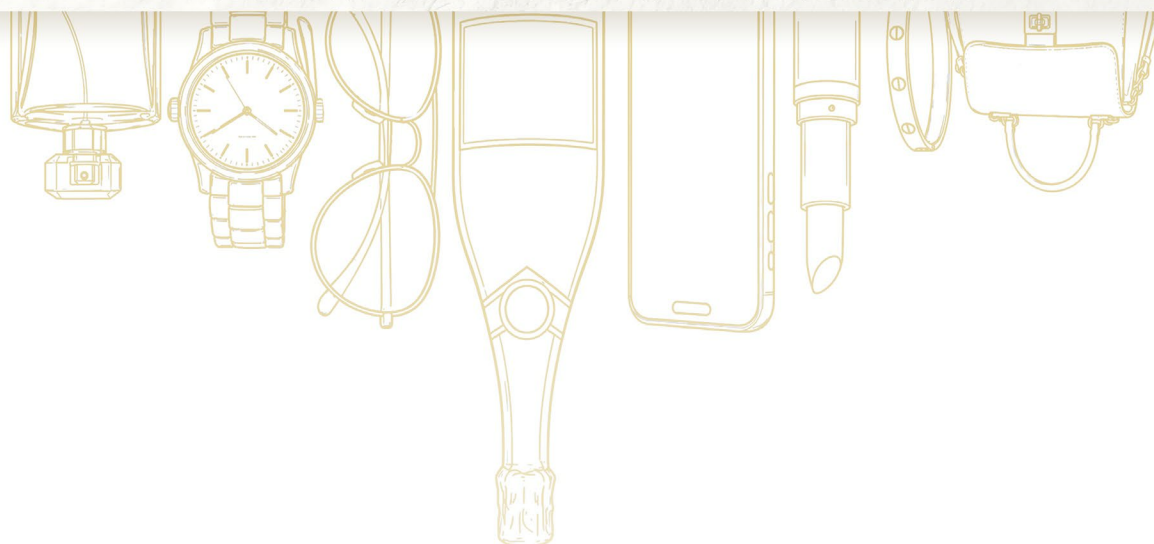


A NEW CYCLE
FOR CHINA'S TRAVEL RETAIL
**FROM TRAFFIC
TO VALUE**



2025-2026 cdf CONSUMPTION WHITE PAPER



FOREWORD

The year 2026 marks the intersection of the completion of China’s 14th Five-Year Plan and the launch of the 15th Five-Year Plan. The global duty-free and travel retail market has reached a critical turning point of recovery and quality upgrading. The underlying logic of industry growth is undergoing profound restructuring. Consumer experience is emerging as a new growth engine, and competition has escalated from a single-dimensional price competition to an all-dimensional contest across customer operations, brand resources, supply chain efficiency, and scenario experience.

As a leading industry benchmark in the global duty-free and travel retail market, China Duty Free Group Co., Ltd. (hereinafter “cdf”) has accurately identified the trajectory of industry transformation, and is building sustained long-term growth momentum by balancing principled foundations with proactive innovation. Leveraging the spending data of 62 million members, strategic partnerships with more than 1,600 world-renowned brands, and a mature omnichannel operations system, cdf is proud to publish A New Cycle for China’s Travel Retail: From Traffic to Value — The 2025–2026 cdf Consumption White Paper. This report systematically interprets consumer trends, category evolution landscapes and the logic behind channel transformation. It aims to build industry-wide consensus and collaborate with all industry stakeholders to drive high-quality development in duty-free and travel retail.

TABLE OF CONTENTS

Chapter 1 | The Duty-Free and Travel Retail Market Landscape

- 1. The Current Global Market
- 2. The Global Competitive Landscape
- 3. Growth Potential of the Chinese Market
- 4. The Competitive Landscape in the Chinese Market
- 5. cdf’s Strengths

Chapter 2 | A Panoramic Insight into Duty-Free and Travel Retail Consumers

- 1. New Consumption Patterns
- 2. Panoramic View of the Industry’s Customer Base
- 3. cdf’s Nine Customer Segment Personas

Chapter 3 | Duty-Free and Travel Retail Category Trends and Practices

- 1. New Category Trends
- 2. cdf’s Category Layout
- 3. cdf’s Core Category Performance

Chapter 4 | cdf’s Omnichannel Layout in Duty-Free and Travel Retail

- 1. Hainan Offshore Duty-Free
- 2. Airport Duty-Free
- 3. Downtown Duty-Free
- 4. Online Platforms
- 5. Hong Kong, Macao, and International

Chapter 5 | Outlook for the Duty-Free and Travel Retail Market

Conclusion
Disclaimer



KEY FINDINGS

In 2025, the global market showed a recovery marked by divergent growth in regions. Buoyed by recovering consumer confidence, restored passenger flows, and a combination of policy dividends including expanded visa-free entry, Hainan Free Trade Port’s island-wide customs closure operation, and offshore duty-free policy, the Chinese market is steadily becoming the growth pole with the strongest certainty in the global duty-free and travel retail market. As the leading enterprise in China’s duty-free market, cdf continues to consolidate its competitive moat through industry leadership, backing of a state-owned enterprise under central administration (“central SOE”), an omnichannel network layout, refined membership operations and a stable global supply chain.

The industry is exhibiting three major new consumption features: K-shaped divergence, the deepening of the experience economy, and AI-driven decisionmaking. Meanwhile, the customer base continues to evolve—premium members stay highly active, lower-tier markets are gaining traction, and spending from foreign travellers is picking up. In 2025, cdf’s Gold Card and above members grew by 12% year-on-year, new members from tier 3 and lower-tier cities doubled, and the number of foreign users rose by over 40%. cdf continues to deepen its understanding of consumption behaviours across its nine customer segments, and implements differentiated strategies in merchandise supply and scenario creation, addressing the consumption needs of each group across multiple dimensions.

Category management has entered a new stage of dual-track “duty-free + duty-paid” synergy and in-depth value expansion. cdf’s 2025 sales performance showed that Perfumes & Cosmetics continued to anchor the business, while sub-categories including jewellery and gold, accessible luxury, consumer electronics, outdoor sportswear, health tonics, and whisky delivered strong growth momentum. Meanwhile, cdf has fostered a coordinated multi-category growth pattern by expanding high-potential categories, launching scarce merchandise, and incubating private labels. In terms of in-depth value expansion, cdf has rolled out brand services, shop upgrades, and introduced immersive experience spaces such as the “Whisky Museum”, extending the boundaries of category services to meet consumers’ growing demand for experiences.

As the travel retailer with the most complete range of duty-free shop types and the largest number of retail outlets in one single country, cdf continues to optimise the operating scenarios of each channel in line with consumption trends. In the Hainan offshore duty-free channel, it deepens the “duty-free + cultural tourism” model, creating integrated spaces that combine shopping, socialising, leisure, and brand experience. In 2025, cdf achieved a key breakthrough in airport channel operations, winning concession operations projects at core hubs and redefining the path of travel retail cooperation with its Lanzhou Airport model. Downtown duty-free shops expanded steadily relying on policies. Downtown duty-free shops in 13 major cities, including Beijing, Shanghai, Guangzhou, and Shenzhen, are now fully operational, running the model of “duty-free + duty-paid”, “offline + online”, and “imported + domestic”. Each online platform builds its own distinctive e-commerce ecosystem, anchoring a new growth curve through service scenario expansion and resource synergy. In addition, cdf continues to expand its overseas shops and acquired DFS’s Greater China retail business in March 2026, further strengthening its global operating capability.

In future, against a backdrop of supportive policies and the steady recovery of passenger traffic, the growth certainty of China’s duty-free and travel retail market will strengthen further. As travel retail shifts from traffic-oriented to value-oriented, the keys to competition will lie in refined customer operations, upgraded shopping spaces, AI-driven consumption across the full journey, the in-depth exploration of category value, and channel-format innovation. cdf will proactively adapt to changing consumption, continuously deepening its transformation and upgrade from “traffic coverage” to “in-depth value cultivation”.

CHAPTER 1

THE DUTY-FREE AND TRAVEL RETAIL MARKET LANDSCAPE



1. The Current Global Market

Global Traffic Rebounds as Regional Recovery Diverges

In 2025, the global duty-free and travel retail market continued its recovery. According to Generation Research, the global market size reached USD 75.9 billion, up 2.4% year-on-year (YoY). Global international tourists grew by 4.0% YoY in 2025, securing the baseline volume for travel retail market.

The Asia-Pacific region remains the core of the market, accounting for 40.2% of global sales. As the core consumption market of the region, China is continuously releasing consumption potential through multiple policy dividends: the ongoing optimization of duty-free policies and the island-wide special customs operations of the Hainan Free Trade Port (FTP), thereby further promoting consumption repatriation. In addition, mutual visa-exemption agreements between China and several Southeast Asian countries continue to take effect and deepen, driving steady growth in cross-border passenger travel and travel retail consumption within the region. As the world's most populous country, India is accelerating construction in aviation infrastructure and pushing its airport commerce transformation toward an integrated and diversified format. Combined with policy expectations brought by EU-India free trade negotiations, the country's travel retail landscape continues to expand and its growth potential is being released at speed.

Europe & Americas exhibit steady growth, with sales up 7.0% and 0.5% YoY respectively in 2025. Leveraging a mature network of transport hubs, Europe continues to invest in infrastructure and offline retail scenario upgrades to improve its travel retail layout and consolidate the long-term foundation of the industry. Regional performance across the Americas is clearly divided. The United States achieved moderate growth supported by rebounding outbound passenger traffic, while Canada's travel retail sector is under pressure from shrinking cross-border traffic. Latin America is upgrading its commercial facilities at transport hubs to close gaps in consumption scenarios and expand growth space for the regional market. The Middle East and Africa have become new growth frontiers, with sales up 9.5% and 16.8% YoY respectively in 2025, significantly higher than the global average. Led by Saudi Arabia and the UAE implementing a wave of landmark cultural and tourism infrastructure projects, together with Saudi Arabia's new 15% VAT refund policy, the Middle East is seeing a rapid growth in travel retail consumption. A cluster of countries in Africa have rolled out visa facilitation policies alongside airport infrastructure modernization schemes to capture the benefits from global passenger traffic rebound, propelling rapid expansion of the travel retail market in the region.





2. The Global Competitive Landscape

cdf and Avolta Lead as Travel Retailers Refine Regional Layouts and Operational Efficiency

cdf and Avolta lead the global market, albeit distinctly different strategic paths. cdf has deeply cultivated Hainan offshore duty-free business and built an omnichannel network, covering airports, border ports, downtown duty-free shops, and e-commerce. It is steadily advancing overseas expansion through new shop openings, the acquisition of DFS's Greater China retail business, and the "Guochao (China Chic) Going Global" initiative. In terms of efficiency, refined membership operations and a digital and intelligent supply chain system are lifting both member repeat purchase rates and fulfilment efficiency. Avolta focuses on core transport hub scenarios in Europe and the Americas, consolidating its market with an integrated model of "Travel Retail + Food & Beverage". In future, it will adopt flexible shop design and business mixes to suit consumer needs in different markets, as well as the digital technology to upgrade its Club Avolta membership system, delivering sustained improvements in operating profit and customer conversion efficiency.

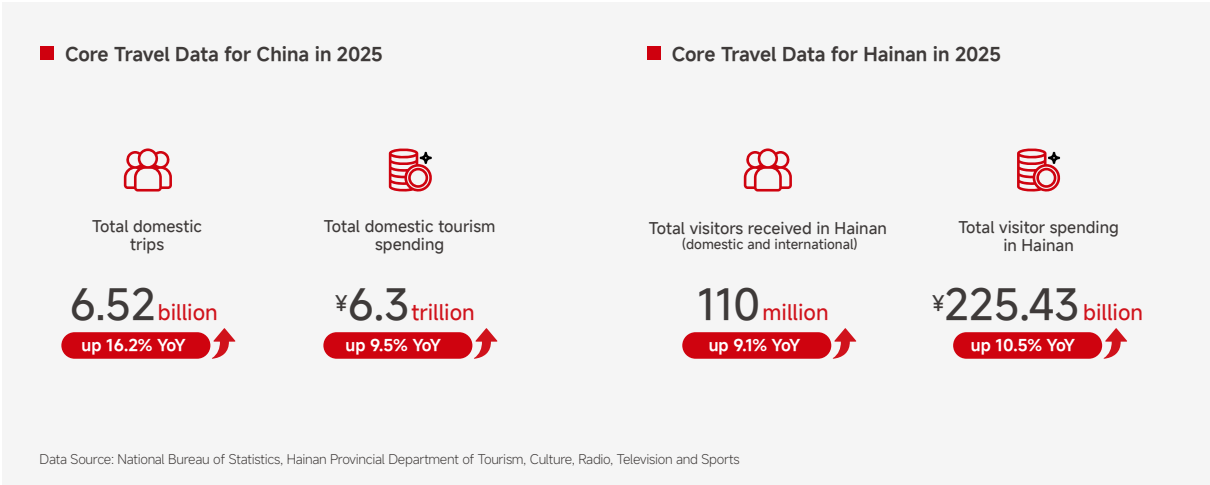
Other travel retailers are also driving quality and efficiency by optimising regional layouts or divesting loss-making businesses. Lagardère continues to consolidate its core European hubs while expanding into high growth markets in Africa and the Middle East. Meanwhile, it restructures underperforming businesses in Asia-Pacific with a focus on emerging markets including Cambodia, and entrenches its position at Auckland's premium transport hub. Lotte Duty Free of South Korea is focusing on its home market, closing loss-making overseas shops to concentrate resources on its return to Incheon International Airport, while running data-driven targeted marketing through its cross-industry L.Point membership system to enable efficient customer traffic conversion. The Shilla Duty Free has divested high-cost, loss-making airport operations to focus on its core downtown duty-free shops at home, working to restore profitability and improve management efficiency.

3. Growth Potential of the Chinese Market

Rebounding Domestic Consumption, Reviving Travel and Policy Dividends Drive Growth in Passenger Traffic and Spending

China’s economic fundamentals remain solid with steady expansion. Household incomes and consumer confidence are steadily recovering, providing a macro foundation for travel retail growth. China’s GDP surpassed RMB 140 trillion in 2025, securing its position as the world’s second-largest economy. Per capita disposable income rose by 5.0% YoY, while the consumer confidence index has posted positive YoY growth every month since May 2025. Consumers’ capacity and propensity to spend continue to strengthen.

Passenger traffic rebound has released further growth potential for travel retail. In 2025, total domestic trips and domestic tourism spending both exceeded the corresponding 2019 levels. Supported by its offshore duty-free policy advantages and premium tourism positioning, Hainan has entered a new phase with visitor volume exceeding 100 million and total visitor spending surpassing RMB 200 billion. In addition, domestic outbound demand continued to be unleashed. Mainland residents made 170 million outbound trips in 2025, up 15.1% YoY.





4. The Competitive Landscape in the Chinese Market

A Diversified Competitive Landscape, with cdf Leading the Market

cdf operates the world's most complete range of duty-free shops and the largest number of travel retail outlets within a single country. Equipped with a full operational licence and an extensive channel network, it holds nearly 80% of China's travel retail market. In early 2026, cdf's acquisition of DFS's Greater China retail business further consolidated its leading position in the industry.

Other travel retailers are advancing on diversified growth. Hainan Development Holdings, Hainan Tourism Duty Free, Shenzhen Duty Free, and Zhuhai Duty Free are consolidating their market shares by expanding shop networks, broadening product assortments, and improving the shopping experience.

Meanwhile, 2025 saw a reshuffle of airport duty-free concessions. A pattern of competition and cooperation between domestic and international operators took shape. cdf reinforced its layout at hub airports by securing inbound and outbound duty-free concessions for Terminal 3 of Beijing Capital International Airport, Terminal 2 of Shanghai Pudong International Airport (including the S2 satellite hall), and Shanghai Hongqiao International Airport. Wangfujing won the inbound and outbound duty-free concessions for Terminal 2 at Beijing Capital International Airport, marking its entry into a mega international hub and extending its duty-free operational network. Avolta entered the Chinese mainland duty-free market for the first time, securing concessions at Terminal 1 and the S1 satellite hall of Shanghai Pudong International Airport. China's duty-free and travel retail market is moving into a new development phase featuring fuller competition.



5. cdf's Strengths

Six Core Advantages Reshape the Value Chain of “Customer, Goods, Scenario” and Build a Long-Term Competitive Moat

Industry leadership

Positioned as a world-class, digitally intelligent travel retail operator, cdf wields strong leverage. It has hosted its Global Partners Meeting for two consecutive years. The 2026 event attracted over 350 brand partners, up over 56.0% YoY, demonstrating cdf's influence within the global travel retail sector.

Central SOE backing

As a listed holding subsidiary controlled by China Tourism Group, cdf's status as a central SOE stands for compliance credibility and product assurance, strengthening the foundation of consumer trust. Empowered by the full industrial chain resources of its controlling shareholder, cdf links all scenarios spanning travellers' journeys and duty-free consumption, generating exclusive traffic synergies.

Omnichannel network layout

cdf runs China's most comprehensive duty-free retail network, with approximately 200 duty-free shops at home and abroad across nine formats, including airport, inflight, border, ship supply, passenger terminal, railway station, diplomatic services, cruise, and downtown. It also conducts online sales through its own e-commerce platforms and third-party marketplaces. In 2025, cdf secured 16 duty-free concession projects. Meanwhile, downtown duty-free shops in 13 major cities, including Beijing, Shanghai, Guangzhou, and Shenzhen, are now fully operational, pioneering a model covering “duty-free + duty-paid”, “offline + online” and “imported + domestic” offerings.

Refined membership operations and omnichannel marketing

membership system and deeply cultivated its refined operations centred on the full member lifecycle. Its proprietary channel covers about 90% of business volume, leveraging personalised outreach and customised services to boost member stickiness. By the end of July 2026, cdf's membership had reached 62 million, forming a large, highly loyal member base.

cdf has developed a set of iconic annual marketing IPs, including cdf Chinese New Year, cdf Global Delight Season, cdf Year-End Gala and the Offshore Duty-Free Shopping Festival. It integrates member resources from physical shops, online platforms, third-party channels and media at home and abroad to build an omnichannel marketing system covering travellers' pre-trip, on-trip and post-trip. The group also collaborates with global brands and cultural IP holders to pioneer integrated “duty-free + cultural tourism” marketing, delivering dual growth in brand visibility and sales performance.

Complete supply chain infrastructure

cdf maintains long-term, stable partnerships with more than 1,600 renowned global brands. Closely tracking Chinese consumer trends, it introduced over 400 new brands in 2025, sustaining a diverse brand matrix and ensuring a steady merchandise supply. It operates eight customs-supervised logistics centres in Beijing, Shanghai, Dalian, Qingdao, Shenzhen, Sanya, Haikou, and Hong Kong, deploying advanced monitoring systems to improve logistics efficiency and enable streamlined product delivery nationwide.

Digital & intelligent transformation

cdf has launched the construction of its Nebula system, building a large-scale data asset pool, breaking down barriers between online and offline data, and building user journey behavior profiles and a tiered segmentation system, creating the data foundation for precision marketing. Centred on core consumer needs, it is also building a digital and intelligent supply chain system to continuously optimise the entire merchandise fulfilment process.

CHAPTER 2

A PANORAMIC INSIGHT INTO DUTY-FREE AND TRAVEL RETAIL CONSUMERS



1. New Consumption Patterns

K-Shaped Divergence, Deepening Experiential Value, and AI-Driven Decision-Making Chains



1.1 K-Shaped Divergence: High-End Resilience and Middle-Class Rationality

On the upper segment of the K-curve, high-net-worth (HNW) customers continue to anchor the premium consumption base and remain the core purchasers of Jewellery & Watches, Luxury Leather Goods, and Haute Couture. In 2025, sales in mainland China's personal luxury market declined significantly, with the market stabilising and beginning a recovery in Q3 2025. Premium consumption is proving resilient.



On the lower segment of the K-curve, consumption among the mainstream middle-class group returns to rationality. Purchase decision-making hinges primarily on daily essential needs, product pragmatic value and overall value for money. Pre-purchase price comparison has become a standard practice along the consumer journey, alongside strong demand for product trial experience.

1.2 Experience First: Emotional ROI Emerges as the Key Purchase Criterion

As consumption philosophy evolves, all customer segments are placing greater value on emotional fulfillment and the quality of experiences. Expectations for experiential value diverge sharply by each consumer segment. HNW customers are no longer satisfied with monotonous shop service. They seek exclusivity and privacy throughout consumer's journey, and are willing to pay a premium for highly scarce and premium services. Leading travel retailers have pushed beyond the boundaries of traditional in-shop service to build full-journey premium services covering pre-trip, on-trip and post-trip. Middle-class customers, while spending rationally, increasingly value the atmosphere of physical shops. Younger generations are more receptive to creative, clear-themed and interactive brand events. Consumers in each interest-based group demand more personalised offerings. They seek immersive experiential spaces that align with their interests and enable deep engagement. In response to this consumption trend, travel retailers keep enriching shopping scenarios by rolling out premium services, brand pop-up shops and extended-run pop-up shops, and immersive experiential spaces.



1.3 AI-Driven Reshaping of Decision Chains: From Search-Based to Conversational Models

AI is increasingly permeating the entire consumer decisionmaking journey. 64.0% of Chinese consumers have already utilized AI tools in their latest luxury purchases, with AI transitioning from a mere "supportive aid" to a "primary decision-making channel". At the same time, consumers are increasingly turning to online virtual tryons to experience product effects before buying. All these trends are pushing retailers to accelerate their AI tool deployments in order to lift conversion efficiency.

2. Panoramic View of the Industry's Customer Base

Steady Expansion, Structural Optimisation and Operating Capability Upgrade



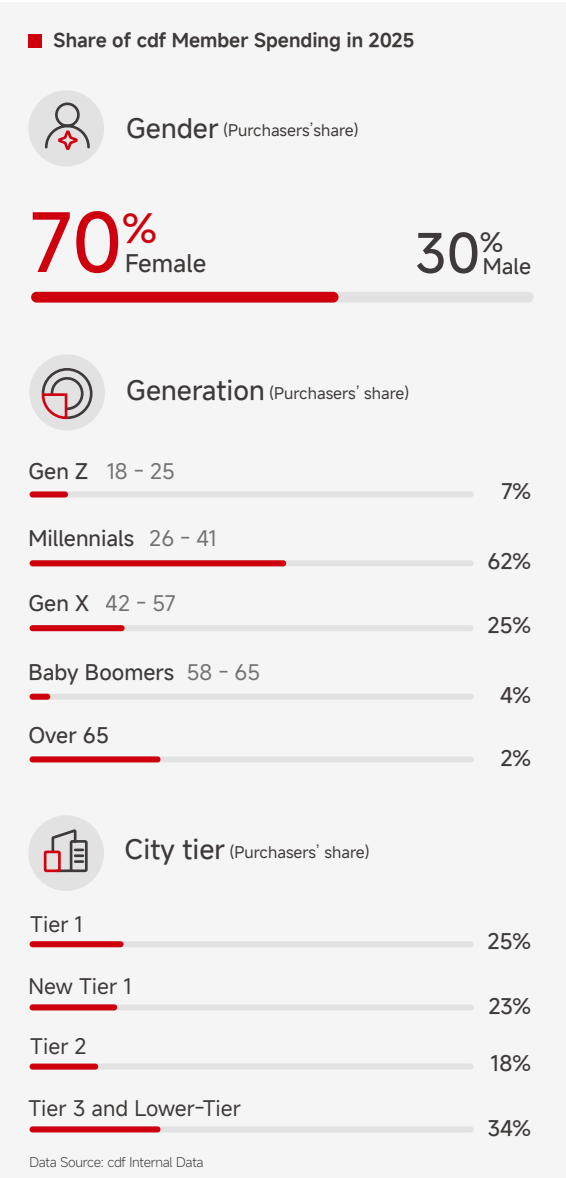
cdf Sanya International Duty Free Shopping Complex

2.1 Steady Expansion of the Duty-Free and Travel Retail Customer Base

The recovery of tourism has directly driven rapid growth in the industry's passenger traffic. As a leading global travel retailer, cdf saw its user base reach 120 million in 2025, up 20% YoY, while its membership reached 62 million by July 2026.

