Contact

Yan Bo
Deputy Director of Financing Section
Xinyu City High Speed Railway New District Construction Investment Co., Ltd
Tel: (+86) 790 708 2803
Email: erik-yan@foxmail.com

Project Sponsors

Xinyu City Government (xinyu.gov.cn)
Xinyu HSR New District Construction & Investment Company

Supported by

Cities Development Initiative for Asia
www.cdia.asia
CDIA China Office
Room 4502, Block B1, 121 Zhongshan Bei Yi Road
Hongkou District, Shanghai, China
T: +86 21 6628 6333
F: +86 21 6628 6333 *209
E: cdia.china@cdia.asia

Xinyu City Government
Jiangxi Province
People’s Republic of China
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1. BACKGROUND

The need for expansion in the city of Xinyu has an opportunity to be seized from a new high speed rail (HSR) line and station under construction to the north of Xinyu. The new district brings new challenges in the urbanization of a new area, bringing as well opportunities to invest in infrastructures that not only preserve the actual environmental wealth, but it can increase the quality of life of former and new residents.

The project describes an innovative adaptation of existing manmade lakes into a comprehensive stormwater management infrastructure, and their integration within the urban landscaping to prepare a safe and attractive environment for future development, facilitating urbanization and land use change with low impact on downstream water quality and flooding. The project contributes to climate change adaptation by retaining abundant green space and water surfaces in the new district, and through flood management initiatives.

A recently completed pre-feasibility study helped to formulate the project content, estimate costs and quantify benefits. The Xinyu City Government is now expediting progress to undertake feasibility study and project preparation, and gain necessary approvals from the national government including approval for foreign financing. Xinyu has previous experience in servicing overseas loans.

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XCG has already established a financially autonomous company to implement infrastructure required for the new urban district, and has vested rights to sale of the land to that company, the Xinyu HSR District Construction & Investment Company.

The HSR line and North Xinyu station are scheduled to commence operations in 2014 and key infrastructure needs to be implemented as soon as possible thereafter to maximize the benefits to be derived.

The preferred model for participation by international partners remains flexible. Xinyu City Government has previous experience in servicing overseas loans.

At this preliminary stage, XCG is seeking about 45% of the required funds from international loans, with about 30% equity and the balance from domestic loans.

5. NEXT STEPS
5. COST AND BENEFITS

The project does not generate any direct income. Nevertheless, land and property values will be enhanced in proximity to the parks, reserves and water features; and the added attractions to do business in the new HSR district will raise government revenues above the underlying, organic rates of growth.

The underlying growth rate in Xinyu is robust. With the advent of the HSR in 2014 and the progressive policies of the city government, future prospects are bright.

The preliminary cost estimate for project implementation is $330 million – or $250 million if implementation is restricted to only the main sub-district. These estimates are subject to revision during more detailed studies are being undertaken. Annual operating costs will be comparatively low, estimated under $50 million per annum.

Numerous benefits derive from the project on a daily basis in the new city precincts including:
- downstream reduction in flood damages in the old city;
- amenity value of open space and linear parks;
- damages avoided by stormwater drainage functions;
- sustained amenity value and tourism benefits from environmental protection of downstream wetlands.

The city government has been active in transforming the urban environment of the existing city, improving air quality and developing a major urban wetland with adjoining parklands and sporting facilities.

The progressive policies of the city government extend to advance planning for future urban development. Infrastructure for new urban districts is under construction, including for a new district proposed to take advantage of a new HSR route passing just north of Xinyu. The new HSR, under construction, is due to commence operations in 2014. Connecting Shanghai and Kunming, it will have a station to service Xinyu which is the focus of this new HSR urban district. When the line is in operation the transit time from Shanghai to Xinyu will be just 3 hours, setting Xinyu at a commuting time from one of the largest megalopolis in China.

By providing a high standard of urban infrastructure and public amenities, business opportunities will arise and new commercial enterprises and start-up industries will be attracted to benefit from the much improved access to major business hubs and national and global markets.

