
INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Sole Sponsor, any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

SOURCE OF INFORMATION

In connection with the [REDACTED], we engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report about, the fashion industry, footwear industry and the PRC sports-related industry (the “**Relevant Industries**”). Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. In connection with the market research services provided, we have paid a fee of HK\$500,000 to Frost & Sullivan.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan adopted the following assumptions: (i) global social, economic and political environment is likely to remain stable in the five years from 2022 to 2026 (the “**Forecast Period**”), and (ii) related industry drivers are likely to drive the Relevant Industries in the Forecast Period.

Except as otherwise noted, all the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Frost & Sullivan has prepared the Frost & Sullivan Report based on detailed primary research which involved discussing the status of the Relevant Industries with certain industry participants and secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Our Directors confirm that, after making reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on the information in this section.

OVERVIEW OF THE FASHION AND FOOTWEAR INDUSTRIES

Overview

Fashion industry is the aggregation of apparel, footwear and accessories. Apparel refers to the garment produced by various fabric, such as wool, silk, knit, cotton and etc., to cover the human body for functional and aesthetic purpose. Footwear refers to wearing apparel worn on the feet, for fashion, protection against the environment, and adornment. Accessories refer to articles that supplement one’s outfit for decorative and functional purposes.

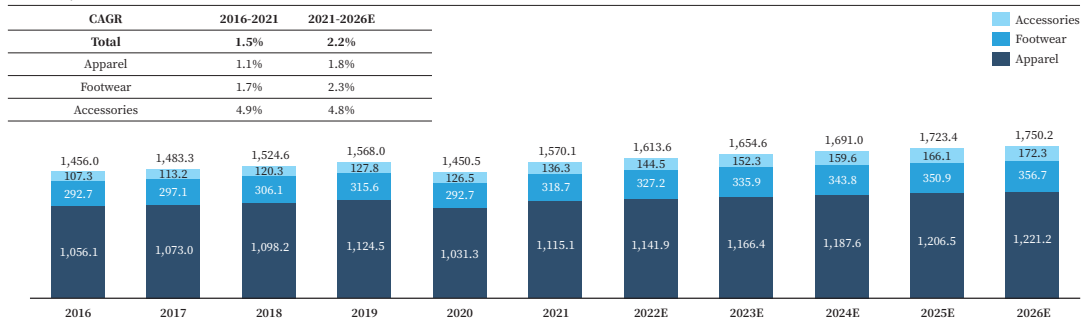
The sales channel of fashion industry can be categorised into online and offline channels. Offline channels refer to the physical site such as store, outlet and selling space that carries out purchase activity offline. It mainly includes brand stores, specialist retailer stores and department stores. Online channels refer to the digital platforms where customers can make purchases via the internet. It mainly includes official website, e-commerce platforms, social media platforms, and short-video/live-streaming platform.

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Market Size of the Global Fashion Industry

The market size of the global fashion industry in terms of retail sales recorded a mild increase from US\$1,456.0 billion in 2016 to US\$1,570.1 billion in 2021 at a CAGR of 1.5%, primarily due to a slight decline in 2020 resulted from consumers’ decreasing willingness to consume non-essential consumer goods, including fashion apparel and footwear, and is expected to increase to US\$1,750.2 billion in 2026 at a CAGR of 2.2% alongside with the gradual economic recovery in future years. In terms of product types, apparel is the largest contributor which accounted for 71.0% of the total market size in 2021 and footwear is the second contributor which accounted for 20.3% of the total market size in 2021.

Market Size of Fashion Industry by Retail Sales (Globe), breakdown by Product Categories
Billion USD, 2016-2026E

