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CHINA CONSUMER

Pulse Check: 3Q25 wrap-up: Overall demand softer and outlook remains prudent; high-end consumption a bright spot

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We have seen softer consumption trends in 3Q25, with earnings miss/growth deceleration in multiple sectors including spirits/sportswear/cosmetics/dairy etc., while **home appliance** - which benefited from the trade-in policy - also decelerated with tougher base/control on subsidy. **Goods consumption during the peak season, including** National Day holiday **and** Double 11 (e.g. cosmetics)**, also turned out to be weaker than expected.** In the meanwhile, the demand softness continued to pressure prices (e.g. sportswear, spirits, dairy), though in some categories (e.g. prepared food, AC) players are turning more disciplined as they see limited economic value to further promote. On the bright side, some MNCs (especially premium ones such as luxury and cosmetics) commented on China trends improvement/seeing bottom out signs, which in our view is partially attributable to wealth and FX effect/easier base/improved operation. That said, **we remain cautious on the consumption recovery trend given the broad-based softness we saw from China consumer companies' 3Q results, and the deterioration in consumption-related macro data points in 3Q.**

Amid the challenging consumption backdrop, we continue to focus on names with idiosyncratic growth opportunities (see the structural growth opportunities we highlighted earlier). In the new consumption space, while we note sentiment is softening due to concerns on brand cycle and base, we still see names with relatively high earnings visibility into next year (e.g. freshly made drink driven by store expansion and category expansion). Meanwhile, we view companies with high shareholder return and ability to drive market share/efficiency gain are more defensive amid the current consumption backdrop.

Within our consumer coverage, our **most preferred sectors** are diversified retailers, beverage, pet food; our **least preferred sectors** are sports retailers, furniture, projectors, discretionary small kitchen appliances, and non-super-premium spirits. We lift our **apparel and footwear OEM** sector preference to Neutral from least preferred given 'the worst is over' per the companies with easing tariff uncertainty, while downgrade the **sports brand** sector to Neutral and **sports retailer** sector to

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least preferred from Neutral considering the promotional consumption backdrop.

Stock preference (Buy names): Eastroc (on CL), Guming (on CL), Midea, Anta, Mixue, Yum China, Laopu Gold, WH Group, Shenzhou, CR beer, Tingyi, Miniso, Hisense, Weilong, China Pet Foods.

Relevant reports:

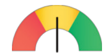
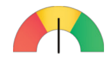
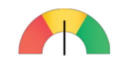
China Consumer Durables: 3Q25 Wrap: Overseas the key growth driver, domestic policy and competition the key focus; white goods leaders more resilient

China Consumer Durables: White goods 3Q25 wrap: Tough domestic comps well recognized by market, growth to be increasingly supported by overseas; Buy Midea

China Spirits: 3Q25 Quick Wrap: Broad-base weakening P&L with more proactive shipment control/destocking amid pronounced policy impact

China Consumer Connections: Pulse Check: National Day holiday consumption wrap-up: Softness in goods consumption; traffic/service correlated sectors outperformed

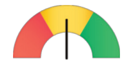
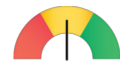
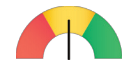
Exhibit 1: Summary of category momentum (Consumer discretionary and durables)