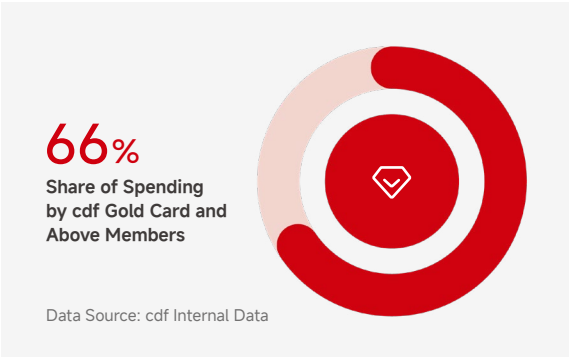
2.2 Customer Structure Optimisation: Active High-Tier Members, Expanding Lower-Tier Markets and Rapid Growth in Foreign Visitors

Based on cdf members' spending in 2025, women, Millennials (aged 26 to 41) and consumers in higher-tier cities remained the core customer groups.



High-Tier Members Remain Active, Underpinning the Industry's Spending Base

High-tier customers have consistently been the main spending force in the duty-free and travel retail market, with outstanding spending power and stable repeat purchases. Within cdf's purchasing member base, the number of Gold Card and above members grew 12% YoY, and the number of customers with cumulative annual spending of over RMB 50,000 also continued to grow.



Lower-Tier Markets Penetration Accelerates, Becoming a New Source of Industry Growth

As travel demand among residents of lower-tier cities is released, and with travel retailers moving their operations online, the industry's customer base continues to penetrate lower-tier markets. cdf added nearly 15 million new users in 2025, and new members from Tier 3 and below cities doubled.

Foreign Travellers Spending Heats Up, Unlocking Inbound Consumption Potential

As cross-border travel gradually returns to normal, foreign customers have become a new growth pole for travel retail. cdf's foreign users grew 42% YoY in 2025, far outpacing the growth in total foreign arrivals nationwide, while foreign repeat purchasers grew 49% YoY, a firm confirmation of foreign customers' recognition of Chinese brands.

2.3 Operational Capabilities Upgrade: Improve the Member Service Ecosystem, and Build Refined Operations, Proprietary-channel Development and Consumer Feedback Systems

Guided by the customer-centric business philosophy, all travel retailers take members’ perceived value and satisfaction as core measurement standards for operational performance. Through the strategic upgrade of its membership system and consumer insights as starting point, cdf implements refined operations, develops proprietary channels and builds consumer feedback systems to continuously foster systematic member operation capabilities.

Member Value at the Core: Building a Benchmark Full Ecosystem Member Service System

For the membership system upgrade, cdf conducts in-depth analysis of the consumption characteristics and experience demands of different member groups. It will carry out multi-dimensional optimisation covering rules design, benefit system and service procedures to align the membership system with realistic consumption scenarios. Specifically, cdf will fully leverage high-quality industrial resources inside and outside the corporate, break down scenario barriers, and establish a diversified, high-value member benefit matrix. This extends membership to multiple lifestyle scenarios including consumption, travel, cultural tourism and more. Meanwhile, cdf will build a full-tier member service system tailored to diversified consumption needs. It delivers universal benefits to all members as well as customised, premium exclusive services for high-value members, enabling every member to access suitable growth paths and exclusive experiences. In addition, cdf will leverage digital technology to drive service upgrades and continuously optimise its international member service capabilities.

Rooted in User Insights: Boosting Member Operation Capabilities Through Refined Operations, Full-lifecycle Proprietary-channel Conversion and Optimised Closed-loop Feedback

Leveraging In-Depth User Insights to Deliver Sustained Refined Engagement:

taking consumer insights as the starting point of operations, cdf integrates data on member lifecycles and spending behaviours to implement member segmentation. It clearly identifies the consumption status of members at different tiers, rolls out differentiated product and benefit strategies matching each tier, and carries out targeted outreach via SMS and other channels to reach members and stimulate repeat purchases.

Building a proprietary-channel operation system for a full user lifecycle conversion path:

customers are guided to add WeCom via QR codes during in-shop consumption to complete proprietary-channel accumulation. For outbound and inbound consumption scenarios, cdf drives users to make their first offline repeat purchase. Based on user historical consumption profiles, cdf also leverages online content seeding and marketing campaigns to continuously drive online transactions. It also activates offline repeat purchases by linking users’ upcoming travel scenarios, so as to tap long-term repeat purchase potential. For high-end customers, dedicated shop assistants deliver refined services based on multi-dimensional user tags, including holiday greetings, invitations to exclusive events and designated product reservations to consolidate brand loyalty among high-value clients.

Establishing consumer feedback mechanisms to form a closed loop for service iteration:

cdf collects multi-channel consumer feedback through Net Promoter Score (NPS) and consumer satisfaction survey. It collaborates with various duty-free shops to implement improvements based on survey findings, and continuously optimises service solutions covering merchandise, after sales, service and other key scenarios. User experience serves as the driver for service upgrades.



2026 cdf Member Carnival

3. cdf's Nine Customer Segment Personas

To upgrade member operations from traffic coverage to in-depth value cultivation, cdf carries out refined segmentation of all members based on their ages, locations, membership tiers, spending amount and category consumption in 2025, constructing a system of nine customer segments. **The nine segments account for 27% of all shopping members, with 74% spending contribution.**

Among these segments, the Luxury Lifestyle Connoisseurs, the Self-Care Connoisseurs, the Aspiring Upgraders and the Trend-Driven Stylists boast strong and stable spending power and long-standing commercial value, shaping cdf's core customer segment matrix.

The Tech Adventurers, the Spirits Aficionados and the Performance Athletes exhibit stronger preferences in vertical categories, delivering customer insights to support cdf's segmented category operations.

The Senior Quality Seekers and Foreign Travellers represent high-potential segments, acting as key drivers for cdf to expand its customer base and unlock new consumption growth.

■ 4 CORE CUSTOMER SEGMENTS



THE LUXURY LIFESTYLE CONNOISSEURS

Moderate Luxury Enjoyment
Setting a New Benchmark for High-end Value



THE SELF-CARE CONNOISSEURS

Self-Care First
Embracing a New Vision for Quality Living



THE ASPIRING UPGRADERS

Deepening Penetration in Lower-tier Markets and
Demonstrating Fresh Growth Momentum Among
Urban Elites



THE TREND-DRIVEN STYLISTS

Trend-Forward
True to Themselves

■ 3 MAJOR CATEGORY PREFERENCE CUSTOMER SEGMENTS



THE TECH ADVENTURERS

Enjoy Cutting-edge Innovation
Explore New Digital Trends



THE SPIRITS AFICIONADOS

Elegant Tasting
Defining Fresh Taste
for Community Socialising



THE PERFORMANCE ATHLETES

Energy in Motion
Embracing a New Healthy Trend

■ 2 HIGH-POTENTIAL CUSTOMER SEGMENTS



THE SENIOR QUALITY SEEKERS

Considered and Composed
Enjoying the Leisure Days



FOREIGN TRAVELLERS

Discovering Guochao
A New Consumption Journey in the East

Moderate Luxury Enjoyment
Setting a New Benchmark for High-end Value

THE LUXURY LIFESTYLE CONNOISSEURS



Member share: 1%



Consumption contribution: 20%



Average annual spending: 25.6x all purchasing members

- This group covers Platinum VIP and Diamond VIP members. Core consumers are mainly women and Millennials, featuring outstanding customer loyalty and strong spending power. Their consumption combines major brand quality and distinctive niche designs.
- Premium Perfumes & Cosmetics lead their spend, extending into Luxury Goods & Accessories, Jewellery & Watches. Their choices balance daily skincare, social styling and collectible value, favouring heritage brands with prestige among connoisseurs.
- They gravitate towards immersive in-store luxury, favouring physical trials and personalised services.
- cdf meets this group's consumption demands for exclusivity, premium quality and community identity expression by offering scarce merchandise, high-end exclusive benefits and a full-journey premium service system.

Key Attributes

This group covers Platinum and Diamond VIP members, with an annual spending of over RMB 50,000, and single SKUs exceeding RMB 10,000. While the core consumers are predominantly female, the share of men within this segment is higher than that among all purchasing members, indicating their strong spending power and propensity. Millennials form the backbone, supported by Gen X as an important supplementary cohort in terms of age group. Professionally, this group mainly consists of corporate managers, private business owners and high-income freelancers. Affluent financially, they possess sophisticated brand awareness and broad consumption horizons.

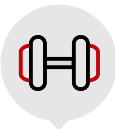
The Luxury Lifestyle Connoisseurs enjoy travel, sports and shop visits. When shopping, they value the credibility and craftsmanship of established brands, while also favouring distinctive boutique products with unique, niche designs. Consumption for them serves as an important way to elevate life satisfaction and achieve self-acceptance.

■ Interests (Respondents' Share)



57%

Travel



48%

Fitness



36%

Trendy shop visits

■ Consumption outlook (Respondents' share)

42%

Quality of life elevated by major brands

28%

Products with a distinctive style

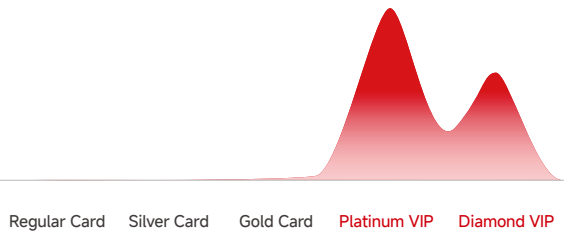
26%

Shopping makes me happy

Data Source: 2026 cdf Member Spending Survey



Membership tier (Purchasers' share)



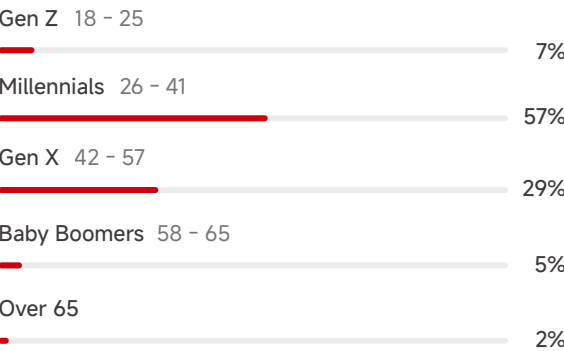
Gender (Purchasers' share)

63% Female

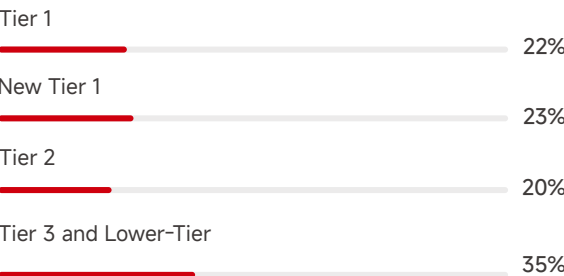
37% Male



Generation (Purchasers' share)



City tier (Purchasers' share)



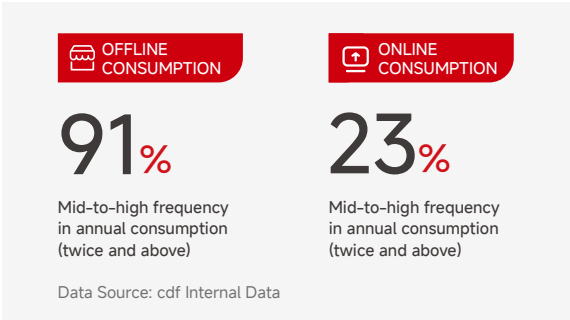
Data Source: cdf Internal Data

Consumption Behaviour

The consumption layout of The Luxury Lifestyle Connoisseurs aligns closely with their premium lifestyles. The category structure demonstrates distinct high consumption characteristics. Perfumes & Cosmetics stands as their top consumption category. It caters to daily advanced skincare needs and supports personal image management for high-end social occasions including business banquets and private salons. The Luxury Lifestyle Connoisseurs rank among the highest of the nine segments for the share of members whose most frequent purchases are Luxury Goods & Accessories and Jewellery & Watches, with Haute Couture, fine jewellery and finely crafted premium watches as their core areas of spending. These items serve as symbols of social status, while delivering asset preservation and aesthetic expression, satisfying pragmatism, social and collection related needs simultaneously.

When selecting brands, this group follows clear aesthetic standards shaped by their community. They tend to choose top-tier international luxury brands boasting century-old craftsmanship and high recognition within their community. In Luxury Goods & Accessories, PRADA delivers minimalist and intellectual luxury with understated, timeless elite appeal and boasts robust sales performance. Miu Miu leverages avant-garde designs integrated with soft aesthetic elements to meet the segment’s needs for personalised trendy styling. Jewellery & Watches brands including Cartier, Van Cleef & Arpels, BVLGARI and OMEGA firmly capture the attention of The Luxury Lifestyle Connoisseurs. Members’ priority choices are classic collections and limited editions.

This group values hands-on connoisseurship, tactile experience of fabrics and metal hardware, and physical try-on sessions. They also show strong demand for premium benefits including exclusive shopping consultants and private salons. Accordingly, physical shops outperform online channels by a significant margin in both spending activity and spending volume. The group shows strong preference for immersive luxury shopping environments offered by physical boutiques.



Number of orders (Purchasers’ share)

78%
4 or more

16%
2–3 orders

6%
1 order

Main categories (Purchasers’ share)

Perfumes & Cosmetics 55%

Luxury Goods & Accessories 16%

Jewellery & Watches 16%

Main sub-categories (Purchasers’ share)

Skincare 42%

Jewellery 12%

Makeup 10%

Apparel 9%

Electronics 6%

Watches 5%

Data Source: cdf Internal Data



Operational Strategy

To align with The Luxury Lifestyle Connoisseurs’ mindset of pursuing scarce merchandise and quality shopping experience, cdf collaborates with world-leading luxury brands to launch differentiated products including exclusive bespoke sets and the exclusive product debut. Physical shops are equipped with high-end exclusive benefits including travel benefits, one-on-one dedicated shopping assistant, priority collection access and VIP lounges to deliver premium shopping experiences for this group.

Meanwhile, cdf has extended its in-store service boundaries to build a premium service system covering the entire customer journey — pre-trip, during-trip, and post-trip. Specific practices include: pre-trip, proactively engaging clients to provide bespoke itinerary planning and exclusive event invitations; during-trip, assigning dedicated personal shopping advisors and offering one-stop privileges such as private shopping spaces, airport transfers, and Michelin-starred dining; post-trip, sustaining relationship management through exclusive brand preview events, private dinners, and networking gatherings, thereby transforming one-time transactions into long-term client relationships.

Self-Care First
Embracing a New Vision for Quality Living

THE SELF-CARE CONNOISSEURS



Member share: 8%



Consumption contribution: 23%



Average annual spending: 2.8x all purchasing members

- The segment is dominated by Gold Card members, concentrated on Millennial women living in Tier 1 and New Tier 1 cities. Their consumption balances rational consideration and emotional impulses.
- Perfumes & Cosmetics remains the core category, with purchases extending to electronics, whisky and spirits. They prefer well-established international premium brands, covering diverse scenarios including personal image management and private leisure.
- Relatively balanced online and offline consumption activity, with a strong preference for physical product trials and beauty care services.
- cdf caters to this segment's demands by introducing premium self-care products and rolling out services such as beauty spas.

Key Attributes

Members reside in Tier 2 and higher-tier cities. Membership tiers cover Gold, Platinum VIP and Diamond VIP. Members demonstrate high consumption loyalty and strong propensity to make repeat purchases. They are willing to keep investing in authentic quality products and premium services and boast solid long-term consumption potential. Women aged 31 to 60 are the core consumer group. Millennials constitute the main base, followed by Gen X. Members are concentrated in Tier 1 and New Tier 1 cities. Most work as office workers, corporate managers and private business owners. They enjoy stable income and sufficient discretionary spending capacity. They tend to reward themselves through quality consumption to elevate their lifestyle.

In terms of life status, The Self-Care Connoisseurs favour leisure activities including travel, fitness and trendy shop visits. They attach importance to managing personal images and pursuing physical and mental wellbeing. They hold a distinct mindset of self-indulgent consumption, while their consumption attitude combines rational demands and emotional spontaneity.

Interests (Respondents' share)



61%
Travel



48%
Fitness



37%
Exploring
trending shops

Consumption outlook (Respondents' Share)

60%



Value for money first

41%



Quality of life elevated by major brands

28%

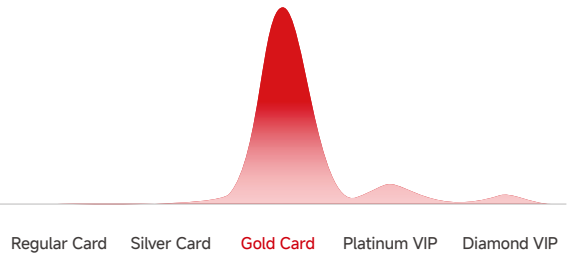


Products with a distinctive style

Data Source: 2026 cdf Member Spending Survey



Membership tier (Purchasers' share)



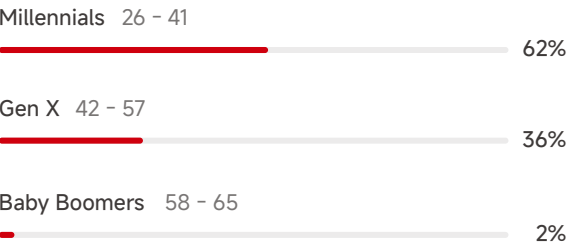
Gender (Purchasers' share)

77%
Female

23%
Male



Generation (Purchasers' share)



City tier (Purchasers' share)



Data Source: cdf Internal Data

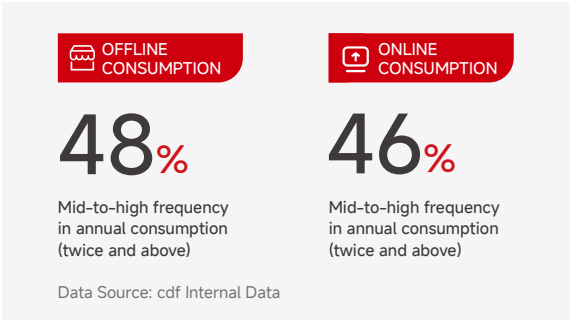
Consumption Behaviour

58% of Self-Care Connoisseurs place four or more orders annually, while only 15% make just one purchase within a year, reflecting strong repeat purchase propensity. Their spending power in Perfumes & Cosmetics is particularly prominent, with 62% of members spending over RMB 5,000 on this category annually, and merely 9% spending less than RMB 1,000. It shows that this group is prepared to continuously invest in beauty and skincare products and achieve self-reward via purchasing perfumes and cosmetics.

In terms of the structure of Perfumes & Cosmetics, premium skincare, functional serums, luxury makeup and salon fragrances are their key purchases. These core selections support personal image management and help elevate external refinement for Self-Care Connoisseurs. Meanwhile, their consumption demand is not confined to beauty and skincare. They also exhibit strong propensity to buy premium electronics and quality spirits such as single malt whisky. This demonstrates considerable flexibility in their quality spending scope, extending from personal image management to lifestyle and social scenarios.

cdf Member Spending Survey shows that a higher share of Self-Care Connoisseurs prioritise product ingredients and efficacy compared with the overall member respondents. When selecting brands, this group favours top-tier international luxury skincare brands with solid market reputations and clear premium positioning. Leading luxury skincare brands including LA MER and Estée Lauder enjoy a far higher level of recognition among this group.

This group maintains stable traffic in both offline and online channels, with offline repeat purchasing activity taking a slight lead. This group strongly values supporting services available in physical shops, including product trials, one-on-one professional shopping consultation and immersive experience. The value of offline experience acts as an important driver of repeat purchases, while online channels serve as an effective complement for convenient everyday shopping.



Number of orders (Purchasers' share)

58%
4 or more

27%
2-3 orders

15%
1 order

Annual spending (Purchasers' share)

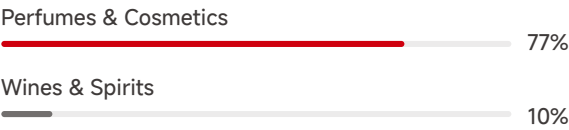
62%
Over ¥5,000

14%
¥3,001-5,000

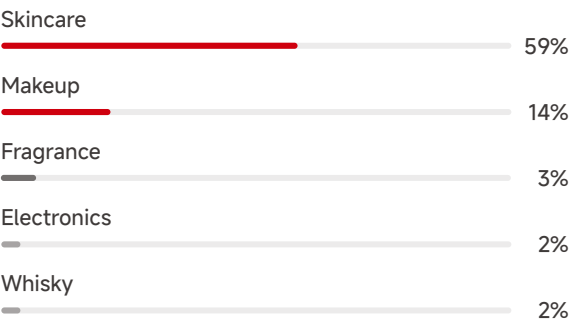
15%
¥1,001-3,000

9%
Under ¥1,000

Main categories (Purchasers' share)



Main sub-categories (Purchasers' share)



Data Source: cdf Internal Data



Operational Strategy

For merchandise, cdf has launched new boutiques for Aesop and Diptyque. It collaborates with top-tier international brands including Estée Lauder and LA MER to launch travel retail exclusive sets, and develops self-care gift boxes such as the DR. VRANJES Vibrant Island Scent Gift Set and TRUDON Royal Gift Signature Candle Gift Box. These premium offerings cater to the segment's self-care demands.

In terms of experience upgrading, cdf strives to build industry-leading immersive Perfumes & Cosmetics consumption spaces. It launches themed pop-up shops for popular beauty and skincare brands including NARS and Comfy, continuously expanding the scope of diversified offline consumption scenarios. The group also rolls out exclusive services such as premium beauty services by Estée Lauder Re-Nutriv Platinum Service, LA MER luxury skincare treatments, Guerlain Orchidée Impériale Revitalising Care and custom makeup styling by professional artists. These initiatives deliver a full spectrum of premium shopping experience for Self-Care Connoisseurs.

Deepening Penetration in Lower-tier Markets and
Demonstrating Fresh Growth Momentum Among Urban Elites

THE ASPIRING UPGRADERS



Member share: 3%



Consumption contribution: 10 %



Average annual spending: 3.1x all purchasing members

- This group mainly consists of stable professionals based in Tier 3 to Tier 5 cities. Gold Card members contribute more than 80% of spending. They value practical product value and tend to choose major brands.
- Perfumes & Cosmetics is the core spending category, followed by Electronics, Apparel and Leather Goods, meeting demands for daily life and key social occasions.
- With limited high-end retail in lower-tier cities, physical stores are their primary purchase channel, while online platforms serve for restocking after they return home.
- By developing a premium merchandise matrix and building an offline-centric channel layout with online linkage, cdf caters to the consumption demands of The Aspiring Upgraders, who favour leading brands, value pragmatism, and prefer offline shopping.

Key Attributes

The Aspiring Upgraders are rooted in Tier 3 and lower-tier cities and act as core representatives of quality consumption in local regions. Most members hold stable occupations or operate local businesses with relatively steady incomes. Gold Card and higher-tier members contribute over 80% of spending within this segment, delivering robust spending volume and prominent commercial value. Meanwhile, men and Gen X make up a larger share of this group's spending compared with their proportion across all purchasing members, indicating stronger spending propensity among mature male consumers in lower-tier markets.

