Goldman Sachs | Equity Research

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China Consumer Staples

Aug Check In & ALC/2Q Wrap: Weak demand amid policy/weather drag; Wider divergence with strongest

The Staples sector saw general weak demand trend in 2Q to 3Q-to-date amid policy and weather drag, with wider divergence between leaders vs. laggards; meanwhile the value rotation in the stock market in July to date has helped valuation re-rating for sectors under the most pressure (ie. our spirits coverage up 24% on simple avg. in 3Q to date, vs. A-share Liquor index up 16% & MSCI China Index up 13%) as we believe rising market sentiment is baked into share price performance on incremental easing in on-the-ground anti-extravagance measures and expectations of more stimulus policy into Oct with heavy policy season (ie. Fourth Plenum). However, we remain cautious on the demand trend into the upcoming peak season (weak gifting demand as commented by dairy/spirits). **What to do from here:** we continue to prefer 1) market share gainers/idiosyncratic product trend (Eastroc/Haitian-H/Pet Foods) with new products/ mix, channel shifts and cost discipline to sustain profitability, and 2) defensive play (WH Group/Tingyi/CRBeer), while demand visibility hinges on prices and the pace of potential reflation (Aug Foods CPI down -4.3%yoy), on-trade normalization and consumption-support measures.

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August Check-in and ALC (Asia Leaders Conference) wrap - Policy headwinds normalizing yet continued unexciting trends with potential downside in the 3Q outlook: Volume sees more divergence: Beer/spirits/liquid milk still see pressure in Jul-Aug volume momentum (no significant improvement vs. 2Q), while beverage/snacks/pet foods are more mixed seeing players with growth in product cycles/strong omnichannel reach and execution/scale advantages/wider price ladders outperforming significantly (Nongfu/Haitian/Eastroc/Yanker/Gambol). Categories with higher exposure to on-trade (beer, spirits) still face pressure, while spirits observes sequentially slight easing on policy normalization (Aug retail sales narrowed vs. Jun-Jul). Beverage/beer/snacks are redirecting resources to instant delivery, warehouse clubs, discounters, etc., to further increase volume. **Pricing remains muted:** Spirits/beer companies have elevated focus on sub-premium and below segments; dairy continues to add value basic milk products. That said, trading-up persists in in-home beer and pet foods, while prepared food companies are not seeing further pricing deterioration into 2H for 2B channels.

Our staples coverage is currently trending at 20x 2026E P/E (market cap weighted avg.) vs. 14% 25-27E earnings CAGR (simple average), and offers a 3.3% 2026E dividend yield on average with wider sub-sector divergence (Beverage/Pet foods outperforming). **Recap on the three key debates post 2Q results and refreshing our view:**

1) Rotation to Value vs. Growth: Still a bit early to rotate to Value vs. Growth in 2H25, but seeing potential for rotation in early 2026: We think the retail demand recovery is still on a gradual trajectory in traditional categories such as beer/dairy, while shipment/sell-in sees sequentially tougher comp base into 4Q25 with a late Chinese new year (despite a healthier inventory cycle in 2025 to date), leading to a potential lack of N-T fundamental catalyst for re-rating/rotation for value stocks. That said, we think 2026 will see easy comp starting 2Q26 with anti-extravagance policy impact normalizing in 1Q26 post Chinese New Year. From a defensive perspective, We also expect more company actions to enhance shareholder return across the staples space with scope to raise payout (incl. Wuliangye/CR Beer/Mengniu/WH Group).

2) Consolidation or fragmentation? The strong are getting stronger, while execution makes all the difference amid weak demand. Top players continued to consolidate market share across spirits/beer/dairy/prepared food, which generally warrants a valuation premium for leading players. We expect the faster market share consolidation in the Staples space to continue. Haitian posted solid growth with above-expectation GPM expansion, while Jonjee continued to decline and fell short to save on expenses. CR Beer sustained growth on better-than-expected premium/sub-premium volume, lowering exposure to on-trade. Nongfu strengthened its position in all categories esp. taking meaningful share back in water. Anjoy outperformed in terms of topline growth and profitability and Angel Yeast enjoyed raw material tailwind on its leading industry position. Snacks mirrored this divergence, with Yankershop outperforming smaller brands.

3) Evolving competition vs. margin focus: We expect cost tailwinds to continue to support profitability in 2H (beer/dairy/beverage/soy sauce/selective prepared food) though at a smaller scale on a HoH basis. Against weak sentiment and with cost buffers, we expect competition to stay elevated in faster-growing consumer segments, esp. beverages and snacks, with more value offerings (e.g. larger-pack beverages) gaining shelf space. Therefore, we expect to see beverages' margin resilience to lean on self-help levers of efficiency and scaling. Beer companies are doubling down on margin expansion via tighter commercial discipline and efficiency gain and remain more rational for competition. New channels (ie. O2O/B2B expansion) are not notably margin-dilutive at the current stage mainly due to their help to volume growth and economies of scale (CR Beer/haitian/UPC) and can even lift up mix with more premium product offerings in the new channels. However, managing pricing stabilization esp for O2O with heavy subsidies remains a key issue at the current stage. Into 2026, operating efficiency and economies of scale will remain as margin pillars while we expect cost benefits to subdue for beer/dairy.

Near-term key watches: 1) Policy directions post the Fourth Plenum and Local catering incentives scaling up into Mid-Autumn/National Day and their translation to banquet traffic (household vs. official/commercial). **2)** Sell-through momentum of mid-end/mass

SKUs in spirits; **3)** Continued margin discipline: promotion intensity, channel mix, and footprint optimization, especially as cost tailwinds moderate.

Sector preference: We continue to prefer Beverage (secular growth), followed by Pet foods (penetration + premiumization), and in 12M horizon, we like Dairy (S-D rebalancing) and Beer (sequential recovery in growth). Continue to highlight Stock ideas (Buy): Eastroc/Gambol/China Pet Foods on continued strong product cycle driving topline; Haitian-H on strong market leadership and market share gain; CR beer/Tsingtao-H/WH Group/Tingyi on dividend yield and undemanding valuation.

The authors would like to thank Lily Qi for her contribution to this report.

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China Consumer Staples : May Check In and Consumer Corp. Day Wrap: A bumpy road with policy swings, channel shift amid deflation

August Check In - Policy headwinds normalizing yet continued unexciting trends

3Q to date run-rate and ALC key takeaways: We hosted multiple staples companies at our Asia Leaders Conference and performed channel checks in the past weeks. **We note that policy headwinds are easing at the marginal level mentioned across brands, but still pronounced pressure yoy.** A consistent response across **spirits** companies (Laojiao/ZJLD/Jinsha for spirits, etc.) is to accelerate growth in less premium portfolios via new launches or reorienting activation towards existing mid-low end products and focus on motivating residential banquets. Amid continued on-trade softness, we see **beer** brands adopting a common playbook eyeing on L-T, reallocating resources from soft nightlife/high-end dining and lower-ROI on-premise activation to off-trade and O2O, where sales/volume mix kept growing (CRB on-trade exposure lowered to c.35% while Bud China lowered to 50% and Chongqing lowered to <45%). Companies hold pricing discipline to protect brand ladders while preserving flagship brand investments, maintaining benign competition. CR Beer continues outperforming in 3Q-to-date supported by its resilient premium segment and higher off-trade overall exposure with better establishments. **Beverage in general** sees incremental pressure from rivals with continued competition from freshly-made drinks though off-peak, while divergence among brands (Nongfu/Eastroc continue outperforming Tingyi/UPC) widens with divergence in product portfolio/channel exposure/scale edges, ie. UPC is more exposed to the higher tier area and bottled milk tea category. Tingyi's non-carbonates beverages remain under pressure but noodle sales turned positive even with price hike in mid-range noodle portfolio in Aug. **Snacks:** Topline and margin continued to be sustained by large SKUs (e.g. Konjac) and mix upgrades amid channel shift towards mom-pop/CVS and discounters. Weilong is seeing continued strong DD% growth in Konjac while the company pivots away investment from seasoned flour products. Similarly for Yankershop, the growth of Konjac products has helped the revitalization of wholesale mom-pop/CVS channels with c.50%+ growth, while the company pivots away from low-margin eCommerce SKUs. **Pet food:** The sector continues benefiting from a steady shift toward higher-value segments and owned brands, seeing an attractive setup for topline momentum and margin accretion from premium mix, steady selling ratios, and manufacturing footprint expansion. Online data saw Aug picked up mom vs. July (esp in Tmall/Taobao channels, while Douyin sequentially slowed down), while Double 11 event will be the key focus for 2H25.