	Sports brands	Textile/footwear OEM	Diversified retailers	Catering	Cosmetics	Jewelry	Traditional Appliances	Emerging Appliances	Furniture
2025 revenue yoy	10%	5%	155%	17%	15%	0%	5%	30%	-2%
2025 NP yoy	7%	-8%	253%	14%	30%	28%	9%	54%	4%
YTD sector share price chg. (as of Nov,10)	10%	-8%	110%	53%	11%	84%	-2%	30%	-7%
3Q25 results snapshot									
Overall trend (vs. 2Q25)									
Revenue growth (yoy)	1%	1%	154%	12%	16%	7%	5%	33%	-2%
3Q25 vs. Market expectation:									
Sales	↓	→	↑	→	↓	↓	→	→	↓
Margin	↓	→	↑	↑	→	↑	→	↓	→
ASP / promotion / discount	Discount remained deeper yoy; rational spending trend continued	Mixed - some delivered yoy ASP growth driven by more favourable customer/product mix, while some players' ASP faced headwinds from tariff-sharing / weaker product mix/FX drag	Pricing remains solid supported by IP popularity	Delivery platform subsidies saw some normalization but remained relatively high and led to lower purchase price; FMD brands leverage more affordable price to educate new categories	Relatively stable discount vs. last year Double 11/ this year 618, while consumers remain price sensitive	ASP increased due to gold price increase	Healthy ASP/promotion, sequentially improved vs 2Q	Generally stable ASP though competition remains intense	More value-for-money products have been offered to take market share
Inventory	Inventory level in general still under control though not at the optimal level	Global brands' inventory level is generally under control					Healthy channel inventory		
Monthly trend	Jul was weak due to spillover effect from 618 promotions; Aug posted weak growth similar to July; Sep was mixed across brands; National holiday sales came in significantly below expectations	OEMs monthly performance generally tracked in-line with lowered expectations	Pop Mart growth further accelerated in 3Q; Miniso China/US SSSG on track to accelerate in 3Q	- SSS recovery remained at relatively low level - Diverged performance in FMD, some saw SSSG deceleration with subsidy normalization, while some remain at fast pace supported by new product/category expansion (e.g. Guming)	Online GMV decelerated from Jul to Sep MoM ahead of Double 11 shopping festival	Improved MoM from Jul to Sep (CTF)	Generally resilient growth momentum yet sequentially moderated on a rising base	Continued robust growth for RVC, but muted demand for projectors	Generally sluggish demand; developer channel is still under pressure
Outlook									
Guidance	Mixed - Anta brand reset topline guidance; other brands maintained the conservative outlook	Guidance have been reset earlier and are generally unchanged		Prudent expansion plan/outlook for restaurant players. But selective FMD brands' store expansion above earlier guidance (e.g. Guming, Lucky Cup)	Maintained, with certain downside risk on sales and margin if Double-11 underperformed	CTF/CTS maintained, with upside in margin due to elevated gold price and higher fixed-price products mix	Company divergence with leading companies maintaining their annual guidance		
Demand outlook	Large brands/retailers tone generally conservative on 4Q demand trend; niche/premium brands will outperform the industry albeit growth moderation vs 1H is likely due to higher base	Mixed - select players have better visibility thanks to wallet share gain/new clients etc.; some stay cautious on 4Q25 order book	Overseas peak season will provide support; but will also see impact from base/company's supply strategy	- Remain prudent on the overall demand - Companies with solid execution still deliver resilient performance. YUMC target similar SSSG in 4Q vs. 3Q; Guming SSSG remained fast	Demand remains soft as Double-11 to date growth was broadly slow.	Higher base into Q4, with continued store closures and volatile gold price; partly offset by favorable brand/fashion cycle	Domestic demand will face growth pressure on a higher base in 4Q; Exports demand to maintain largely stable	Solid growth for overseas demand, but moderated domestic growth on elevated base	Demand pressure considering completions decline in primary market and muted secondary property market
Margin outlook	GPM faces continuous headwinds from discount, channel shift towards online, enhanced materials without raising prices etc; OPM pressure to intensify in 2H due to base and brand investments	Several players posted better-than-feared margin profile in 3Q25 with various self-help efforts offsetting tariff-related headwinds. Looking ahead, worst is likely over though margin recovery path should be gradual	Positive operating leverage, especially with overseas entering peak season	Raw material price remained favorable in the near term, cost control efforts. But need to watch pricing/promotion trends	Margin pressure persists as subdued sales may cause operating deleverage, though many brands prioritize ROI.	Margin expansion from a higher fixed-price mix and elevated gold prices; while potential headwind from reduced gold-tax exemptions	Consistent guidance for mild margin expansion, while rising competition on lower-end products and tariff costs remain major downside risk	Continued marketing/branding investment in RVC to pose downward pressure on margins, yet sequentially stabilized; Projectors' margins impacted by new business expansion	More emphasis on efficiencies to maintain healthy margins, though it might be still impacted by property related impairment losses
Catalysts	Double-11/Double-12 shopping festival, CNY performance, Milan Winter Olympics, Amer's result on Nov.18	Brands' holiday demand / results, initial 2026 order outlook in late 4Q (incl World Cup orders),	IP/new product series launch, IP momentum, overseas market peak season	Platform's delivery subsidy update, policy support	Double 11; Maogeping lock-up expiry; Giant Biogene medical device certificates	HK jewelers results in Nov; New products launch	Trade-in/tariff policy development, weekly/monthly sales data, Singles' Day pricing/demand	New product launches, trade-in/tariff policy development, Singles' Day pricing/demand	Property market policy, housing data

Revenue/NP/OP yoy growth are based on market cap weighted average of GS covered companies.

Source: Company data, Visible Alpha Consensus Data, Goldman Sachs Global Investment Research

Exhibit 2: Summary of category momentum (Consumer staples)

	Spirits	Beer	Condiments	Dairy	Beverage	Snacks	Pet care	Prepared food
2025 revenue yoy	-4%	-1%	4%	-1%	18%	6%	20%	6%
2025 NP yoy	-2%	5%	8%	12%	25%	1%	5%	10%
YTD sector share price chg. (as of Nov,10)	-4%	-2%	-13%	-8%	43%	19%	22%	5%
3Q25 results snapshot								
Overall trend (vs. 2Q25)								
Revenue growth (yoy)	-10%	-4%	1%	-3%	19%	8%	16%	5%
3Q25 vs. Market expectation:								
Sales	↓	→	↓	↓	→	↓	↑	→
Margin	↓	→	↓	↓	→	↑	↓	↑
ASP / promotion / discount	Wholesale prices weakening under policy impact	(-) ASP still under pressure from weak on-trade channel (+) On-track in-home channel mix upgrades	No plan for price hike	(=) Raw milk price stabilizing (-) Intensified price competition, esp for premium UHT milk (-) More value offerings and private labels	(-) Intensified price pressure due to FMD competition under subsidies; Beverage companyes' new products are a mixed bag: (-) increasing large-pack offerings (+) premium SKUs	Better than expected promotion level	Selective brands with higher expenses for upcoming double 11	Stablizing pricing trend
Inventory	Higher than normal, esp for upper mid end	Maintained at disciplined level, healthier yoy		Normal level; Focus on destocking	Destocking in 3Q for some players	Normal level	Normal level	Normal level
Monthly trend	Under policy impact	Some pressure from weak on-trade	Continued pressure from weak on-trade	Demand yet to improve despite low base; muted gifting demand during holiday peak season	(+) Still strong secular growth (-) FMD competition pressured volume of RTD tea/milk tea/juices	Some pressure on tougher base	Still strong secular growth	Better 4QTD with less impacts from anti-graft policy
Outlook								
Guidance	Pressure on fulfilling 2025 growth targets esp for upper-mid-end	Largely resilient in margin	Largely resilient in margin	Look for S/D rebalance in 1H26	Look for sequential acceleration with 4Q on a easier comp and with FMD subsidies normalizing; Competition a swing factor	Higher base in 2H but full year guidance maintained	Prioritize domestic topline growth and stay positive for LT margin	Sequential recovery into 2026
Demand outlook	Demand under pressure from anti-extravagance policy, esp. for upper-mid-end	Look for continued solid in-home growth, while on-trade consumption still lags	Looking for recovery from policy impact in 2B channel; 2C still soft with some focus on healthy trend	Look for improvement in raw milk supply/demand balance in 1H25	Long term potential for per-cap penetration	Remain positive for the new category, e.g. Konjac development	Long term potential for per-cap penetration and premiumisation trend	Looking for opportunities from 2C channel; 2B recovering though still riding on macro environment
Margin outlook	Intensified pressure under anti-extravagance impact	Cost tailwinds to continue in 4Q but moving to a more LFL basis into 2026 with barley cost benefits narrowing	Cost tailwinds, competition a swing factor	Cost tailwinds to continue in 4Q but expected to normalize in 1H26; operating efficiency measures	Cost tailwinds, competition a swing entering peak season	Margin outlook intact with cost savings	Some impacts and low visibility for overseas and ST margin pressure for double 11	More stable margin profile by more rational pricing and no further rising cost headwind
Catalysts	Anti-extravagance policy normalizing; Consumption stimulus	Consumption stimulus; recovery in catering/nightlife channels	Consumption stimulus; recovery in catering channels	Supply side improvement; Dairy product consumption stimulus	New product ramp up; Significant FMD subsidy contraction	Konjac/new product ramping up	Double 11; New products launching with premiumisation trend	Consumption stimulus; recovery in catering channels