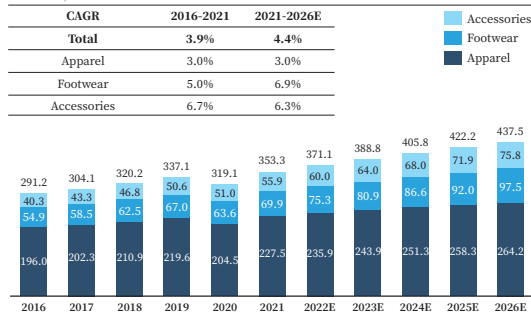


Source: Frost & Sullivan Report

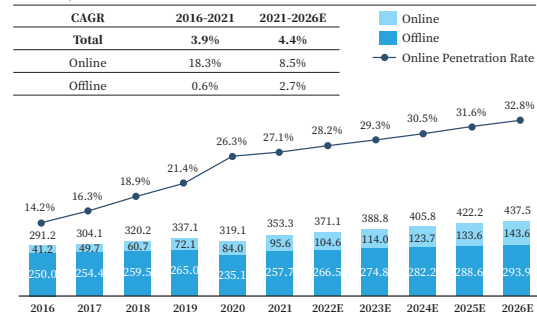
Market Size of the PRC Fashion Industry

The PRC is the largest fashion market in the world in terms of retail sales in 2021, which had experienced a rapid expansion from 2016 to 2021 primarily driven by the strong economic growth and the rising consumption power of the Chinese citizens, despite a slight decrease in 2020 due to the outbreak of COVID-19. The market size of the PRC fashion industry in terms of retail sales grew from US\$291.2 billion in 2016 to US\$353.3 billion in 2021 at a CAGR of 3.9%, and is expected to further increase to US\$437.5 billion in 2026 at a CAGR of 4.4%. Whilst offline channels were, and are expected to remain as, the major contributor to the retail sales from 2016 to 2026, the retail sales from online channels grew, and is expected to grow, more rapidly resulting in a gradual increase in the market share. Alongside with the increasing online penetration rate in the PRC, the retail sales of online channels recorded a rapid growth from US\$41.2 billion in 2016 to US\$95.6 billion in 2021 at a CAGR of 18.3%, and is expected to reach US\$143.6 billion at a CAGR of 8.5%.

Market Size of Fashion Industry by Retail Sales (China), breakdown by Product Categories
Billion USD, 2016-2026E



Market Size of Fashion Industry by Retail Sales (China), breakdown by Sales Channels
Billion USD, 2016-2026E



Source: Frost & Sullivan Report

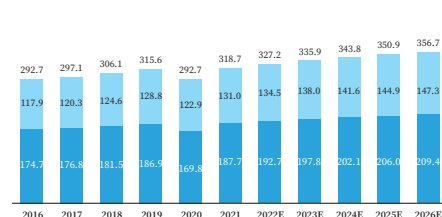
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Market Size of the Global Footwear Industry

The global footwear industry can be divided into (a) fashion and casual footwear industry which the Clark Group engages in and (b) athletic footwear industry, by wearing functions. Fashion and casual footwear is designed for everyday wearing. Athletic footwear is designed for a sporting activity and constitute part of athletic gear along with clothing and equipment. Due to the outbreak of COVID-19, the market size of global fashion and casual footwear industry in terms of retail sales grew moderately from US\$174.7 billion in 2016 to US\$187.7 billion in 2021 at a CAGR of 1.4%, and is expected to reach US\$209.4 billion in 2026 at a CAGR of 2.2% alongside with the gradual economic recovery. In terms of sales channels, offline channels were, and are expected to remain as, the major contributor to the retail sales from 2016 to 2026. With the maturity of e-commerce business models and the shift of people's consumption habits further catalysed by COVID-19, online sales channels recorded a rapid growth. Online retail sales of footwear (including fashion and casual footwear as well as athletic footwear) increased from US\$31.2 billion in 2016 to US\$58.2 billion in 2021 at a CAGR of 17.6%, and is expected to reach US\$98.4 billion in 2026 at a CAGR of 7.0%.

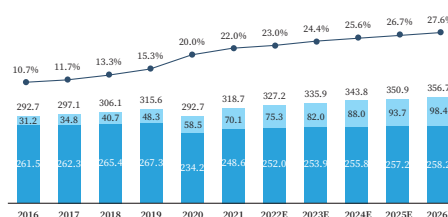
Market Size of Footwear Industry (Globe), by Retail Sales, Breakdown by Wearing Purpose
Billion USD, 2016-2026E

	CAGR	2016-2021	2021-2026E
Total	1.7%	1.7%	2.3%
Fashion & Casual Footwear	1.4%	1.4%	2.2%
Athletic Footwear	2.1%	2.1%	2.4%



Market Size of Footwear Industry (Globe), by Retail Sales, Breakdown by Sales Channel
Billion USD, 2016-2026E

	CAGR	2016-2021	2021-2026E
Total	1.7%	1.7%	2.3%
Online	17.6%	17.6%	7.0%
Offline	-1.0%	-1.0%	0.8%



Source: Frost & Sullivan Report

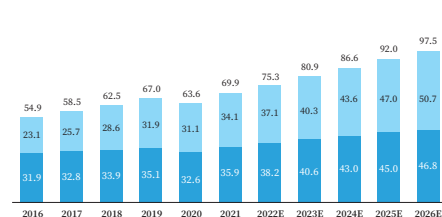
Market Size of the PRC, the US and the UK Footwear Industry