Beer monthly Tracker

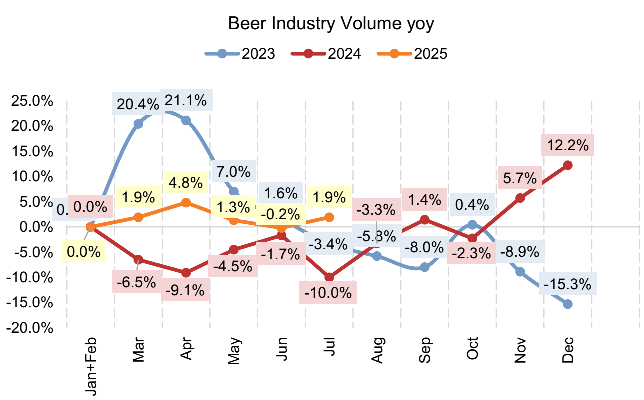
Exhibit 1: Monthly volume table 2024-2025 by GSe

Beer	2024E Beer companies' volume change yoy											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
CRB	up c.9%	roughly flattish	down HSD%	down LSD%	down LSD%	down LSD%	down HSD%	down c.LSD%	positive growth	positive growth	flattish to minor growth	likely flattish
Bud APAC China	total volume under pressure while Premium continued growth, but SP declined.		total volume decline, with SP down on a high base	decline	down LSD-MSD%	down HSD%~10 %	down DD%	down HSD%	down Mid-High teens-%	down low teens-%	down DD%	down DD%
Tsingtao	up c.1%	down high teens%	down HSD%	down LSD%	down MSD-HSD%	down DD%	down LSD%	down LSD%	down HSD%	up LSD%	up MSD%	up Mid-teens-%
Chongqing	likely up mid-to-high single digit % on low base	moderation in growth mom	decline	flattish	slightly decline LSD%	flat to slight growth	down SD%	down SD%	down LSD%	down LSD%	down SD%	decline
Zhujiang												
Bairun												
Industry	12.10%		-6.50%	-9.10%	-4.50%	-1.70%	-10.00%	-3.30%	1.40%	-2.30%	5.70%	12.20%

	2025E							
	Jan	Feb	March	April	May	Jun	Jul	Aug
CRB	up MSD%		positive growth	positive growth, slightly faster than 1Q	up LSD%	minor positive growth	up 4-5%	up LSD%
Bud APAC China	down MSD%		decline	down LSD%	down HSD%	down HSD%	down low teens%	down c.Mid teens %
Tsingtao	down MSD%	up MSD%	up DD%	down LSD%	up MSD%	flattish	flattish	up 1.5%
Chongqing	positive growth		up LSD%	largely steady	flattish to minor decline	down LSD%	minor decline	down LSD%
Zhujiang	up DD%		up HSD%		up 10%+	up MSD%	minor decline to flattish	
Bairun	RTD cocktails down c.10%				RTD cocktail sales down teens%		RTD cocktail down c.high teens%	DD% growth in RTD drinks due to low base
Industry	-4.90%		1.90%	4.80%	1.30%	-0.20%	1.90%	

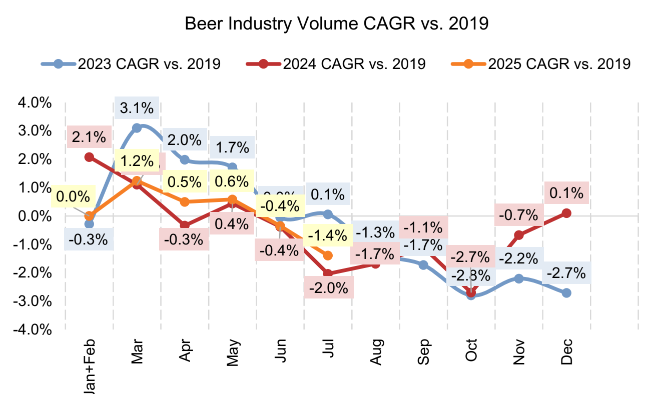
Source: Channel checks, Goldman Sachs Global Investment Research

Exhibit 2: Beer industry volume remains unexciting despite a low base in July



Source: NBS, Data compiled by Goldman Sachs Global Investment Research

Exhibit 3: On CAGR vs. 2019 basis, monthly run-rate deteriorated in July



Source: NBS, Data compiled by Goldman Sachs Global Investment Research

Beverage monthly Tracker

Exhibit 4: Beverage monthly data summary

		Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
Nongfu	Water yoy %	19%			down DD%	down DD%	down DD%	down strong DD%	down 41%		down DD%			down DD%	positive growth	teens%+	up DD%		up DD%	up DD%	up strong DD% on low base
	Beverage yoy % (Oriental Leaf)								down 5.3% (OL flat)		OL up 60%+				up DD%		positive growth		up DD%	Sugar free tea up strong DD%	Sugar free tea up strong DD% on low base
	Water : green water portion %							c.50%	c.50%	down to below 50%	down to 20%+										
	Water AC Nielsen market									30.20%	31.20%										
	Overall yoy %							down DD%	down 18%	up nearly 10%	up 13%		decline	down DD%		up teens%	up DD%	up DD%			
CR Bev	Water yoy %													up 12%			Steady yoy		up LSD%		Volume positive but still under heavy discount
	Volume yoy%																			Volume down SD%	Positive
	Beverage yoy %													up 50%			up 30%-40%		up DD%		
	Volume yoy%																			Volume up 20% (before discount)	
Tingyi	Beverage sales yoy %							down SD%	down SD%	positive growth	positive (better than Sep)	positive growth		minor positive growth		SD% decline	PepsiCo: positive growth; others: HSD% decline	PepsiCo: positive growth; others: HSD% decline	PepsiCo: positive growth; others: HSD% decline	PepsiCo: LSD-MSD% positive growth, Others: MSD-HSD% decline	PepsiCo: LSD-MSD% positive growth, Others: MSD-HSD% decline
	Noodles sales yoy %							down LSD%	down LSD%	down LSD%	positive growth	positive growth		minor positive growth		SD% decline	Slight decline	LSD% decline	down MSD%	Up LSD%	SD% positive (raised price to mid-range noodles in Aug)
UPC	Beverage sales yoy %	up DD%	up DD%		up MSD-HSD%	up MSD-HSD%	up LSD%	up MSD%	up low teens%	up low teens%	up DD%	up DD%		up SD%	up DD%	positive growth	up nearly 10%	up MSD%	up MSD%	Decline	Decline
	Noodles sales yoy %	up SD%	up SD%			down SD%	down LSD%	flattish	up LSD%	up LSD%	up MSD-HSD%	up DD%		up DD%		positive growth	up HSD%	up HSD%	up HSD%	Positive	Positive growth
Eastroc	Overall yoy %	46% yoy	28% yoy	32% yoy	38% yoy	40%+ yoy	30%+ yoy		25% yoy		35%+ yoy	85% yoy	18% yoy	15% yoy	c.50% yoy	30%+ yoy	35% yoy	39% yoy	Energy drink: 30% yoy	Retail momentum up c.50%	Retail momentum up c.50% +

Source: Channel checks, Data compiled by Goldman Sachs Global Investment Research

Exhibit 5: Eastroc operating monthly data

Monthly operating data tracker for Eastroc based on our channel checks	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Aug-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
Monthly sales																		
Eastroc Special Drink	46% yoy	28% yoy	32% yoy	38% yoy	40%+ yoy	30%+ yoy	25% yoy	35%+ yoy	85% yoy	6% yoy		30% yoy		25% yoy	26% yoy	30% yoy		
Bushuila		Rmb110mn		Rmb100mn+	c.Rmb165mn				c.Rmb170mn	c.Rmb190mn	c.Rmb100mn	c.Rmb130mn		c.100% yoy	85% yoy			
Total									90%		15%	50%	30%+	35%	39%		retail momentum up c.50%	retail momentum up c.50%+
Number of PoS (mn; by end of each month)																		
Special Drink																		4.3
Bushuila		1.3			2.0					2.65			3.0		3.18			3.3
Guozhicha													0.8		1.5+	2.0		2.0

Source: Channel checks, Data compiled by Goldman Sachs Global Investment Research

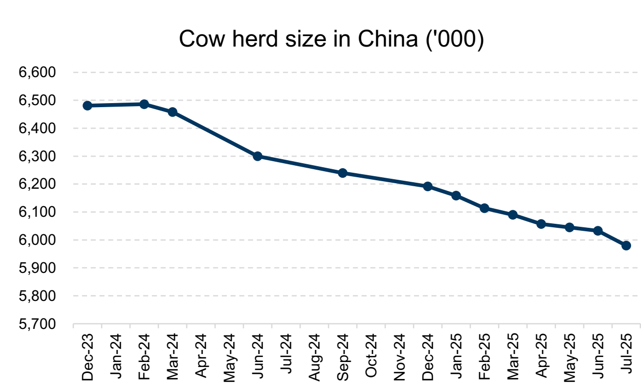
Dairy monthly Tracker

Exhibit 6: Dairy monthly data summary

		Q1 2024	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
Mengniu	Liquid milk sales yoy	Down HSD%	Down 20%+	Down mid teens%	Down high teens%	Down mid teens%	Down low teens%	Down high teens%	Down low teens%	Down MSD%	Down LSD%	Down DD% (UHT milk down DD%, chilled yogurt flat, fresh milk up 30%)	Down		Flat (fresh milk up DD%, Deluxe down LSD%)	Mild decline to mild positive	Decline	Down low teens%	Demand remained weak
Yili	Liquid milk sales yoy	Down 7%	Down 20%			Down 10%			Down 13%			Down 3% (Santine better than Basic UHT milk); Positive growth since Mar			Up SD% (Basic UHT milk better than Satine; positive for liquid milk in May)		Decline	Down LSD%	Demand remained weak

