

Dufry and Hainan Development Holdings confirm deal to develop Hainan offshore duty free opportunities



CHINA. Dufry AG and Hainan Development Holdings (HDH), a fully

state-owned company of the Hainan Provincial Government, today announced that they have signed a strategic cooperation agreement to develop opportunities in Hainan's booming travel retail market.

Dufry, in addition to the supply of global brands, will share its global experience in travel retail with HDH.



The first step of this collaboration will focus on HDH's development of

the duty free operation at Hainan's Mova Mall in Haikou, the capital of Hainan Island.

Mova Mall is a major tourism and shopping destination in Haikou's city centre, already featuring a vast leisure offer of shopping, dining and entertainment facilities – plus over 2,500 luxury hotel rooms in walking distance.

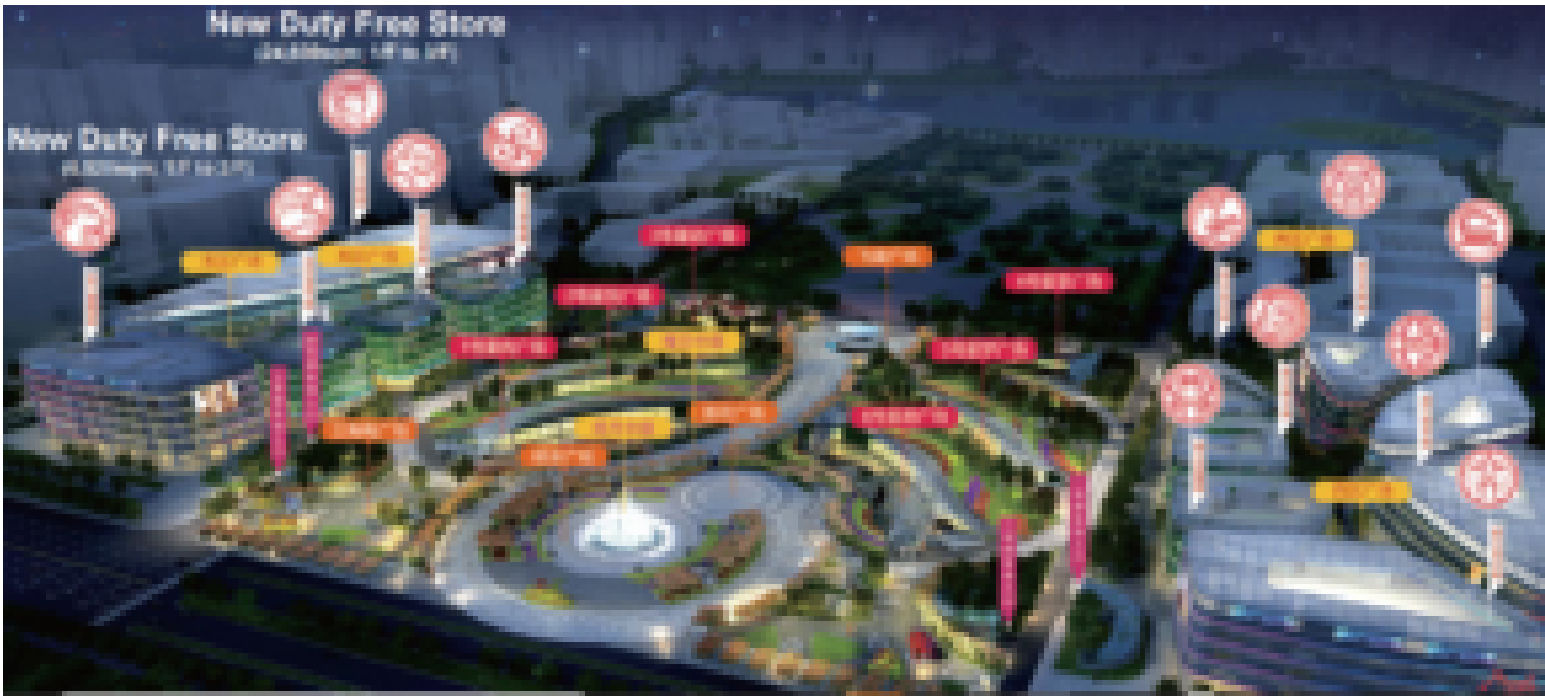
The Mova Mall complex welcomed 22 million visitors in 2019 and visitors from Mainland China are allowed to buy duty free items up to an amount of CNY100,000 (US\$14,000) per year under the enhanced offshore allowance introduced on 1 July last year.