In 2021, the PRC, the US and the UK together take up nearly half of the global footwear industry, with the PRC and the US having the highest share of 21.9% in both region, and the UK of 3.1%. The development of the footwear industries in each of the PRC, the US and the UK are largely similar with that of the global footwear industry. Each of the above regions experienced a moderate growth in terms of retail sales from 2016 to 2021 and is expected to continue to grow between 2022 and 2026. In terms distribution channels, whilst offline channels contributed, and are expected to contribute, most of the retail sales of the relevant industry, online channels had experienced a rapid growth from 2016 to 2021 and are expected to continue to grow between 2022 and 2026. Amongst these regions, the PRC footwear market has the highest historical and forecast growth rate in terms of the retail sales primarily due to the rapid economic development and increase of per capita disposable income in the PRC.

Market Size of the PRC Footwear Industry

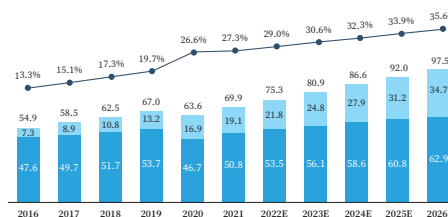
Market Size of Footwear Industry (China), by Retail Sales, Breakdown by Wearing Purpose
Billion USD, 2016-2026E

	CAGR	2016-2021	2021-2026E
Total	5.0%	5.0%	6.9%
Fashion & Casual Footwear	2.4%	2.4%	5.5%
Athletic Footwear	8.1%	8.1%	8.3%



Market Size of Footwear Industry (China), by Retail Sales, Breakdown by Sales Channel
Billion USD, 2016-2026E

	CAGR	2016-2021	2021-2026E
Total	5.0%	5.0%	6.9%
Online	21.3%	21.3%	12.6%
Offline	1.3%	1.3%	4.3%

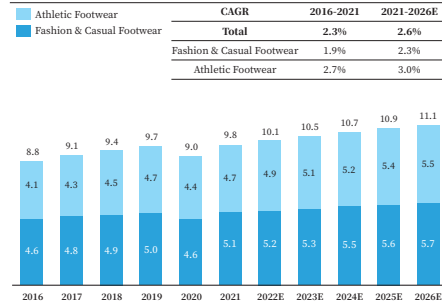


Source: Frost & Sullivan Report

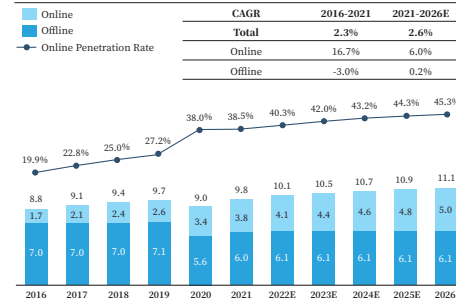
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Market Size of the UK Footwear Industry

Market Size of Footwear Industry (United Kingdom), by Retail Sales, Breakdown by Wearing Purpose
Billion USD, 2016-2026E



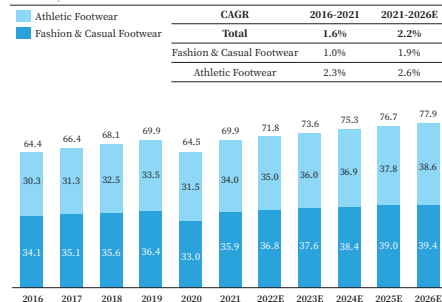
Market Size of Footwear Industry (United Kingdom), by Retail Sales, Breakdown by Sales Channel
Billion USD, 2016-2026E



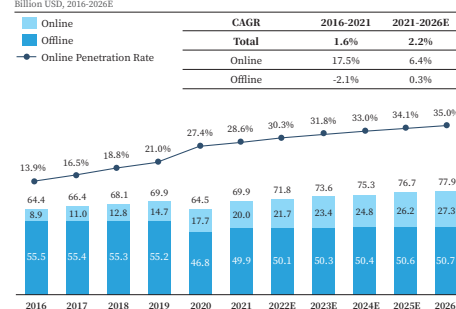
Source: Frost & Sullivan Report

Market Size of the US Footwear Industry

Market Size of Footwear Industry (United States), by Retail Sales, Breakdown by Wearing Purpose
Billion USD, 2016-2026E



Market Size of Footwear Industry (United States), by Retail Sales, Breakdown by Sales Channel
Billion USD, 2016-2026E



Source: Frost & Sullivan Report

Key Market Drivers of the Fashion and Footwear Industries

The Rise of the New Generation. The new generation of consumers, namely the millennials and Generation Z, is becoming the main consumer group for the fashion and footwear industries. They focus on self-expression, individuality, quality and brand reputation. The rise in fashion awareness and style diversification has driven the growth and development of the fashion and footwear industries.