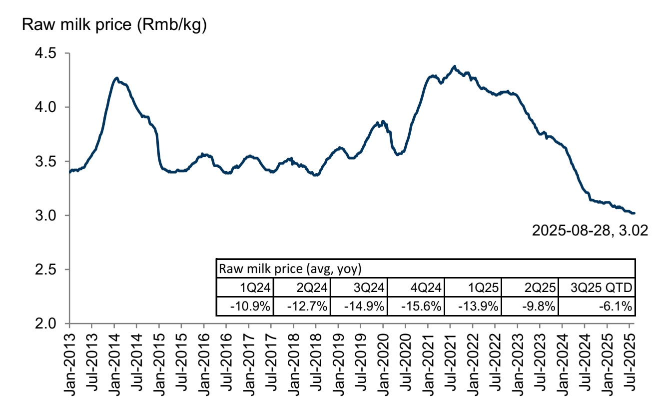
Source: Channel checks, Data compiled by Goldman Sachs Global Investment Research

Exhibit 7: Cow herd size continues to reduce in July



Source: Ministry of Agriculture and Rural Affairs

Exhibit 8: Raw milk price has stabilized at around Rmb3.0/kg since mid-June; 3Q25QTD avg. raw milk price yoy decline sequentially narrowed to MSD%

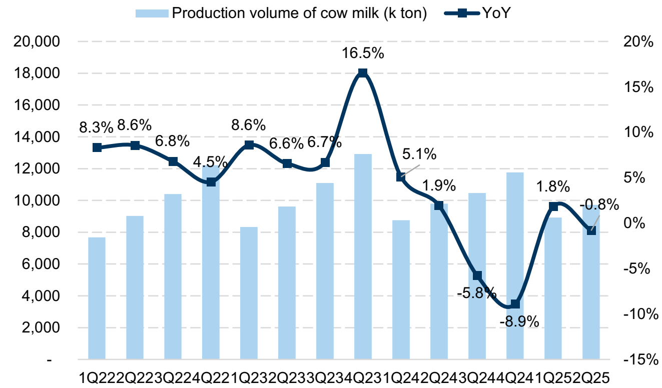


Source: Ministry of Agriculture and Rural Affairs

Exhibit 9: Production of dairy products in China declined in Jul 2025 by -3.6%

Source: NBS

Exhibit 10: Cow milk production yoy turned mildly negative in 2Q25



Source: Ministry of Agriculture and Rural Affairs

Pet monthly Tracker

Exhibit 11: Market share has improved vs. Jul for Fregate in Aug while Myfoodie lost share in Aug vs. Jul ; other brands under our coverage remained flattish; global brands we selected saw higher market share in Aug

Market share by channel	Aug-25	Jul-25	2Q25	1Q25	2024		4Q24		3Q24		2Q24		1Q24	
	Tmall/ Taobao	Tmall/ Taobao	Tmall/ Taobao	Tmall/ Taobao	Tmall/ Taobao	Douyin	Tmall/ Taobao	Douyin	Tmall/ Taobao	Douyin	Tmall/ Taobao	Douyin	Tmall/ Taobao	Douyin
Local brands - covered														
Gambol	**8.1%**	**8.0%**	**8.5%**	**7.8%**	**7.1%**	**11.4%**	**8.3%**	**12.9%**	**7.0%**	**11.5%**	**6.6%**	**10.6%**	**6.4%**	**9.5%**
Myfoodie	5.3%	5.9%	6.0%	5.6%	5.3%	8.6%	5.3%	9.1%	5.8%	8.8%	5.1%	8.2%	5.2%	8.0%
Fregate	2.8%	2.2%	2.5%	2.3%	1.8%	2.7%	3.0%	3.7%	1.3%	2.8%	1.5%	2.4%	1.3%	1.5%
China Pet Food	**2.3%**	**2.1%**	**2.2%**	**1.7%**	**2.1%**	**1.9%**	**2.2%**	**2.0%**	**2.2%**	**1.9%**	**2.0%**	**2.0%**	**1.9%**	**1.5%**
Wanpy	1.1%	1.1%	1.0%	1.0%	1.1%	0.6%	1.0%	0.6%	1.2%	0.5%	1.0%	0.6%	1.1%	0.5%
Zeal	0.2%	0.2%	0.2%	0.3%	0.3%	0.4%	0.3%	0.4%	0.3%	0.4%	0.3%	0.4%	0.3%	0.3%
Toptrees	1.0%	0.8%	0.9%	0.4%	0.7%	1.0%	0.8%	1.0%	0.6%	0.9%	0.7%	1.1%	0.4%	0.8%
Petpal														
Meatyway	0.5%	0.5%	0.7%	0.5%	0.5%	0.4%	0.7%	0.4%	0.5%	**0.4%**	**0.5%**	**0.5%**	**0.3%**	**0.3%**
Other local brands														
Nourse	1.7%	1.9%	1.9%	2.3%	2.1%	2.8%	2.0%	2.2%	2.0%	2.5%	2.5%	2.8%	2.0%	4.0%
Yanxuan	2.3%	2.2%	2.7%	3.0%	2.7%	1.9%	2.2%	1.7%	2.6%	1.4%	3.3%	2.2%	2.9%	2.3%
Keres	1.5%	1.7%	1.7%	1.9%	1.9%	0.5%	1.8%	0.4%	2.0%	0.6%	1.9%	0.6%	2.1%	0.6%
Pure & natural	1.3%	1.4%	1.6%	1.7%	1.8%	1.4%	1.9%	1.4%	1.6%	1.1%	1.9%	1.6%	1.7%	1.4%
Honest bite	2.1%	1.9%	2.6%	2.2%	1.7%	2.2%	2.0%	2.4%	1.5%	2.2%	2.1%	2.4%	1.2%	1.9%
Global brands														
Royal Canin	9.1%	9.0%	8.1%	7.7%	7.2%	1.0%	7.4%	1.3%	8.1%	1.1%	7.1%	1.0%	6.4%	0.6%
Instinct	1.7%	1.5%	2.6%	2.4%	2.3%	0.4%	2.9%	0.6%	1.9%	0.3%	2.2%	0.3%	2.3%	0.1%
Orijen	2.4%	2.0%	3.0%	3.0%	2.5%	1.0%	2.6%	1.2%	2.4%	1.2%	2.7%	0.9%	2.3%	0.7%
Acana	2.1%	2.0%	2.5%	2.5%	2.2%	0.9%	2.4%	1.0%	2.4%	1.1%	2.1%	0.9%	1.8%	0.5%

Total GMV refers to the sum of Tmall, Taobao and Douyin GMV. Douyin overall GMV is not available since Mar 2025.

Source: Moojing Market Intelligence, Chanmama, Data compiled by Goldman Sachs Global Investment Research

The latest developments from corporate comments at ALC conferences

Exhibit 12: New channel development progress of pioneering staples brands

Subsectors	Company	New channel development progress
Beer	CR Beer	O2O(Waima)/Sam's Club/Pangdonglai MSD% beer volume
Beer	Tsingtao Brewery	Instant delivery GMV up 26% yoy in 2024
F&B	Tingyi	Discounters/membership stores contributed c.5% of sales
Dairy	Mengniu	2B sales expected to reach Rmb10bn in 2025E, c.12% of sales (per Gse), up DD%
Dairy	Yili	Online/O2O/membership stores reaching 30% of sales
Pet Food	China Pet Food	Targets 2x/3x incremental volume vs. market level from O2O platforms in the future
Snacks	Yankershop	Discounters on track to deliver 30%-40% yoy FY25 sales growth
Snacks	Chacha	Monthly sales in Jun/Jul to snack discounters doubled yoy
Snacks	Weilong	Increased PoS and per store productivity in discounters in 1H25
Frozen Food	Anjoy	3-20 new products to be launched on high-potential KAs like Freshippo; collaboration with the leading chained KA (c.250 stores to launch c.9 products)
Frozen Food	Sanquan	Collaboration with discounters with Rmb100mn+ FY25 sales target

Source: Company data, Goldman Sachs Global Investment Research

Spirits: Policy headwinds sequentially eased in Aug but still overhangs; Increased value offerings to sustain topline

Multiple companies commented on modest sequential improvement in Aug but year-on-year data still under significant pressure, with Laojiao seeing less subdued bottle-opening rates and Jinsha/ZJLD's narrowed declines (partially from a lower base vs. 2Q). Mgmt from multiple companies indicated that anti-extravagance effects on household dining are mildly easing versus May-Jun, as official messaging distinguishes normal personal dining from extravagant government-related banquets. We see consumption-boost subsidies for local residential banquets as a marginal tailwind if replicated across the country, but are not seeing any material relief on commercial/government banquets, where scrutiny remains. Companies are also expanding mid-end/mass-market portfolios and enhance focus on residential banquets to partially offset upper-mid-end softness, like ZJLD's new SKUs in LI Du series/Long Jiang and Zhen 10, alongside Jinsha's comments to add more mass offerings.