Members balance travel, home entertainment and fitness as their leisure pursuits, maintaining a well-regulated lifestyle. Adopting a pragmatic and rational spending mindset, they prioritise pragmatic functionality when selecting products and prefer major brands to upgrade their quality of life.

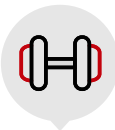
■ Interests (Respondents' share)



57%
Travel

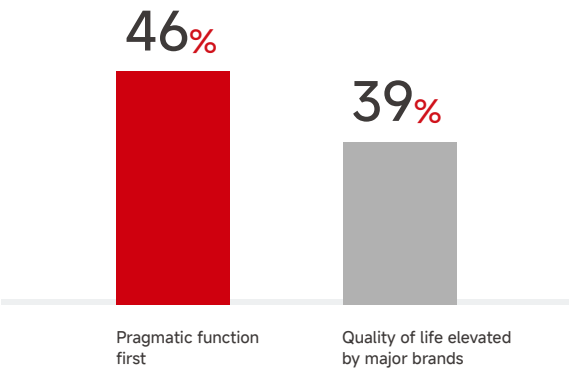


48%
Home
entertainment



46%
Fitness

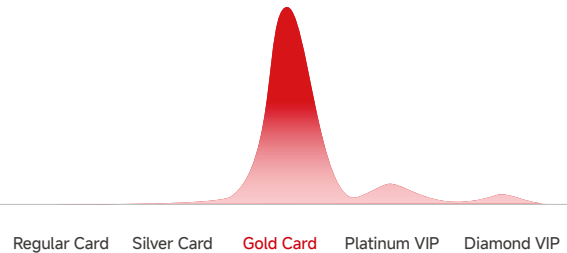
■ Consumption outlook (Respondents' share)



Data Source: 2026 cdf Member Spending Survey



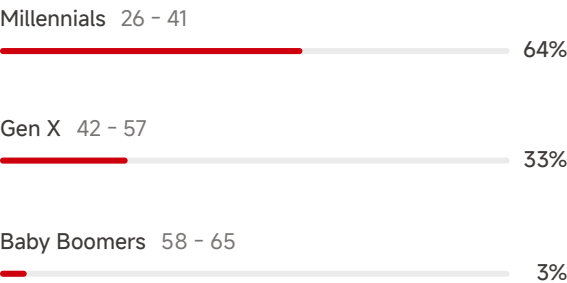
Membership tier (Purchasers' share)



Gender (Purchasers' share)



Generation (Purchasers' share)



Data Source: cdf Internal Data

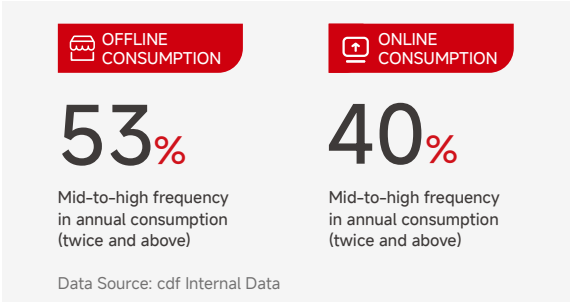
Consumption Behaviour

Leveraging stable incomes and abundant disposable budgets, 57% of Aspiring Upgraders place four or more orders annually, maintaining a steady repeat purchase frequency. Their average annual spending amount stands out remarkably, reaching 3.1 times that of all purchasing members, a leading position in spending power.

Perfumes & Cosmetics dominated their consumption frequency in 2025, mainly with skincare and makeup products. Food & General Merchandise, Luxury Goods & Accessories serve as two major supplementary consumption sectors. As a key sub-category under Food & General Merchandise, consumer electronics account for 5% of all purchasing consumers. Luxury Goods & Accessories consumption in lower-tier markets is strongly scenario-driven, with demand concentrated in important social occasions such as annual parties and weddings, focusing primarily on apparel and leather goods.

The Aspiring Upgraders follow the purchasing logic of "established major brands and practical value first", taking product quality, usage scenarios and long-term value preservation into consideration. For Perfumes & Cosmetics, they prefer international high-end skincare brands with established market reputations and reliable efficacy, including Estée Lauder, Lancôme and LA MER. In terms of Food & General Merchandise, premium consumer electronic brands continue to penetrate lower-tier markets. Most members of this group are married, and electronic devices such as tablets can be shared by their children. Due to the durability and high value preservation, Apple has achieved sustained spending preference among this group. For Luxury Goods & Accessories, this segment favours highly recognisable brands such as GUCCI and BURBERRY to meet social demands on important occasions.

Restricted by insufficient local premium retail supply in Tier 3 and lower-tier cities, this segment relies heavily on offline duty-free channels for shopping. They value the extensive product range and immersive experience spaces offered by physical shops. Meanwhile, online channels feature convenience and are free from geographical restrictions, making them an important venue for the Aspiring Upgraders to complete daily replenishment.



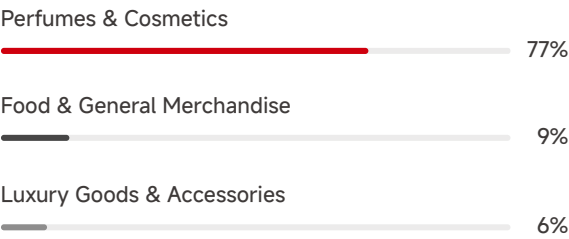
Number of orders (Purchasers' share)

57%
4 or more

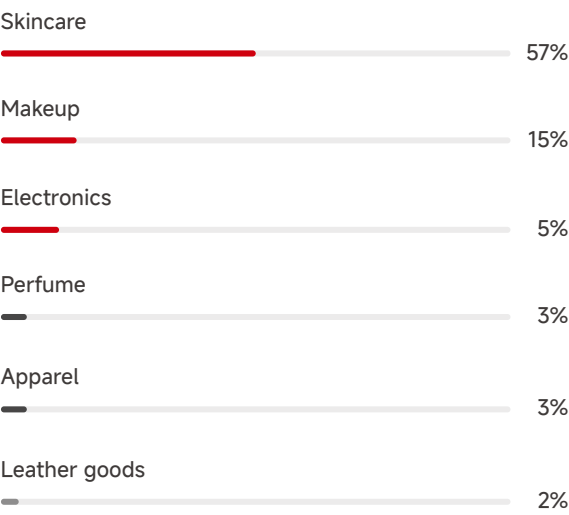
28%
2-3 orders

15%
1 order

Main categories (Purchasers' share)



Main sub-categories (Purchasers' share)



Data Source: cdf Internal Data



Operational Strategy

Targeting the Aspiring Upgraders' preference for leading brands and pragmatic value, cdf builds tailored product matrix aligned with their category preferences.

For Perfumes & Cosmetics, premium sets from international top-tier brands including Estée Lauder and LA MER meet the daily skincare needs of this segment. The electronics portfolio is expanded with benchmark digital products suited for household usage scenarios. For Luxury Goods & Accessories, classic leather goods and apparel are curated to fully satisfy their demands for everyday social styling and gifting.

In terms of the segment's preference for offline shopping, cdf centres on Hainan offshore duty-free stores, complemented by airport and downtown duty-free shops to create an extensive offline network. Professional shop assistants and product trials are provided, backed by guaranteed authentic merchandise to reinforce the channel credibility. Meanwhile, online platforms connect with offline experiences to unlock customers' repeat purchase potential in lower-tier cities after they return from travelling and extend their consumption lifecycle.

Trend-Forward
True to Themselves

THE TREND-DRIVEN STYLISTS



Member share: 6%



Consumption contribution: 13%



Average annual spending: 2.3x all purchasing members

- Gold and Silver Card members account for over 90% of the group, dominated by females aged 18–30. This segment prioritises value for money when shopping, while also pursuing the pleasure and novelty brought by consumption.
- Nearly 80% mainly purchase Perfumes & Cosmetics, with electronic products also ranking as a core category. Their consumption demands balance self-pleasing and pragmatism.
- This customer group has formed omnichannel shopping habits, with offline channels holding stronger appeal through immersive in-store experiences.
- By creating trendy offline spaces and strengthening online content marketing, cdf has built a closed-loop omnichannel operation system to activate the consumption potential of this customer group.



Key Attributes

The Trend-Driven Stylists refer to members aged 18–30 with Silver Card or higher tiers, among whom Silver and Gold Card members together make up over 90% of the segment, with females as the primary demographic. For leisure pursuits, this group favours light experiences that deliver strong emotional value; home entertainment, travelling and trendy store visiting are their most frequent pastimes. Shaped by their shopping habit of pursuing frequently updated trendy merchandise, they take value for money as the top criterion for purchase decisions. In addition, this demographic embraces instant gratification and is open to all kinds of emerging single items, placing great emphasis on the joy and emotional value derived from consumption.

■ Interests (Respondents' Share)



46%
Home entertainment



42%
Travel



39%
Trendy shop visits

■ Consumption outlook (Respondents' share)

54%



Value for money first

24%



Gratification from spending

24%

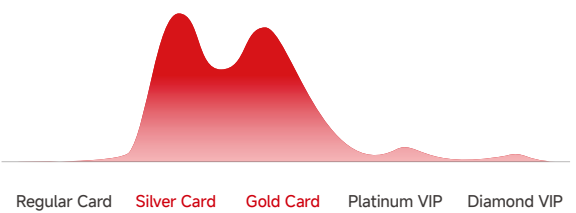


Prefer novelty items

Data Source: 2026 cdf Member Spending Survey



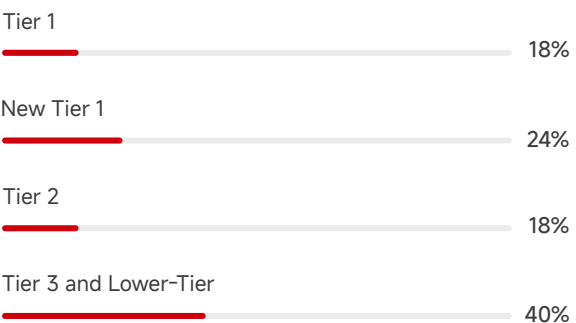
Membership tier (Purchasers' share)



Gender (Purchasers' share)



City tier (Purchasers' share)

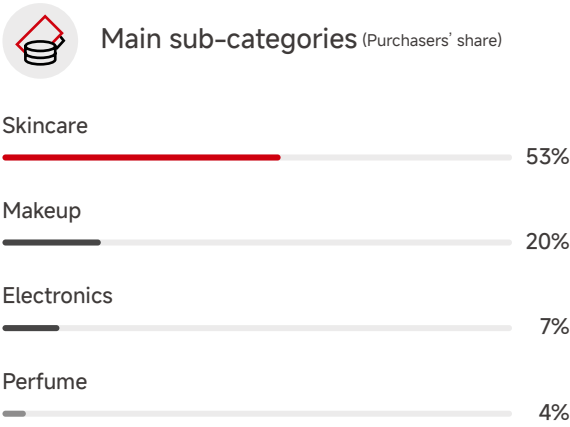
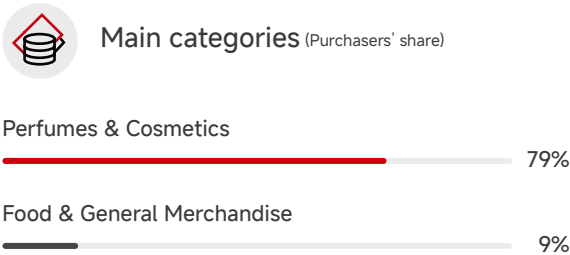


Data Source: cdf Internal Data

Consumption Behaviour

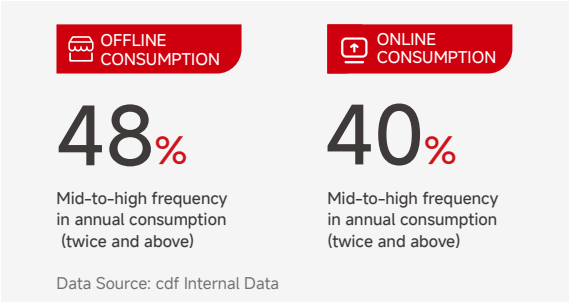
Half of the Trend-Driven Stylists place four or more orders per year, consistent with their shopping habit of keeping up with trends and exploring novel merchandise. 56% of this segment record annual spending exceeding RMB 5,000, demonstrating solid purchasing power among young consumers, and they are willing to invest in trendy goods and premium experiential services.

Perfumes & Cosmetics constitutes the core spending category for the Trend-Driven Stylists, while more than half of this segment purchase skincare products most frequently, with Estée Lauder, Lancôme and similar leading brands as their primary choices. Furthermore, 20% of the segment rank makeup as their top repeat purchase category. Stylish lip products, premium foundation series and multi-shade eyeshadow palettes act as key mediums to express their unique aesthetics and craft diverse daily styling looks. Electronic products register the highest purchase frequency among subcategories of Food & General Merchandise, with Apple standing as the most favoured brand.



Data Source: cdf Internal Data

The Trend-Driven Stylists engage in both online and offline shopping. Offline channels deliver higher customer activity due to immersive physical experiences; 48% of this segment recorded two or more purchases in offline channels in 2025. Meanwhile, online platforms cater to young consumers' daily shopping preferences due to its convenience, acting as a core vehicle to attract and convert this segment.



The Jo Malone London "Summer Raspberry" pop-up at cdf Sanya International Duty Free Shopping Complex

Operational Strategy

Immersive offline experiences remain critical to stimulating the Trend-Driven Stylists' consumption propensity and deepening brand awareness as they enjoy trendy shop visits and look for photo-worthy experiences. cdf continuously develops youth-oriented trendy experience spaces such as themed marketplaces and brand pop-up shops, connecting with the Trend-Driven Stylists via physical interactive experiences.

Relying on cdf's e-commerce platform matrix, cdf efficiently penetrates the Trend-Driven Stylists through scenario-based content seeding and trendy crossover collaborations. Centred on the theme of "Shining 11th Anniversary", the cdf Mall Anniversary Campaign rolled out attractive product selections, innovative consumption mechanisms and immersive experiences encompassing key consumption festivals such as Qixi and Back-to-school Season, meeting the group's demand for instant gratification and the sense of ritual.

Enjoy Cutting-edge Innovation
Explore New Digital Trends

THE TECH ADVENTURERS



Member share: 3%



Consumption contribution: 10%



Average annual spending: 3.5x all purchasing members

- Gold Card members account for over 40% of the total. Core consumers are Millennials and those from lower-tier markets, who are into gaming and photography and prioritise value for money and product functionality when shopping.
- 60% of this segment shop most often for electronics, favouring leading brands with integrated ecosystems—and their demand for skincare is rising in tandem.
- They value hands-on experience with real devices and on-site performance testing, making physical shops their preferred channel for purchasing electronic products.
- cdf continuously launches cutting-edge digital products and builds immersive physical experience area, catering to the group's consumption habits of staying ahead of tech trends while maintaining a hard-nosed, pragmatic approach.

Key Attributes

Gold Card members account for 44% of consumers in this segment, and women account for a slightly larger share than men. Millennials are the core age group, and the share of Gen Z within this segment is higher than that among all purchasing members, reflecting a prominent younger consumer group. Geographically, Tier 3 and lower-tier cities lack sufficient premium electronics retail offerings. Supported by authentic product guarantees and price advantages, duty-free channels effectively satisfy unmet purchasing demand in lower-tier markets.

This segment is enthusiastic about travel, gaming and photography. They enjoy being among the first to trial cutting-edge technology and are willing to continuously invest in upgraded technology and enhanced hardware performance. High value for money serves as their core decision-making benchmark. They tend to compare multiple products and acquire evaluation information from multiple sources before making purchases, adopting typical function-oriented consumption logic.

■ Interests (Respondents' share)



55%

Travel



21%

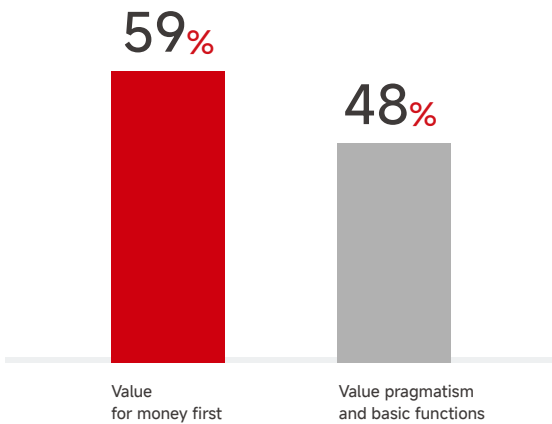
Gaming



20%

Photography and video

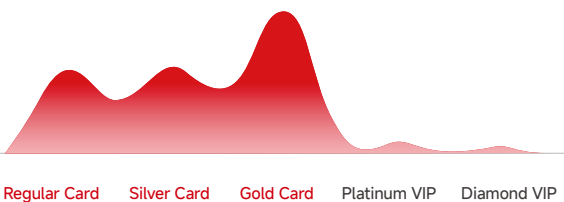
■ Consumption outlook (Respondents' share)



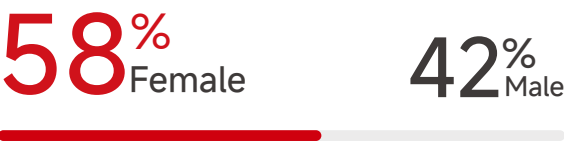
Data Source: 2026 cdf Member Spending Survey



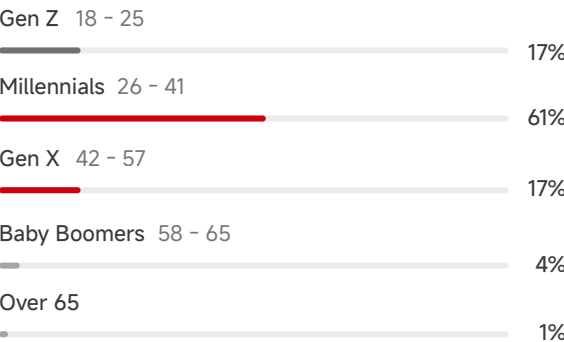
Membership tier (Purchasers' Share)



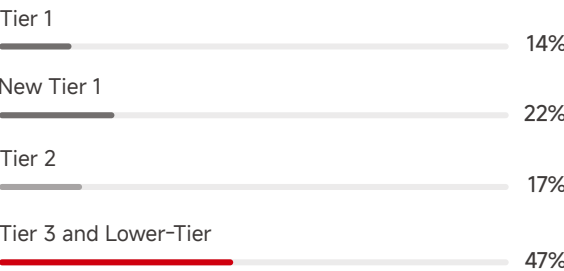
Gender (Purchasers' share)



Generation (Purchasers' share)



City tier (Purchasers' share)



Data Source: cdf Internal Data

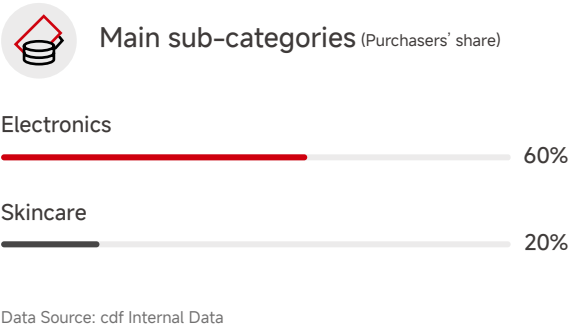
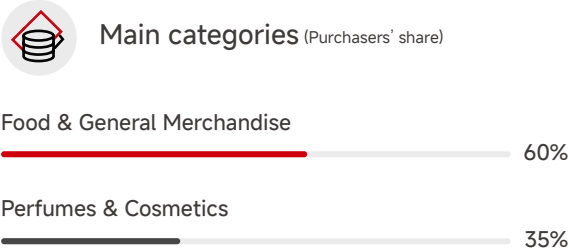
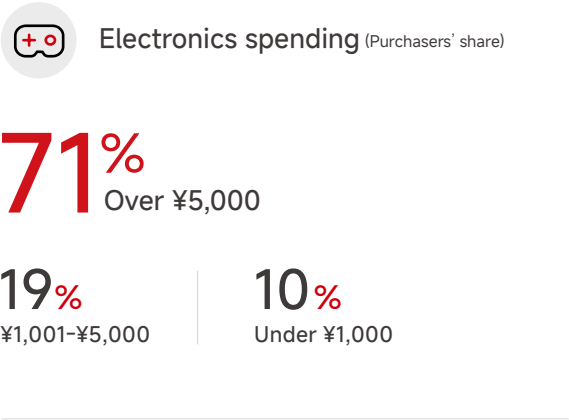
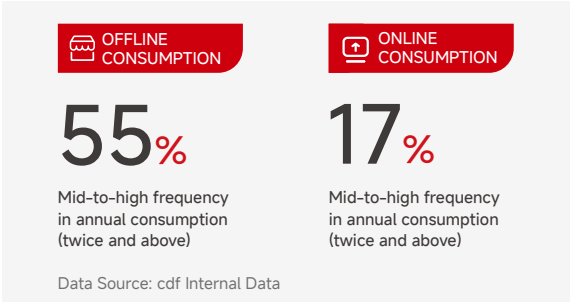
Consumption Behaviour

Constrained by device iteration cycles, the Tech Adventurers' purchase frequency is fairly evenly distributed, while their average annual spending is 3.5 times that of all purchasing members. More than 70% of this segment spends over RMB 5,000 a year on electronics, presenting the characteristics of low-frequency, high-value consumption with sufficient consumption potential. This core segment underpins the steady development of the electronics category.

60% of this segment report electronics as their most frequently purchased category. Their major purchases include flagship smartphones, professional photography equipment, gaming peripherals and smart wearable devices. These products are the core tools for them to keep up with cutting-edge technologies, conduct image creation and experience digital entertainment. In addition to electronic products, they also have demand for skincare products simultaneously, reflecting the personal skincare needs of contemporary young digital enthusiasts.

In terms of brand preference, this segment favours leading technology brands with in-depth research and development capabilities and integrated hardware and software interconnection ecosystems. Apple ranks top in this segment's brand preference list, backed by its cross-device ecosystem, smooth and stable operating system and excellent product value preservation. Local Chinese tech brands including HUAWEI and DJI leverage independent core technologies and innovative advantages in segmented tracks to form a well-balanced and complementary consumption matrix with international brands.

As a device's tactile feel and functional performance and audio-visual quality cannot be fully experienced online, the Tech Adventurers attach great importance to hands-on trials and on-site performance testing. Therefore, physical shops are their first choice for purchasing devices, with more than 50% of the shopping at offline channels at mid-to-high frequency during the year.



Operational Strategy

cdf continues to deepen cooperation with leading electronic brands and introduces flagship models and trendy new digital products to duty-free channels, fully satisfying this group's core demand for keeping up with technological upgrades and trying new gadgets. Bundled digital sets are tailored for The Tech Adventurers to fit their diversified usage scenarios and to unlock their spending potential.

In response to this segment's focus on physical device operation and rational comparison of tech specs, physical shops set up product experience areas, displaying a full range of mainstream models and supporting accessories. Services including hands-on device trials, product demonstrations and tech spec briefings are provided on a regular basis. In addition, promotional initiatives such as government consumption vouchers, trade-in subsidies and shop discounts help continuously elevate the conversion rate of visitor traffic at physical shops.