Revenue/NP/OP yoy growth are based on market cap weighted average of GS covered companies.

Source: Company data, Visible Alpha Consensus Data, Goldman Sachs Global Investment Research

Key findings from the 3Q25 results

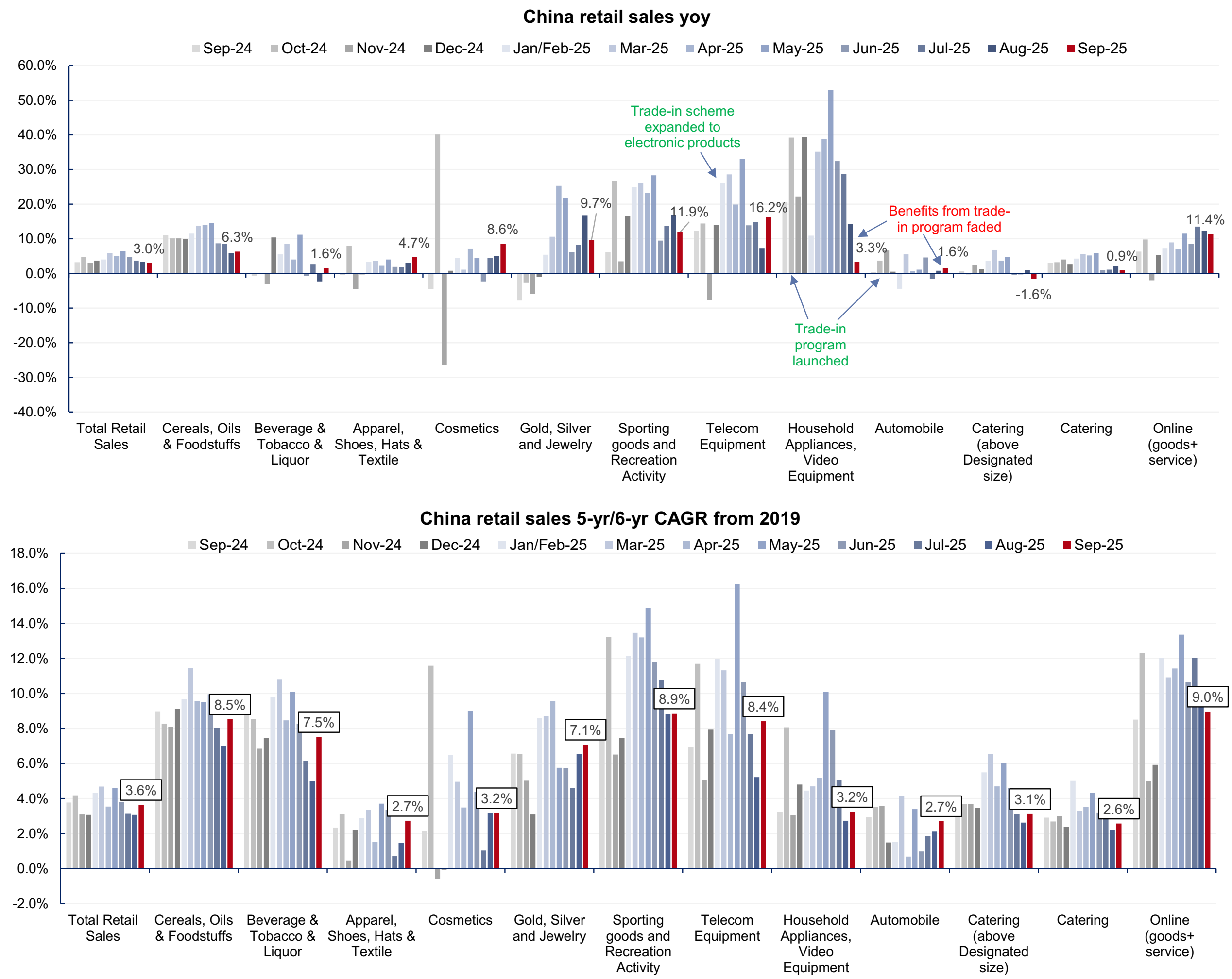
Demand remained soft/turned softer
The NBS data for retail sales growth was at 3.4% in 3Q25, decelerating from 5.4% in 2Q25 with drive from the trade-in subsidy fading and categories including catering and staples decelerating. National Day holiday key retail and restaurant enterprises sales growth came in below expectation at 2.7% yoy, with goods sales underperforming. At a company level, similarly, average sales growth for the companies we cover was +13% in 3Q25, moderating from +17%/+14% in 2Q25/1Q25 (Exhibit 11), and companies generally gave a conservative tone on the demand outlook with 4Q-to-date consumption remaining soft.

