HKUST LI & FUNG
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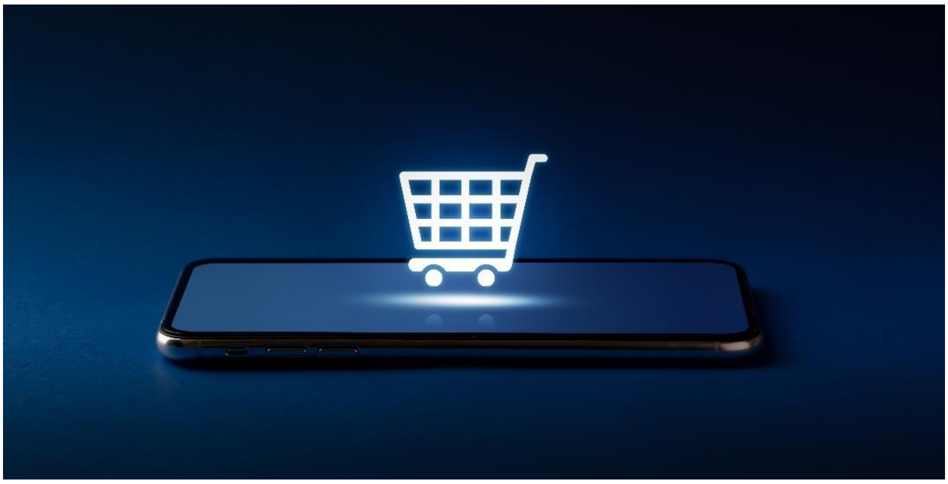
China Retail & E-commerce Weekly Update



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I. Sector Review

Internet & E-commerce

Alibaba's revenue reaches 247.652 billion yuan in June quarter as AI revenue achieves triple-digit growth for eight consecutive quarters

On 29 August, Alibaba (阿里巴巴) released its financial results for its fiscal first quarter for 2026 (ended 30 June 2025). Its revenue reached 247.652 billion yuan for the period, up 2% yoy; net profit was 42.382 billion yuan, up 76% yoy, mainly due to mark-to-market changes from its equity investments and gains from the disposal of local lifestyle service business Trendyol. In the quarter, Alibaba's capital investment in AI and Cloud infrastructure reached 38.6 billion yuan, up 220% yoy. The AI and Cloud business performed well, with Alibaba Cloud revenue growth accelerating to 26%, reaching a three-year high. AI-related product revenue has achieved triple-digit year-on-year growth for eight consecutive quarters

Douyin E-commerce's pet category GMV grows 95% yoy

In the first seven months of 2025, Douyin E-commerce's (抖音电商) pet category demonstrated remarkable growth, achieving an impressive 95% yoy GMV growth. This growth not only reflects rapid market expansion but also reveals profound changes in the pet consumption sector. Pet consumption is upgrading from traditional basic needs towards personalized, emotional, and refined spending. In terms of user base, the pet category's user volume grew by 66% yoy, indicating that more and more people are being attracted to Douyin E-commerce's pet content and products. Meanwhile, emerging brands grew 75% yoy, with 1,543 pet merchants having achieved GMV of over one million yuan through livestreaming sales over the past year.[1]

'Xianyu Outlet' officially upgrades to ' Brand Clearance'

On 3 September, the 'Xianyu Outlet' (闲鱼奥莱) channel on the Xianyu app officially became the 'Brand Clearance' (大牌清仓) channel, while welcoming a large batch of well-known apparel brands including Semir (森马), ubras, DICKIES, INMAN (茵曼), SCALER (思凯乐), New Balance, and Sancai (三彩). This marks Xianyu's further expansion into the brand clearance sector. According to media reports, since its launch in August 2024, Xianyu Outlet has attracted over 630 brands, with apparel brands showing particularly strong performance.[2]

Xiaohongshu E-commerce enters new development phase with focus on quality products and merchants

According to media reports on 4 September, Xiaohongshu's (小红书) e-commerce will have a new strategic direction for this year. Internal assessment indicates that the e-commerce business has completed three years of 'learning', evolving from the account-store integration model to a buyer model and then achieving deep integration with the community to form its own distinctive characteristics. Now, Xiaohongshu's e-commerce is about to enter a new phase, with development focus shifting towards quality products and merchants. 'The essence of shopping is still about the products,' according to a Xiaohongshu e-commerce executive, noting that true quality products have not been fully covered by e-commerce platforms.[3]

Department Stores & Shopping Malls

Wangfujing's net profit drops by 72.33% yoy in 1H25

On 29 August, Wangfujing Group (王府井集团) released its 2025 interim report. In the first half of this year, the company's operating revenue was 5.361 billion yuan, down 11.17% yoy; net profit attributable to shareholders of the company was 81.1047 million yuan, down 72.33% yoy. The revenue decline was mainly attributed to rapid market environment changes, store closures, and store renovation and refurbishment. As of the end of June, the company operated 79 large-scale comprehensive retail stores in 38 cities, including outlets, shopping centres, department stores, and duty-free formats, with a total gross floor area of 5.582 million sqm.[4]