Ongoing Digital Transformation. The emergence of online channels and data intelligence, and increasing popularity of social media platforms have driven digital transformation. Further, online shopping has become more popular as a result of the lockdown and social distancing measures during the outbreak of COVID-19. Empowerment of digital technology together with the requirements of social distancing during the pandemic contributed to the gradual shift of consumers' shopping habits from traditional offline to online channels. Despite of the fluctuation of online sales caused by supply chain and logistics disruptions during the recent lockdowns in China, the integration of digital platforms and technology into sales and marketing has become imperative for fashion brands and has driven the expansion of the fashion and footwear industries.

Diversification of Consumer Demand. An uneven wealth distribution between metropolis and less-developed areas has led to a diversification of consumer demand. When consumers in developed areas tend to seek more high-end and personalised products, consumers in less-developed areas tend to be more price-sensitive. In an increasingly bifurcated market, fashion suppliers can benefit from developing a multi-brand strategy with a diversified product portfolio to meet the demands of various consumer groups and capture the market potentials.

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Optimisation of Brand Portfolio. The top companies in the fashion industry in China are developing their brand portfolio to attain synergistic effect by strategically creating and expanding multiple brands for different groups in terms of age or consuming preference in their target customer base. A diversified and comprehensive brand portfolio with a distinct brand personality could help the companies to connect to various target consumer groups, initiate cross-promotion events with different brands, meet diversified demands from consumers and thereby gain more loyal customers and expand their market shares in a relatively fragmented market.

Future Development Trends of the Fashion and Footwear Industries

Application of Omni-channel Strategy. As consumers of new generation pay more attention to shopping experience than the previous generation, fashion brands are trying to enhance their omni-channel capabilities to improve customer experience during the consumption journey to capture sales opportunity from young consumers. Moreover, more fashion brands adopt the direct-to-consumer model where they use their own channels to communicate with consumers directly and promote sales and marketing activities. Being able to reach end-consumer directly allows fashion brands to react to the market dynamics promptly to capture sales opportunity.

Rise of Athleisure Style and Regional-specific Consumer Preferences. The fashion products of athleisure style, which incorporate the elements of sportswear into daily casual wear, are becoming more popular among consumers. Apart from athleisure style, China is experiencing a “China-Chic” revolution, which is characterised by rise of the PRC’s native fashion brands and design. Sub-culture elements, such as animation and game, are becoming more important in fashion design to capture demand from Generation Z in the PRC fashion industry.

Expansion and Localised Operation of Foreign Brands in the PRC. Given consumers’ demands are becoming more diverse, fashion brands are expanding their portfolio by developing launching multiple products or brands to expand their potential consumer group. As establishing a new brand from scratch can be time-consuming and requires substantial initial investment, resourceful fashion brands may acquire compatible market players to expand their brand portfolio. As the PRC footwear market outperforms the global market and most of the other more developed markets, many foreign brands seek to tap into the PRC footwear market through collaboration with experienced local brand operators to develop a localised branding and marketing strategy to expand their business in the PRC.

Entry Barriers of the Fashion and Footwear Industries

Brand Building and Operation Expertise. Fashion products lies between an essential good for consumers’ everyday wearing and a decorative garment that define their own styles. With distinct fashion consciousness associated with the fashion products, fashion brands have to identify the ever-changing consumer preference and adjust their brand building and operation strategy accordingly. Fashion brand operators with brand-building expertise can enlarge their consumer base and enhance synergy effect by developing multi-brand portfolio.

Product Development and Supply Chain Capabilities. Consumers are showing a greater interest in innovative products in fashion industries for both functional purposes and environmental awareness. To meet consumer demand, leading fashion brands have cultivated their strength in design and product development by building their own design team, establishing partnerships with external product development talents and constructing their agile supply chains.

Data Intelligence and Consumer Insight. Leading market players of fashion industry are likely to gain access to a greater scale of consumer data through their past operational experience and generate insights on consumers’ attitudes and behaviors by analysing those data. A better understanding of constantly shifting demand of their target consumer group may help the fashion brands refine their marketing and promotional strategies to improve the repurchase rate of their existing customers and reach more potential customers through specific targeted campaigns.

