



## **Mountain Glory – a class of its own**

### **Introduction**

Zhi Huo Culture & Sport Technology (Hainan) Company (ZHSCT) has awarded psc development gmbh the exclusive contract to source brands and products for an innovative and new shopping mall project. The contract also includes negotiating both purchase pricing and contract terms. Our partner plans to open a 4'000 sqm shopping mall in autumn 2022, with psc development gmbh responsible for 2'000 sqm.

Shoppers are our Guests and therefore demand a unique shopping experience, a truly different concept. In order to fulfil these desires, we will include among the well-known brands, access to the many exclusive smaller brands who do not have the marketing power to reach their potential customers worldwide. psc development gmbh intends to fill all needs.

### **Our Partner**

Based on the Hainan Free Trade Port and under the direction of Hainan Province Department of Tourism, Culture, Radio, Television and Sports, ZHCST Company is a socialized sporting goods company committed to promoting the development of the burgeoning sports industry in China. To lay the groundwork for long-term growth in Hainan, the Company has been involved in Sport Import Expo, Sport Duty-Free Town, Sport Industrial Park, Sport Town, and a variety of sport contests in Hainan. More details can be found below.

### **Why mountain and outdoor sports?**

The shopping mall comprises of four (4) floors, each manifesting a different experience. Our responsibility is the 2,000 sq ft located on floors 3 and 4.

- 3<sup>rd</sup> floor centerpiece: upscale mountain summer and winter products and equipment, including ski, snowboard, ice sports, camping, climbing, hiking, accessories, lifestyle, fashion and skin care.
- 4<sup>th</sup> floor special feature: a dedicated floor with luxury sports brands for the most sophisticated shopper.

We focus on mountain and outdoor sports because snow-related sports have a massive popular appeal, riding a wave in public interest due in no small part to the Winter Olympic Games held in Beijing and the surrounding areas this past February 2022. As a result, more and more people have



changed their life philosophy to spend more time with their families and friends in the outdoors. Even camping has found a niche interest in China as it allows for social interaction amid a natural setting.

On top, on floor 1 and 2 customers will find

- golf
- equestrian sports.

### **The Concept**

The contrast could not be greater: from Hainan's tropical island setting, as only one door separates Guests from access to our glittering version of the snowy slopes of the Alps. Our concept will make this winter paradise a tangible experience in the real world. How? Well, we engage all of the senses to create an exceptional experience. We introduce to you **Mountain Glory**.

#### The variety of landscapes and climate

In a world full of nature's wonders, Mountain Glory will expose the guest to shopping motivated by his/her heightened vision, touch, smell and sound. Indeed, as they leave the island heat and humidity, their reaction is the immediate cool air and fresh mountain breeze. Then the journey begins....

- On the way to the top, the customer crosses a wall of fog. And thus, dives from the tropics into the alpine world.
- On the sales level the shopper can first indulge in the Alpine countries of France, Switzerland, Austria, Italy, Germany. Next, the journey takes them through the Asiatic regions, the United States, Canada and even possibly the Scandinavian countries.
- Technical products, such as skis, boards, camping gear have their own place, alternating with the season.
- Within individual countries or regions, product categories can be mixed, accessories with fashion, shoes, sunglasses, cosmetics.
- In the experience corner, a special attraction will be in place, whether a summer-time rock climbing wall or a winter-time ski simulator.
- Smuggling was an important source of income for the Alpine population in historical times, and we represent the winding valleys.
- Throughout the floor, photo and video projections on the walls complete the experience.



## **Focus on Luxury**

On the 4th floor, the concierge welcomes the guest, who is informed about his preferences and tastes. No time is wasted, so guests can immerse themselves in an entire floor designed in the distinguished splendor of an exclusive hotel. The décor is reminiscent of the Alpine region and features luxurious textiles and materials. Guests can stroll among the open but clearly defined stores and indulge themselves. At the bar or in one of the seating areas, guests are pampered by attentive service staff and enjoy the hustle and bustle from a slightly elevated seating position.

The eye-catcher in the middle of the luxury floor is the catwalk that runs through the hall. Fashion shows are held here regularly. The podium, equipped with a grand piano, is also a stage for small concerts and other musical performances. To make these events attractive and give them some value, the seats can be reserved.