- **ZJLD:** Mgmt expects 2H revenue and net profit to be broadly in line with 1H, implying a yoy sales decline that narrows sequentially on a lower base and includes contribution from Da Zhen. Within the portfolio, mgmt indicated c.Rmb200mn gross sales for Zhen 30 in 2025 and smaller HoH sales decline of Zhen 15 in 2H vs. down 50~60% in 1H (vs. >Rmb1.5bn in 2024). Policy headwinds appear to have eased gradually since Jul, with broader mitigation in Aug, though yoy pressure persists; post Fourth Plenum policy trajectory remains a key watch. Mgmt estimated c.

Rmb300mn net sales contribution from Dazhen in 2025, supported by attractive retail pricing, meaningful per-bottle channel incentives (including a portion via stock incentives), and rapid distributor onboarding toward a year-end target at 3k+ (vs. 2k+ currently), with long-term sustainability hinging on healthy channel profits and retail sell-through.

- **Jinsha:** Spirits see similar trends ersus May-Jun, despite still under major pressure yoy from policy impact, with growth targeted over Mid-Autumn and National Day by introducing mid-to-low end products to beer distributor network. The key focus for spirits remains as channel destocking with mass-market products to support topline and opex savings underway to defend profitability. The company will evaluate any potential impairment risks in the year-end.

Beer: On-trade remains tepid amid policy headwinds though sequentially eased; margins supported by in-home premiumization

To offset on-trade softness, brewers are reallocating resources to off-trade, where volume mix continues to increase vs. pre-Covid (CR Beer to 65% from 50%, Bud to 50% from 40%), and leaning into emerging channels and consumption occasions, including instant delivery, key-account warehouse clubs, and innovation such as craft/fresh beer. On margins, companies are prioritizing pricing integrity through disciplined promotions, while flagging a more like-for-like cost base into 2026 as 2024-2025 savings from the gradual shift back to Australian barley fade. Looking ahead, gradual on-trade recovery remains the key swing factor for premium mix and ASP. Until then, we expect continued emphasis on brand equity, off-trade reach, pricing discipline, and opex control to support volume growth and margin resilience.

- **CR Beer:** Mgmt indicated volume and product mix in Jul-Aug were broadly consistent with 1H25 (vol/ASP +2.2%/+0.4% yoy), implying no meaningful inflection despite an undemanding base (2024 summer under unfavorable weather impact). Company sees continued room for efficiency improvement and Opex savings: the company saw selling expense savings in beer segment of c.1ppt in 1H25, and sees future room for Opex savings in 2026 of less than 1ppt. Company has taken precautions to support pricing including keeping disciplined promotion and suspending shipment to instant delivery in Sichuan.
- **Bud APAC:** Management sees premiumization as intact but evolving with slower trade-up within price bands, a clear shift to off-trade/in-home, and rapid growth at Rmb8~10 in restaurants. Strategy pivots to in-home premiumization near term by adding distributors/PoS and reallocating spend, where off-trade surpassed Chinese restaurants' premium mix and reached 50%+ of 2Q sales. Profitability is comparable across channels within tiers as lower opex offsets lower blended ASP. Despite nightlife/high-end dining softness on economic environment and policy drag, the company maintains long-term brand investments (e.g., Budweiser), while squeezing costs from lower-ROI on-premise activations and a slower pace of P/SP city additions. Harbin Icy GD Zero Sugar anchors the Rmb8~10 "stepping-stone" with national awareness and health positioning, and more local brands may join this pricing band over 3~5 years to broaden coverage.

Pet food: Premiumization in momentum; margin uplift from mix and opex discipline

We see continued mix-led growth and resilient margins, underpinned by steady share gains of owned brands. Profitability is supported by a richer product mix, operating leverage, and disciplined spending, with added efficiencies from network optimization and scaling manufacturing in nearer end markets. Premium offerings continue to outperform, tilting portfolios toward higher-end segments and lifting gross margin. Companies still hold strong confidence in multi-year domestic sales expansion, but Gambol targets to downplay the importance of its overseas OEM business while China Pet Foods continues to look for strong contribution. Overall, the margin outlook remains constructive given premium mix expansion, stable selling ratios, and cost efficiencies from footprint shifts and capacity ramp-ups.

- **China Pet Foods:** The company plans to double domestic sales over three years, led by self-owned brands. **FY25 domestic growth targets:** company aims at 70%+ for Toptree and 30%+ for Wanpy in FY25, and Little Golden Shield accelerating in 2H (Rmb80mn vs. Rmb40mn in 1H), which can slightly drive up GPM. Sales growth drivers include O2O channels (JD, Meituan, Ele.me) to deliver 2-3x additional offline volume, and **overseas expansion** of own brands (implied Rmb450mn FY25) with a longer-term Rmb1bn goal. Overseas factories are a key pillar: Southeast Asia will replace part of China capacity, cutting tariff impact on OEM businesses from Rmb200mn to under Rmb10mn, and Mexico factory likely to commence in 4Q25. For high-end pet treats capacity, Canada adds Rmb200mn (total Rmb600mn) at c.20% NPM; the U.S. adds Rmb1.4~1.5bn, ramping up in 1Q26 and production in 2Q/3Q26 at c.15% NPM.
- **Gambol: Domestic:** Sales growth is driven by premiumization and brand focus. Management maintains the target of 30%+ yoy in 2H25 for domestic brands, given strong growth track record in self-brands in 1H25 and momentum to continue going forward (Fregate up by 120%+ yoy and MyFoodie up by 40% yoy; Barf/Naifu up 70~80% in 1H). Mix is shifting to higher-end series, with domestic GPM at 40~50% and high-end GPM about 10ppt higher, supporting margin uplift. Selling expense ratio is expected to remain stable in 2H given a more favorable competitive landscape and brand differentiation. **Overseas:** OEM will become a smaller revenue mix (c.30% in 1H25; expected to decline further) as small-client orders soften and Thailand tariffs rise to 19% this year. NZ capacity (established within 2~3 years) will mainly support domestic premium products in the longer term.

Snacks: Continued large SKU strategy amid channel shift

Product mix trends show idiosyncratic strength in Konjac as the core growth engine across brands. The industry is still navigating a channel shift amid soft consumption, with sales relying more on discounters, further penetration into wholesale mom-pop/CVS, and early-stage overseas expansion, against the falling KAs. With elevated Konjac powder costs through 2025, companies look for margin self-help levers: SKU rationalization, mix upgrade toward higher-margin SKUs (Konjac, seafood), disciplined pricing, and channel reform that improves per-store productivity and POS penetration.

- **Yankershop:** Management prioritizes wholesale mom-pop/CVS with at least 50% yoy growth via POS expansion and per-store productivity, while discounters are on track for 30~40% yoy growth. Online reform is complete, with stabilization expected in 2H. For product, company cut SKU count from 1,000 to 300 and set Konjac as the core growth engine for three years, led by sesame paste and new cilantro/spicy flavors. Management expects 2H25 margin expansion from channel reform and mix, despite still high raw material costs, particularly elevated konjac powder through the year, which is expected to ease in 2026 per mgmt. Innovation continues in spicy konjac and soy (Tiger-skinned SKUs), while seafood snacks target for 50% GPM.
- **Weilong Delicious (Not Covered):** Management expects FY25 sales growth of 15~20%, gross margin of 46~48%, and net margin of 18~20%. Discounters led 1H25 via more PoS and higher per-store productivity, with broadly stable margins across leading and mid-tier partners. CVS/PC and school channels remained strong, while traditional KAs slowed. Overseas is in foundation-building with higher pricing and margins, targeting about Rmb100mn FY25 sales. Product mix is stable after pruning long-tail seasoned flour SKUs, with innovation (spicy crayfish, BBQ) to drive growth. Konjac is the key driver, with vegetable products at least Rmb4bn in 2025; sesame paste flavor aims for Rmb100mn+ monthly by 4Q25. Fenchi kelp reached Rmb200mn 1H25 driven by increased organic traffic.