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Competitive Landscape of the PRC Fashion Industry

The fashion industry in the PRC is highly fragmented, with the top five brands taking up less than 10% of the total market in terms of retail sales in 2021. Major market players include both local brands and foreign brands. The top five leading industry players include, (i) a NYSE listed global sportswear and athleisure fashion company, (ii) a Frankfurt Stock Exchange listed global sportswear and athleisure fashion company, (iii) a Hong Kong Stock Exchange listed sportswear and athleisure fashion company from the PRC, (iv) a Tokyo Stock Exchange and Hong Kong Stock Exchange listed fast fashion company from Japan; and (v) a Hong Kong Stock Exchange listed sportswear and athleisure fashion company from the PRC.

Competitive Landscape of the UK and the US Footwear Industry

The fashion and casual footwear industry in the UK is relatively concentrated, with the top five brands taking up 30% of the market in terms of retail sales. “Clarks” ranked the 1st place in fashion and casual footwear industry in the UK with a market share of 14.1% which far exceeds the 2nd brand’s market share of merely 4.5% market share.

Ranking of Top Five Fashion and Casual Footwear Brands in the UK, by retail sales (2021)

Ranking	Brand Name	Background of the Brands	Market Share (%)
1	<i>Clarks</i>	“Clarks” is a footwear brand established in 1825 in the UK and it is the main brand of the Clark Group.	14.1%
2	Brand A	Brand A is an affordable fast fashion brand founded in Ireland with its business mainly operated in Europe. Its holding company is listed on the London Stock Exchange (“LSE”).	4.5%
3	Brand B	Brand B is a fashion brand founded in the UK with its business mainly operated therein. Its holding company is listed on LSE.	4.2%
4	Brand C	Brand C is a British brand with substantial business presence in the fashion industry and mainly operated in Western Europe. Its holding company is listed on LSE and the Over-the-counter Bulletin Board.	3.8%
5	Brand D	Brand D is a globally operated athleisure footwear brand founded in the US. Its holding company is listed on the New York Stock Exchange (“NYSE”).	3.4%
	Total of Top Five Brands		30.0%

Note: It refers to the calendar year which started from 1 January 2021 to 31 December 2021.

Source: Frost & Sullivan Report

The fashion and casual footwear industry in the US is relatively concentrated, with the top ten brands taking up 41% of the market in terms of retail sales. “Clarks” ranked the 7th place in 2021 and accounted for 1.8% market share.

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Ranking of Top Ten Fashion and Casual Footwear Brands in the US, by retail sales (2021)

Ranking	Brand Name	Background of the Brands	Market Share (%)
1	Brand D	Brand D is a globally operated athleisure footwear brand founded in the US. Its holding company is listed on NYSE.	9.6%
2	Brand E	Brand E is a globally operated fashion brand founded in the US. Its holding company is listed on NYSE.	7.0%
3	Brand F	Brand F is a globally operated fashion brand founded in the US. Its holding company is listed on NYSE.	6.8%
4	Brand G	Brand G is a globally operated casual footwear brand founded in the US. Its holding company is listed on NASDAQ.	5.0%
5	Brand H	Brand H is a globally operated fashion brand founded in the US. Its holding company is listed on NASDAQ.	4.6%
6	Brand I	Brand I is a globally operated outdoor fashion brand founded in the US. Its holding company is listed on NYSE.	2.5%
7	Clarks	“Clarks” is a footwear brand established in 1825 in the UK and it is the main brand of the Clark Group.	1.8%
8	Brand J	Brand J is a fast fashion brand founded in the PRC with its business mainly operated in North America, Europe and the Middle East. Its parent company is a private company from the PRC.	1.4%
9	Brand K	Brand K is a globally operated fashion brand founded in the US. Its holding company is listed on NYSE.	1.3%
10	Brand L	Brand L is a casual footwear brand founded in the US with its business mainly operated in North America. Its holding company is listed on NYSE.	1.0%
Total of Top Ten Brands			41.0%

Note: It refers to the calendar year which started from 1 January 2021 to 31 December 2021.