Elegant Tasting
Defining Fresh Taste for Community Socialising

THE SPIRITS AFICIONADOS



Member share: 4%

Consumption contribution: 5%

Average annual spending: 1.4x all purchasing members

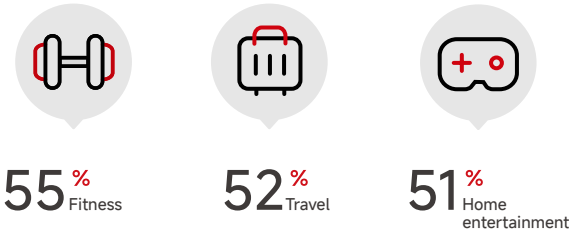
- Mostly Millennials and Gen X male in high-tier cities with stable incomes. They have vigorous demands of socializing and make prudent purchasing decisions, but they are willing to pay a premium for rare spirits.
- More than 80% of the Spirits Aficionados purchase Wines & Spirits most frequently. They choose both international premium spirits and leading domestic liquors to suit scenarios including connoisseurship, collection and business gifting.
- They value in-store connoisseurship experiences and cultural discovery, creating a closed-loop consumption journey where offline experiences drive online repeat purchases.
- Through exclusive debuts, the Whisky Museum and IP content operations, cdf comprehensively meets this group's demands for collection and premium spirits experience.

Key Attributes

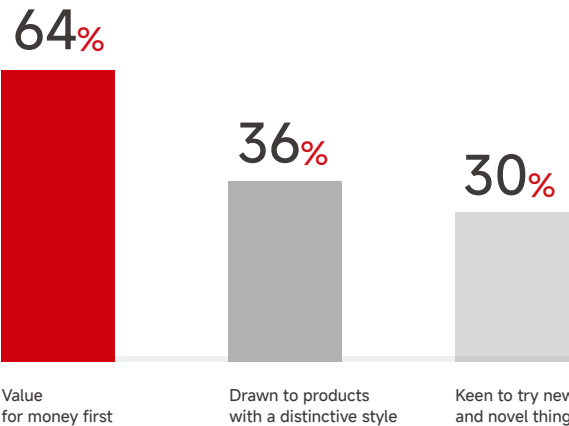
The Spirits Aficionados consist predominantly of men, covering income-stable Millennials and experienced Gen X. They are geographically concentrated in high-tier cities. Most of them work as corporate managers, professional technical talents or private business owners. They frequently take part in social occasions such as business banquets and private community dinners and have consistent demand for high-end gifts.

This group enjoys outdoor exploration and home entertainment, and maintain a consumption outlook of "rationality as the foundation with moderate pursuit of novelty". They avoid impulsive trend-chasing, yet are willing to invest in scarce and channel-exclusive new products.

Interests (Respondents' share)

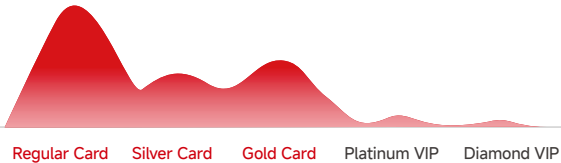


Consumption outlook (Respondents' share)



Data Source: 2026 cdf Member Spending Survey

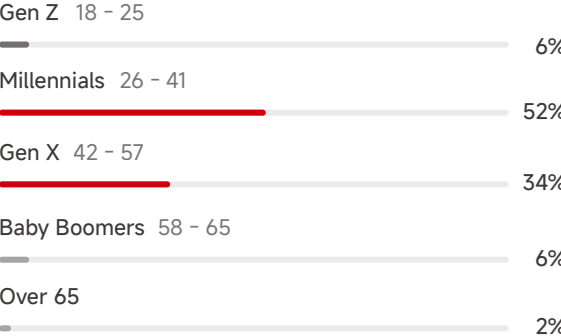
Membership tier (Purchasers' share)



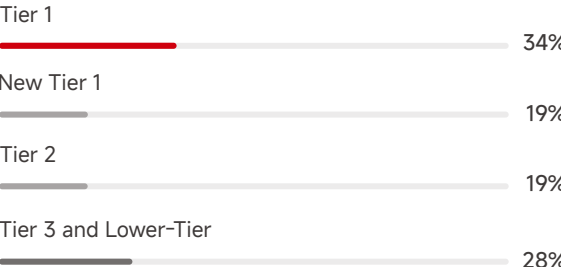
Gender (Purchasers' share)



Generation (Purchasers' share)



City tier (Purchasers' Share)



Data Source: cdf Internal Data

Consumption Behaviour

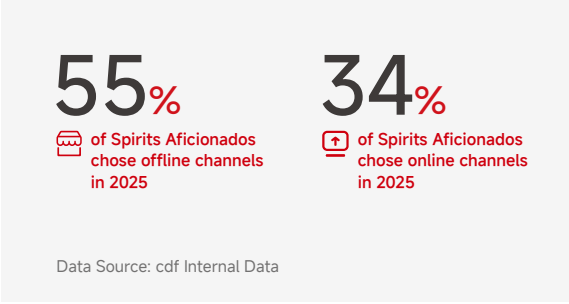
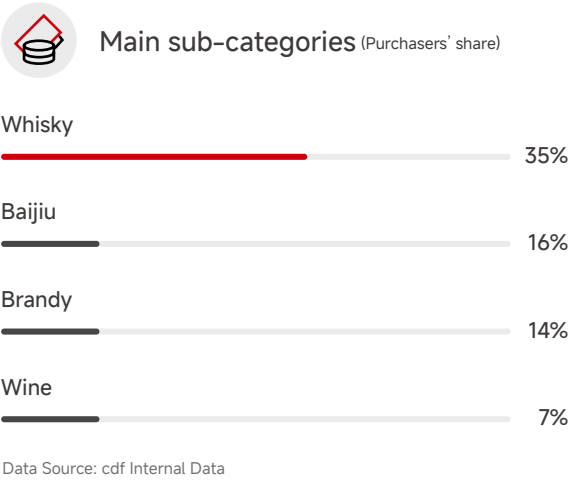
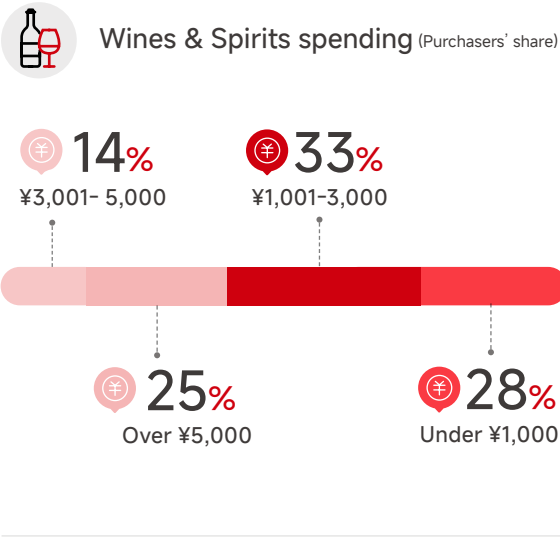
More than 80% of this segment’s spending goes to Wines & Spirits in a clearly tiered pattern. Purchases under RMB 1,000 (28% of buyers) cover everyday bottles for home drinking and casual get-togethers, aligned with the trend of moderate drinking. The RMB 1,001–3,000 band (33%) centres on classic and mid-end labels, serving both connoisseurship and social scenarios. The over-RMB 5,000 band (25%) keeps unlocking demand for premium gifting and collection.

Meanwhile, this segment retains substantial growth potential on the demand side. According to cdf Member Spending Survey, 35% of The Spirits Aficionados plan to increase their spending budget within the coming 12 months. Against the backdrop of overall sales underperformance in this industry, this segment serves as the core high-value driver of spending growth in the Wines & Spirits category.

The spending categories feature diversified synergy. Over 30% of the Spirits Aficionados are avid whisky buyers, which ranks top in purchase frequency across all sub-categories, followed by Baijiu and Brandy. The diversified portfolio of alcoholic drinks covers home tasting, gatherings with relatives and friends, gifting and banquets, underpinning the fundamental market of Wines & Spirits consumption.

Brand selection follows a dual-track pattern of “premium international spirits + established domestic liquor brands”. Whisky brands including The MACALLAN and JOHNNIE WALKER act as quality benchmarks for community socialising thanks to their sophisticated flavour profiles and profound brand heritage, and are highly favoured by this segment. Domestic whisky THE CHUAN delivers remarkable sales performance, drawing on distinctive oriental territory flavours unique to Mount Emei in Sichuan. Leading Baijiu brands such as MOUTAI and WULIANGYE feature consistent quality and wide public recognition, making them important choices for The Spirits Aficionados for business banquets, everyday tasting and gatherings with relatives and friends. When purchasing brandy, members prefer classic Cognac brands including Martell and Hennessy. Their smooth, mellow profile align well with this group’s appreciation for premium quality and refinement.

The Spirits Aficionados rely heavily on offline channels for consumption. They attach great importance to immersive cultural atmospheres and on-site tasting experiences at physical shops, enabling them to fully appreciate the cultural connotations and flavour heritage of spirits. After experiencing tastings and building brand awareness offline, they can make regular repeat purchase for restocking and gifting demands via online platforms such as cdf Member Shop. This creates a closed-loop consumption journey featuring experience seeding in physical shops alongside sustained online conversion.



Operational Strategy

To match The Spirits Aficionados’ preference for pursuing rare spirits and exploring new offerings, cdf continuously expands its portfolio of scarce liquor resources, including the debut of domestic whisky THE CHUAN in Asia Pacific and the debut of Great Wall Five Star G Family series. Meanwhile, cdf collaborates with Viña Don Melchor under Chile’s Concha y Toro Group to roll out exclusive new products, strengthening differentiated merchandise resources within the Wines & Spirits category.

cdf has created a whisky-exclusive marketing IP named “Cheers to Whisky” and established an integrated online and offline operations system. For offline, the Whisky Museum at cdf Haikou International Duty Free Shopping Complex is the hub for integrated scenarios including cultural exhibitions, craftsmanship study sessions, professional tastings and retail shopping to satisfy The Spirits Aficionados’ cultural and experiential consumption demand for profound cultural heritage and immersive tasting experiences. Meanwhile, the “Urban Whisky Experience Programme” has been launched in multiple cities. With themed pop-up vehicles hosting limited-time tasting events, it delivers lightweight offline interaction scenarios for the community. For online, cdf collaborates with celebrities to organise themed livestreams that deliver in-depth professional content such as the culture of whisky producing regions. These activities effectively maintain high engagement with members in this segment and continuously stimulate repeat purchase demand within the group.

Energy in Motion
Embracing a New Healthy Trend

THE PERFORMANCE ATHLETES



Member share: 1%



Consumption contribution: 3%



Average annual spending: 3.6x all purchasing members

- Gold Card and above members account for over half of this segment with higher male consumption engagement. Millennials are the primary age group, followed by Gen X. Lower-tier markets hold robust consumption potential. This group prioritises professional performance and brand positioning when selecting products.
- Nearly half of this segment primarily purchase sportswear, with high repeat-purchase frequency and strong per-customer spending power.
- They rely heavily on in-store try-ons, making physical stores their primary purchase channel.
- cdf continuously introduces physical shops of outdoor sports brands, develops sports-themed retail districts and launches exclusive shop benefits tied to sporting events to fully satisfy the consumption demands of this segment.



Key Attributes

Gold Card and above members account for more than half of The Performance Athletes, with a balanced distribution between genders. Women constitute the foundational customer base while men show higher engagement. In terms of age composition, this segment adopts a dual-pillar structure led by Millennials and supported by Gen X. Millennials are in a life phase featuring vigorous sporting demands and higher purchase frequency. For Gen X, sports brand selections satisfy both routine fitness requirements and casual business styling needs. In addition, this segment shows evident concentration in lower-tier markets. The limited local supply of premium sports brands makes Hainan physical shops their core channel.

This group takes outdoor activities and regular fitness as everyday lifestyle. When purchasing products, they pay close attention to pragmatic features including breathability, quick-dry performance, elastic support, sun protection, abrasion resistance and lightweight design. They favour mid-to-high-end sports brands with extensive technical expertise to express personal aesthetics and identity within the community.

Interests (Respondents' share)



58%
Travel



55%
Fitness

Consumption outlook (Respondents' share)

40%



Pragmatism matters most

39%

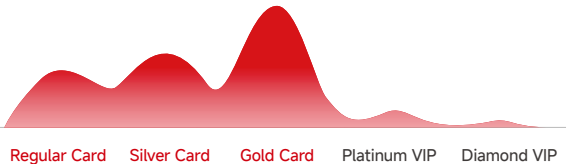


Quality of life elevated by major brands

Data Source: 2026 cdf Member Spending Survey



Membership tier (Purchasers' share)



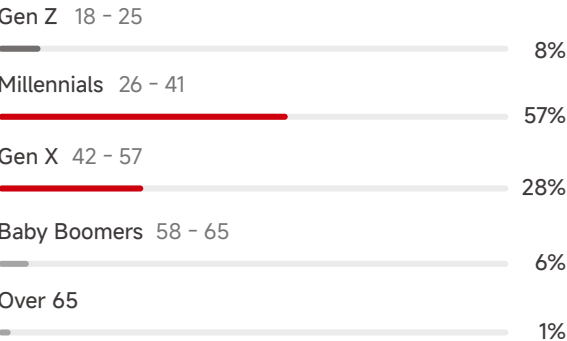
Gender (Purchasers' share)

59%
Female

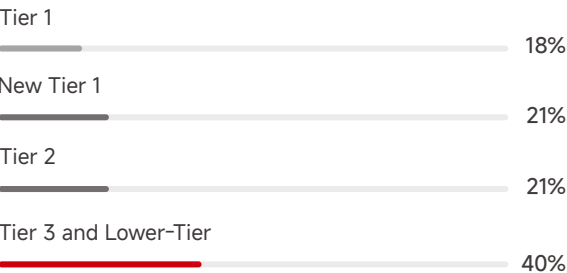
41%
Male



Generation (Purchasers' share)



City tier (Purchasers' share)



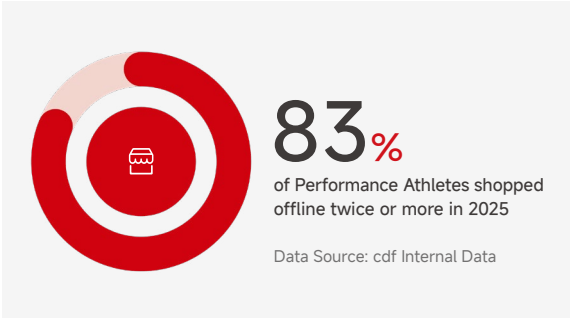
Data Source: cdf Internal Data

Consumption Behaviour

Seasonal renewal and multi-scenario outfit demands drive frequent repeat purchases among the Performance Athletes. Over half of this group places four or more orders throughout the year, demonstrating vigorous repeat purchase momentum. Meanwhile, as professional sports equipment is mostly purchased in complete sets and this segment is willing to continuously invest in mid-to-high-end sports brands that integrate high performance and identity expression within the community, 66% of Performance Athletes’ annual spending exceeds RMB 5,000, with an average annual transaction value 3.6 times that of all purchasing members, reflecting strong overall spending power.

Apparel stands as the top consumption category with high purchase frequency among the Performance Athletes, with a share of 49%. Meanwhile, guided by a disciplined and refined lifestyle philosophy, this segment generates sustained demand for personal look maintenance beyond sports, and categories including skincare and cosmetics deliver notable incremental consumption. Within sports merchandise, this segment prioritises mid-to-high-end sports brands boasting superior performance and strong recognition within the community. ARC'TERYX ranks among the top due to its professional outdoor technologies and premium brand positioning. Professional sports brands such as DESCENTE and ON Running follow closely, covering segmented scenarios including golf and jogging. lululemon adopts a lifestyle-driven sports brand positioning, matching the segment’s multi-scenario demands covering outdoor travel, fitness and daily commuting.

The Performance Athletes have strong demand for on-site tactile experience of the fabric texture, wearing fit and professional performance of sports gear. Accordingly, physical shops serve as the core consumption channel for this segment. Over 80% of the segment makes two or more purchases via offline channels within a year, significantly outperforming online channel.



Number of orders (Purchasers’ share)

51%
4 or more

34%
2–3 orders

15%
1 order

Annual spending (Purchasers’ share)

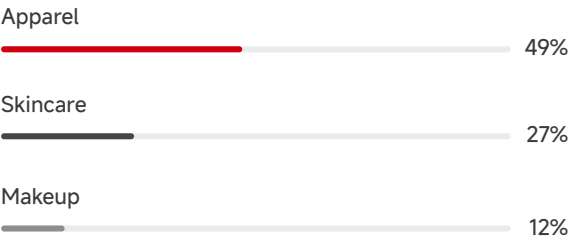
66%
Over ¥5,000

14%
¥3,001–5,000

17%
¥1,000–3,000

3%
Under ¥1,000

Main sub-categories (Purchasers’ share)



Data Source: cdf Internal Data



Operational Strategy

cdf has deepened its strategic cooperation with ANTA Group, continuously introducing the group’s multiple brand resources to optimise its mid-to-high-end outdoor sports brands matrix. Meanwhile, to strengthen differentiated product competitiveness across channels, cdf exclusively launched the THOM BROWNE × Asics co-branded trainers as a global debut exclusive in travel retail channels.

In addition, cdf brought 11 premium outdoor brands into the “Yipai Collection” outdoor sports-themed area at cdf Sanya International Duty Free Shopping Complex, delivering new immersive experience of sporting scenarios for consumers. cdf also collaborates with local sporting events to launch exclusive in-store benefits for spectators and participants. During the 2026 Tour of Hainan, participants could present their competition credentials to enjoy a 10% discount on full-priced products at physical shops operated by cdf in Hainan, enabling precise engagement with the Performance Athletes group.

Considered and Composed
Enjoying the Leisure Days

THE SENIOR QUALITY SEEKERS



Member share: 2%



Consumption contribution: 4%



Average annual spending: 2.2x all purchasing members

- Mostly retired women aged above 60 in Tier 1 and Tier 2 cities with seasonal travel habits. They attach great importance to both value for money and product pragmatism.
- Skincare leads their spending, paired with whisky, electronics and supplements—consumption is low in frequency but high in quality.
- Given ample travel time and prudent, pragmatic consumption habits, over 70% of this segment chose offline shopping in the last year.
- Centred on the wellness demands of this segment, cdf expands its general health categories and the offerings of supplementary value-added wellness services.

Key Attributes

The Senior Quality Seekers are members aged 60 and above. Retired individuals account for over 70% of the group, and women make up 62%. This group is mainly concentrated in Tier 1 and Tier 2 cities and holds a clear preference for seasonal migration. Their consumption outlook is pragmatic and rational. Value for money and product pragmatism serve as core evaluation criteria during shopping, leading to prudent and restrained purchase decisions.

Interests (Respondents' share)



63%
Travel

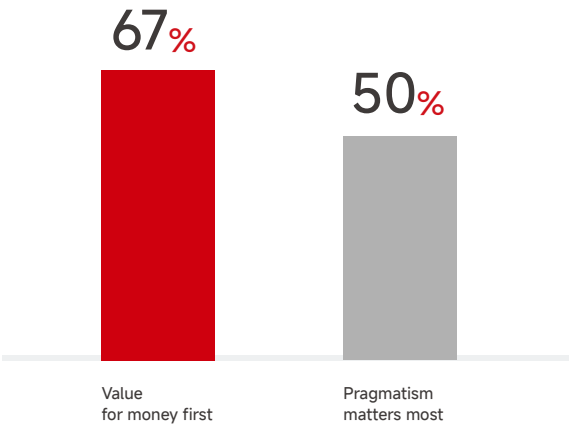


50%
Fitness

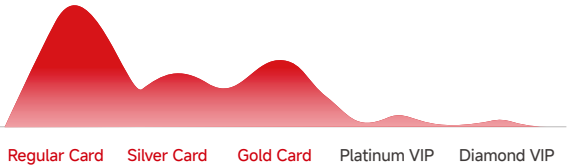


37%
Home
entertainment

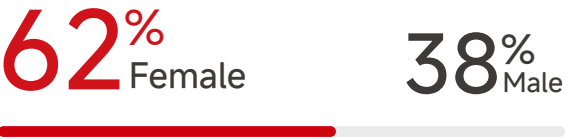
Consumption outlook (Respondents' share)



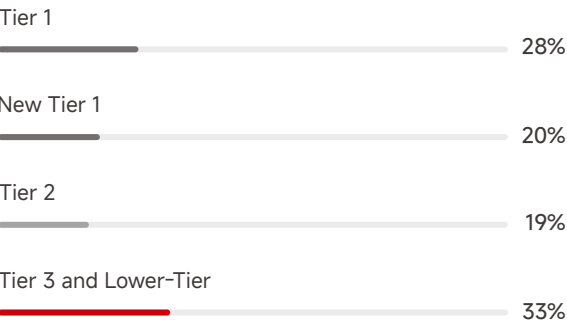
Membership tier (Purchasers' share)



Gender (Purchasers' share)



City tier (Purchasers' share)



Data Source: 2026 cdf Member Spending Survey

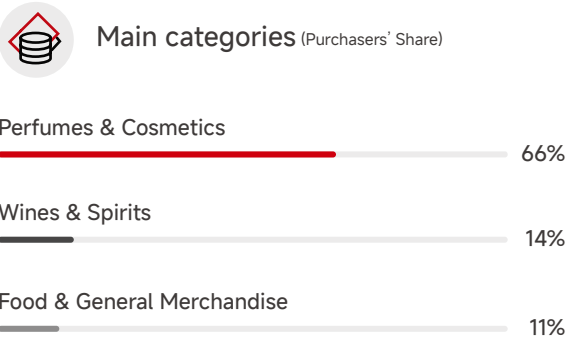
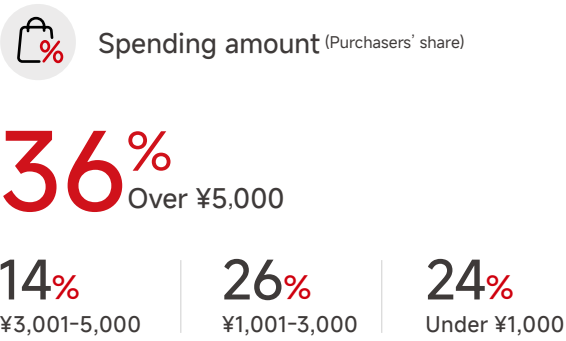
Data Source: cdf Internal Data

Consumption Behaviour

The Senior Quality Seekers maintain a relatively low consumption frequency. More than 70% of members place fewer than four orders each year. Nevertheless, the segment boasts robust spending power. The penetration rate of mid-to-high spending tiers (above RMB 3,000) is significantly higher than that of all purchasing members. The proportion of cumulative spending above RMB 5,000 exceeds the overall member average by 19 percentage points, presenting a typical low-frequency and high-quality consumption pattern. Supported by steady retirement income, members of this segment possess strong capacity to afford premium goods.

Perfumes & Cosmetics is their largest category, as 66% of purchasers purchase Perfumes & Cosmetics most often, of which skincare is the core essential. This segment highly recognises established brands such as Estée Lauder that are dedicated to mature skin care. Compared with the overall purchasing members, this segment exhibits greater interest in Wines & Spirits, Food and General Merchandise. Whisky is the top choice in Wines & Spirits, mainly for family reunions, meetings with old acquaintances and gifting scenarios. In Food and General Merchandise, they prioritise electronics and nutritional supplements.

With ample leisure time for travel and comparatively limited digital literacy, The Senior Quality Seekers prefer offline channels, where they can test products in person and receive one-on-one professional sales consultancy. In 2025, more than 70% of the segment completed transactions offline, and offline consumption activity was substantially higher than online.



Data Source: cdf Internal Data



the silver-haired generation merchandise zoneat cdf Haikou Meilan International Airport Duty-free Shop; senior-benefit signage at cdf Sanya International Duty Free Shopping Comple

Operational Strategy

cdf accurately captures The Senior Quality Seekers' core consumption demand for internal wellness and nutritional health, and continues to expand its layout of general health categories. By collaborating with established domestic tonic brands including Tong Ren Tang, cdf enriches a diversified matrix of health supplements covering traditional tonics, dietary nutrition and functional care products to comprehensively satisfy this group's daily conditioning needs. In addition, targeting prevalent health issues such as waist, leg and foot strain among The Senior Quality Seekers, cdf expands the wellness wearable product matrix such as waist supports and functional insoles, and sets up age-friendly product experience areas at physical shops.