Prepared food: Stabilizing price with rational promotion; better 2C

The industry sees sequential improvement into Aug albeit the magnitude is still small and more new products are expected to launch into 2H25. Pricing level will be stabilized due to more rational promotion and support to channel distributors going forward and 2C channel is better performed vs. 2B in 2Q due to more in-house consumption amid weakening catering demand. Companies are looking for opportunities in new and emerging channels like high-potential KAs and discounters for better profitability and keeping expense more effective into 2H (see our report here).

- **Anjoy:** Management highlighted their key focus on large to-B (KAs) into 2H to maintain a high GPM and will continue new product launch. Management mentioned 3-20 products each for major KAs including Freshippo, RT-mart and Pandonglai, and they see future opportunities with discounters as well. For overseas, management mentioned collaboration with the leading chain KAs with c.250 stores set to launch around 9 products especially high margin fresh-lock products. The company will also expand catering and hotel channels in Hong Kong in the future for higher pricing and margins compared with domestic market. For competition, while in 1H25 the Company saw 1-5% pricing promotion across categories, management does not see further deterioration into 2H25.
- **Guoquan (Not Covered):** Most of the stores are franchised with retail-end price strictly set by the company and 95% self-branded products in store. **For longer-term,** management targets 10k stores in 5-yrs driven by county-level cities demand (50% of new stores open). The company is positive on doubled revenue in 2029 vs. 2024 at Rmb6.4bn with in-house production rate to 40%-50% in 2029 vs. 25% in 2025. The management targets 7%-8% net profit margin in 2029 mainly on

admin expense savings and improving product competitiveness. **For recent update and FY25 outlook,** the company achieved DD% yoy same-store sales growth from Jun 24 until now and HSD% yoy in 1H25. The company targets FY25 MSD% yoy for overall same-store sales growth and LSD%-MSD% yoy into 3Q25 via strategies like store traffic attraction by coupon promotions on Douyin. For pricing competition, the management mentioned key to maintain a stable GPM, support for franchises, improving product competitiveness and economies of scale.