Source: Frost & Sullivan Report

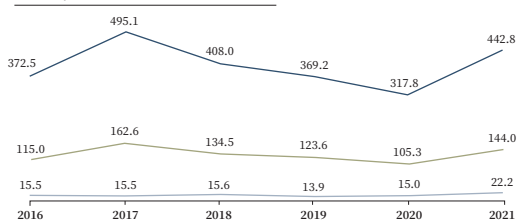
Price Trends of Raw Materials of the Fashion Industry

Raw materials of the fashion industry can be categorised into two types, namely natural fibres, such as cotton, silk and dry cocoon, and chemical fibres, such as spandex, polyester and nylon. Prices of these major raw materials in the PRC fluctuated during 2016 to 2021 and most of them recorded the lowest price point in 2020 due to the outbreak of COVID-19, which was attributed to a shrinking demand for fashion production, and the prices went up again in 2021 with the gradual economic recovery.

Price of Major Natural Fibers (PRC)

Thousand RMB/Tons, 2016-2021

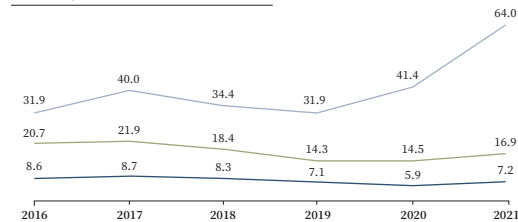
CAGR	2016-2021
Cotton	7.4%
Silk	3.5%
Dry Cocoon	4.6%



Price of Major Chemical Fibers (PRC)

Thousand RMB/Tons, 2016-2021

CAGR	2016-2021
Spandex	14.9%
Polyester	-3.5%
Nylon	-4.0%



Source: Frost & Sullivan Report

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OVERVIEW OF THE PRC SPORTS-RELATED INDUSTRY

Sports industry is an industry where people, activities, business, and organisations are involved in producing, facilitating, promoting, or organising activity and experience relating to sports, and including e-sports. Market players of the PRC sports sector includes private enterprises, individuals, government and public institutions. Sports related industry is widely defined and comprises various industries. The ones we operate in includes (i) sports venues operation and management industry, (ii) e-sports clubs and e-sports influencer commercialisation industry, and (iii) sports marketing solution industry, in the PRC.

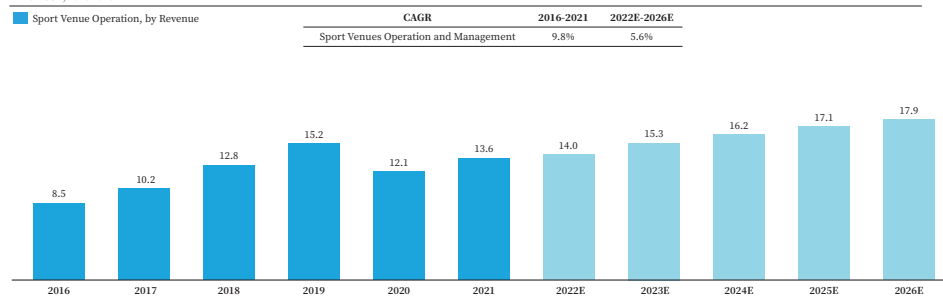
Overview and Market Size of the Sports Venues Operation and Management in the PRC

Sports venues operation and management refers to the management and operation of arenas, stadiums, or other facilities that are used primarily as a venue for sports activities by the general public. Operators generate revenue from multiple sources such as service fees for organising sports events and competitions on the site, subsidies, sales of entrance tickets, venue rental, providing training courses, sales of products within the venues.

As sports venue operation and management is closely related to public service, the market is dominated by the government authorities and other non-enterprise institutions, such as village committee and resident committee and etc., and only a small proportion of the venues which operated by enterprises are mainly for commercial purpose. Only 16.0% of the total sports utilisation area in the PRC are operated by enterprises in 2021, and the majority of the industry was dominated by government-affiliated institutions which operated 42.7% of the total sports utilisation area, along with a large portion of remaining operated by other non-enterprise institutions.

The market size of the PRC sports venue operation and management in terms of revenue grew from US\$8.5 billion in 2016 to US\$13.6 billion in 2021 at a CAGR of 9.8% primarily due to the increasing popularity of sports among the public. The industry took a serious hit from the outbreak of COVID-19 in 2020 primarily due to executive orders issued by the government to close down public gathering places to stop the spread of COVID-19, and people preferred to stay at home during the early periods after relaxation of the lock-down measures, and recorded a slight recovery in 2021. When the industry has gradually recovered from and adapted to the impact of COVID-19, the market size is expected to increase to US\$17.9 billion in 2026 at a CAGR of 5.6%.