By category, spirits saw broad-based weakening P&L amid weakening demand/slowdown in fixed asset investments/Mid Autumn festival calendar shift, and some players had more aggressive shipment control (e.g. Wuliangye/Laojiao); **sportswear** brands saw sequentially weaker growth in 3Q, and brands' tone on 4Q25 are broadly muted in view of the rational spending trend, increased promotional intensity, and fierce competition especially in the mass market; **restaurants'** performance remained weak where retail sales growth in 3Q was up only 1% compared to 4% yoy growth in 2Q, though freshly made drinks remained a bright spot; in **cosmetics**, multiple brands reported sales miss in 3Q; for **home appliances**, growth further moderated with the base getting higher.

But on the bright side, several MNC companies are seeing sequential improvement/signs of earnings bottoming out in the China market, which in our view is partially supported by wealth effect/easier base/improved operation — examples include luxury names, Fast Retailing, Estee Lauder, etc.

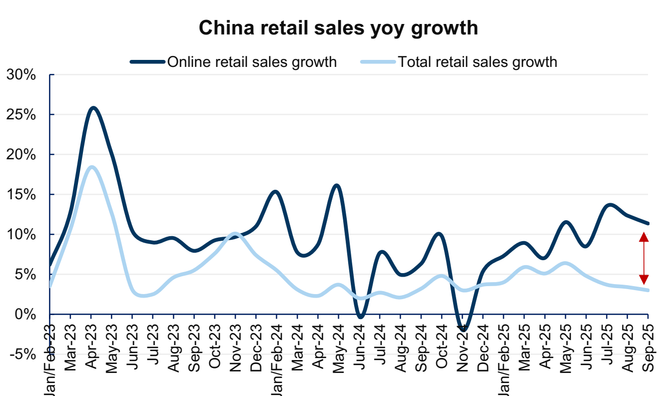
Signs of high end consumption recovery, though sustainability remains to be seen
We note growth improvement in several high-end consumption related sectors, presumably supported by wealth effect generated from the stock market, and foreign exchange-driven consumption; though we still need to watch sustainability given the overall consumption softness. For example, LVMH's 3Q China domestic sales growth turned to positive MSD-HSD% yoy growth, Chinese customer cluster sales decline also narrowed to LSD% from mid-teens in the prior quarter, from an easier base; Kering's China sales growth also rebounded; Swiss watch export to ML China/HK increased by 18%/21% in Sep; Macau GGR in Oct turned out to be better than expected. This also echoes positive color from China's DFC/luxury shopping malls: Hainan DFS saw datapoints indicating better sales trends; GS property team's trip in high end shopping malls also showcased recovery momentum in luxury retail especially in recent months.

Exhibit 3: Retail sales growth sequentially moderated in Jul, Aug and Sep



Source: NBS

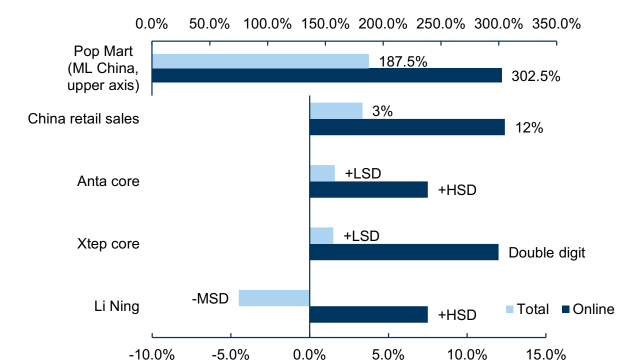
Exhibit 4: Online retail sales have been outpacing total retail sales in recent months



Source: NBS

Exhibit 5: At the company level, we also see online generally outperforming vs. offline in 3Q25

Selective companies' online vs overall growth



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

Margin still a mixed bag

We continued to see mixed margin performance in 3Q results. On the negative side, in addition to operating deleverage and inventory clearance that bring negative impact on margin, we note incremental impact coming from 1) for home appliances, some companies had negative margin impact from subsidy sharing amid controlled subsidy from the government's side; 2) stepped-up competition in some categories, such as pet foods (Gambol had meaningful NP miss mainly on selling expenses); 3) for some categories like beer and beverage, cost benefit is expected to diminish into 2026, and competition/promotion strategy will be key for OPM trends. However, we also saw several companies delivered margin beat, or better than feared margin performance, with more disciplined pricing strategy (e.g. prepared food) or investment amid demand softness; efficiency gain also supported solid margin performance for companies including YUMC, Midea, Haier.

Pricing: lingering deflation risk with demand softness and inventory clearance

We continue to see pricing risk in multiple categories amid the demand softness and need for inventory clearance. In **sportswear**, discounts remained on a yoy downward trend in 3Q25 (Li Ning discounts deteriorated by LSDpp yoy; Anta/Xtep offline discounts were stable but online discounts also expanded yoy) and players generally expect lingering discount pressure into 4Q/Double 11; in **spirits**, wholesale price of Feitian Moutai further trended down, Wuliangye cut effective ex-factory price to support channel profitability; in **dairy**, Yili saw weaker-than-expected pricing due to more intensive promotion/rebates and the launch of value-for-money products to stabilize market share in 3Q25 amid a still unfavorable S/D dynamic.