Valuation Comp Table

Exhibit 13: Coverage Valuation Comps with global peers

	Company	Rating	Mkt cap	Ccy	Price	12-m TP	+/-	PE			TP Implied PE			25-27E	25-27E	EV/EBITDA			ROE	Div yield	YTD perf
			US$ mn		9/8/2025			2025E	2026E	2027E	2025E	2026E	2027E	Rev CAGR	NP CAGR	2025E	2026E	2027E	2025E	2026E	%
Spirits																					
600519.SS	Kweichow Moutai	Buy	265,354	CNY	1501.23	1742.00	16%	20X	19X	18X	24X	22X	21X	6%	6%	13X	12X	11X	36%	3.6%	-1%
000858.SZ	Wuliangye Yibin	Buy	70,171	CNY	129.09	139.00	8%	16X	15X	14X	17X	16X	15X	5%	5%	9X	9X	8X	23%	4.8%	-8%
6979.HK	ZJLD	Neutral	3,789	HKD	9.79	6.00	-39%	22X	20X	19X	13X	12X	11X	7%	7%	13X	12X	10X	10%	1.7%	44%
600809.SS	Shanxi Xinghuacun Fen Wine	Neutral	35,240	CNY	203.97	187.00	-8%	20X	19X	17X	18X	18X	16X	6%	6%	14X	14X	12X	33%	3.0%	11%
000568.SZ	Luzhou Laojiao	Neutral	28,846	CNY	139.88	108.00	-23%	18X	18X	17X	14X	14X	13X	5%	3%	12X	12X	11X	23%	4.1%	12%
002304.SZ	Jiangsu Yanghe	Sell	15,603	CNY	73.66	39.00	-47%	23X	22X	20X	12X	12X	11X	4%	5%	15X	15X	14X	10%	6.3%	-12%
000596.SZ	Anhui Gujing Distillery Co.	Sell	12,758	CNY	169.00	123.00	-27%	16X	16X	15X	12X	12X	11X	2%	3%	10X	10X	9X	20%	3.5%	-2%
000799.SZ	Jiugui Liquor	Sell	3,133	CNY	68.82	20.50	-70%	236X	72X	54X	70X	22X	16X	20%	n.m.	182X	56X	41X	2%	0.6%	24%
600779.SS	Sichuan Swellfun Co.	Sell	3,222	CNY	46.92	30.70	-35%	20X	18X	17X	13X	12X	11X	5%	9%	12X	11X	10X	20%	1.7%	-12%
603369.SS	Jiangsu King's Luck Brewery	Neutral	7,559	CNY	43.42	38.00	-12%	16X	15X	15X	14X	13X	13X	4%	4%	11X	10X	10X	21%	2.7%	-4%
Avg.								**41X**	**24X**	**21X**	**21X**	**15X**	**14X**	**6%**	**5%**	**29X**	**16X**	**14X**	**20%**	**3.2%**	**5%**
DGE.L	Diageo	Neutral	59,652	GBP	1959.50	2000.00	2%	15X	16X	15X	16X	16X	15X	2%	4%	11X	12X	11X	29%	3.8%	-23%
PERP.PA	Pernod Ricard	Buy	29,228	EUR	95.08	110.00	16%	14X	14X	14X	16X	17X	16X	-1%	0%	11X	11X	11X	10%	4.4%	-13%
RCOP.PA	Remy Cointreau	Buy	3,030	EUR	51.30	65.00	27%	22X	19X	16X	28X	24X	21X	6%	16%	12X	12X	10X	6%	3.6%	-12%
Avg.								**17X**	**16X**	**15X**	**20X**	**19X**	**17X**	**2%**	**7%**	**11X**	**12X**	**11X**	**15.2%**	**4.0%**	**-16%**
Beer																					
1876.HK	Budweiser APAC	Buy	13,990	HKD	8.40	9.00	7%	22X	18X	16X	24X	19X	17X	6%	18%	7X	6X	5X	6%	5.6%	12%
0291.HK	China Resources Beer	Buy	11,582	HKD	27.68	37.00	34%	15X	13X	12X	20X	18X	16X	2%	6%	8X	7X	7X	16%	3.9%	10%
0168.HK	Tsingtao Brewery (H)	Buy	8,814	HKD	50.65	61.40	21%	13X	12X	11X	16X	14X	13X	3%	9%	7X	6X	6X	16%	5.3%	-11%
600600.SS	Tsingtao Brewery (A)	Neutral	12,968	CNY	68.30	70.30	3%	19X	18X	16X	20X	18X	17X	3%	9%	11X	10X	9X	16%	3.6%	-16%
600132.SS	Chongqing Brewery	Neutral	3,733	CNY	55.08	54.50	-1%	21X	19X	18X	21X	19X	18X	3%	8%	7X	7X	6X	41%	4.7%	-13%
002568.SZ	Shanghai Bairun	Neutral	3,731	CNY	25.93	18.10	-30%	33X	29X	25X	23X	20X	18X	10%	13%	21X	19X	17X	16%	1.5%	-7%
Avg.								**21X**	**18X**	**16X**	**21X**	**18X**	**16X**	**5%**	**9%**	**10X**	**9X**	**8X**	**19%**	**4.1%**	**-4%**
ABI.BR	Anheuser-Busch InBev*	Buy	121,349	EUR	50.64	78.00	54%	14X	13X	12X	22X	20X	18X	4%	7%	9X	8X	8X	10%	2.1%	5%
CARLb.CO	Carlsberg	Buy	17,142	DKK	768.80	1000.00	30%	13X	12X	10X	17X	15X	13X	3%	11%	10X	9X	8X	23%	3.1%	11%
HEIN.AS	Heineken	Buy	45,274	EUR	66.96	95.00	42%	13X	12X	12X	19X	18X	16X	3%	7%	8X	8X	7X	12%	2.7%	-3%
2502.T	Asahi Group	Buy	19,294	JPY	1887.50	2450.00	30%	17X	14X	12X	22X	18X	16X	2%	12%	10X	9X	9X	6%	2.8%	14%
2503.T	Kirin Holdings	Sell	12,254	JPY	2242.00	2100.00	-6%	12X	12X	11X	11X	11X	10X	2%	5%	9X	9X	8X	9%	3.3%	9%
2587.T	Suntory Beverage & Food Ltd	Buy	9,639	JPY	4720.00	5900.00	25%	16X	14X	13X	20X	18X	17X	4%	9%	5X	5X	5X	7%	2.6%	-6%
Avg.								**14X**	**13X**	**12X**	**18X**	**17X**	**15X**	**3%**	**8%**	**9X**	**8X**	**8X**	**11%**	**2.7%**	**5%**
Condiment																					
603288.SS	Foshan Haitian Flavouring & Food	Neutral	33,946	CNY	41.17	43.20	5%	33X	30X	27X	34X	31X	28X	8%	10%	23X	21X	19X	20%	2.5%	-10%
3288.HK	Foshan Haitian Flavouring & Food	Buy	26,228	HKD	34.98	46.10	32%	26X	23X	21X	34X	30X	28X	8%	10%	18X	16X	14X	20%	2.8%	n.m.
600872.SS	Jonjee Hi-Tech	Neutral	2,127	CNY	19.40	15.20	-22%	22X	19X	18X	17X	15X	14X	4%	10%	15X	13X	12X	11%	1.8%	-12%
002507.SZ	Fuling Zhacai	Neutral	2,177	CNY	13.41	12.30	-8%	18X	16X	15X	16X	15X	14X	6%	8%	13X	11X	10X	10%	3.4%	-5%
1579.HK	Yihai International Holding	Neutral	1,722	HKD	13.72	14.10	3%	16X	15X	14X	16X	15X	14X	6%	7%	8X	7X	7X	16%	5.6%	-9%
600305.SS	Jiangsu Hengshun Vinegar	Sell	1,301	CNY	8.30	6.40	-23%	42X	35X	30X	32X	27X	23X	12%	18%	31X	26X	22X	7%	2.0%	4%
603027.SS	Qianhe Condiment and Food	Sell	1,745	CNY	12.10	8.60	-29%	22X	20X	19X	16X	15X	13X	8%	10%	15X	14X	12X	15%	4.4%	0%
603317.SS	Sichuan Teway Food Group	Sell	1,799	CNY	12.15	9.70	-20%	21X	18X	17X	17X	15X	13X	7%	11%	16X	14X	13X	13%	4.5%	-9%
Avg.								**25X**	**22X**	**20X**	**23X**	**20X**	**18X**	**7%**	**11%**	**17X**	**15X**	**14X**	**14.0%**	**3.6%**	**-6%**
Dairy																					
600887.SS	Yili Industrial	Buy	25,654	CNY	28.21	34.50	22%	16X	15X	14X	20X	19X	17X	2%	7%	12X	11X	10X	19%	5.6%	-7%
2319.HK	Mengniu Dairy	Buy	7,601	HKD	14.99	22.00	47%	14X	10X	9X	20X	15X	13X	5%	10%	8X	6X	5X	11%	3.9%	-15%
6186.HK	China Feihe Ltd.	Neutral	4,984	HKD	4.39	4.30	-2%	13.5X	11.5X	10.2X	13X	11X	10X	4%	15%	6X	5X	4X	10%	5.4%	-19%
Avg.								**14X**	**12X**	**11X**	**18X**	**15X**	**13X**	**4%**	**10%**	**9X**	**8X**	**7X**	**13.4%**	**5.0%**	**-14%**
F&B																					
9633.HK	Nongfu Spring	Buy	74,887	HKD	50.85	53.20	5%	35X	30X	27X	37X	31X	28X	12%	14%	23X	20X	18X	43%	2.0%	50%
0322.HK	Tingyi	Buy	8,225	HKD	11.30	13.80	22%	14X	13X	12X	17X	16X	14X	2%	10%	6X	6X	6X	23%	7.3%	12%
0220.HK	Uni-President China	Neutral	4,970	HKD	9.01	10.60	18%	15X	13X	12X	18X	16X	14X	5%	10%	8X	7X	6X	17%	6.6%	15%
605499.SS	Eastroc Beverage	Buy*	21,757	CNY	300.08	351.00	17%	34X	27X	22X	40X	32X	26X	21%	24%	27X	21X	17X	54%	2.0%	21%
2460.HK	China Resources Beverage	Neutral	3,452	HKD	11.23	10.50	-7%	23X	18X	15X	21X	16X	14X	7%	23%	8X	6X	5X	9%	2.0%	n.a.
KO	Coca-Cola Co.	Neutral	291,856	USD	67.43	70.00	4%	23X	21X	19X	24X	22X	20X	6%	7%	20X	18X	17X	44%	3.0%	8%
PEP	PepsiCo Inc.	Buy	196,166	USD	141.71	165.00	16%	18X	16X	15X	21X	19X	18X	4%	7%	13X	13X	12X	54%	3.9%	-7%
Avg.								**23X**	**20X**	**18X**	**25X**	**22X**	**19X**	**8%**	**14%**	**15X**	**13X**	**11X**	**34.9%**	**3.8%**	**17%**
Snacks																					
002557.SZ	Chacha Food Co.	Sell	1,645	CNY	23.31	18.70	-20%	38X	17X	17X	31X	14X	14X	4%	49%	26X	11X	11X	5%	1.5%	-20%
002847.SZ	Yankershop Food	Buy	2,769	CNY	73.33	100.00	36%	24X	21X	18X	33X	28X	24X	14%	16%	20X	17X	14X	43%	2.8%	17%
0151.HK	Want Want China	Sell	8,713	HKD	5.61	3.80	-32%	14X	14X	14X	10X	9X	9X	2%	0%	8X	8X	7X	23%	2.8%	23%
300783.SZ	Three Squirrels	Neutral	1,476	CNY	26.32	26.30	0%	44X	22X	16X	44X	22X	16X	20%	64%	43X	16X	12X	8%	1.9%	-29%
2229.T	Calbee Inc	Neutral	2,393	JPY	2774.00	2900.00	5%	17X	18X	18X	17X	19X	19X	4%	-5%	8X	8X	8X	10%	2.1%	-12%
Avg.								**28X**	**18X**	**17X**	**27X**	**19X**	**17X**	**9%**	**25%**	**21X**	**12X**	**10X**	**18.6%**	**2.0%**	**-4%**
Frozen Food																					
603345.SS	Anjoy Foods Group	Buy	3,507	CNY	75.18	82.00	9%	14X	12X	11X	15X	13X	12X	9%	13%	8X	7X	6X	11%	4.2%	-8%
2648.HK	Anjoy Foods Group	Buy	2,470	HKD	58.95	71.00	20%	12X	10X	9X	14X	12X	11X	12%	17%	6X	5X	4X	10%	5.2%	n.m.
001215.SZ	Qianweiyangchu	Neutral	455	CNY	33.23	19.00	-43%	42X	27X	24X	24X	16X	14X	8%	33%	16X	12X	10X	4%	0.0%	8%
300973.SZ	Ligao Foods	Buy	1,148	CNY	48.94	55.00	12%	23X	17X	14X	25X	19X	16X	10%	28%	13X	10X	8X	14%	1.9%	25%
605089.SS	Weizhixiang	Sell	533	CNY	27.55	14.40	-48%	42X	38X	35X	22X	20X	19X	6%	9%	32X	29X	27X	7%	1.3%	10%
002216.SZ	Sanquan Foods	Neutral	1,418	CNY	11.49	9.40	-18%	20X	18X	18X	16X	15X	14X	1%	6%	21X	18X	17X	11%	2.4%	-4%
600298.SS	Angel Yeast	Buy	5,128	CNY	41.43	44.20	7%	21X	19X	17X	23X	20X	18X	10%	12%	14X	12X	11X	14%	1.2%	15%
Avg.								**30X**	**24X**	**22X**	**22X**	**18X**	**16X**	**7%**	**18%**	**19X**	**16X**	**15X**	**10.0%**	**1.4%**	**11%**
Pet Care																					
002891.SZ	China Pet Foods	Buy	2,361	CNY	58.24	63.00	8%	40X	28X	21X	43X	30X	23X	19%	37%	25X	18X	13X	15%	0.8%	63%
300673.SZ	Petpal Pet Nutrition Technology	Neutral	663	CNY	19.09	14.20	-26%	25X	22X	18X	19X	16X	13X	14%	19%	14X	13X	10X	9%	0.8%	8%
301498.SZ	Gambol Pet Group Co.	Buy	5,564	CNY	98.67	120.00	22%	53X	37X	26X	64X	45X	32X	24%	42%	37X	26X	18X	17%	0.6%	26%
Avg.								**39X**	**29X**	**22X**	**42X**	**31X**	**23X**	**19%**	**33%**	**25X**	**19X**	**14X**	**13.8%**	**0.7%**	**32%**
Pork																					
0288.HK	WH Group	Buy	14,055	HKD	8.39	9.40	12%	9X	9X	8X	10X	10X	9X	3%	2%	4X	4X	4X	13%	6.5%	40%
000895.SZ	Henan Shuanghui Ltd.	Neutral	12,541	CNY	25.58	25.30	-1%	17X	18X	18X	17X	17X	18X	2%	-2%	10X	10X	10X	24%	5.6%	-1%
Avg.								**13X**	**13X**	**13X**	**13X**	**14X**	**14X**	**2%**	**0%**	**7X**	**7X**	**7X**	**18.7%**	**6.1%**	**19%**