Attuned to this group's seasonal, migratory travel pattern, physical shops run dedicated events that match travel seasons, with accredited local medical institutions on site, offering free health consultations. cdf also extends its service radius beyond the physical shops, in partnership with institutions in Hainan's local communities for free clinics and tonic-drink tastings, meeting the silver-haired generation wherever they are.

Discovering Guochao
A New Consumption Journey in the East

THE FOREIGN TRAVELLERS



Member share: 4%



Consumption contribution: 2%

- This segment mainly comprises visitors from Asia, Europe and the Americas. Their primary purposes for travelling to China are for holidays and duty-free shopping. They favour innovative products with unique textures.
- Wines & Spirits and Perfumes & Cosmetics are the core consumption categories. Domestic Chinese brands received recognition among 80% of foreign travellers.
- Airport and downtown duty-free stores serve as their core shopping destinations, and they value professional guidance, multilingual support, and seamless payment and pickup processes.
- cdf continuously expands its domestic Chinese brand matrix and upgrades its international offline service system.

Key Attributes

The Foreign Travellers are mainly from South Korea, Malaysia, Sri Lanka, Russia and other countries. They travel to China primarily for holidays and duty-free shopping, which reflects that duty-free shopping has evolved from a travel auxiliary activity into one of the core objectives of inbound trips.

Visitors from Europe and the Americas have a higher proportion of business travel purposes and boast robust premium spending power. Asian travellers exhibit stronger orientation toward duty-free shopping with clear purchasing targets, delivering superior passenger traffic conversion efficiency.



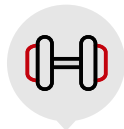
Purpose of visit to China (Respondents' share)



■ Interests (Respondents' share)



27% Travel

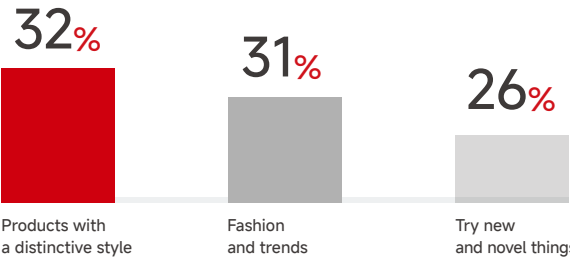


24% Fitness



21% Exploring technology

■ Consumption outlook (Respondents' share)



Data Source: 2026 Foreign Traveller Consumption Survey



■ Main countries of origin

Data Source: cdf Internal Data



Consumption Behaviour

The Foreign Travellers build awareness of cdf mainly from overseas social media platforms. They primarily purchase duty-free goods for personal use and source product information through channels including Facebook and Instagram. When shopping duty-free in China, they mainly choose airport duty-free shops and downtown duty-free shops and attach great importance to in-store sales consultancy services.

① cdf Awareness

Overseas social media is the core channel through which foreign travellers first know about cdf. Word-of-mouth from family and friends builds trust.

34%

Overseas social media/short-video platforms

17%

Recommended by family and friends

② Consumption motives

Personal use, travel souvenirs and gifting are the core purposes of the Foreign Travellers' duty-free shopping.

For self or family 57%

Travel souvenirs 51%

Gifts for friends 46%

③ Source of information

Overseas social media and KOC/KOL professional reviews are the core sources of product information for the Foreign Travellers.

46%

International social media (Facebook, Instagram, etc.)

24%

Overseas KOC/KOL recommendations

④ Purchase decisions

The Foreign Travellers demonstrate low price sensitivity and rarely make price comparison across channels. Physical shops are their primary consumption scenarios, with airport duty-free shops and downtown duty-free shops as key shopping channels. During in-store shopping, they prioritise service elements including professional shop assistant, store atmosphere, multilingual service, efficient checkout and collection.

Professional shop assistant and recommendations 25%

Comfortable environment and rest areas 25%

Multilingual service smooth communication 24%

Fast checkout 23%

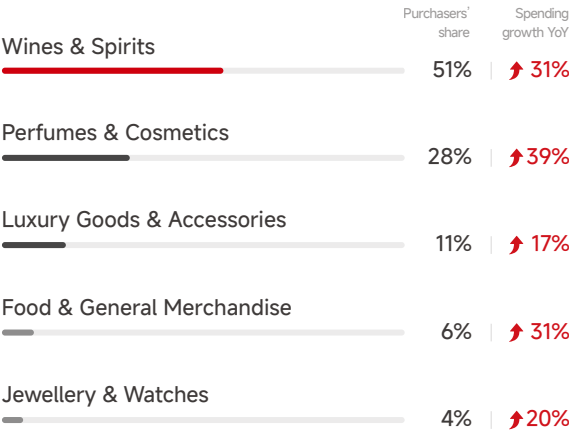
Flexible, convenient collection 22%



Spending by the Foreign Travellers is heavily concentrated in Wines & Spirits and Perfumes & Cosmetics, which together account for 79% of total spending amount. Wines & Spirits represents 51% of spending, with whisky as the leading sub-category, making up 26% of overall consumption. Their brand selection covers both global classics and flagship domestic labels. They favour world-renowned whisky brands including JOHNNIE WALKER and The MACALLAN, alongside culturally distinctive premium Chinese baijiu such as MOUTAI. In terms of growth performance, Perfumes & Cosmetics posts a 39% YoY growth, outperforming Wines & Spirits. Fragrance, the largest sub-category within the Perfumes & Cosmetics segment, achieves a striking growth rate of 49%, demonstrating strong growth momentum. Luxury Goods & Accessories, Food & General Merchandise, as well as Jewellery & Watches act as supplementary categories, all maintaining steady positive growth.



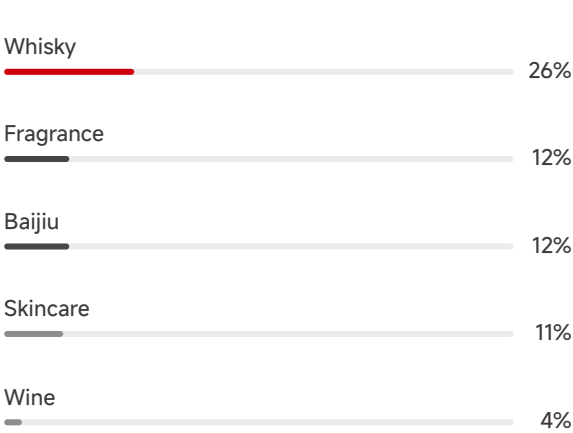
Categories



Data Source: cdf Internal Data



Sub-categories Top5 (Purchasers' share)



80% of The Foreign Travellers hold positive views on Chinese brands. The overseas appeal and market recognition of Guochao merchandise continue to rise steadily. Driven by continuous upgrades in domestic brands' product capabilities, broader global influence of the eastern cultural communication, coupled with expanded domestic brand offerings across travel retail channels, Chinese products have emerged as a high-potential category for inbound consumption.

80% of The Foreign Travellers hold a positive view of Chinese brands

Data Source: 2026 Foreign Traveller Consumption Survey

Operational Strategy

cdf advances the integrated "duty-free + duty-paid" operating model for downtown and port duty-free shops to expand consumption options for foreign travellers. Building on the Foreign Travellers' consumption preference for premium Chinese products, cdf offers Chinese spirits, Guochao cultural merchandise and designer toys, domestic smart hardware, and gold jewellery featuring eastern aesthetics, covering this segment's core needs including personal use, travel souvenirs and gifting, continuously unlocking the consumption potential of Chinese products.

In line with the government's policies, physical stores deliver one-stop services encompassing departure duty-free shopping, refund-upon-purchase and foreign currency settlement. cdf also strengthens multilingual shopping assistance and enables diverse cross-border payment methods to fully elevate foreign travellers' shopping experience and foster a visitor-friendly inbound consumption ecosystem. Furthermore, cdf deepens partnerships with travel agencies to broaden offline store traffic channels, ensuring a steady inflow of foreign travellers.

海南免税 购物指南 (离境旅客版)

HAINAN DUTY-FREE SHOPPING Guide

HOW TO PURCHASE? КАК СОВЕРШАТЬ ПОКУПКИ?

- ✓ Must be 18 years old or above.
✓ Достигшие 18-летнего возраста
- ✓ Present a valid passport and proof of departure (flight, train, or ferry ticket). Each passenger is entitled to an annual duty-free shopping quota of RMB 100,000.
✓ При себе необходимо иметь паспорт и документ, подтверждающий выезд со острова (авиабилет/железнодорожный билет/пароходный билет). Годовая беспошлинная квота составляет 100 000 юаней на человека
- ✓ Shopping time window: Departing from an airport in the same city: purchase at least 5 hours before departure; Departing from an airport in a different city: purchase at least 24 hours before departure.
✓ Время покупки: При вылете из аэропорта в том же городе покупка должна быть совершена не менее чем за 5 часов; при вылете из аэропорта в другом городе — не менее чем за 24 часа.

WHAT ITEMS ARE AVAILABLE? ЧТО МОЖНО КУПИТЬ?

A wide selection of premium products is available.

Широкий ассортимент товаров на ваш выбор

Top Recommendations:

Рекомендуемые категории:

Cosmetics, perfumes, luggage and bags, footwear and hats, belts, scarves, sunglasses, clothing and accessories

Косметика, парфюмерия, сумки, обувь и головные уборы, ремни, шарфы, солнцезащитные очки, одежда и аксессуары

Watches, mobile phones, cameras, alcoholic beverages, tea leaves

Часы, телефоны, фотоаппараты, алкогольные напитки, чай

Pet supplies, portable musical instruments

Товары для домашних животных, портативные музыкальные инструменты

CHAPTER 3

DUTY-FREE AND TRAVEL RETAIL CATEGORY TRENDS AND PRACTICES



1. Emerging Category Trends

Category Upgrade & Expansion via Triple Initiatives — Category Structure Optimisation, Exclusive Product Sourcing and Private Label Development



1.1 Fragrances & Cosmetics Remain the Backbone Category; Multi-category Growth and Expansion Drives Category Structure Optimisation

Data from Generation Research shows that Fragrances & Cosmetics accounted for 32% of global duty-free and travel retail sales in 2025, remaining the top backbone category. Meanwhile, categories including food & beverage, fashion accessories, electronics, wines and spirits all registered positive growth, and the industry's category structure continued to optimise. In 2025, China issued the Notice on Improving Duty-Free Shop Policies to Boost Consumption, which expanded the business scope of port departure and downtown duty-free shops to include trending products such as smartphones, miniature drones, sporting goods, health supplements, over-the-counter medicines, and pet food. Hainan's offshore duty-free categories were also expanded under the Announcement on Adjusting Hainan Offshore Passenger Duty-Free Shopping Policies, which added categories including pet supplies and portable musical instruments. The implementation of these policies provides policy support for the duty-free and travel retail industry to foster new growth poles in category operations.

1.2 Duty-Free Channels Become Core Launch Venues for Brand Debut & Limited Editions, Reinforcing Premium Channel Positioning

In a new growth cycle driven by experiential consumption, duty-free channels have become the core destinations for launching new products, exclusive limited editions and co-branded collections, thanks to the concentration of high-net-worth customers and high-end consumption scenarios. Within the Chinese market, cdf partnered with Qeelin to roll out an exclusive calabash-style collection and collaborated with LAOMIAO on the Year of the Horse pendant during the 2026 Global Joy Season. The overseas duty-free market followed a similar trend: DFS New York Airport launched a New York City limited bourbon by Maker's Mark, while Avolta Toronto Airport exclusively launched a premium Belgian Cities chocolate collection by La Louvière. New product and limited-edition launches are increasingly concentrated in duty-free channels worldwide.

1.3 Private Label Development as a New Lever for Category Innovation, Enabling Duty-Free Operators to Build Differentiated Competitive Moats

To enrich their product portfolio and optimise profit structures, duty-free operators have started developing private labels as a vital vehicle for category innovation and cultural outreach. In the Chinese market, cdf successfully incubated cdf Health, a private label covering tonic and wellness products under the general health category to fill the gap in the traditional duty-free categories. Meanwhile, cdf also created the original Guochao IP: Foodie Dim Sum, integrating Cantonese tea house culture with contemporary design. This IP has been rolled out in Hong Kong, Macao and cruise channels, supporting the global promotion of exquisite traditional Chinese culture via cultural tourism consumption scenarios. In international markets, Avolta launched a regional IP: Exploring Canada to capture distinctive North American consumption scenarios. Private label innovation has become a core strategy for duty-free operators to consolidate differentiated competitive moats across the dimensions of products, cultures and experiences.



2. cdf Category Layout

Growth Boundaries Expansion via Diversified Innovation; Consolidation of Differentiated Category Advantages

Expand High-Potential Categories

While consolidating the core base of established categories including skincare, high-end fine jewellery, classic watches, luxury goods, tonic food and core spirits (whisky, baijiu and wine), cdf simultaneously expanded into high-potential categories such as fragrance, gold, lab-grown gemstones/diamonds, accessible luxury, outdoor sports, healthy food and low-alcohol drinks, delivering dual progress in consolidating existing growth and tapping incremental growth.

Build Exclusive Product Matrix

cdf collaborated with brand partners to launch exclusive custom collections and limited-edition new products, and to secure Diptyque as an exclusive brand in Hainan. By supplying scarce, high-quality differentiated merchandise, cdf built competitive moats and avoided homogeneous price competition.

Private Label Incubation

Backed by its global supply chain and quality control system based on “central SOE standards”, cdf launched its private label including cdf Beauty and cdf Health, covering Perfumes & Cosmetics, general health, and cultural and creative goods, which were sold across owned e-commerce platforms and third-party marketplaces. The development of private label marked cdf’s transformation into a brand owner, strengthening its mindshare among consumers and facilitating a dual-track “duty-free + duty-paid” development model.

The Global Expansion of Guochao

Leveraging its operational experience in overseas channels, cdf supports the global expansion of Guochao, fulfilling its social responsibility and industry commitment as a central SOE. In 2025, cdf partnered with ANTA to explore the duty-paid retail market in Cambodia. A retail shop was launched at Aeon Mall 3 in Phnom Penh, Cambodia, catering to the local demand for sportswear and leisure goods. For designer toys, cdf has been selling and has signed distribution rights with brands including 52TOYS and TOP TOY. Notably, cdf secured exclusive distribution rights for 52TOYS, covering over 1,500 retail outlets across Hong Kong and Macao. This transformed the role of cdf in the Guochao overseas business model, from a channel retailer to a brand agent. Moving forward, cdf will further expand its product portfolio of original designer blind boxes and lifestyle merchandise to enrich the diversity and boost the competitiveness of Chinese designer toy brands.

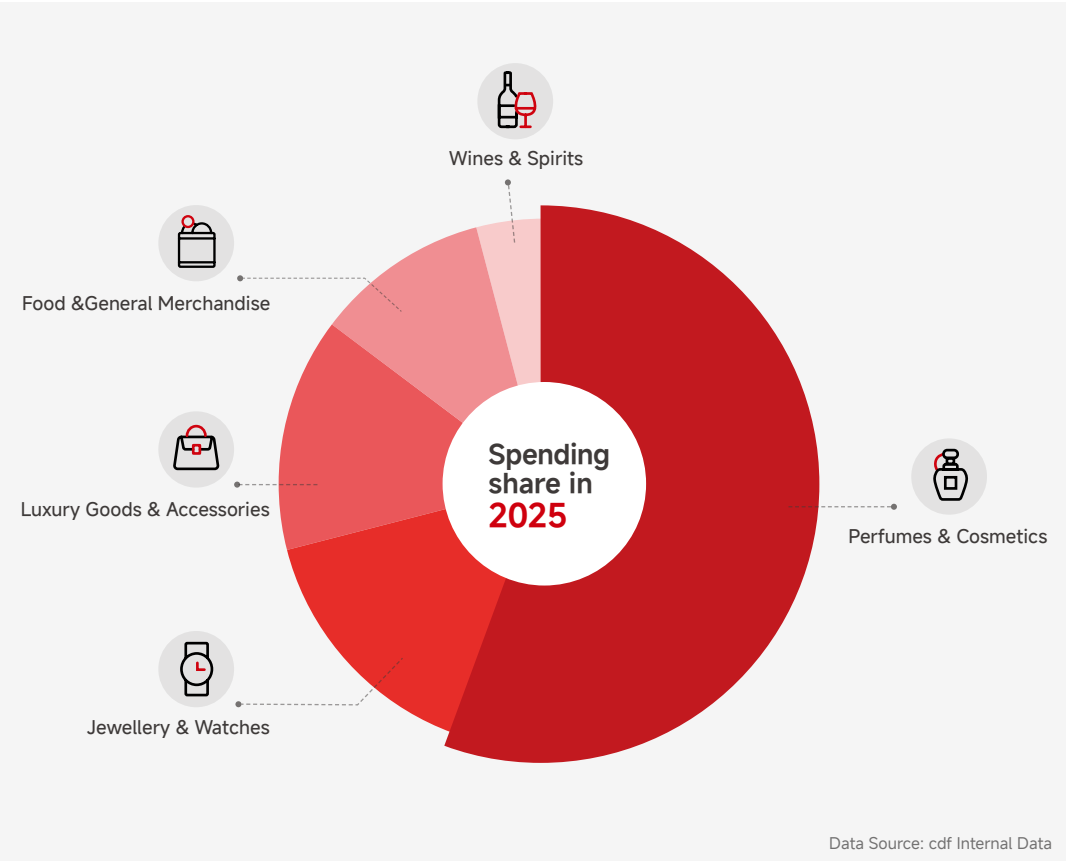
Category Service Extension

cdf prioritises consumer experience by moving beyond the traditional product-transaction-focused service model of physical shops. Through brand ancillary services and innovative store scenarios, it continues to broaden the value boundaries of category services. In terms of brand ancillary services, cdf has launched value-added services such as “1-Point Makeover”, “1-Point Drink”, and premium skincare, enhancing shopping satisfaction through high-impact service touchpoints. In terms of store scenarios, cdf has rolled out high-end two-storey brand shops and flexibly introduced brand pop-up and extended-run pop-up shops, generating buzz and exclusive experiences through limited-time scenarios. Furthermore, cdf is committed to building immersive consumption spaces, as exemplified by the Whisky Museum, which deeply integrates category retail with cultural experiences.



3. cdf’s Core Category Performance

Perfumes & Cosmetics made up over half of total sales and occupied a core business position, acting as the bedrock. Jewellery & Watches, together with Luxury Goods & Accessories, ranked as the second-tier categories, elevating the average transaction value through their high-end attributes and forging the high-end consumption image of the channels. Food & General Merchandise delivered robust growth momentum, with over 70% YoY growth. It was a high-growth category that expanded consumption scenarios and elevated the repeat purchase rate. Wines & Spirits catered to self-consumption, gifting, and collectible needs, steadily enriching the diversity of the product portfolio.





Perfumes & Cosmetics

Category Performance

Expanding Customer Base Boosts Long-Term Growth; Skincare Remains the Core Category While Makeup & Fragrance Shows Strong Momentum

cdf Perfumes & Cosmetics maintained sound development in 2025, with full-year sales remaining largely flat compared with those in the prior year. Against the backdrop of the intensified industry competition, it demonstrated strong resilience. The number of purchasing members rose by 26% YoY, expanding and diversifying the customer base. cdf Member Spending Survey shows over 29% of respondents plan to increase their spending on beauty products in the next 12 months, indicating sufficient room for category growth.

YoY Growth Rate in 2025

26%
Number of purchasing members

Data Source: cdf Internal Data



Skincare was the core sub-category of Perfumes & Cosmetics, contributing over 70% of category sales in 2025, ranking top in repeat purchase frequency across both duty-free and duty-paid channels. Driven by rising self-reward and emotional consumption demand, makeup and fragrance showed significant growth momentum, outpacing the category average and diversifying the Perfumes & Cosmetics category structure.

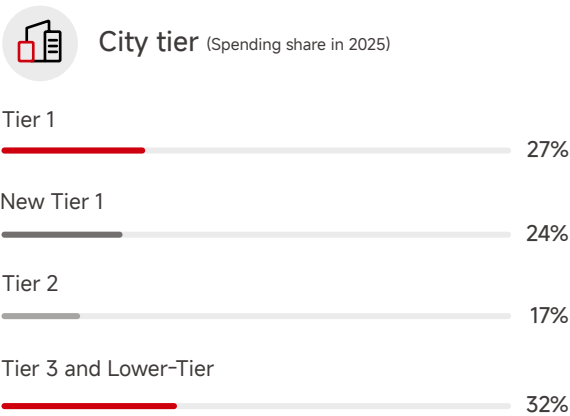
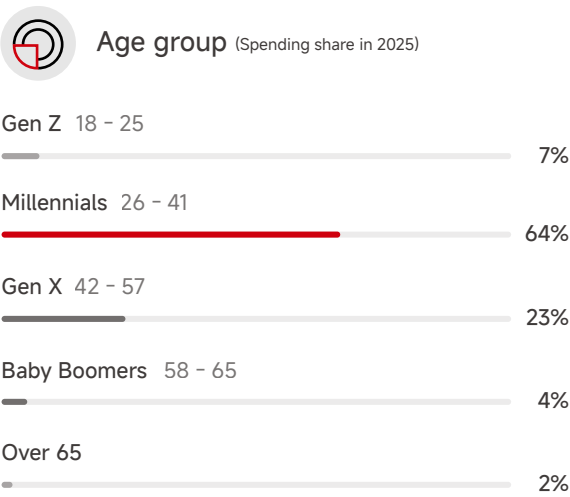
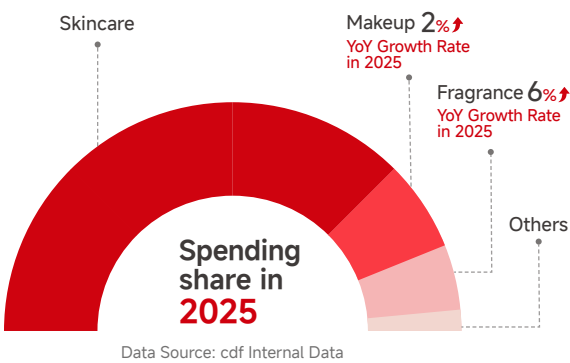
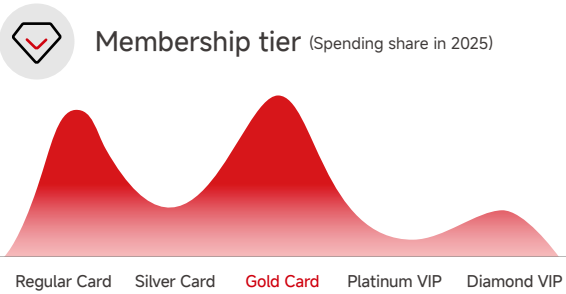
Demand for premium Perfumes & Cosmetics kept expanding throughout 2025. Premium brands represented by Estée Lauder and LA MER delivered outstanding sales growth, with two prominent trends taking shape: concentration on top-tier brands and consumption upgrading.

Customer Characteristics

Gold Card and Above Members, with Women as Core Spenders and Men, Gen X & Lower-Tier Cities as Incremental Drivers

Both Platinum VIP and Diamond VIP members powered high-end Perfumes & Cosmetics consumption, with Diamond VIP members hitting nearly RMB 50,000 in average annual spending, demonstrating significant consumption power. Meanwhile, the Regular Card member base expanded by over 30% YoY with double-digit sales growth, acting as a key driver of category expansion.