Market Size of Sports Venue Operation and Management Industry, by Revenue (China)
Billion USD, 2016-2026E



Source: Frost & Sullivan Report

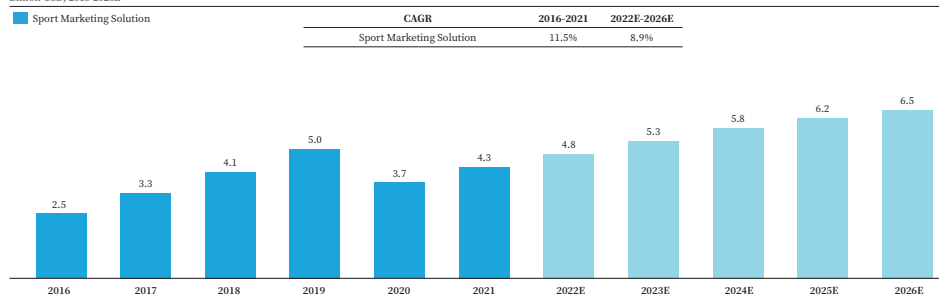
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Overview and Market Size of the Sports Marketing Solution Industry in the PRC

Sports marketing solution refers to the marketing activities facilitated by sports marketing solution providers with the purpose to help advertisers to build brand image and increase brand awareness by providing sponsorship to sports clubs, sports tournaments, athletes, and other means. It connects brands with sports intellectual property resources to provide a marketing platform which helps to execute marketing strategies for brands. In terms of revenue, major types sports marketing solutions in the PRC include sponsorship to sports clubs which contributed to 33% of the total market in terms of revenue and sponsorship to sports tournaments which contributed to 29% in terms of revenue in 2021, and sponsorship to athletes which contributed 7% of the total market in terms of revenue of the total market in 2021. The sports marketing industry is a highly fragmented industry with various industry players operating under different business models.

The market size of the PRC sports marketing solution in terms of revenue grew from US\$2.5 billion in 2016 to US\$4.3 billion in 2021 at a CAGR of 11.5% primarily due to the increasing popularity of sports among the general public. The market took a serious hit from the outbreak of COVID-19 in 2020 as many sports tournaments had been cancelled or delayed as a result of lock-downs and the executive orders issued by the government to stop public gathering, and recorded a slight recovery in 2021. When the market has gradually recovered from and adapted to the impact of COVID-19, the market size is expected to increase to US\$6.5 billion in 2026 at a CAGR of 8.9%.

Market Size of Sport Marketing Solution Industry, by Revenue (China)
Billion USD, 2016-2026E



Source: Frost & Sullivan Report

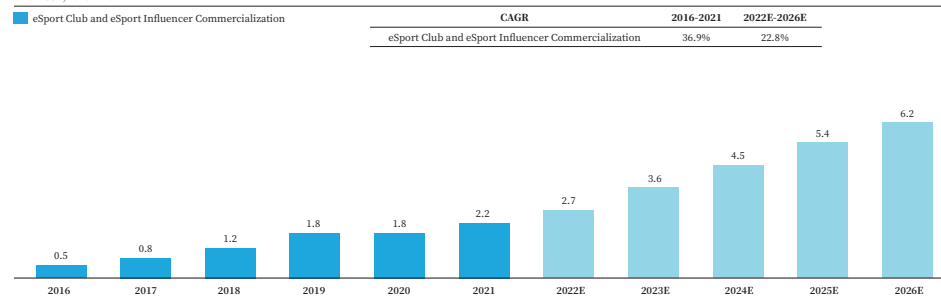
Overview and Market Size of the E-sports Club and E-sports Influencer Commercialisation Industry in the PRC

E-sports event refers to game competition in the form of tournament or league where e-sports clubs compete with each other for championship. E-sports club refers to a team of professional e-sports players that competes in the e-sports tournaments for championship and public exposure for further commercial value. E-sports clubs generate revenue primarily through tournament prize, sharing of revenue from tournament organisers, sponsorship fees to the e-sports club, commercialisation (including live-streaming and advertising) and sales of e-sports related merchandise. E-sports influencer commercialisation refers to the commercial activities where individual or multi-channel networks’ influencers act as media to create commercial value for customers from creating and broadcasting e-sports related contents, and in the returns, receives revenue for the services offering. Revenue of e-sports influencers commercialisation mainly include virtual gifts from live-streaming audience, content payment from platforms, and advertisement fees. The e-sports clubs and e-sports influencer commercialisation industry is fragmented and the key market players primarily include e-sports clubs and sports marketing solution providers.