Data as of Sep 8; *indicates the stock is on the regional Conviction List

Source: Refinitiv Eikon, Goldman Sachs Global Investment Research

Valuation methodologies and risks

Exhibit 14: Spirits

Ticker	Company	Valuation Methodology	Key Risks
600519.SS	Kweichow Moutai	Our 12-m TP is based on 23.4x 2026E P/E	Downside:1) Potential regulation changes such as a consumption tax rate hike; 2) Environmental pollution; 3) A slower-than-expected macroeconomic recovery; 4) Capacity constraints; 5) More volatility in US rate hikes given the negative correlation between Moutai's P/E and the US 10-yr bond yield.
000858.SZ	Wuliangye Yibin	Our 12-m TP is based on 17.0x 2026E P/E discounted back to mid-2026E using a 10.3% COE	Downside: 1) Potential Consumption tax rate hike, 2) Potential threats from Moutai-flavor brands, 3) Intensifying competition in high-end spirits.
6979.HK	ZJLD	Our 12-m TP is based on 12.4x 2026E P/E discounted back to mid-2026E using an 8.2% COE	Downside/Upside: 1) More/less intensified competition in upper mid end; 2) Shorter/prolonged policy impact on banquet consumption; 3) Better-than-expected product launch/cultivation
600809.SS	Shanxi Xinghuacun Fen Wine	Our 12-m TP is based on 18.5x 2026E P/E discounted back to mid-2026E using an 10.3% COE	Upside/Downside: 1) Shorter/prolonged policy impact on banquet consumption; 2) Better/worse-than-expected macro recovery; 3) Strong/weaker than expected performance of Qinghua 26/30
000568.SZ	Luzhou Laojiao	Our 12-m TP is based on 14.5x 2026E P/E discounted back to mid-2026E using a 8.4% COE	Downside: 1) Prolonged policy impact on banquet consumption; 2) Higher impact of wholesale price evolution to average selling price Upside: 1) Shorter policy impact on banquet consumption; 2) Better-than-expected product launch/cultivation
000596.SZ	Anhui Gujing Distillery Co.	Our 12-m TP is based on 12.4x 2026E P/E discounted back to mid-2026E using an 10.3% COE	Upside: 1) Less/ shorter policy impact on banquet consumption in Anhui; 2) More resilient execution for nationwide expansion; 3) Less fierce competition in Anhui than expected
603369.SS	Jiangsu King's Luck Brewery	Our 12-m TP is based on 14.0x 2026E P/E discounted back to mid-2026E using a 10.6% COE	Upside: 1) Better-than-expected competitive landscape in Jiangsu province; 2) Stronger-than-expected management execution for national expansion; 3) Better product upgrade Downside: 1) More intensified competition/ worsened demand in Jiangsu; 2) Weaker distributors' confidence and channel inventory situation
002304.SZ	Jiangsu Yanghe	Our 12-m TP is based on 12.4x 2026E P/E discounted back to mid-2026E using a 10.8% COE	Upside: 1) Stronger-than-expected policy stimulus execution; 2) Better-than expected competitive landscape in Jiangsu province; 3) Stronger-than-expected performance outside Jiangsu province
000799.SZ	Jiugui Liquor Co.	Our 12-m TP is based on 19.3x 2026E P/E discounted back to mid-2026E using a 13.2% COE	Upside: 1) Significant improvement on channel inventory level; 2)Stabilization of wholesale prices, especially Neican; 3) Better-than-expected commercial banquet demand recovery.
600779.SS	Sichuan Swellfun Co.	Our 12-m TP is based on 12.4x 2026E P/E discounted back to mid-2026E using an 11.5% COE	Upside: 1) Expansion of Diancang series, 2) Faster than expected penetration of Tianhaochen in the mass market, 3) Better than expected inventory digestion

All methodologies unchanged

Source: Goldman Sachs Global Investment Research

Exhibit 15: Condiments

Ticker	Company	Valuation Methodology	Key Risks
002507.SZ	Fuling Zhacai	16x P/E applied to 2026E avg. EPS, which is broadly in line with US peers' trading P/E in the downturn around 2018 when facing private label competition, discounted back to 2025YE using 7.5% COE	Downside/upside risks: 1) Better/worse-than-expected demand recovery, amid-the current consumption backdrop; 2) Slower/faster expansion into new products/categories: Fuling has attempted to diversify its product portfolio and allocate resources to developing products aside from its main sales driver Zhacai; 3) Slower/faster expansion into channels & more/less efficient use of expenses
600872.SS	Jonjee Hi-Tech	16x P/E applied to 2026E avg. EPS, which is broadly in line with US peers' trading P/E in the downturn around 2018 when facing private label competition, discounted back to mid-2026 using 10.3% COE	1) Faster-/slower-than-expected distributor recruitment; 2) More/less efficient and targeted channel investments; 3) Better-/worse-than-expected consumer demand recovery and mix; 4) Better-/worse-than-expected margin from internal changes in operation efficiency; 5) Better-/worse than expected competition landscape in the soy sauce market.
603027.SS	Qianhe Condiment and Food	16x P/E applied to 2026E avg. EPS, which is broadly in line with US peers' trading P/E in the downturn around 2018 when facing private label competition, discounted back to 2025YE using 9.9% COE	Upside risks: 1) Higher margin on expansion of high-end product lines; 2) Margin improvment on cost deflation; 3) Penetration increase in wholesale channels; 4) More efficient marketing investments
600305.SS	Jiangsu Hengshun Vinegar	32x P/E applied to 2025E avg. EPS, on SOE reform potential benefits	Upside risks: 1) Stronger-than-expected volume growth, 2) Better-than-expected return from enhanced marketing investment.
1579.HK	Yihai International Holding	15x P/E applied to 2026E avg. EPS discounted back to mid-2026 using 12.0% COE	Downside risks: 1) Intensifying competition in the compound condiments market; 2) further slowdown in related parties sales; 3) food-safety related issues: potential hazards involved in the supply chain, incl. in the transportation and production of products. Upside risks: 1) Faster-than-expected roll-out of new products; 2) Faster-than-expected development of large 2B clients; 3) Less intensive industry competition.
603317.SS	Sichuan Teway Food Group	16x P/E applied to 2026E avg. EPS, which is broadly in line with US peers' trading P/E in the downturn around 2018 when facing private label competition, discounted back to 2025YE using 9.5% COE	Upside risks: 1) Utilization ramp-up; 2) More efficient brand building; 3) Penetration into 2B markets.

All methodologies unchanged

Source: Goldman Sachs Global Investment Research

Exhibit 16: Beer

Ticker	Company	Valuation Methodology	Key Risks
0291.HK	China Resources Beer	19.0x 2026E P/E, in line with global peers' full cycle average in the last five years, discounted back to mid-2026E using a 10.1% COE	1) Slower-than-expected premium volume growth; 2) Intense competition in the premium segment; 3) Higher-than-expected cost pressure.
1876.HK	Budweiser APAC	19.0x 2026E P/E, in line with global peers' full cycle average in the last five years	1) Weaker-than-expected premium channel recovery; 2) More intense China competition; 3) Cost inflation.
0168.HK	Tsingtao Brewery - H	15.2X 2026E P/E, in line with global peers' full cycle avg in the past 5 years appling a historical average of A-H premium at 25%, discounted back to mid-2026E using a 9.6% COE	1) Slower-than-expected premium volume growth; 2) Intense competition from higher marketing and channel investments by peers; 3) Unsuccessful national scale price hikes.
600600.SS	Tsingtao Brewery - A	19.0x 2026E P/E, in line with global peers' full cycle average in the last five years, discounted back to mid-2026E using a 9.9% COE	1) Slower-/faster-than-expected premium volume growth; 2) Intense competition from higher marketing and channel investments by peers; 3) Successful/unsuccessful national scale price hikes.
600132.SS	Chongqing Brewery	19.0x 2026E P/E, in line with global peers' full cycle average in the last five, discounted back to mid-2026E using a 10.8% COE	1) Slower-/faster-than-expected Wusu brand growth; 2) Higher ASP increase; 3) Unfavorable cost trend.
002568.SZ	Shanghai Bairun	21.0x 2026E P/E with reference to the last FY's average trading P/E, discounted back to mid-2026E using a 9.9% COE	Faster/slower demand growth, more/less intense competition, higher/lower-than-expected selling expense, raw material risk.