Xinyu City Government has established a special construction and investment company to expedite the implementation of this development. Construction of the major road link to the old city is already underway, as well as other main infrastructures around the future HSR station.

Located in central China, Xinyu is about 130 km west of Nanchang, the capital of Jiangxi Province. It is the most prosperous city in Jiangxi, with the highest per capita GDP in the province, 2½ times the provincial average, higher than Nanchang its provincial capital. It has experienced a sustained period of rapid growth that is expected to continue above the national average.

In 2012 the urban population was 500,000. By 2030 this is projected to approximately double.
Xinyu’s growth and prosperity was historically based on steel production. More recently, the city government has actively promoted development of new energy and materials industries. Xinyu is currently the largest producer of solar panels in the world.

<table>
<thead>
<tr>
<th>Project Component</th>
<th>Cost Estimate</th>
</tr>
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<tbody>
<tr>
<td>1. Rehabilitation of Lakes</td>
<td>US$ 20,000,000</td>
</tr>
<tr>
<td>2. Construction of Canal</td>
<td>US$ 73,000,000</td>
</tr>
<tr>
<td>3. Landscaping of Parkland</td>
<td>US$ 125,000,000</td>
</tr>
<tr>
<td>4. Flood Risk Management and Evacuation Corridor</td>
<td>US$ 4,200,000</td>
</tr>
<tr>
<td>5. Stormwater Quality Management</td>
<td>US$ 24,200,000</td>
</tr>
<tr>
<td>6. Urban Drainage</td>
<td>US$ 5,600,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>US$ 247,200,000</strong></td>
</tr>
</tbody>
</table>

NOTE: Assumed currency conversion of US$ = RMB 6.3

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>500</td>
</tr>
<tr>
<td>2015</td>
<td>650</td>
</tr>
<tr>
<td>2020</td>
<td>750</td>
</tr>
<tr>
<td>2030</td>
<td>960</td>
</tr>
</tbody>
</table>

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The new HSR district is an area of 63 km² just north of Xinyu city. There are three sub-districts, and most of the project investment will be in the 21 km² sub-district containing the new HSR station. This is where urbanization will occur most rapidly, development will be most dense, and where the lakes provide the greatest opportunity for water-sensitive urban design.

Existing manmade lakes will be key nodes in a network that provides high standards of stormwater management and flood protection for the new urban district, at the same time achieving very low impact on flooding and water quality downstream. The downstream impacts of urbanization are most important because the new HSR district is beside the Kongmu River (Kongmujiang) and upstream of the central urban districts of Xinyu that were badly flooded from this river in 2010. (A separate project has improved flood protection of the old districts.) There are wetlands of significance downstream, and the river is currently Xinyu’s main source of water supply.

The lakes will be integrated into parks and reserves, and connecting drainage alignments (waterways) will be bordered by linear parks. The network of green spaces and corridors will provide excellent public amenity for residents and workers in the new district, with abundant opportunity for relaxation, recreation and community activities. These initiatives will create a modern urban environment to attract new enterprises to the district and reward its citizens.

The main components of the project are:
- rehabilitation of existing lakes for urban use and construction of new lakes;
- excavation and construction of network of connecting canals or waterways;
- development of parks and gardons adjoining lakes and canals;
- facilities and infrastructure for managing stormwater quality to a high standard; and
- flood risk management for the Kongmu-jiang river basin and conservation of a riparian buffer zone between the river and new urban districts.

Temporary storage of local runoff in lakes and waterways will mitigate downstream flood peaks and water quality. Water quality will be controlled by modern stormwater management techniques including sediment basins, wetlands, gross pollutant traps and a variety of at-source measures such as green permeable swales, bioretention systems, on-site detention, green roofs, etc. Retaining green open space and water bodies will help avoid the urban heat island effect, and proposed non-structural flood management measures will also help adaptation to future climate change.

Through effective integration of the project components outlined above, the project will:
- achieve practical engineering functions such as stormwater management and flood management;
- mitigate downstream impacts and maintain environmental sustainability;
- provide excellent social amenities for the people living and working in the new district.