Into Double 11, we see mixed discount trends which are subject to brands' inventory level and effectiveness of discount. For cosmetics, our tracker on top tier KOL livestreaming suggests largely flattish discounts yoy, yet Botanee led in sales growth which was driven by the higher discounts they offered. In spirits, we note lowered prices for Moutai on e-commerce platforms. In home appliance, however, AC pricing is less competitive than 618 and brands see limited economic value to promote heavily in a light season; but in the meantime, amid controlled trade-in subsidy from the government side, some brands are offering company borne subsidy to drive sales.

Exhibit 6: We see intensifying pricing risks in multiple categories

Sector	Metrics	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	3Q25 momentum	2025E momentum
Sportswear	Discount yoy change (positive number -> discount improvement)	-2.2pp	0.6pp	0.4pp	0.4pp	0.9pp	1.5pp	-0.4pp	-1.5pp	-1.3pp	-1.7pp	-1.8pp	↓	↓
Restaurant	ASP yoy (market cap weighted average of YUMC, Haidilao, Jiumaojiu, Nayuki)	-1%	-5%	-7%	-10%	-7%	-7%	-2%	-3%	-2%	0%	-1%	→	→
Cosmetics	Skincare+Color makeup ASP on Tmall+Taobao (upward/downward arrow measure QoQ momentum)	96	107	80	110	81	93	77	109	98	109	83	↓	↓
Pet care	Pet food ASP yoy on Tmall+Taobao	5%	-2%	-4%	-14%	-20%	-19%	-15%	-6%	11%	12%	-2%	→	↑
Spirits	53% Feitian Moutai wholesale price (original case)	2,953	2,930	2,977	2,948	2,950	2,708	2,496	2,286	2,236	2,095	1,780	↓	↓
Beer	ASP yoy (market cap weighted average of CRB, BUD APAC, Tsingtao Brewery, Chongqing Brewery)	4%	6%	6%	6%	3%	-1%	-1%	-1%	-1%	0%	-2%	↓	↓

Source: AVC, Moojing, Company data, Daily Spirits Price, Goldman Sachs Global Investment Research

Overseas continued to be a mixed bag

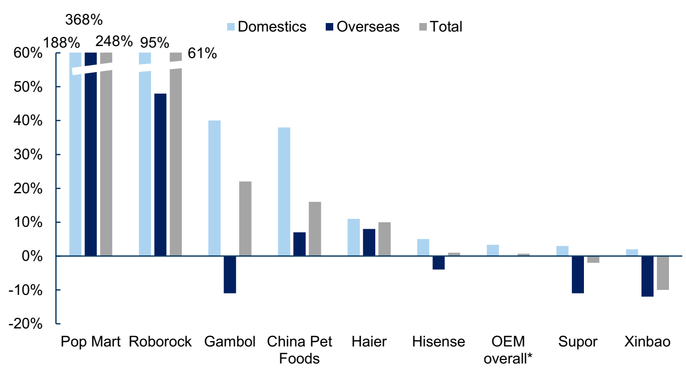
Overseas generally remains a support to topline growth but we have seen a wider divergence across companies and geographies in 3Q25. While many exporters have been facing direct and indirect headwinds from increased tariff in the US, those with differentiated and value-for-money product offerings/market expansions/localized operation and supply chain continued to see robust demand from global consumers. **For apparel and footwear OEM**, 3Q25 order book sequentially deteriorated from 2Q25 due to order adjustment of select mass-positioning/casual brands, but some players believe the worst is over exiting 3Q25, thanks to better clarity in order/pricing after tariff levels with ASEAN countries were confirmed. **For white goods**, overseas growth was healthy and resilient (led by Midea), but performance by geographies diverged - APAC and Europe would continue to be the key markets, US market demand is in weak recovery, while Latin America which led overseas growth in the past two years saw near-term growth pressure off a high base. **Pet companies** in overseas markets overall see weaker performance compared to Q2 (though have been well-expected), with traditional exports remaining subdued (non-US orders more resilient than US orders), while self-operated brands going global remain intact. For **diversified retailers**, Pop Mart had strong growth of 365%-370% yoy in overseas market, and Miniso's US market is expected to deliver SSSG acceleration in 3Q.

On margins, apparel/footwear OEMs mentioned the tariff sharing with brands as a margin headwind; appliances names also noted tariff sharing with retailers; pet food exporters noted LSD% tariff sharing with clients.

Exhibit 7: Apparel/footwear OEM, pet foods and home appliances have the highest exposure to the US market

Source: Company data

Exhibit 8: For appliances, domestic sales benefited from trade-in subsidy; For pet care, overseas growth was dragged by tariff headwinds; while for toy companies, overseas growth outperformed vs. domestic growth
Selective companies' domestics/overseas vs overall growth (3Q25)



For OEM, domestic represents overall apparel retail sales in China; total represents mkt cap weighted sector growth avg

Source: Company data, Goldman Sachs Global Investment Research

Divergent local vs. MNC performance

While we have been seeing local share gain in the past few years, there are a few signs of a reversal in 3Q25 as select MNC brands delivered improving performance. In **cosmetics**, Estee Lauder's ML China sales grew by HSD% in FQ1 (CY3Q) and above market expectation, implying market share gain; L'Oreal China sales is back to MSD% growth in 3Q. While for local brands, the performance was diverged dependent on product cycle, and the outperformers earlier (i.e. Giant, Proya) saw growth deceleration. In **sportswear**, similar to what we've seen in the last quarter, product differentiation, category exposure and price points are the key determinants for brands' divergent performance, rather than brands' origin. adidas brand is the clear share gainer in 3Q25 thanks to product heat and strong consumer engagement activities, but other large MNC brands, such as Nike/Puma declined by -10%/-20% respectively dragged by weak product cycle. Domestic sports brands were generally weak growing at -MSD to +LSD yoy in 3Q25 and faced intense homogeneous competition.