All methodologies unchanged

Source: Goldman Sachs Global Investment Research

Exhibit 17: Prepared food, snacks

Prepared food	Company	Valuation Methodology	Risks
300973.SZ	Ligao Foods	Our Price Target is based on 17x P/E (benchmarked to global peers trading P/E) applied to our 2026 EPS, discounted back to mid-2026 at COE of 8.4%.	Key downside risks: 1) Weaker-than-expected fresh bakery recovery; 2) Weaker-than-expected KA (supermarket) client sales; 3) Shareholding reduction by major shareholders; 4) Raw material costs; and 5) Intensifying competition in the frozen bakery market; 6) Food safety.
001215.SZ	Qianweiyangchu	Our Price Target is based on 15x P/E applied to 2026E EPS discounted to mid-2026 at COE 8.6%.	Key upside risks: 1) more SKUs supplied to top clients; 2) faster-than-expected pace of new clients development; 3) easing competition; Key downside risks: 1) top client (e.g. YUMC) concentration risks; 2) related party risks; 3) food safety
002216.SZ	Sanquan Foods	Our Price Target is based on 15x P/E (broadly in line with global peers' last 1-year PE) applied to 2026E EPS discounted back 1 year at COE 8.6%.	Key risks: 1) higher/lower than expected foodservice channel growth; 2) higher/lower than expected performances of new products; 3) raw material costs; 4) shareholding structure; and 5) food safety.
605089.SS	Weizhixiang	Our Price Target is based on 20x P/E (broadly in line with global peers' last 2-year PE) applied to 2026E EPS, discounted back to mid-2026 at COE of 9.3%	Key upside risks: 1) Successful store rollout in new regions; 2) Better aligned management incentives; 3) Easier competitive landscape; and 4) Raw material costs.
600298.SS	Angel Yeast	Our 12-month TP is based on a 20X P/E (past avg 3-year P/E) applied to our 2026E EPS, discounted back to mid-2026 at 8.1% COE.	Key downside risks: 1) Faster-than-expected capacity expansion pace leading to oversupply pressure on pricing/sales; 2) Cost headwinds leading to margin contraction; 3) Worse-than-expected baking yeast demand in the domestic market.
Snacks	**Company**	**Valuation Methodology**	**Risks**
002847.SZ	Yankershop	Our 12-m TP is based on a 27x P/E (in line with Yankershop's 3-year average P/E) and 2027E EPS discounted back 1.5 year to mid-2026 at a COE of 7.0%	Key risks: More intense competition in the snacking industry; snack discounters roll out private label products; higher-than-expected raw material cost; slower distributor expansion
002557.SZ	Chacha food	Our 12-m TP is based on a 13X P/E (peer Want Want's 2 yr avg P/E) on our 2026E EPS discounted back to mid-2026.	Key upside risks: 1) Downstream demand is less value-focus; 2) Successful launch of new blockbuster SKUs; 3) Faster-than-expected margin improvement on cost deflation
0151.HK	Want Want China	Our 12-m TP is based on a 10X P/E on our 2026E EPS discounted back 1 year to 2025 end at a COE of 5.8%.	Key upside risks: Better-than-expected dairy recovery, faster-than-expected new products/channel sales contribution, stronger margin recovery from favorable costs.
300783.SZ	Three Squirrels	Our 12-m TP is based on a 23x 2026E P/E (company's past 2-year average PE) discounted back to mid-2026 at COE of 7.6%.	Key risks: 1) More effective/ineffective initiatives for reviving offline channel; 2) Faster/slower-than-expected ramping up of capacity; 3) Larger-than-expected raw material prices tailwind/headwind.

All methodologies unchanged

Source: Goldman Sachs Global Investment Research

Exhibit 18: Pet food and pork

Pet food	Company	Valuation Methodology	Risks
002891.SZ	China Pet	Our 12m SOTP-based target price is based on 25X FY26E P/E for the overseas business (against Shenzhou Intl's average PE during 2018-22 when it was gaining wallet share due to its global production presence) and 30X FY27E P/E for the domestic business discounted back to mid-2026 at 7.9% COE.	Key downside risks: Slower than expected domestic revenue growth, food safety issues, fluctuation in exchange rates, and freight and raw material costs.
300673.SZ	Petpal	Our 12-m TP is based on SOTP, with 16X FY25E P/E for the overseas business and 26X FY26E P/E discounted back 1 year with 6.9% COE for the domestic business.	Key risks: More/less intense competition in the overseas business; risks of order change/receivable collection from large clients; better-/worse-than-expected execution of domestic brand building and channel expansion.
301498.SZ	Gambol Pet	Our 12m TP is based on a SOTP, with 1) the domestic business valued at a 37X 2027E P/E discounted back to mid-2026 at a 7.0% COE, and 2) the overseas business at 18X P/E on 2025E earnings.	Key risks: Less favourable exchange rates, freight and input prices impacting overseas business: More intense competition in online channel; Worse-than-expected execution of domestic brand building and channel expansion:
Pork	**Company**	**Valuation Methodology**	**Risks**
0288.HK	WH Group	Our 12m TP is based on SOTP, with 1) the US business Smithfield using US team valuation based on risk-reward framework with target downside/base/upside EV/EBITDA of 7.0x/8.5x/10.5x; 2) China business P/E valuation at 17x; 3) European business with 2025E P/E at 7x, and applying a NAV discount of 35%.	Key downside risks: 1) US business: Topline: A slowdown in economic activity, resulting in lower demand; shifts in consumption trends; lower-than-expected demand for US pork in the global market; Margin pressure from increased promotional spending; higher raw material costs; changes in regulation; labor shortages or wage cost pressure; retaliatory tariffs; and loss of sales or higher costs related to an outbreak of food-borne illnesses or diseases among livestock. 2) China business: Volatility in live hog prices, higher-than-expected corn prices: potential inflation risks with US/China imposing tariffs on imports. 3) Food safety issues.
000895.SZ	Shuanghui	Based on 17X 2025PE.	Key Risks: 1) Less intense/more intense competition in packaged meat; 2) Stronger/weaker demand for fresh pork/packaged meat from end markets; 3) Faster/slower progress of upstream business ramp up。

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 19: F&B, Dairy

F&B			
Ticker	**Company**	**Valuation methodology**	**Risks**
9633.HK	Nongfu Spring	Our 12-m TP is based on a 30X 2027E P/E in line with global peers in the last year, discounted back to end-2026E using an 8.5% CoE.	Key risks: 1) Lower-than-expected tea/water sales momentum; 2) Higher-than-expected cost inflation; 3) More intense beverage industry competition.
0322.HK	Tingyi	Our 12-m TP is based on a 15X 2026E P/E based on the average of past 2 year P/E of Tingyi/UPC	Key risks: 1) Higher-than-expected raw material cost pressures; weaker premiumization trends in instant noodle/beverage.
0220.HK	Uni-President China	Our 12-m TP is based on a 15X 2026E P/E based on the average of past 2 year P/E of Tingyi/UPC	Key upside risks: 1) More favorable raw material price movements; 2) Better-than-expected performance of convenience food driven by demand recovery or new product launch; 3) Better-than-expected competition in instant noodles/beverage Key downside risks: 1) Higher-than-expected raw material cost pressures; 2) More intense competition in instant noodles/beverage; 3) Food quality issues.
605499.SS	Eastroc	We are Buy rated on Eastroc with a 12-month TP of Rmb351, based on a 33X 2026E P/E, with reference to 2024-to-1H25 average P/E of its global fast-growing beverage peers Monster Beverage, Celsius, and Vita Coco.	Key risks: 1) Lower industry growth in energy drinks, 2) worse competitive landscape, 3) failure/slower ramp-up of Eastroc's new product launches, 4) potential capacity shortage with already high utilization ratio, 5) higher increases in raw material costs, 6) slower geographical expansion of Eastroc, 7) slower POS penetration/ deployment of fridges, and 8) reputational risks.
2460.HK	CR Beverage	Our 12-m TP is based on a 19.0x 2026E P/E referring to the avg. P/E of Tingyi/UPC during 2018-2024 given similar growth stages.	Key risks: 1) More/less intensified competition than expected in the bottled water market; 2) Faster/slower than expected development of the beverage business; 3) Raw material price movements; 4) Uncertainty over channel/distribution management; 5) Reputational risks/ food security issues.
Dairy			
Ticker	**Company**	**Valuation methodology**	**Risks**
600887.SS	Yili	Our 12-month TP is based on 2026E P/E of 18.9x (20% A/H premium to the target level of 1STD below prior downcycle P/E in 2015-16)	Key risks: Slower-than-expected liquid milk premium demand, slower dairy demand recovery, more intense competition
2319.HK	Mengniu	Our 12-month TP is based on 2026E P/E of 15.1x (1STD below prior downcycle P/E in 2015-16)	Key risks: Slower-than-expected premium demand, slower than expected dairy demand recovery, more intense dairy industry competition, wider losses in new categories.
6186.HK	Feihe	Our 12-m TP is based on a 12.0x 2026E P/E (Feihe's 2020-2025YTD average trading P/E), discounted back to mid-2026E using a 10.3% COE.	Key risks: 1) Higher/Lower-than-expected new birth rates; 2) More/Less intense competition; 3) Quicker/Slower premium segment growth; 4) Industry-wide food safety issues; 5) Higher/Lower-than-expected incremental policy support.

All methodologies unchanged

Source: Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

We, Leaf Liu, Valerie Zhou and Christina Liu, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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