In terms of gender, women contributed nearly 80% of spending while men's average annual spending was 1.5 times that of women. Growing demand for men's skincare and gifting created sufficient untapped growth potential. In terms of age, Millennials were the core group for daily skincare and trendy makeup, generating over 60% of consumption. Affluent Gen X consumers prioritised functional anti-ageing skincare, with their average annual spending 1.5 times that of the overall member base, with the consumer base rising 20%. Geographically, premium Perfumes & Cosmetics demand in Tier 1 cities boomed, with its average transaction value the highest across all city tiers. Meanwhile, Tier 3 and lower-tier cities contributed 32% of overall member consumption. Consumers displayed a higher propensity to boost their spending budgets on Perfumes & Cosmetics compared to those in high-tier cities, rendering these lower-tier cities an indispensable promising growth market for this segment.



Data Source: 2026 cdf Member Spending Survey



Island Reverie product displays in cdf Haikou International Duty Free Shopping Complex

Operational Strategy

Capture Customer Base Growth, Expand Skincare Operations & Potential Categories and Establish Offline Benchmark of Premium Services

Beyond consolidating high-end makeup and skincare offerings, cdf captured opportunities in refined lifestyle consumption to enrich premium and refined product layout, by introducing Diptyque and launching Island Reverie, a limited travel fragrance collection, co-branded with DOCUMENTS, a premium fragrance brand. Meanwhile, online channels were key areas for expanding new Perfumes & Cosmetics customer base and fulfilling daily replenishment demand. cdf actively introduced quality domestic brands to diversify online product portfolio and elevated member base growth and repeat purchase rates in Perfumes & Cosmetics.



Jewellery & Watches

Category Performance

Concentration of Premium Spending; Surging Gold Consumption & Steady Performance of Classic Watches.

The average spending in Jewellery & Watches exceeded RMB 20,000 in 2025. 33% of members spent over RMB 20,000 on this category in one year, representing a 4% YoY increase. Meanwhile, these members contributed 86% of sales in this category, evidently demonstrating high-end conversion in Jewellery & Watches. Refined operations targeting high-end members have become a sustainable core growth engine of this category.

Members spending over RMB 20,000 annually

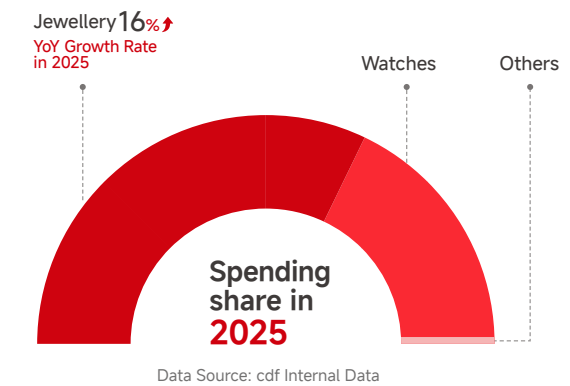
33%
Purchasing members share

4%
YoY Growth Rate in 2025

Data Source: cdf Internal Data



Jewellery accounted for nearly 70% of category sales in 2025, with a massive user base, accessible entry price points and high repeat purchase rate. Driven by ongoing boom in gold consumption, jewellery sales grew 16% YoY and became the primary growth engine of Jewellery & Watches. Watches, with their niche and high-end positioning, accounted for roughly 30% of sales, featuring higher decision thresholds and lower purchase frequency.



High-end international jewellery brands exhibited robust growth momentum. Cartier's new product matrix generated strong market feedback, while Van Cleef & Arpels and BVLGARI posted a double-digit sales increase. Qeelin sustained steady growth with eastern aesthetics-inspired distinctive designs.

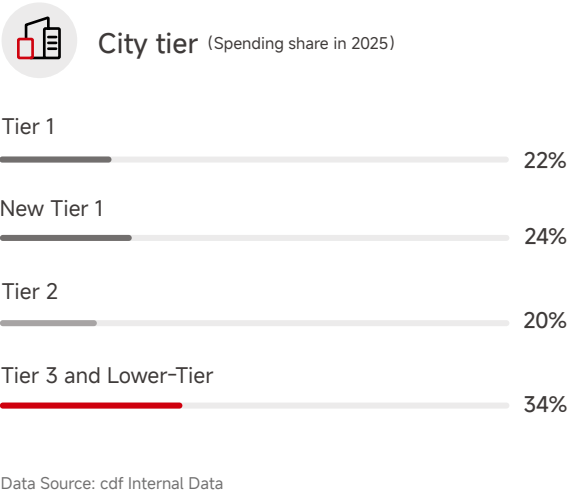
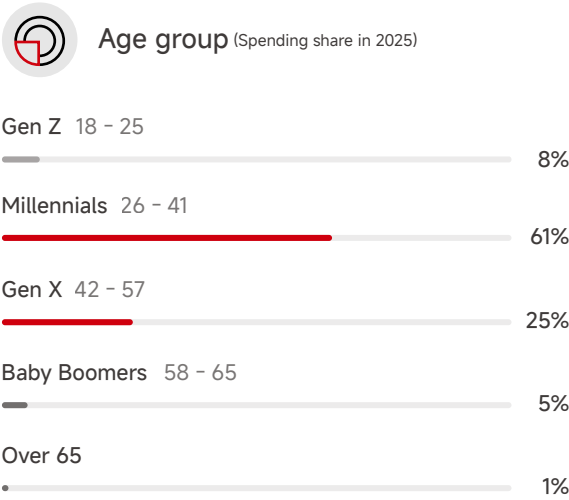
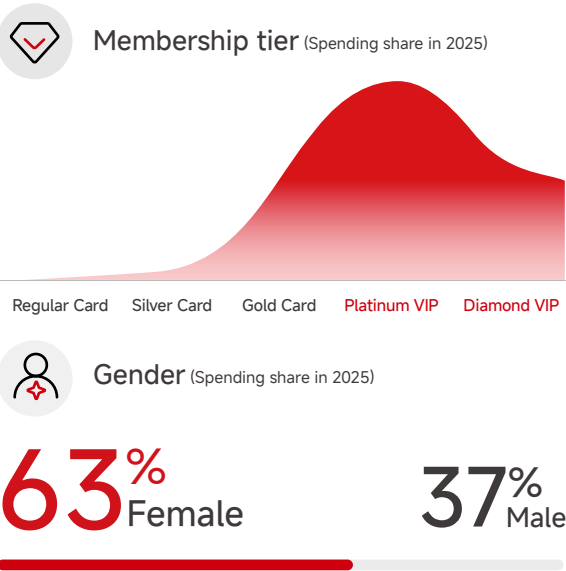
Gold jewellery continued to trend upwards. Domestic brands including Chow Tai Fook and LAOMIAO delved into traditional Chinese aesthetics and continuously refined craftsmanship, and their antique-style and fixed-price collections gained widespread popularity. With price advantages offered by duty-free channels, the consumption appeal of gold jewellery was further unlocked. Within the watch segment, Longines and OMEGA spanned the full mid-to-high-end price spectrum. Drawing on profound brand heritage and an extensive product portfolio, the two brands adequately satisfied members' demand for everyday use, gifting and collection, yielding steady market performance.



Customer Characteristics

Platinum VIP, Women & Millennials Form Core Consumer Groups; Affluent Mature Men Drive High-End Purchases; Gen Z & Lower-Tier Cities Unlock New Growth Potential.

Platinum VIP and Diamond VIP members jointly contributed over 70% of sales, highlighting the role of refined operations centred on high-end members as a key engine for category growth. In terms of gender, women accounted for over 60% of total consumption and anchored the fundamental base due to their demand for wedding jewellery and self-indulgent consumption. While men took up a smaller share, their expenditure was on an upward trend, with their average annual spending significantly higher than that of women. Men appreciated the wealth-preservation attribute of Jewellery & Watches and tended to purchase high-end products. In terms of age distribution, Millennials generated 60% of category sales and served as the core consumer group of the segment. Customers aged 42 and above recorded a higher average transaction value, driven by asset-allocation-focused high-end consumption. Gen Z's expenditure climbed simultaneously and was mainly concentrated on accessible luxury goods. According to cdf Member Spending Survey, a larger proportion of Gen Z consumers are willing to increase their spending on Jewellery & Watches in the upcoming year compared with other age groups, marking Gen Z as a promising base for future category growth. Geographically, Tier 1 and new Tier 1 cities saw expansion in both customer base and spending amount. Tier 2 cities delivered the strongest high-end consumption conversion alongside the highest average annual spending among all city tiers, while Tier 3 and lower-tier cities led in overall consumption scale. The robust and sustained fundamental demand in lower-tier markets continued to be unleashed.



Operational Strategy

Deepening Differentiated Merchandising, Establishment of a High-End Member-Exclusive Service System and Rollout of the cdf Watch Festival Marketing Campaign

cdf strengthened cooperation with international high-end jewellery brands and leading domestic gold brands to roll out differentiated offerings via channel-exclusive co-branded collections. cdf also expanded presence in promising emerging sub-categories such as lab-grown diamonds. By leveraging the high cost-effectiveness of such products, cdf satisfied diversified consumption demands covering daily casual wear and commuter outfits, broadening the jewellery's customer coverage. Within the watch category, cdf followed the global release of renowned watch brands and obtained priority launch access for newly released timepieces and limited editions. By launching collectible timepieces tailored for sophisticated collector members, cdf further consolidated its operational advantages in the high-end watch category.

cdf is dedicated to building an exclusive premium service system for high-end members across offline channels, regularly organising private connoisseur sessions and master craftsmanship-sharing salons, and providing differentiated value-added benefits including one-on-one dedicated consultants, priority reservations for limited editions and exclusive after-sales maintenance services, which effectively lifts members' repeat purchase rate and average transaction value. Meanwhile, the main categories on cdf's online channels consist of low-price accessories and entry-level watches. Such products fully leverage the strengths of online channels to attract new customers and nurture prospective consumers, driving effective growth in the number of online purchasers.

Furthermore, cdf rolled out the cdf Watch Festival as a featured marketing campaign. Incentives including multiplied membership points, segment-exclusive coupons and bank card discounts on large-value purchases were released to drive consumption from mass consumers and high-end collectors separately. These initiatives have deepened emotional connections with members and enhanced overall customer loyalty.





Luxury Goods & Accessories

Category Performance

Consumption Member Base Expands Against the Trend; High-End Members Deliver Prominent Value; Classic Brands Sustain Steady Growth, and the Accessible Luxury Segment Demonstrates Robust Momentum

China’s luxury goods market was under pressure in 2025, with consumers adopting a more rational attitude toward luxury purchases. Against this industrial backdrop, the consumer base of the cdf Luxury Goods & Accessories segment rose 4% YoY. In terms of customer structure, members with annual spending exceeding RMB 10,000 accounted for 25% of the total base, yet contributed 71% of total spending, exhibiting strong spending power among high-end members.



Members with annual spending of RMB 10,000 and above account for

25%

contributing of total spending

71%

Number of purchasing members

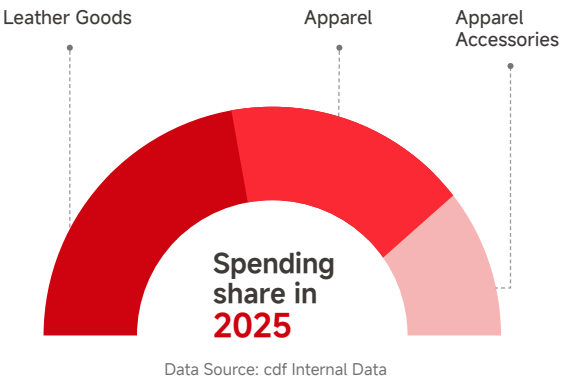
4%

YoY Growth Rate in 2025

Data Source: cdf Internal Data

Consumption in the Luxury Goods & Accessories segment centred on high-value, big-ticket products. Leather goods stood as the core pillar, representing 44% of overall sales, with luxury ready-to-wear and other apparel accounting for an additional 37%. The two categories together generated more than 80% of the segment’s revenue. Apparel accessories including silk scarves, sunglasses and belts accounted for the remaining 19% of consumption, which mainly functioned to acquire entry-level consumers and boost cross-selling.

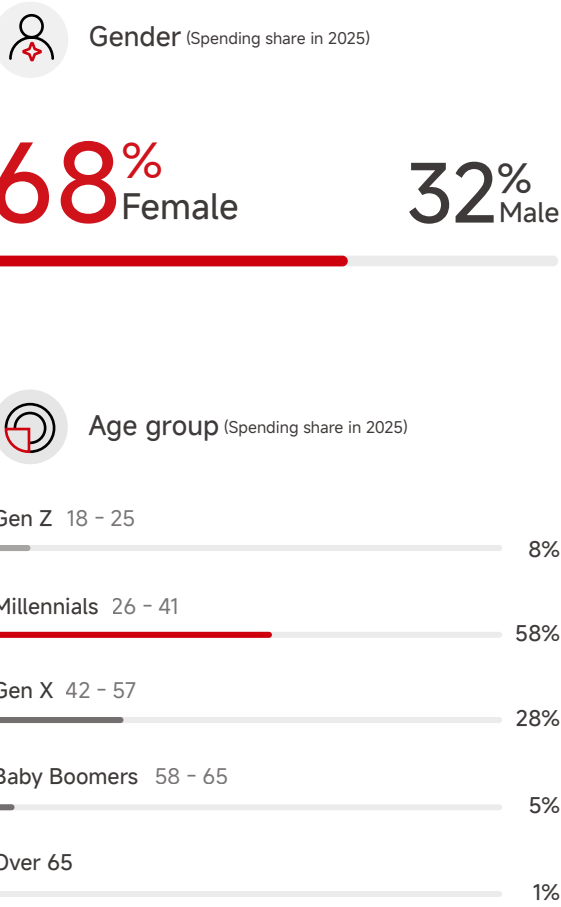
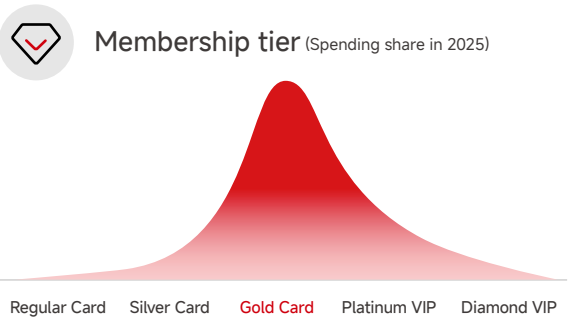
Miu Miu registered sales growth of over 70% in 2025, establishing itself as a growth benchmark within the Luxury Goods & Accessories category. This was driven by its differentiated positioning merging retro aesthetics with rebellious design. Iconic leather goods and ready-to-wear brands such as Saint Laurent Paris, LOEWE and COACH sustained growth by satisfying demands from high-end and entry-level consumers respectively. COACH, in particular, tapped into the preference for self-expression among modern consumers and rolled out minimalist vintage collections targeting younger demographics, which yielded double-digit sales growth at cdf in 2025. Meanwhile, Longchamp and other accessible luxury brands secured positive annual growth in 2025, continuously unlocking growth momentum of the accessible luxury segment throughout the year.



Customer Characteristics

Women, Millennials & High-Tier Members Are Core Consumers; Gen Z Fuels Long-Term Category Growth

Gold Card and higher-tier members contributed over 80% of total consumption. Meanwhile, Regular Card members achieved rapid growth in both customer base and spending amount. As this group’s awareness of luxury products continues to rise, their consumption propensity is further enhanced. In terms of gender, women contributed nearly 70% of total consumption, constituting the core customer group that stabilised sales of luxury goods and accessories. Men registered a higher average annual spending than women with higher propensity for high-end consumption. In terms of age group, the Millennials accounted for the largest spending share, while Gen X contributed nearly 30% and boasted the highest average annual spending across all age groups, with a particular preference for classic styles. Although Gen Z’s spending share was relatively low, its member base and spending grew simultaneously, showing strong growth potential and serving as a key incremental driver for the long-term expansion of the category.



Data Source: cdf Internal Data



Two-storey Moncler Flagship at cdf Sanya International Duty Free Shopping Complex

Operational Strategy

Shops Upgrade & Extension from Operations to Premium Experiential Service

cdf equipped physical shops with full ranges of luxury leather goods, apparel and accessories. Meanwhile, it deepened strategic partnerships with leading international luxury brands to upgrade shop layouts, taking Hainan as the central hub. Two-storey flagship shops of Moncler and Saint Laurent Paris were opened, while shop renovations for COACH and Longchamp were completed. Expanded spaces and rebuilt shopping scenarios transformed shop operations from simple merchandise sales to premium experiential services, communicating luxury brand identity and exclusive service value in a holistic manner.



Food & General Merchandise

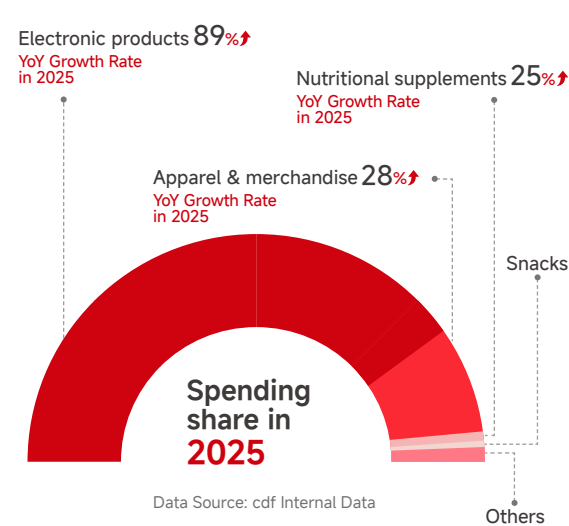
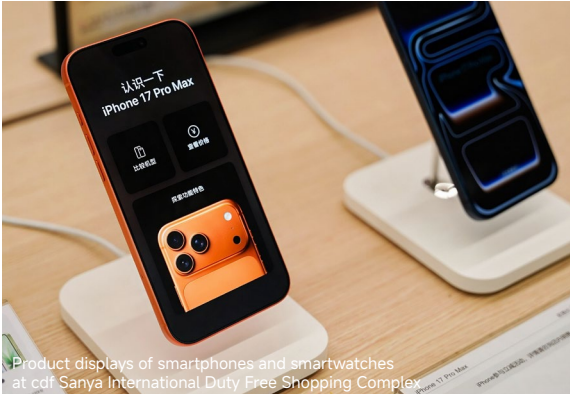
Category Performance

Diversified Supply Drives Rapid Growth in Spending; Electronic Products Serve as the Main Growth Driver, While Outdoor Sportswear and Health Tonic Products Steadily Unleash Growth Momentum

Food & General Merchandise sales surged 72% YoY in 2025, driven by booming electronics sales, enriched outdoor sportswear product lines and rising demand for health supplements. Meanwhile, both the member base and average transaction value continued to climb, laying a solid foundation for the category's long-term sustainable growth.



The Food & General Merchandise segment exhibited a development pattern featuring dominant electronic products and coordinated growth of diversified sub-categories. Spending on electronic products dominated the segment in 2025, accounting for more than 80% of total Food & General Merchandise sales, with an 89% YoY increase. Smartphones and smartwatches ranked as top-selling categories. Driven by the rising popularity of the outdoor casual lifestyle, cdf kept introducing mid-to-high-end outdoor brands, and outdoor sportswear sales rose by 28%, making it the second-largest sub-category within Food & General Merchandise. In line with the nationwide wellness consumption upgrade trend, cdf expanded sub-categories of Chinese tonics and dietary supplements under cdf Health. Nutritional supplements grew 25% YoY in 2025.

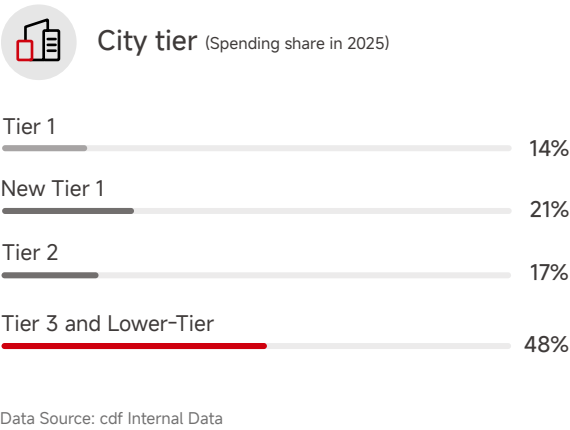
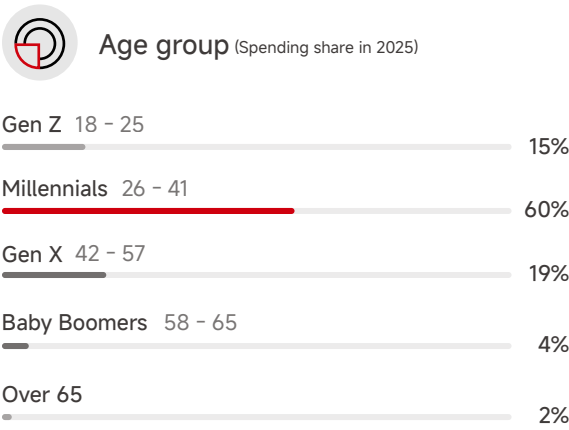
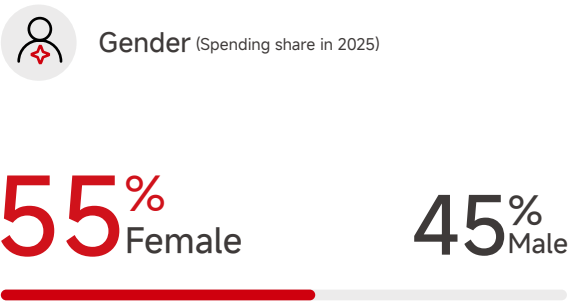
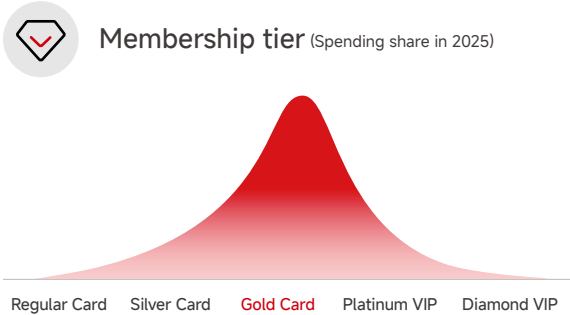


Apple capitalised on its brand momentum, combined with government consumption vouchers and in-shop discounts, to fuel consumer demand for device trade-ins and became the leading brand within the Food & General Merchandise category. Outdoor brands including ARC'TERYX, DESCENTE, SALOMON and KAILAS posted robust sales growth upon shop launches, catering to consumers' diversified scenarios such as lightweight business travel, urban hiking and professional mountaineering.

Customer Characteristics

Women, Millennials & High-Tier Members Are Core Consumers; Gen Z Fuels Long-Term Category Growth

Gold Card members delivered remarkable contributions, generating 55% of the category's total spending alongside an impressive 96% YoY spending growth rate, and acting as the core engine for the scale expansion of the Food & General Merchandise segment. In terms of gender, women accounted for 55% of total spending, while male consumers posted an average annual spending 1.7 times that of female shoppers, demonstrating relatively outstanding purchasing power. In terms of age distribution, Millennials contributed nearly 60% of total consumption. Gen Z was keen on trendy digital experiences, with an average annual spending hitting 1.6 times the average of all shopping members, making it the core potential customer group driving category growth. Gen X and older consumer groups tended to purchase apparel, general merchandise and nutritional health supplements, and showed high propensity for spending on outdoor leisure and wellness products. For city tiers, members from Tier 3 and lower-tier cities exhibited strong consumption vitality. They contributed nearly half of total spending, with their average annual spending reaching 1.3 times the average for all shopping members. Their consumption volume and average transaction value both outperformed those of consumers from high-tier cities.