Exhibit 9: Local brands performed generally better vs. their 2019 levels than MNC brands; but individual brands' performance have diverged further
Local vs. MNC quarterly sales growth

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
Sportswear															
Growth - yoy															
MNC	-22%	-28%	-20%	-22%	-4%	21%	9%	23%	5%	3%	2%	0%	0%	-5%	0%
Local	23%	-1%	14%	-10%	9%	15%	10%	25%	6%	5%	1%	8%	6%	3%	1%
Growth/CAGR since 2019															
MNC	-2%	-5%	-3%	-5%	-2%	0%	0%	0%	-1%	0%	0%	0%	-1%	0%	0%
Local	22%	18%	17%	13%	19%	17%	16%	15%	17%	15%	13%	14%	16%	13%	11%
Cosmetics															
Growth - yoy															
MNC	-11%	-31%	-17%	-17%	-11%	12%	-14%	-27%	-2%	-13%	-8%	2%	-6%	5%	10%
Local	40%	23%	18%	16%	19%	28%	12%	13%	27%	16%	15%	5%	3%	8%	9%
Growth/CAGR since 2019															
MNC	11%	6%	5%	11%	7%	7%	1%	2%	5%	4%	-1%	2%	3%	4%	1%
Local	30%	31%	28%	32%	28%	30%	25%	28%	28%	28%	23%	24%	24%	25%	21%
Jewelry															
Growth - yoy															
MNC	-15%	-48%	-22%	-33%	-6%	25%	2%	1%	-21%	-25%	-29%	-15%	-13%	-8%	-6%
Laopu	-18%	-18%	-18%	-18%	115%	115%	115%	115%	104%	104%	138%	138%	201%	201%	49%
Other local brands	1%	-25%	12%	-32%	4%	16%	-4%	27%	-4%	-24%	-24%	-11%	-12%	3%	3%
Growth/CAGR since 2019															
MNC	5%	-5%	-1%	-6%	3%	0%	0%	-4%	-2%	-4%	-6%	-6%	-4%	-5%	-6%
Other local brands	0%	2%	6%	-3%	1%	5%	4%	3%	0%	-1%	-1%	0%	-2%	0%	0%

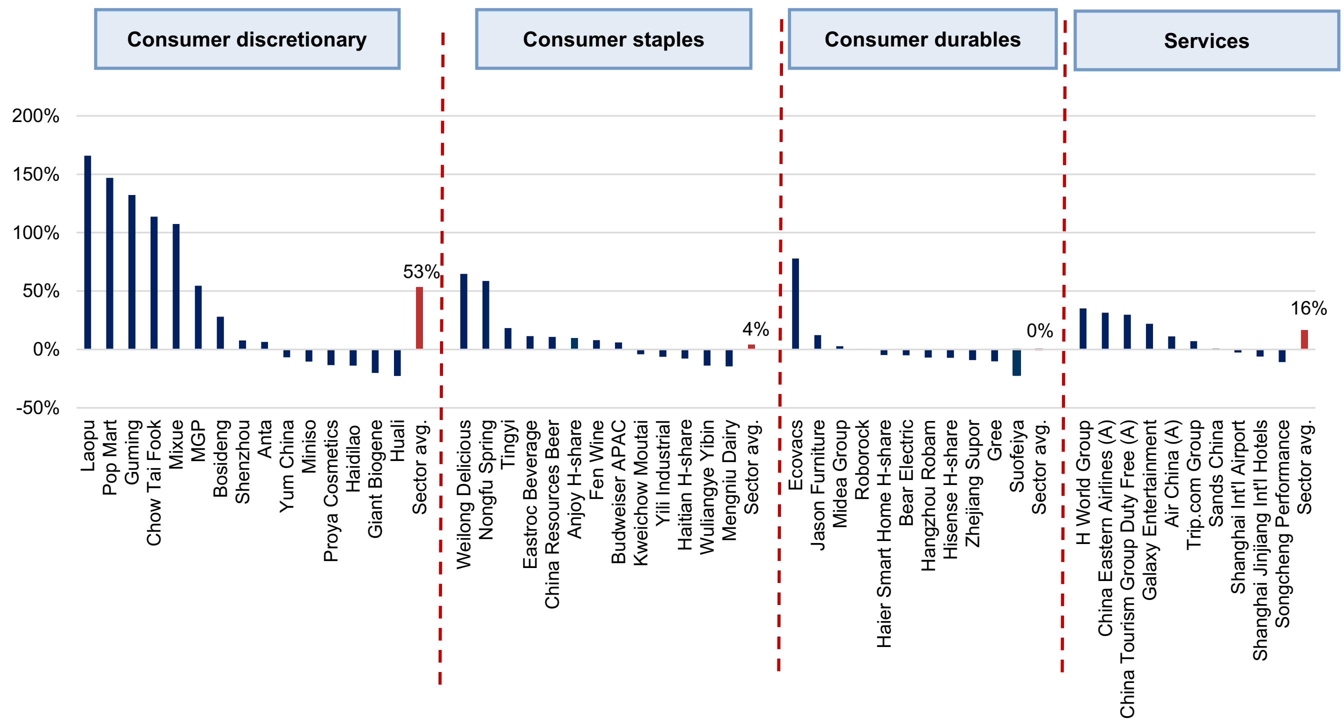
Source: Company data, Data compiled by Goldman Sachs Global Investment Research

What surprised us the most in 3Q25?
Positive surprises: 1) "new consumption" names continued to see solid growth, e.g. Pop Mart 3Q sales growth further accelerated; Guming had >20% per store GMV growth in the quarter supported by food delivery subsidy and successful new products/category expansion; **2) Prepared food** generally reported better-than-feared results (e.g. Anjoy beat on margin with more rational pricing/Sanquan beat on lower selling expenses ratio); **3) Apparel and footwear OEMs** saw margin beat vs. relatively low expectation; **4) Jewelry retailers** saw gross margin improvement thanks to gold price surge in late-Sep and growing proportion of fixed-price products, though demand remained volatile.