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The market size of the PRC e-sports club and e-sports influencer commercialisation industry in terms of revenue grew significantly from US\$0.5 billion in 2016 to US\$2.2 billion in 2021 at a CAGR of 36.9% primarily due to the increasing popularity of e-sports as a new form of sports. The market did not record continuous growth in 2020, when compared to the previous years, primarily due to the economic downturn resulted from the outbreak of COVID-19. When the economy has gradually recovered from the impact of COVID-19, the market size is expected to increase to US\$6.2 billion in 2026 at a CAGR of 22.8%.

Market Size of eSport Club and eSport Influencer Commercialization Industry, by Revenue (China)
Billion USD, 2016-2026E



Source: Frost & Sullivan Report

Key Market Drivers of the Sports-related Industry

Favorable Government Policies. From 2016 to 2021, the PRC government had issued favorable policies to encourage the public to do more sports which have encouraged the development of the sports venue operation and management industry in the PRC. For example, in July 2021, the State Council Gazette issued the “National Fitness Program (2021-2025)”, which encouraged the increase in the supply of sport venues and facilities as well as public participation in sports. Moreover, the PRC government had issued policies to encourage the growth of e-sport industry, such as promoting e-sports education, hosting e-sports events, and offering direct subsidies. Several cities had issued policies aiming to position themselves as a regional or even national center for e-sports. For example, the Beijing government had issued “Medium and Long-term Plan for Beijing to Promote the Construction of National Cultural Center (2019-2035)” to position itself as capital of e-sports.

Increasing Public Awareness on Health and Well-being. With rapid economic development and improvement in living standards, public awareness on health and well-being have been increasing. As a result, willingness to spend and consume health and wellness related goods and services has seen a steady growth in the past few years, and will remain increasing in the foreseeable future.

Hosting of International Sport Events in China. Many important international sports events, such as the 2008 Beijing Summer Olympics and the 2021 Beijing Winter Olympic, have been hosted by the PRC. Chinese government are keen to host more sport events as it would boost consumption and tourism. Frequent sports events, especially international sport events with wide media coverage, will bring growth opportunities for the sports marketing solution providers in the PRC.

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Future Development Trends of the Sports-related Industry

Rise of Private Operators in Sports Venues Operation and Management. Governments have issued policies to encourage private enterprises to investment in the sports venues operation and management industry to improve the quality of sports-related services. It is expected that such investment will offer great opportunity for top private operators with strong operational capabilities to expand their business as they are more experienced and efficiency-driven.

Increasing Popularity for One-Stop Sports Complex. A new business model of one-stop sports complex has achieved substantial success within the sports industry and the popularity of such complex is increasing among the general public. One-stop sports complex integrates multiple services into one complex building or park, such that customers can satisfy their needs in one place, and is expected to gain a fair market share in future.

High Growth in E-sports Industry. The e-sports industry recorded a significant growth in the PRC between 2016 and 2021. As the world’s largest e-sports consumer market with the largest number of e-sports participants in the world, a full industry chain has been successfully cultivated, and every participants in the industry are expected to benefit from the rise of this market. Moreover, as e-sports has become more popular among young generations, such as millennials and Generation Z, e-sports related merchandise has become a stable source of income for e-sports games and e-sports clubs as their brand and logo would bring a considerable premium. It also helps foster loyalty and attachment to e-sports games and e-sports clubs among fans.

Entry Barriers of the Sports-related Industry

Public Administrative and Operational Experience. Entering the sports venue operation and management industry requires experience in dealing with public administration authorities and operating sports venues. An industry player needs to convince the public administration authorities that it is capable to deliver satisfying services for the general public. Therefore, players with a successful track record in managing sports venues are more likely to succeed in the industry.

Access to Sports-related Resource. Access to resources is a major barrier for sports marketing industry. The pivot points of this industry are high-value sports-related intellectual properties that attract traffic and sponsors that are willing to pay for the marketing exposure. Industry players would have to have access to these resources, such as the commercialisation rights of the sports-related intellectual properties and connections with resourceful sponsors, to successfully operate in the industry which constitute a major barrier of entry for the industry.

Talent Development. E-sports clubs and e-sports influencer commercialisation industry relies heavily on talented people with specific e-sports gaming techniques. For e-sports club, it requires talented players to win at tournaments. For e-sports influencer agency, talented people is needed for attracting audiences and increasing internet traffic. These talents are scarce and hard to find. Therefore, talent development constitutes a key entry barrier for the e-sports clubs and e-sports influencer commercialisation industry.