Operational Strategy

Consolidate the Core Base of Electronic Products Across All Channels; Tap into Outdoor Sports Consumption Potential via Shop Scenario Upgrades, and Continuously Stimulate Health-related Consumption with Private Labels and Co-Branding Marketing

cdf rolled out mobile smartphones and digital products across online and offline channels. Physical shops established physical device experience areas to leverage the experiential strengths of offline scenarios to the fullest. Online platforms simultaneously released flagship models of mainstream brands and scaled up supplies of earphones, smart wearables, charging gadgets and other accessories, thoroughly catering to diversified consumer demands ranging from new smartphone purchases to routine replenishment of peripheral accessories.

In outdoor sports, cdf introduced outdoor brands under both duty-paid and duty-free operation frameworks and gradually upgraded multiple pop-up shops into official brand image boutiques. Meanwhile, themed experiential events and extended-run pop-up shops were launched to accommodate mainstream outdoor consumption demands, boosting customers' brand awareness via on-site interactive experiences.

For general health, cdf built a product matrix under its private label, cdf Health, and collaborated with well-established domestic time-honoured brands to enrich its portfolio of traditional tonic products. In November 2025, cdf Health rolled out a co-branding marketing campaign alongside UFC champion ZHANG Weili. An immersive pop-up shop named "Weili's Lifestyle Exploration Tour" opened at cdf Haikou International Duty Free Shopping Complex. Equipped with interactive installations, product trial sessions and educational sharing on healthcare, the pop-up shop explored diversified scenarios for health-oriented consumption.



cdf Health co-branding marketing campaign in partnership with world champion ZHANG Weili



Wines & Spirits

Category Performance

Value-Driven Operations Expand Spirits Member Base; Immersive Experiences in Whisky Fuel Leading Growth in Spirits

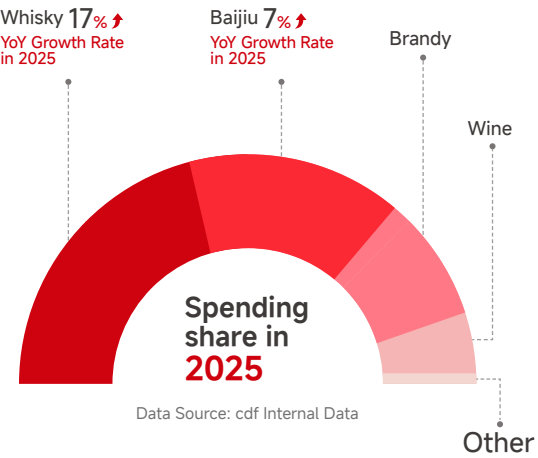
The wine & spirits consumption market underwent a structural adjustment period marked by competition for existing market share and value divergence, while travel retail channels forged differentiated competitive edges with exclusive limited editions and immersive on-site experiences. In 2025, cdf grew its wine and spirits member base by 6% YoY through cross-category customer acquisition, exclusive spirit offerings, and omnichannel themed campaigns deployment.



Product displays of The MACALLAN at cdf Haikou International Duty Free Shopping Complex

The cdf marketing IP Cheers to Whisky solidified cdf's position as consumers' top channel for whisky purchases. Whisky accounted for over 43% of total spirits sales in 2025 with 17% YoY growth, functioning as the primary growth driver. Driven by gifting and collecting demands, domestic Chinese baijiu posted a 7% increase YoY and further consolidated the core foundational base of the category. Brandy, wine and other alcoholic beverages worked in tandem to enrich liquor supplies for all consumption scenarios.

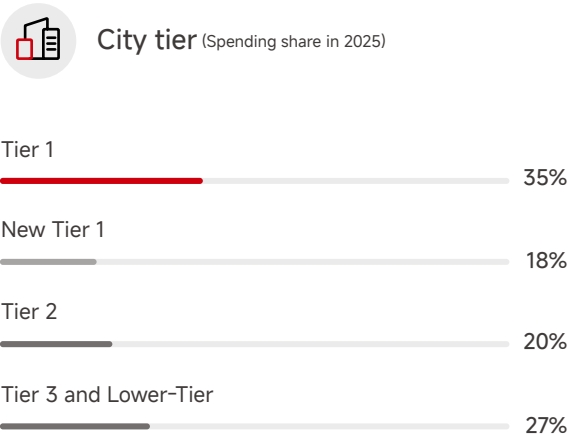
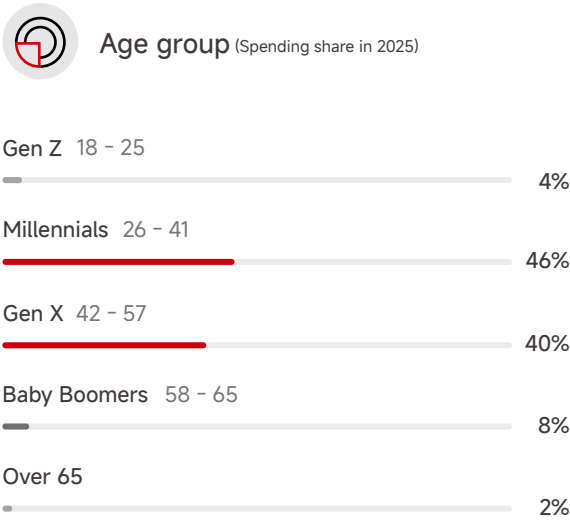
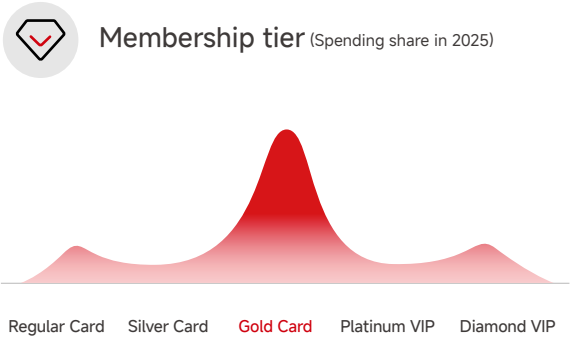
High-end whisky brands maintained strong growth momentum. The Macallan led the category, while Johnnie Walker remained a mainstream consumer staple. Domestic single malt THE CHUAN achieved impressive market performance and drove localised growth across the whisky category. Backed by profound brand heritage and extensive market appeal, MOUTAI dominated high-end Chinese spirits and sustained double-digit sales growth, whereas WULIANGYE and LUZHOULAOJIAO maintained their top-tier positioning with stable business development.



Customer Characteristics

Men Dominate High-End Spirits Consumption; Millennials & Gen X Constitute Core Consumers; Gen Z Drives Emerging Growth With Low-Alcohol Drinks

Men accounted for over 60% of spirits spending, with their average annual spending standing 1.4 times that of women. They displayed robust demand for personal use, business gifting and collectibles. Millennials and Gen X jointly contributed nearly 90% of total spirits sales: Millennials preferred brandy, wine and low-alcohol drinks, whereas Gen X favoured sophisticated whisky collections. Gen Z looked for lightweight experiences and tended to purchase niche low-alcohol drinks or brandy for homemade cocktails. By city tiers, Tier 1 and new Tier 1 cities registered concurrent growth in both consumer volume and total spending, while Tier 3 and lower-tier cities further consolidated the core customer base.



Data Source: cdf Internal Data



Operational Strategy

Deepen High-End Spirit Partnerships & Low-Alcohol Drinks; Build Omnichannel Immersive Experience Centred on the Cheers to Whisky Marketing Campaign

cdf deepened collaboration with leading domestic and international spirits brands to secure global new product launch and exclusive limited-edition spirits. Meanwhile, it launched specialised Chinese baijiu outlets at major domestic airport terminals to build professional brand exhibition spaces, driving offline traffic and consumption performance. cdf also capitalised on young consumers' preference for light drinking and captured growth opportunities in low-alcohol and non-alcoholic drinks, expanding its spirits product matrix tailored for young demographics.

cdf built its exclusive spirits marketing IP "Cheers to Whisky" and used it as a vehicle to boost the influence of category experience. On the one hand, cdf launched the Whisky Museum at cdf Haikou International Duty Free Shopping Complex to construct an immersive professional tasting space. On the other hand, it rolled out the Urban Whisky Experience Programme in Shanghai, Guangzhou, Shenzhen and other high-tier cities. Lightweight urban experience sites were deployed via mobile pop-up tasting trucks to host interactive activities including liquor tastings. Meanwhile, live-streaming collaborations with celebrities expanded online publicity, unlocking new consumption growth for spirits across all channels.

CHAPTER 4

cdf's OMNICHANNEL LAYOUT IN DUTY-FREE AND TRAVEL RETAIL



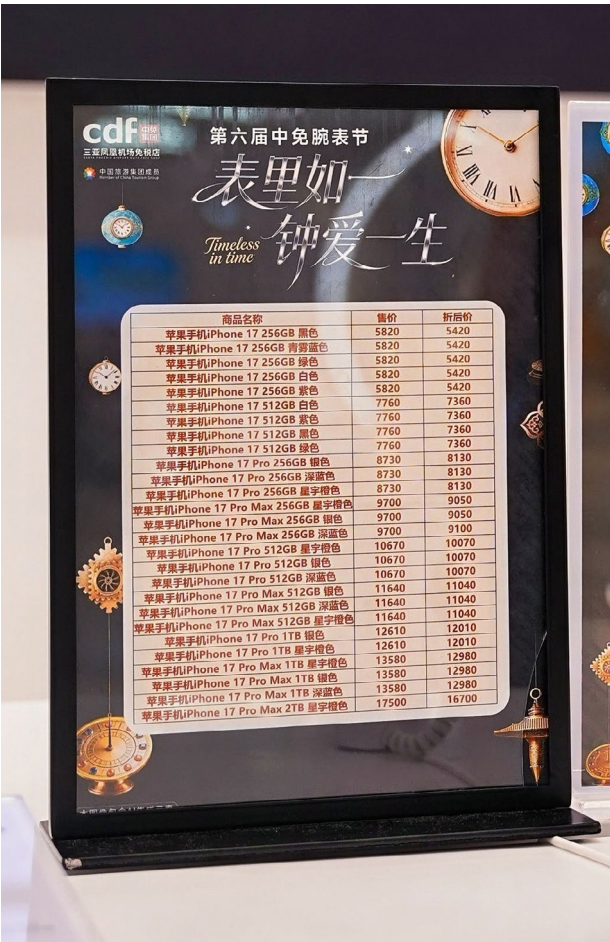
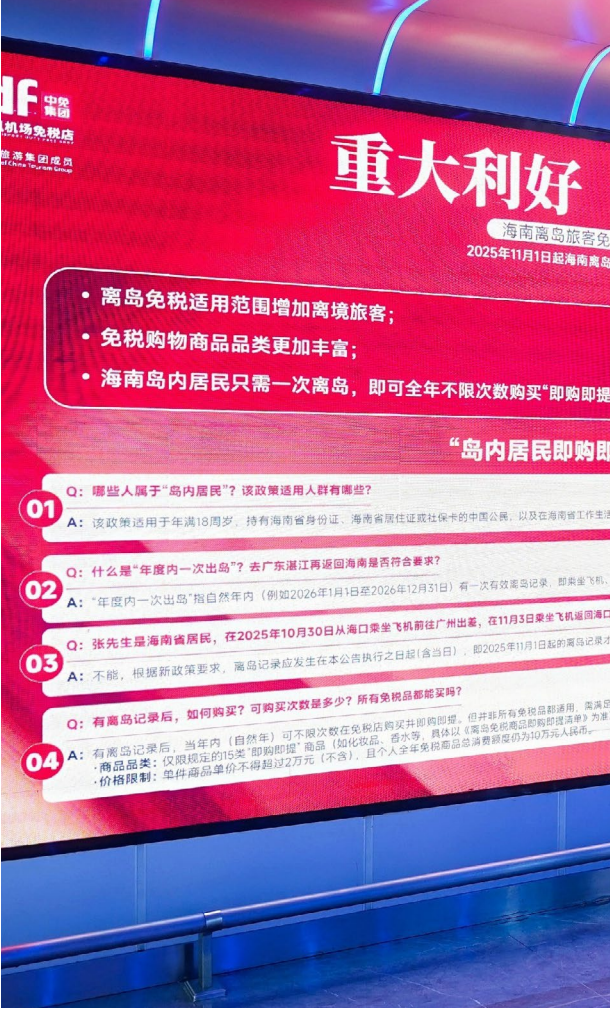
1. Hainan Offshore Duty-Free

cdf Deeply Cultivates the Hainan Market, Forging an Industry Benchmark with Comprehensive Advantages

1.1 Channel Background: Policy Dividends and Government Consumption Incentives Jointly Fuel Sustained Growth of Hainan’s Offshore Duty-Free Market Share

With the continuous advancement of the new offshore duty-free policy and the island-wide customs closure operation of the Hainan FTP, coupled with incentive measures such as local government consumption vouchers, the growth potential of the Hainan offshore duty-free market has been unlocked, driving notable improvements in the operating performance of duty-free shops on the island. The new offshore duty-free policy has created significant room for market expansion by broadening the scope of eligible categories, relaxing restrictions on offshore duty-free shoppers, and refining purchase terms for island residents. The island-wide special customs operations of the Hainan FTP, combined with the ongoing expansion of the visa-free policy, are attracting more business, tourism, and inbound travellers to the island, providing long-term support for the growth of Hainan's duty-free business. In addition, local government consumption vouchers, including duty-free vouchers for island residents and standard offshore duty-free vouchers, have effectively stimulated the vitality of Hainan's duty-free consumption.

As one of the world’s four major offshore duty-free jurisdictions, Hainan has become a growth pole that the global duty-free market cannot ignore. The Hainan offshore duty-free market currently features seven licensed operators competing side by side, among which cdf’s advantages are particularly prominent. Backed by its strong industry leadership, well-established channel layout, mature member operations system and highly efficient supply chain network, cdf continues to lead the high-quality development of Hainan's offshore duty-free industry.



1.2 cdf Business Layout

Shops: A Multi-Tier Shop Layout Reaching Hainan’s Diversified Passenger Traffic

cdf has been deeply rooted in the Hainan market for years and has established a shop network with full coverage. cdf currently runs six offshore duty-free shops across Hainan, shaping a layout of “multiple shops on one island with differentiated and complementary functions”, as well as an interconnected offshore duty-free consumption ecosystem. Among them, cdf Haikou International Duty Free Shopping Complex and cdf Sanya International Duty Free Shopping Complex rank as the world’s largest and second-largest duty-free commercial complexes respectively. Supported by their extensive operational scale, comprehensive product matrix and premium service experience, the two stand as the landmarks and benchmarks of Hainan’s offshore duty-free industry. On 27 March 2025, cdf Sanya International Duty Free Shopping Complex was officially accredited as a national 4A-level tourist attraction, the first national-level scenic area in China centred on duty-free commerce, establishing a new paradigm of integrated “commerce and cultural tourism” development. The remaining shops are positioned to cover different consumption scenarios with precision: cdf Haikou Riyue Plaza Duty Free Shop and cdf Qionghai Bo’ao Duty Free Shop are located in core urban business districts, while cdf Haikou Meilan International Airport Duty-free Shop and cdf Sanya Phoenix International Airport Duty-free Shop sit at core aviation hubs, enabling comprehensive access to all types of passenger traffic.



National 4A Tourist Attraction Plaque
at cdf Sanya International Duty Free Shopping Complex



MINISO LAND
at cdf Sanya International Duty Free Shopping Complex Phase II



Yecheng Xilu
at cdf Sanya International Duty Free Shopping Complex Phase I

On the basis of this comprehensive offline layout, cdf has further advanced the integrated development of online and offline operations. Leveraging online channels (pre-order service for offshore duty-free purchases, cloud-based shops etc.), cdf breaks the restrictions imposed by physical premises and business hours, effectively broadening the boundary of consumer services. Meanwhile, cdf steadily expands duty-paid business scenarios such as cdf Sanya International Duty Free Shopping Complex Phase II, where duty-paid shops cover luxury goods and accessories, designer toys and catering. Coordinated development and complementary advantages between the duty-free and duty-paid businesses fully satisfy consumers’ diversified, multi-tiered shopping needs.

Customers: Tiered Operations for Diverse Customer Groups to Precisely Stimulate Consumption Potential

Middle-Class Customers

Dominated by Millennial women (26 to 41 Y.O.), this group features family travel, with roughly 70% residing in Tier 1 and New Tier 1 cities. Their trips deeply integrate casual holidays with duty-free shopping. Led by The Self-Care Connoisseurs and supplemented by The Luxury Lifestyle Connoisseurs, this group boasts steady and long-lasting purchasing power. cdf provides children's play zones, childcare services and VIP lounges to optimise their in-shop experience and extend their dwell time.

Young Customers

Women make up over 70% of young customers, among whom nearly half are students. This group is keen on fashion trends and celebrity fandom, and will prioritise makeup, fragrance, smartphones and digital products in the coming year, with immersive experience and social media check-ins as their core demands.

cdf taps into the traffic value of the “ticket-stub economy (converting event tickets into shop visits)” to attract targeted visitors via concerts, sports events and other large-scale activities. It also launches themed check-in benefits to deliver youth-oriented marketing campaigns, meet this group’s social demands and stimulate consumption enthusiasm.

Island Residents

Policy optimisation is unlocking island residents’ consumption potential at an accelerating pace. Millennials (26 – 41 Y.O.) constitute the major part, and they plan to spend more on perfumes, cosmetics and electronic products in the coming year. Island residents shop relatively high in frequency and are far more sensitive to membership benefits than other groups, particularly favouring points redemption for cash, member chauffeur services and birthday vouchers. cdf continuously strengthens its membership benefit operations and introduces daily consumer goods to meet the diversified shopping needs of island residents in line with the customs closure operation policy.

Business Customers

Driven by the development of the Hainan FTP and events such as the China International Consumer Products Expo (CICPE), the business customer base keeps expanding steadily. Men account for nearly 60% of this group, and Millennials (aged 26 to 41 Y.O.) make up over 70%. Its core demographic consists of The Self-Care Connoisseurs as core and the Tech Adventurers as the supplement. cdf Member Spending Survey indicates that more than 40% of business customers intend to raise their duty-free spending in the coming year, with skincare products, wines & spirits, and electronic products listed as key purchase categories.

Through coordinated operations across all shops, cdf launches exclusive discounts, customised vouchers, exhibition shuttle services and priority collection privileges to connect exhibition scenarios with shopping scenarios. It also creates the exclusive marketing IP “cdf Watch Festival” to precisely cater to the high-end consumption demands of business customers.

Silver-haired Seasonal Residents

Nearly 90% of this group are retired, and they show an obvious seasonal migration pattern, with over 60% arriving in Hainan during winter. They prioritise cost-effectiveness and product pragmatism, and value points redemption for cash. cdf focuses on health care products, wellness equipment and similar categories, and is upgrading its offline wellness hall formats. It improves age-friendly facilities with dedicated access lanes and rest areas, rolls out silver-haired-generation-themed campaigns, and partners with local medical institutions to provide value-added health services, so as to attract winter migrating visitors.

Foreign Travellers

Most foreign customers come from Japan, South Korea, Southeast Asian countries and Russia, and people aged 26 to 35 account for more than half of this group, whose purchases mainly focus on Wines & Spirits and Perfumes & Cosmetics. cdf is developing categories including domestic Wines & Spirits and Guochao souvenirs, combining brand prestige, price advantages and Chinese cultural character so as to comprehensively elevate the shopping experience of foreign travellers.



Aesop shop at cdf Sanya International Duty Free Shopping Complex

Categories: From Consolidating Strengths to Achieving New Growth Breakthroughs, Building Category Competitiveness

Relying on Hainan’s policy dividends and its brand resource integration capabilities, cdf consolidates the core base of its established categories while continuously exploring emerging growth. The current category structure within the Hainan channel follows a clear pattern: Perfumes & Cosmetics forms the foundation; Luxury Goods undergoes renewal; gold jewellery gains strong momentum; electronic products take the lead; outdoor sports rise; wines & spirits upgrade.

In Perfumes & Cosmetics, top international brands including Lancôme, Estée Lauder, LA MER and Helena Rubinstein continue to serve as the bedrock. Niche and distinctive brands such as Aesop have achieved explosive growth, forming a tiered brand matrix in which established leading brands hold the base while emerging niche brands break through. The luxury consumption landscape is being reshaped. Leading brands steadily consolidate their sales base through shop upgrading and experience optimisation, while accessible-luxury brands including Chloé register remarkable growth momentum.

Gold became a new growth engine for the Hainan offshore duty-free channel in 2025. Its momentum stems from the rising market price, growing consumer demand for value preservation, and the duty-free price advantage created by tariff adjustments. Driven by both product iteration and the duty-free price differential, Apple saw sales multiply, ranking first among all brands in annual sales in 2025. In addition, the booming outdoor sports consumption trend prompted cdf to introduce SALOMON, KAILAS and other outdoor brands to open shops and further expand its category coverage. For Wines & Spirits, exclusive debut and the Whisky Museum continuously upgrade the shopping experience.

Marketing: Public and Proprietary Channel Synergy Runs Through the Entire Customer Journey; Experiential Consumption Scenarios Fully Boost Hainan’s Consumption Vitality

Given the strong travel character of Hainan’s customer groups, cdf builds a refined omnichannel marketing system centred on online and offline channel synergy and end-to-end customer journey management, relying on its powerful capacity to integrate tourism formats. cdf has established a cooperative ecosystem covering hotels, airlines, online travel agencies (OTAs), banks, scenic areas and travel agencies, forming a highly competitive marketing alliance through resource exchange and other collaboration models.

① Pre-trip

- cdf cultivates consumption awareness through KOS (Key Opinion Sales) content marketing on RedNote.
- Working with Trip.com, Hainan Airlines, Juneyao Airlines and other partners, cdf reaches high-net-worth passenger traffic before their trips.
- Proprietary channel surveys help anticipate customer demands in advance and secure potential customers.

② On-trip

- Partnerships across transport, accommodation and other travel scenarios reach passenger traffic arriving on and departing from the island. Exclusive consumption vouchers and a “hotel-duty-free shopping complex” shuttle bus service capture potential customers along the travel chain.
- Bank exclusive instant-discount benefits are integrated to lift in-shop conversion.
- All customers in shops are systematically gathered into the proprietary channel, laying the foundation for long-term repeat purchases.

③ Post-trip

- Customers are tiered based on their lifecycle stage and historical consumption behaviour tags. Refined operations are carried out based on consumption preferences of different groups. Such measures further break the geographical restrictions on offshore consumption, guide users to make online repeat purchases after leaving the island, and effectively extend the customer lifecycle.

Meanwhile, leveraging its large-scale commercial venues across Hainan, cdf systematically upgrades shop scenarios and supporting service systems to cater both to mainstream customers’ demand for immersive experience and to high-net-worth customers’ expectations of premium services. cdf has launched experience projects including the Sunset Market, the Wind-riding Concert and the Fairy Tale Parade, together with playful interactive installations such as giant capsule-toy machines, giant clouds and wind-woven colourful curtains, building an immersive consumption space that integrates shopping, leisure, entertainment and brand experience. Duty-free shops have evolved from shopping venues into leisure-oriented consumption destinations. For high-net-worth customers, cdf has created exclusive spaces including VIP lounges and premium beauty centres, providing services such as in-shop premium experiences, SPA skincare and personalised makeup, alongside exclusive offerings such as chartered flight-and-hotel invitations for high-end customers to shop in Hainan.

In addition, centred on the strategic positioning of building the Hainan FTP into an international tourism and consumption hub, cdf keeps exploring the cross-industry integration model of “duty-free + cultural tourism”, so as to further widen its customer coverage and tap the consumption potential of different groups. Relying on high-profile events including Jay Chou’s tour concert, the TNT (Teens in Times) concert, the 35th ITTF-ATTU Asian Cup and the POP MART DIMOO debut exhibition, cdf efficiently converts cultural tourism events into duty-free consumption momentum through diversified formats such as fan gathering, exclusive consumption benefits and themed scenario marketing.