Negative surprises: 1) Spirits had broad-base weakening P&L and most companies reported earnings miss (more details), amid weakening demand/slowdown in fixed asset investments/Mid Autumn festival calendar shift; we also note players had more aggressive shipment control (e.g. Wuliangye, Laojiao); **2) Sportswear brands** saw sequentially softer sales performance, though in line with market lowered expectation; **3) Some appliances companies rolled out company-borne subsidy** amid government control of trade-in subsidy since late Jun, resulting in margin pressure (e.g. Roborock); **4) Cosmetics** names including Proya/Botanee/Bloomage reported earnings miss, mainly attributed to soft sales and front-loaded selling expense for earlier Double-11. Botanee/Bloomage also missed on GPM due to de-stocking/ medical aesthetics price competition respectively; **5) Gambol** reported a meaningful NP miss, due to higher-than-expected selling expense ratio likely on intensified competition.

Earnings revision cycles

Exhibit 10: YTD share price performance: Consumer discretionary led the growth while consumer durables underperformed within consumer goods



As of Nov 10

Source: Datastream

Exhibit 11: Diversified retailers, Emerging appliances and F&B delivered highest yoy growth in 3Q25

GS Consumer coverage forecasts - quarterly yoy growth

Sector	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E
Sports brands	15.0%	-3.0%	11.1%	-9.8%	6.2%	15.5%	10.3%	28.6%	13.4%	7.4%	3.4%	8.2%	7.6%	3.3%	1.4%	4.7%
Sports retailer	-18.8%	-27.5%	-3.0%	-18.3%	-9.7%	20.5%	-1.9%	12.1%	-0.4%	-5.6%	-12.8%	-4.8%	-5.8%	-5.7%	-6.9%	-4.7%
Textile/footwear OEM	16.7%	21.9%	33.4%	6.0%	-15.9%	-12.5%	-10.4%	2.6%	16.0%	13.6%	15.9%	11.8%	12.2%	7.6%	0.7%	1.1%
Catering	-6.8%	-14.7%	-1.0%	-6.3%	20.9%	29.3%	25.4%	28.8%	9.2%	7.5%	0.1%	0.2%	16.6%	17.7%	12.2%	12.0%
Prepared food	15.1%	23.6%	20.4%	20.5%	19.5%	15.1%	9.2%	-2.3%	6.7%	3.9%	11.0%	5.7%	3.6%	7.3%	5.3%	7.1%
Diversified retailers	41.2%	-1.4%	-0.3%	-15.7%	12.7%	37.3%	33.8%	64.5%	50.2%	75.7%	99.6%	130.1%	127.8%	183.5%	154.3%	155.2%
Jewelry	13.4%	-4.4%	4.9%	-21.1%	11.7%	15.2%	-3.2%	23.8%	0.6%	-23.4%	-28.3%	-22.0%	-18.8%	-4.4%	6.7%	7.9%
Traditional Appliances	9.6%	2.7%	3.7%	-8.0%	4.2%	8.5%	7.9%	11.5%	8.1%	5.7%	0.7%	8.8%	16.4%	6.1%	4.7%	-1.4%
Emerging Appliances	24.6%	15.2%	9.6%	10.5%	2.0%	23.1%	30.5%	13.2%	27.1%	13.6%	14.8%	41.2%	38.9%	43.3%	33.0%	19.8%
Beer	3.8%	3.7%	7.7%	-12.5%	10.0%	8.2%	-0.5%	3.1%	-2.9%	-8.4%	-7.7%	-3.6%	-3.6%	-1.8%	-4.0%	0.7%
Spirits	20.6%	14.6%	16.8%	17.4%	17.4%	19.0%	14.8%	17.3%	16.9%	14.6%	9.0%	3.9%	7.2%	0.8%	-10.3%	-11.1%
Condiments	2.1%	21.9%	5.6%	-4.3%	1.9%	-3.9%	4.2%	-7.1%	8.4%	5.1%	8.2%	10.5%	4.3%	4.8%	1.1%	4.6%
Dairy	11.2%	9.5%	6.6%	12.6%	7.6%	2.5%	3.4%	-0.1%	-4.9%	-15.6%	-6.8%	-7.1%	-0.6%	2.8%	-3.5%	-3.8%
Cosmetics	41.0%	32.4%	37.6%	38.7%	30.9%	38.1%	18.7%	19.8%	32.5%	27.8%	22.0%	13.9%	8.6%	11.9%	16.5%	25.5%
F&B (assume 1Q/2Q=1H, 3Q/4Q=2H)	9.1%	9.1%	13.5%	13.5%	20.0%	20.0%	26.6%	26.6%	14.2%	14.2%	2.3%	2.3%	16.7%	16.7%	19.0%	19.0%
Snacks	-4.8%	9.3%	6.8%	12.5%	5.9%	22.6%	30.5%	12.0%	40.5%	20.1%	23.9%	26.5%	13.0%	16.1%	8.3%	7.3%
Pet Care	31.2%	18.6%	54.0%	-3.3%	9.8%	17.1%	23.5%	31.6%	32.2%	13.8%	20.0%	22.5%	27.7%	24.9%	16.1%	14.2%
Furniture	21.1%	10.3%	2.6%	-1.6%	-11.1%	9.4%	5.0%	8.1%	7.3%	-13.0%	-16.0%	-14.7%	2.0%	-0.8%	-2.1%	-2.8%
Pork (assume 1Q/2Q=1H, 3Q/4Q=2H)	0.5%	0.5%	5.5%	5.5%	-2.1%	-2.1%	-9.5%	-9.5%	-6.3%	-6.3%	2.3%	2.3%	8.9%	8.9%	5.9%	5.9%
Luxury	0.2%	-27.2%	0.6%	-12.4%	17.8%	48.5%	9.9%	15.6%	-8.2%	-13.1%	-17.3%	-7.9%	-9.1%	-6.4%	-0.3%	2.0%
Average	**12%**	**6%**	**12%**	**1%**	**8%**	**17%**	**11%**	**15%**	**13%**	**7%**	**7%**	**11%**	**14%**	**17%**	**13%**	**13%**
Macro																
China real GDP growth	4.8%	0.4%	3.9%	2.9%	4.5%	6.3%	4.9%	5.2%	5.3%	4.7%	4.6%	5.4%	5.4%	5.2%	4.8%	4.5%
China retail sales growth	3%	-4%	4%	-3%	6%	11%	4%	8%	5%	3%	3%	4%	5%	5%	3%	
Household Cash Flow																
Disposable income growth	6%	3%	7%	4%	5%	8%	6%	6%	6%	4%	5%	6%	5%	5%	4%	
Saving rate	38%	34%	33%	28%	38%	32%	30%	26%	37%	31%	31%	27%	37%	31%	32%	
Home purchase growth	-26%	-36%	-21%	-27%	6%	-8%	-23%	-20%	-33%	-22%	-16%	4%	-1%	-10%	-13%	
Adj. discretionary cash flow growth	-20%	-22%	-12%	-32%	3%	19%	10%	42%	15%	9%	1%	9%	1%	0%	8%	
Household Consumption growth	7%	-2%	5%	-2%	5%	12%	11%	9%	8%	5%	3%	5%	5%	5%	3%	

