

Yong Pyong Resort is Going Public

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Yong Pyong Resort Going Public on 27th Next Month... Largest Shareholder as Tongil Foundation at 19,200,000,000 Won

Objective of Investing in Accommodations with the 2018 Pyeong Chang Olympics Ahead

To be Applied on 17~18th of Next Month, Go Public 27th

Resort management and development company Yong Pyong Resort is to enter the stock market next month, on the 27th. This is a move to raise funds necessary to build additional accommodations in light of the upcoming Pyeong Chang Winter Olympics. As the largest shareholder of the company, the Holy Spirit Association for the Unification of World Christianity Maintenance Foundation may sell its stock holdings, raising 192,000,000 won.

Maximum Sharing Sum at 153,800,000,000 won

Yong Pyong Resort is pushing ahead to submit its registration form of securities to the Financial Services Commission and to enter the stock market. 16,720,000 stocks will be offered. Of these, 12,660,000 stocks are being newly issued, and the remaining 4,050,000 stocks are being offered by the original stockholders.

The range of the company's offering price is 8,100~9,200 won per share. The offering price was chosen by using the standard of the average of the Price Earning Ratios (PER) of companies that are of similar types of businesses or have similar financial structures as Yong Pyong Resort. As with comparison companies, the average PER of Emerson Pacific, Kangwon Land and SKDND is 21.55, giving an estimated value of 10,984 won to Yong Pyong Resort's shares. From here, a 16~26% reduction was made to set an anticipated offering price range.

Next month, from the 10th to the 11th, corporate investors are to pass the process of forecasting the amount of demand, and then will confirm the offering price. From the 17th to the 18th of the same month, the application form is to be received, as well as the resort plans on entering the stock market on the 27th. It can be applied through its main representing host Daewoo Securities or co-managing host Daishin Securities, or through underwriting groups Hanhwa Investment & Securities and HMC Investment Securities.

"Aiming for Pyeong Chang Winter Olympics, Expansion of Accommodations"

Possessing 50 % of the stocks that are to be listed with the entry of the stock market by Yong Pyong Resort, and its largest shareholder, the Holy Spirit Association for the Unification of World Christianity Maintenance Foundation (Tongil Foundation) is to raise 19,200,000,000 won at the standard highest

offering price. As an affiliate, Sunwon Construction and the *Segye Times* are to get hold of each 6,400,000,000 won and 4,800,000,000 won respectively from the listing the Yong Pyong Resort. English investing company Pickwick Investment Limited is also to raise 5,100,000,000 won.

The Yong Pyong Resort was founded in 1975, and was the first ski resort to be built in Korea. The business of operating the resort includes ski resorts, hotels, condominiums, golf courses, water parks and other leisure facilities. And its condominium development sector is playing a substantial part in developing and selling premium condominiums and apartments in the athletes' village for the Olympics.

Yong Pyong Resort pushed ahead for its entry into the stock market during the second half of last year, but its schedule was delayed, due to real estate tax system problems. This is because of all of its assets, 80% are of real estate. Under the current law, when buying the shares from a company whose real estate assets take up more than 80%, progressive tax rates (6~38.5%) apply, and a transfer income tax for the margin must be paid for. In 2013, 82% of Yong Pyong Resort's assets were of real estate. Therefore, there was the burden of having to pay the transfer income taxes, but having recently sold off the condominiums in the athletes' village, its real estate values declined to its earlier values at 60%.

Last year, Yong Pyong Resort showed a total of 176,300,000,000 won in sales, 26,400,000,000 won in business profits and 11,600,000,000 won in net gains. The funds raised by the listing into the stock market are to be used for the extension of accommodations ahead of the Pyeong Chang Winter Olympics. It plans on using 30,800,000,000 won for the new construction of apartments in the athletes' village, 20,000,000,000 won for the new construction of hostels, and 24,100,000,000 won for the reconstruction of the Yong Pyong Condominiums.....