877220	78243820	84850620
salaries	5760000	5760000	5760000	5760000	5760000
Rent	960000	960000	108000	1080000	1080000
Promotional expenses	196000	216000	240000	270000	3000000
Insurance premiums	340000	340000	340000	340000	340000
Maintenance	56000	56000	56000	67000	67000
Utilities	67200	70000	78000	82000	82000
Telephone	45600	50000	55000	58000	60000
Broadband	9600	9600	9600	9600	9600
Purchase of office supplies	14400	16800	18000	18800	20000
Other expenses	240000	260000	280000	300000	320000
Taxes	6143869	7071460	7789678	8327859	8821620
Office appliances	120000	60000	30000	——	——
Transportation	600000	——	——	——	——
Electronic equipment	180000	72000	——	36000	——
Start-up costs	120000	——	——	——	——
Other (other expenses + renovation costs)	240000	——	——	——	60000
Total cash outflow (C)	74927829	82323120	87611498	94557079	104410840
Cash at end of month (A + B + - C)	27064971	58055251	92879552	129909674	168184433

Break-even analysis

Break-even analysis, also known as capital preservation point analysis or principal-volume-benefit analysis, is a mathematical analysis method used to predict profits, control costs and judge operating conditions based on a comprehensive analysis of the inter-constrained relationship between the business volume (production or sales volume), costs and profits of a product. Enterprise revenue = cost + profit, if the profit is zero, all revenue = cost = fixed cost + variable cost, and revenue = sales volume × price, variable cost = unit variable cost × sales volume, so that by sales

volume × price = fixed cost + unit variable cost × sales volume, can be deduced from the break-even point calculation formula as follows

Break-even point (sales volume) = fixed costs ÷ difference in contribution per unit of measurement

Enterprise profit is the balance of sales revenue after deducting costs; sales revenue is the product of product sales volume and sales unit price; product costs include total costs including factory costs and selling expenses, which are divided into fixed costs and variable costs.

P - product sales price

F-Total fixed cost VC-Variable cost per unit

Q - Quantity sold S - Sales revenue

Total cost: $C=F+VC\times Q$

Total revenue: $S=P\times Q$

List the break-even equation: $C=S$

$P \times Q = F + VC \times Q$

Break-even point: $Q=F\div(P-VC)$

Appendices

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