Supermarkets & Hypermarkets

Freshippo NB upgrades to 'Chaohesuan NB' as store count approaches 300

On 29 August, Freshippo's (盒马) community supermarket chain 'Freshippo NB' was officially rebranded as 'Chaohesuan NB' (超盒算 NB). The business maintains its positioning as a budget community supermarket and its focus on private label products. By the end of August, there were nearly 300 Chaohesuan NB stores (including original Freshippo NB stores that are being renamed). On the launch day, 17 new stores made their collective debut in 10 cities across Jiangsu, Zhejiang, and Shanghai, including locations in Shanghai, Ningbo, Shaoxing, Nanjing, Suzhou, Hangzhou, Nantong, and other cities. Most Chaohesuan NB stores are located in street-front commercial spaces within communities, with store sizes of 600 or 800 sqm. These stores primarily offer daily food necessities for households, with product categories covering four main areas: fresh produce, ready-made food, standard products, and frozen goods. Each store carries approximately 1,500 SKUs.[5]

Yonghui Superstores completes renovation of 11 Shanghai locations

On 4 September, Yonghui Superstores' (永辉超市) reopened its store in the Longfor Paradise Walk shopping district in Fengxian, Shanghai, the 11th store in Shanghai to undergo renovation following the Pangdonglai (胖东来) model. This marks the completion of a phased deployment in Yonghui's quality retail upgrade strategy in Shanghai. This round of renovations has created over 900 job positions, with employee salaries significantly increased. Notably, Yonghui's renovated stores in Shanghai that have been operating for more than three months have achieved overall profitability. Looking ahead, Yonghui hopes to gradually expand its Pangdonglai-inspired renovation to other regions in the Yangtze River Delta based on the continuous optimization of the 'Shanghai model'.[6]

Home Appliances & Consumer Electronics

Suning.com's profit up 230% yoy to 48.693 million yuan in 1H25

Suning.com (苏宁易购) released its 2025 interim report on 29 August. The company achieved operating revenue of 25.895 billion yuan in the first half of the year, up 0.44% yoy; net profit attributable to shareholders of the company was 48.693 million yuan, up 230.03% yoy. During the period, Suning.com seized the opportunities provided by the national subsidy programme and expanded market share by strengthening channel construction, promoting store structure upgrades, and optimizing customer experience. The company's store sales increased 11.7% yoy in the first half, with comparable store sales from home appliances, consumer electronics, and home goods specialty stores growing 14.45% yoy, and comparable store efficiency per square metre improving 11.12% yoy, reflecting further enhancement in operational efficiency.[7]

Home Products

MINISO LAND global flagship store achieves monthly sales of 16 million yuan

MINISO (名创优品) recently shared that the MINISO LAND Global Flagship Store located on Shanghai's East Nanjing Road achieved monthly sales of 16 million yuan, setting a new record for MINISO's single-store monthly performance. IP products served as the core driving force behind the strong performance, accounting for 83% of sales.[8]

Food & Beverage

Starbucks opens Zhejiang's first intangible cultural heritage-themed store

Starbucks recently opened a new concept store on Hefang Street in Hangzhou, Zhejiang, that spotlights China's intangible cultural heritage. The Hangzhou location is the fifth Starbucks heritage-themed store in China, after Beijing, Shanghai, Suzhou and Nanjing, which are all part of Starbucks' ongoing expansion and localization strategy. The Hangzhou store is intended to function not just as a retail outlet but as a cultural venue where customers can learn about and experience local craftsmanship such as hangluo (a type of silk fabric) gauze. Starbucks has operated in Hangzhou for more than 20 years and runs about 450 stores in the city.[9]

Domino's China achieves strong growth as revenue and profit hit new highs in 1H25

On 28 August 2025, DPC Dash (达势股份), Domino's Pizza's exclusive master franchisee in China, released its 2025 interim report. During the first half of the year, the company achieved new highs across multiple financial indicators: Revenue increased 27% yoy to 2.593 billion yuan, maintaining double-digit growth for consecutive years; adjusted net profit reached 91.42 million yuan, a significant 79.6% yoy increase; group net profit reached 65.92 million yuan, a substantial 504.4% yoy increase. In the first half of this year, Domino's China further accelerated the pace of its store expansion. As of the end of June, it owned 1,198 stores nationwide. The business entered nine new cities in the first half of this year and now operates in 48 cities in the Chinese mainland.[10]

ChaPanda's single-store GMV increases 15% quarter-over-quarter in 2Q25

On 1 September, ChaPanda (茶百道) announced its 2025 interim results. Company management stated that overall performance in the first half of 2025 reached an upward inflection point. Store performance has steadily improved based on continuous store network optimization, with daily average single-store GMV in the second quarter reaching the highest quarterly level in nearly a year, up 15% compared to the first quarter. In terms of new product development, ChaPanda continued to respond quickly to consumer and market trend changes, ensuring efficient product launches through a mature supply chain coordination system. The company's new product sales accounted for 28% of total sales in the second quarter.[11]

Sinopec Easy Joy Coffee opens 1000th store nationwide

On 3 September, Sinopec's Easy Joy Coffee (易捷咖啡) opened its 1,000th store nationwide and first flagship store at the No. 1 Sinopec Gas Station in Shanghai, marking the company's expansion of its innovative 'travel scenario coffee' model. Currently, Easy Joy Coffee's thousand freshly-ground coffee stores have covered 107 cities across 23 provinces nationwide, and sell freeze-dried, ready-to-drink and other coffee products through more than 8,000 convenience stores, building a comprehensive service matrix of 'freshly-ground + retail' across all product categories.[12]

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