## **Storytelling**

To satisfy their desires, consumers demand a novel shopping experience. They want to discover something different, new, and unique. Storytelling is key to making a difference. Customers will then not only take home an anonymous product. They will be loaded with an interesting and emotional story about the background and manufacturing of the product. A story they can tell their friends – and they will. Therefore, we will build special places throughout the main product hall, where products from less known small brands are exhibited – together with the story of their origin and special meaning.

A brand creates trust. A well-known brand strengthens the intrinsic value of a product. Less well-known brands have the disadvantage, precisely, that they are not known. Thus, they do not generate a trust advantage. To correct this shortcoming, we have invented the concept of «Swiss Inspirations» (can be adapted to other countries, e.g. «French Inspirations»).

The idea is to compensate the weakness of less known brands by using the country as an umbrella brand. The countries themselves are the brand and protect the smaller brands. By showing the history, origin, production, and the people behind it, we satisfy the customers' fever of discovery and curiosity. The result: Thus, we strengthen the product significantly. Because every brand comes with an inspiring story.

The decisive factor for the classification is not the place of production of the product, but the country of origin of the brand. Our concept offers a shop-in-the-shop, pop up, corner or stand-alone space with products tailored to the location that shine through their uniqueness and their story.



## FACTS & FIGURES

### **Hainan: What does it stand for?**

Hainan offshore duty-free market has grown aggressively during the pandemic while its annual sales has achieved 60 billion RMB in 2021 (corresponds to EUR 854 Mio.), which has an 82% increase from the prior year.

A unique price advantage, relied on the Hainan offshore duty-free policy, will enhance the attraction of luxury consumption. Duty-free retail has a natural advantage in comparison with traditional duty-paid retail market, therefore, that would be more attractive for sport enthusiasts as they have been required to spend more on their high-end and professional equipment.

➤ High-end sport goods and professional equipment require a large display site and cannot be taken on the airplanes, so it is hard for the duty-free shops in other countries to build a large-scale retail concept.

➤ The large duty-free shopping malls in Hainan with their free delivery service policy are making Hainan as the best place to develop duty-free sports retail.

We would take the first place to run sport duty-free business in Hainan without any competitor at the early beginning. Then we could expand our business on duty-paid market and explore online business.

### **The location Mission Hill in a nutshell**

The total business area of Mission Hills project is 100 thousand square meters, including a duty-free retail area with 30 thousand square meters (operated by DFS). P&C and Liquor have opened for business (13 thousand square meters). Our project is located centrally in the area, in the immediate vicinity of several luxury hotels. Around 20 million visitors a year come to Mission Hills, there are numerous sporting events. In addition, the largest golf club is located here.

With the overall design of our entire mall building, we hope to create a home for enthusiasts across the country, where they can buy top high-end outdoor sports equipment.

### **Market situation in China**

In the prediction of 2021 China Ice and Snow Tourism Development Report, ice-snow tourism person-times will reach 230-300 million and income from that will be above 390 billion yuan in the next 1-2 years. China will become the fastest-growing market of the world. The total amount of ice-snow industry of China will reach one thousand billion yuan in 2025. 300 million people will be activated to participate in ice-snow sports.



Referring to the data on Chinese websites, year-on-year growth rate of search volume in 2021 was 100%; the group of people expanded from previous minority of elites to the middle class. Besides, year-on-year growth of order volume of JD during Double Eleven was 23 times; year-on-year growth of order volume of Tmall during Double Eleven was 120%.

Geographic restriction has been broken and the areas of ice-snow sports have expanded from traditional north to south. Some indoor sports venues have been constructed in Shanghai, Guangdong, Zhejiang, Sichuan etc., which pushes forward «Ice-Snow Sports of Southerners».

Chinese customers have good willing to collect limited edition products of brands and spend more on the personalization services. More and more people are desired for personalized products to differentiate themselves from others. With the growth of resident income, Chinese outdoor market has become one of major outdoor supplies markets of the world.

The market size of China was 169.3 billion yuan in 2020 and the year-on-year growth rate was 6.43%. The market size is estimated to reach 240.9 billion yuan in 2025, the compound annual growth rate will reach 7.1% during 2021~2025.

After the epidemic outbreak, popularity of motorhome travel rises for 243.5%; popularity of self-driving tour rises for 78.6%; popularity of hiking rises for 32.6%; popularity of cycling rises for 21.7%.

High-end Sport Retail is a big trend of sports retail business in China. Chinese sportswear market had achieved 254 billion RMB sales in 2020, increasing 89 billion RMB than 2015, as well as keeping an average annual growth of 17.8 billion RMB from 2015 to 2020.

Switzerland, September 2022