The Aquarius (left) and Capricorn buildings will house 31,120sq m of duty free retail space by Q3 next year. Source: The Haikou Guide; Tropical Hainan.com

The new downtown duty free shop will span over 38,920sq m across two buildings of the Mova Mall – Aquarius and Capricorn. It will be developed in three phases, the first phase due for opening before the Chinese Spring Festival in 2021.

During the initial phase, the temporary product assortment in the duty free store will include an attractive offering covering all core categories such as perfume & cosmetics, food and confectionery, wine & spirits, as well as sunglasses and luxury items from global brands and local premium labels.



How the new duty free landscape will take shape at the Mova Mall

For the second and third phase for both Aquarius and Capricorn, an additional range of top luxury and lifestyle brands has been engaged. This expansion will allowing the offer to embrace 350 brands across all categories once the store is fully completed in the second and third quarters 2021.



Julián Díaz: The partnership combines local understanding and global expertise

Dufry Group CEO Julián Díaz commented: “We highly value the common understanding we have reached with our partner Hainan Development Holdings to jointly develop the duty free opportunities in the fast-growing Hainan market and beyond.

“Hainan Development Holding’s in-depth understanding of the local market and the duty free licence they hold, combined with Dufry’s global expertise, understanding of customer behaviours and access to all the renowned global brands represents a unique combination of skills with which to create a successful business in Hainan.

“We are very proud to assist in this duty free operation at the Mova Mall in Haikou, thus contributing to the successful development of Hainan.”

Gu Gang, Secretary of the Party Committee and Chairman of the Hainan Development Holdings, commented: “As the primary investment entity and financing platform for significant projects in Hainan Province, Hainan Development Holdings strives to promote the construction of Hainan Free Trade Port and International Tourism Consumption Center through the building of tourism, modern services and high-tech industries.

“The establishment of the wholly-owned Global Consumer Boutique (Hainan) Trading Co. Ltd. will further expand the scope of the offshore duty free business and digital operation models. Global Consumer Boutique (Hainan) Trading Co. Ltd. will keep pace with the international standards of brands, variety and foreign tourists’ duty free shopping demands.”

The partnership with Hainan Development Holdings is in line with Dufry’s growth strategy in Asia and builds on the company’s existing and long-standing footprint in China.

Dufry has operated travel retail businesses in China since 2008 and manages duty paid shops at Shanghai Hongqiao and Shuangliu International airports. Dufry’s presence in Greater China also extends to Hong Kong and Macau.

Hainan Island: Travel retail's global hotspot

The Moodie Davitt Report will publish a Hainan Island Special Report with the China edition of The Magazine in February 2021. Written by Martin Moodie and Dermot Davitt, it will explore how the offshore duty free business in China has become critical to the world's leading brands across many categories.

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The report will feature:

- Comment & analysis on the seismic impact of the new offshore duty free policy in Hainan since 1 July
- The potential of new offshore duty free allowances across categories from beauty to fashion and watches and from wines & spirits to consumer electronics
- Major interviews with and profiles of China Duty Free Group, CNSC, DFS Group, Dufry, Hainan Development Holdings, Hainan Tourism Investment Development Co, Hainan Provincial Bureau of International Economic Development (Hanain IEDB), Lagardère Travel Retail, and others, with a special focus on the ambitious Hainan Free Trade Port project
- Beyond Hainan, we examine the rebound in the China domestic market, assess prospects for Chinese airports and hopes for an eventual return to international travel. With input from leading travel retailers in the Mainland, Macau