Giant capsule-toy machine at the cdf Haikou International Duty Free Shopping Complex during anniversary celebration of “Carnival MAX”

2. Airport Duty-Free Shops

Adapting to a Shifting Landscape, cdf Strengthens Airport Operational Competitiveness through Shop Renovation, Innovative Operations and Travel-Scenario Marketing

2.1 Channel Background: Steady Recovery of Inbound and Outbound Passenger Traffic; Diversified Competition at Core Hubs. Airport Non-Aeronautical Business Moves Towards Integrated Development

Passenger throughput at civil aviation airports is recovering steadily. According to the Civil Aviation Administration of China, passenger throughput on Hong Kong, Macao, Taiwan and international routes totalled 139.01 million passengers in 2025, a rise of 17.6% YoY and a recovery to 83.1% of the 2019 level. A new round of bidding for duty-free concessions at core hub airports was completed in 2025. The bidding rules for Beijing Capital International Airport, Shanghai Pudong International Airport and Shanghai Hongqiao International Airport explicitly permitted foreign-invested enterprises to bid and capped the number of bidding sections for each bidder. These rules broke the previously single-operator competitive pattern. Currently, the airport duty-free channel is enriching its format supply and improving service quality through the introduction of diversified competition.

Meanwhile, the non-aeronautical segment of airports is entering an in-depth adjustment phase. International hubs such as Groupe ADP (Paris Airports) have consolidated retail (duty-free and duty-paid), catering, advertising and other resources through joint ventures and acquisitions, achieving a marked uplift in commercial revenue. Domestic airports are pursuing model innovation in step: leveraging the hardware advantages of its Terminal 3, Lanzhou Airport established a joint venture with cdf to operate retail, catering, cultural merchandise and other formats in a unified way. Airports including Chongqing, Xi'an and Wuhan have also moved early to set up non-aeronautical joint ventures, driving airport commerce toward integrated development and building a more sustainable growth model.



cdf Beijing Daxing International Airport Duty Free Shop

2.2 cdf Business Layout

Shops: Winning Concessions at Core Hubs and Innovating the Airport Commercial Operating Model

In 2025, cdf successfully secured the operating rights for duty-free shops, including the arrivals and departures duty-free shops at Terminal 2 and Satellite Concourse S2 of Shanghai Pudong International Airport, the arrivals and departures duty-free shops at Shanghai Hongqiao International Airport, the arrivals and departures duty-free shops at Terminal 3 of Beijing Capital International Airport, and the departures duty-free shop at Terminal 3 of Guangzhou Baiyun International Airport.

The global airport commercial trend of “experience first” pushed cdf to increase investment in experiential scenarios and to streamline service processes to drive long-term improvement in sales per square metre after securing these operating rights. Currently, cdf has completed the renovation and spatial layout optimisation of its core airport shops, continued to introduce premium brand counters, and added domestic brands, intangible cultural heritage merchandise and other categories to enrich its product matrix.

In addition, cdf is innovating the airport commercial operating model. The Lanzhou Airport project serves as the benchmark for the company’s all-format integrated joint operation with an airport, adopting a cooperation mechanism of low guaranteed rent plus tiered revenue sharing, which creates a win-win landscape of shared risk and shared return. cdf has also deepened its “aviation + consumption” cooperation with Hunan Airport Group to build an integrated commercial system covering duty-free retail, duty-paid retail and destination catering, while expanding its offerings of Guochao cultural merchandise, travel essentials and IP-themed blind boxes.

Customers: Chinese Travellers as the Core Base, with Distinct Customer Structures Across Hub Airports

Chinese travellers are the core customer group for airport duty-free consumption, while foreign travellers are mainly from Japan, South Korea and Southeast Asia. Affected by multiple factors including city tier, route network and cultural-tourism resources, hub airports show differentiated customer segment personas, and duty-free operations are tailored and refined to local conditions.

For example, passenger traffic of Beijing’s airports falls into clear tiers. High-end business travellers have strong purchasing power and low price sensitivity, preferring premium luxury goods and collector-grade wines & spirits. Middle-class tourists consume more rationally and value cost-effectiveness, mainly choosing staple categories such as beauty and skincare products. Workers travelling abroad form a stable segment with a strong repeat purchase propensity, and tend to buy wines & spirits, beauty and skincare products in bulk.

Categories: Premium Perfumes & Cosmetics Hold the Core Base, while Accessible Luxury and Chinese Domestic Products Drive Growth

Perfumes & Cosmetics remained the core category of the airport duty-free channel in 2025. Leading brands including Estée Lauder, LA MER, Lancôme and SK-II topped the sales rankings, fully confirming strong demand for premium Perfumes & Cosmetics among airport customers. Accessible-luxury brands represented by Chloé fit well with the fragmented airport shopping scenario and achieved rapid growth in 2025. Sales of renowned Chinese spirits such as MOUTAI, LUZHOULAOJIAO and WULIANGYE climbed sharply. As distinctively Chinese gifts, premium Chinese spirits both satisfy outbound domestic travellers’ gifting needs and are popular with foreign travellers, who often buy them as cultural souvenirs and personal collections. Meanwhile, premium jewellery brands such as Qeelin that incorporate Chinese cultural elements are rising quickly and are popular among both Chinese and foreign travellers.

Marketing: Deeply Integrated with Travel Scenarios, Leveraging Peak Seasons, Exhibitions, and Other Business Events to Launch "Scenario-Based Experiences + Limited-Time Promotions"

The airport channel is closely bound to tourism and business travel scenarios. Drawing on travel peaks such as the summer holidays, National Day and Chinese New Year, together with major exhibitions such as the CICPE and the Canton Fair, airport duty-free shops adopt a dual-track marketing model of “scenario experience + limited-time promotions” that effectively elevates conversion. Targeting summer-holiday family travellers, Beijing Capital International Airport launched a “cooling comfort” scenario-based service paired with spend-and-save promotions, precisely matching family needs and driving an 11% YoY sales growth during the campaign. For Canton Fair exhibitors, Guangzhou Baiyun International Airport rolled out benefits including spend-based prize draws, bonus points and exclusive discounts, driving both passenger traffic conversion and sales.



3. Downtown Duty-Free Shops

Expanding on Policy Dividends, with Shops Run on Coordinated “Duty-Free + Duty-Paid” Operations

3.1 Channel Background: Two Consecutive Policy Rounds Transformed the Downtown Shop Market from Constraint to Expansion

China’s downtown duty-free shops were subject to strict policy restrictions in earlier days, leaving their sizes and the market small in scale, while airport duty-free shops dominated the departure duty-free market in the long term. After the Notice on Improving Downtown Duty-Free Shop Policies took effect in October 2024, downtown duty-free shops entered a window of expansion. The policy relaxed restrictions on eligible cities and customer groups. Both Chinese and foreign travellers holding exit documents and air or ship tickets valid within 60 days may shop at designated outlets, under a supervision model of “purchase downtown, collect at the port of departure”. A new duty-free policy issued in November 2025 further expanded the categories downtown shops may sell, streamlined tax refund procedures for domestic goods, and opened up online reservation services to improve the shopping experience. These successive policy dividends continue to empower the sector and have opened brand-new room for growth for downtown duty-free shops.



3.2 cdf Business Layout

Shops: cdf Upgrades Existing Shops and Opens Newly Secured Shops, Supporting Consumption Repatriation and the Expansion of Foreign Customers

In response to the new downtown duty-free shop policy, cdf has completed the renovation and upgrading of seven existing stores in Sanya, Dalian, Qingdao, Xiamen, Shanghai, Beijing and Harbin in 2025, while six newly secured shops in Shenzhen, Guangzhou, Chengdu, Xi'an, Tianjin and Fuzhou were successfully opened. All shops run the operating model of “duty-free + duty-paid”, “offline + online” and “imported + domestic”, and have built immersive experiential consumption scenarios that help bring overseas consumption back home and continuously attract foreign customers into the shops.

Customers: A Complementary Framework Where Duty-Free Targets Departing Passengers and Duty-Paid Serves Local Consumers

In downtown duty-free stores, the duty-free section serves passengers who hold outbound travel credentials within 60 days (including mainland Chinese residents, residents of Hong Kong, Macao and Taiwan, and foreign nationals). The duty-paid section is open to all visitors (foreign nationals and residents of Hong Kong, Macao and Taiwan are eligible for departure tax refund), and outbound passengers may also purchase duty-paid goods concurrently.

Category: Coordinated “Duty-Free + Duty-Paid” Sales, Innovating Domestic Brand Operations Through the “One City, One Policy” Model

Downtown duty-free shops rely on premium Perfumes & Cosmetics as their core sales pillar. By leveraging the strength of domestic categories such as Chinese beauty brands and domestic consumer electronics, cdf has vigorously expanded the duty-paid business at its downtown duty-free shops. Meanwhile, cdf has rolled out the departure tax refund service (refund-upon-purchase), effectively boosting sales of duty-paid products.

Domestic brand operations at downtown duty-free shops adopt a differentiated strategy of “One City, One Policy”, tailoring product portfolios with city-specific identity by integrating local culture and distinctive industries. The Shenzhen Downtown Duty Free Shop focuses on technology and consumer electronics, facilitating the global expansion of quality domestic tech brands. The Xiamen Downtown Duty Free Shop operates jointly with ANTA, specialising in trendy sports products. The Xi'an Downtown Duty Free Shop integrates local cultural tourism to launch city IP cultural and creative products.

Marketing: Activating Consumption Potential through Key Moments Including Shop Openings and Traditional Festivals

cdf rolls out diversified marketing campaigns around key moments such as public holidays and new shop openings. The Guangzhou Duty Free shop integrates local “Flower City” motifs into its spatial design, combining Guangcai porcelain and ivory-carving craftsmanship with contemporary design. Driven by “scenario consumption + cultural experience”, and paired with discounts, spend-based prize draws and other promotions, these efforts have effectively boosted the new shop’s sales. Duty-free shops in Qingdao, Dalian and other cities have launched dedicated shopping campaigns for Mother’s Day, using curated global merchandise and diversified activities to fully activate consumption potential.



4. Online Platforms

Leveraging Scenario Expansion and Resource Synergy to Consolidate Online Service Capabilities

4.1 Channel Background: Policy Enablement and Digital Transformation Drive Travel Retailers to Ramp Up Their Online Layout

On 29 June 2020, the Ministry of Finance, the General Administration of Customs and the State Taxation Administration jointly issued the Announcement on the Offshore Duty-Free Shopping Policy for Travellers Leaving Hainan. The document made clear that qualified offshore duty-free operators may set up compliant online sales windows, laying the core policy foundation for the online transformation of China’s offshore duty-free industry. Licensed duty-free enterprises including cdf, Hainan Tourism Duty Free, Shenzhen Duty Free and Zhuhai Duty Free have successively developed online channels to drive diversified business growth.

4.2 cdf Business Layout

Platforms: Established and Operates Three Major E-Commerce Platforms - cdf Mall, cdf Member Shop, and cdf Sunrise

• cdf Mall
covers diversified segments including offshore duty-free, cross-border curation and member-selected products (duty-paid goods), with its current priority on improving supply chain construction and the nationwide fulfilment and delivery system.
• cdf Member Shop
centres on cross-border e-commerce and serves as cdf’s testing ground for category IP innovation and digital and intelligent operations.
• cdf Sunrise
is deepening its focus on Perfumes & Cosmetics, powered by digital and intelligent upgrading and platform content development.

Customers: Clear Differentiation of Core Customer Segments Across Platforms Lays a Solid Foundationfor Refined User Operations

• cdf Mall	
• cdf Member Shop	It has the highest proportion of men among cdf’s e-commerce platforms and gathers a large community of wines & spirits enthusiasts. In response, the platform builds a diversified wines & spirits offering and deepens user mindshare through the “Cheers to Whisky” marketing IP.
• cdf Sunrise	Its customer base is led by women mainly in the Yangtze River Delta, and the platform strengthens emotional interaction through an AI-powered beauty advisor, a content community and its own IP. Men are mainly urban white-collar professionals, a high-potential group with dual demand for personal use and gifting.

Categories: Perfumes & Cosmetics Remain the Core Base across Platforms, with Expansion Paths Set by Each Platform’s Character

Perfumes & Cosmetics is the core operating category across cdf’s three e-commerce platforms. Differences in customer structure and operating positioning lead to different priorities among the remaining key categories. On cdf Mall, domestic beauty brands are growing strongly, and health products are gradually becoming a new growth point as public health awareness deepens. cdf Member Shop features wines & spirits as its signature category, building a differentiated merchandise mix. cdf Sunrise is actively expanding consumer electronics, men’s care and general health categories, with an eye on male and silver-haired customers.

Marketing: Digital and Intelligent Infrastructure as Core Support, Comprehensively Enhancing Marketing Effectiveness Through Diverse Pathways Including Precision Marketing, IP Operations, and Content Ecosystem Development

• cdf Mall	
• cdf Member Shop	
• cdf Sunrise	

5. Hong Kong, Macao and International

Expanding Overseas Shops and Acquiring DFS’s Greater China Retail Business, Continuously Consolidating the Foundation of Global Operations

5.1 Channel Background: Embracing the World, Building a Two-Way Bridge for “Bringing In” and “Going Global”

Chinese travel retailers have built a mature international supply chain system by continuously introducing premium international brands. Guided by the Belt and Road Initiative and the national strategy for the international operation of central SOEs, cdf, as the industry leader, is steadily advancing its global network layout, striving to build a global travel retail benchmark that is both internationally competitive and distinctively Chinese.



5.2 cdf Business Layout

Shops: A Denser Asia-Pacific Network Forming a Dual-Core Landscape of “Hong Kong and Macao + Southeast Asia”

From 2025 to 2026, cdf continuously improved its Asia-Pacific network through a combination of self-operated shop expansion, asset acquisition and model innovation. In Hong Kong and Macao, new self-operated shops including the Macao San Ma Lo shop and the Macao International Airport shop strengthened coverage of landmark commercial districts and port scenarios. In March 2026, cdf acquired eight DFS shops in Hong Kong and Macao, establishing a full-scenario layout across premium shopping malls, landmark commercial districts and integrated resorts, consolidating its leading position in Asia-Pacific travel retail.

In Southeast Asia, cdf entered Vietnam for the first time, using an asset-light model based on a 10-year supply agreement to access core airports. It continues to deepen its presence in Cambodia, building a “downtown + airport” network with full scenarios and a benchmark for localised operations. A Qeelin boutique has opened at Singapore Changi Airport, exploring a single-brand exclusive model and driving cdf’s global shop layout toward higher quality.

Customers: A Surging Share of Foreign Customers Becomes a Strong Growth Pole for the Hong Kong, Macao and International Channels

The Hong Kong and Macao markets have a diverse customer structure covering mainland residents, local Hong Kong and Macao residents, and foreign travellers. Mainland residents remain the main consumption force, while the share of foreign customers is rising steadily, with visitors from Southeast Asia and Russia growing particularly notably. Benefiting from cooperation dividends under the Belt and Road Initiative, Phnom Penh, the capital of Cambodia, has attracted a large number of Chinese business customers, while the share of foreign customers has risen sharply and the national mix has become more diverse. In the future, cdf will further expand its foreign customer base and fully unlock the consumption potential of foreign customers, and drive the continuous upgrading of the overseas customer structure through initiatives including leveraging traffic from port hubs, striving for local consumption-related policies, and building a multilingual overseas member service system.

Categories:A Three-Part Matrix of Deeply Cultivated International Brands, Domestic Brands Going Global, and Value-Added Self-Developed Cultural Merchandise

Perfumes & Cosmetics, Wines & Spirits and premium Jewellery are the core categories of cdf’s Hong Kong, Macao and international channels, led by brands such as LA MER, The MACALLAN and Cartier, while boutique accessories from Saint Laurent Paris and Dior show strong growth momentum. Domestic categories such as designer toys, AI-powered hardware, traditional craft gold jewellery and cosmetics are performing outstandingly overseas, and Chinese brands are gradually winning favour in overseas markets. By building localised operating teams, cdf conducts in-depth research into overseas consumption habits and tailors its operating plans for domestic brands to regional religious and cultural characteristics. cdf’s overall capability to serve overseas customers and empower the internationalisation of Chinese brands is steadily improving.

cdf has built a full-chain self-development system for cultural merchandise, covering market insight, IP design and development, supply chain management and shop operations. Its first products centre on Cantonese tea culture, featuring dim sum figurines such as shrimp dumplings and custard buns as stress-relief toys. They have met with a warm market response and are sold mainly at Hong Kong International Airport, Hong Kong’s racecourses and Ngong Ping 360, proving popular with international travellers, mainland visitors and local residents. cdf has since replicated this self-developed cultural merchandise system in Cambodia, integrating local cultural heritage and tourism resources to develop localised ranges such as postcards and fridge magnets, which have won high recognition from Cambodia’s Ministry of Culture and Fine Arts and have effectively widened the sales scenarios and product boundaries of duty-free shops.

Marketing: Localised Scenario Marketing and a Full-Journey Premium Service System

cdf creates immersive consumption atmospheres around three core scenarios: traditional festivals, emotional consumption occasions, and the Golden Week peak seasons. For traditional festivals, shops in Hong Kong and Macao run culturally distinctive themed campaigns around Chinese New Year and other key moments, such as Spring Festival calligraphy giveaways and New Year wishing trees, engaging both local residents and mainland Chinese visitors. For emotional consumption occasions, overseas shops in Cambodia and elsewhere in Southeast Asia roll out dedicated offers on Perfumes & Cosmetics and boutique goods around Mother’s Day, 20 May (China’s Internet Valentine’s Day) and similar moments, heightening the sense of occasion and energising local young customers.

During peak seasons, shops across the Hong Kong, Macao and international channels simultaneously run diversified campaigns such as check-in prize draws, amplifying consumption momentum across all channels.

Leveraging the mature premium consumption ecosystem of Hong Kong and Macao, cdf breaks the service boundaries of the conventional shop and builds a full-journey premium service system for high-end customers, delivered through ultra-personalised service plans, a seamless omnichannel consumption experience, the supply of scarce merchandise, deep emotional connection and all-round privacy protection.

CHAPTER 5

OUTLOOK FOR THE DUTY-FREE AND TRAVEL RETAIL MARKET





Global Recovery Is Broadly Established, and the Chinese Market Holds Prominent Growth Advantages

The global duty-free and travel retail market has entered an upward recovery channel. Benefiting from policy dividends and rebounding passenger flows, the Chinese market has formed distinctive growth strengths. Supported by the implementation of policies including the island-wide customs closure operation of the Hainan FTP and the new offshore duty-free policy, consumption vitality within China’s duty-free market keeps being unleashed, alongside continuous improvements in merchandise supply and supporting consumption scenarios. Meanwhile, inbound international tourist arrivals across China hit a record high in 2025. Together with the nationwide promotion of the departure tax refund mechanism, inbound consumption maintains strong momentum.

Consumer Spending Presents Three Major Trends: Structural Divergence, Experience Upgrading, and Intelligent Decision-Making

The customer base is undergoing structural divergence among segments, ranging from K-shaped divergence and expansion of lower-tier markets to the unleashing of foreign travellers’ consumption potential. Homogeneous services can no longer cater to diverse needs, prompting cdf to advance refined operations through a differentiated service system.

At the same time, demand for in-store experiences is becoming more pronounced. Experiential elements have become a key consideration in shopping decisions, and physical stores are accelerating their transformation into integrated spaces that combine shopping, socialising, leisure, and experiences.

Meanwhile, consumers are increasingly relying on AI tools for product comparisons and review analysis, and travel retailers are stepping up their AI deployments to embed these tools deeply into the consumer decision-making journey.

Category Operations: Shifting from Product to Service-Value Competition

The category operation logic of the travel retail industry is continuously evolving. While the industry still consolidates its foundation with Perfumes & Cosmetics, demand for categories such as Luxury Goods & Accessories and Wines & Spirits continues to be unleashed alongside upgrading consumer demand. Travel retailers are optimising their merchandise layout around growth categories. Meanwhile, the industry continues to enrich its full-tier merchandise supply system through the expansion of high-potential categories, the introduction of globally scarce merchandise, private label incubation, and the rollout of Guochao going global. As category layout matures, value-added capability becomes the core element in building competitive barriers. The industry is focusing on service system upgrading, store scenario reconstruction, and the creation of immersive consumption spaces, continuously broadening the service boundaries and experience dimensions of categories to precisely address consumers’ emerging demands for a sense of experience, exclusivity, and cultural identity amid consumption upgrading.

Channel Competitiveness: Reshaped by Scenario Synergy, Format Innovation, and International Expansion

Hainan offshore duty-free further deepens the “duty-free + cultural tourism” integrated model, expanding from simple shopping scenarios to comprehensive cultural tourism destinations. Catering, leisure and other auxiliary formats are introduced to extend customer dwell time and deepen experiential quality. Airport duty-free shops enrich business formats through joint venture cooperation and transform into large-scale integrated commercial experience spaces. Downtown duty-free shops expand product catalogues with policy support, and press ahead with localised layout tailored to regional urban characteristics.

Online channels cover consumers’ full travel lifecycle and form a complementary and interconnected system with offline shops. Enterprises unlock greater repeat purchase potential by developing owned marketing IPs and rolling out innovative operational tactics. Furthermore, leading enterprises represented by cdf accelerate global layout expansion. Such moves not only enlarge coverage of global customer groups, but also provide reliable channel resources for Guochao brands to go global. In general, operating models of all channels keep iterating to adapt to prevailing consumption trends; business format boundaries and service coverage are continuously expanded, jointly enabling customer group expansion and in-depth value mining.

CONCLUSION

2025–2026 marks a pivotal transitional period for China’s duty-free and travel retail industry. A series of implemented policies alongside upgraded consumer demands are steering the sector away from traffic-driven growth toward value-driven development.

In this transformative journey, cdf builds its foundation on a 62-million-member base and an omnichannel network. Remaining fully focused on its core duty-free and travel retail business, the group delves deep into member operations, category innovation and shopping scenario upgrades, powered by digital intelligence as its core engine to advance the industrial shift from broad traffic coverage to intensive value mining.

cdf’s vision extends beyond evolving into a world-class digitally intelligent travel retail operator. It aims to serve as a bridge linking global brands with Chinese consumers, as well as a cultural window showcasing China’s consumer culture to the world. Upholding its mission of “Brimming with the World’s Best”, cdf will collaborate with global partners to jointly shape a new future for the duty-free and travel retail industry.



DISCLAIMER

Copyright Notice

This report is independently produced by China Duty Free Group (hereinafter referred to as “The Company”), which holds the complete intellectual property rights. Without the written authorisation of the Company, no institution or individual may copy, reproduce, or disseminate all or part of this report in any form, nor may this report be used for any commercial purpose or transmitted outside the territory

of the People’s Republic of China. Violators will be held legally responsible in accordance with the Copyright Law of the People’s Republic of China, the Data Security Law of the People’s Republic of China, and other relevant laws and regulations.

Disclaimer

The data and conclusions contained in this report are primarily derived from desk research, internal data analysis, member surveys, and big data research conducted by the Company. The Company has made reasonable efforts to ensure the accuracy of the data, but makes no express or implied warranty as to its completeness, timeliness, or applicability.

The survey data in this report was obtained using a stratified random sampling method. Due to limitations of sample size and research methodology, the related conclusions reflect only the survey results of a specific population during a specific period. Their applicability may be subject to adjustment due to changes in the market environment.

This report is for informational purposes only and does not constitute any investment, legal, or commercial decision-making advice. The Company shall not be liable for any risks or losses arising from any actions taken based on the information in this report.

The Company reserves the right of final interpretation and modification of the terms of this disclaimer.