As of Nov 10, 2025; the aggregate growth for each sector is weighted by the latest market cap

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 12: Diversified retailers, emerging appliances, pet food companies are expected to deliver highest yoy growth in 2025E

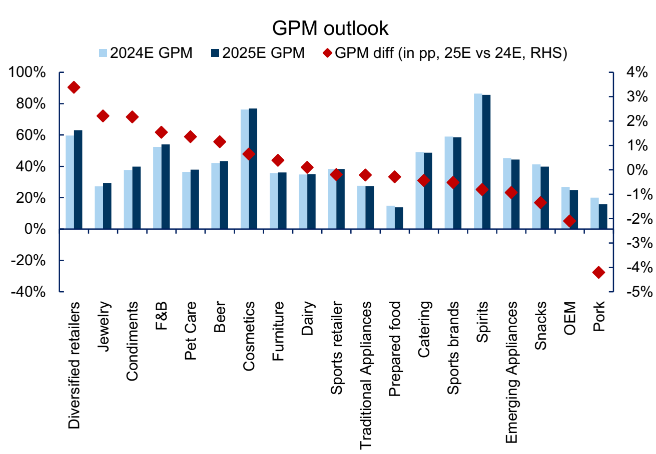
GS Consumer coverage quarterly forecasts vs. 2019, and annual forecasts

	Quarterly sales CAGR vs 2019								Annual sales yoy growth								
Sector	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sports brands	15%	12%	10%	17%	14%	10%	8%	15%	36%	5%	37%	10%	16%	13%	10%	8%	8%
Sports retailer	-2%	-5%	-7%	-6%	-3%	-5%	-7%	-6%	7%	5%	-9%	-15%	3%	-5%	-6%	1%	3%
Textile/footwear OEM	4%	6%	7%	7%	6%	7%	6%	6%	10%	-4%	17%	15%	-11%	15%	5%	6%	8%
Catering	10%	9%	7%	7%	11%	11%	8%	8%	25%	-1%	26%	11%	34%	12%	17%	11%	11%
Prepared food	19%	17%	17%	14%	16%	15%	15%	13%	18%	21%	25%	20%	9%	6%	6%	9%	8%
Diversified retailers	24%	23%	29%	34%	37%	41%	44%	49%		45%	67%	3%	51%	91%	155%	30%	15%
Jewelry	1%	2%	3%	1%	-3%	1%	4%	2%	-3%	7%	36%	7%	15%	-11%	0%	2%	3%
Traditional Appliances	6%	6%	6%	8%	8%	6%	6%	6%	6%	4%	20%	3%	9%	6%	5%	3%	5%
Emerging Appliances	17%	21%	26%	27%	21%	24%	27%	26%	23%	28%	42%	14%	17%	25%	30%	12%	12%
Beer	4%	1%	1%	0%	3%	1%	0%	0%	20%	-7%	14%	2%	7%	-5%	-1%	5%	4%
Spirits	17%	16%	13%	13%	15%	13%	9%	9%	18%	10%	18%	18%	18%	11%	-4%	3%	7%
Condiments	8%	7%	7%	6%	8%	7%	6%	6%	18%	17%	8%	5%	-1%	8%	4%	8%	8%
Dairy	6%	4%	4%	4%	5%	4%	3%	3%	14%	4%	15%	10%	4%	-9%	-1%	2%	3%
Cosmetics	31%	32%	27%	31%	27%	29%	25%	30%	38%	24%	38%	44%	55%	23%	15%	20%	15%
F&B (assume 1Q/2Q=1H, 3Q/4Q=2H)	13%	13%	13%	13%	13%	13%	14%	14%	19%	2%	29%	13%	24%	8%	18%	15%	11%
Snacks	16%	14%	16%	14%	15%	15%	15%	13%	11%	15%	12%	3%	9%	16%	6%	8%	7%
Pet Care	26%	22%	26%	19%	26%	22%	25%	19%	17%	39%	25%	28%	21%	20%	20%	24%	21%
Furniture	12%	9%	7%	6%	10%	7%	6%	4%	14%	12%	32%	3%	2%	-10%	-2%	2%	3%
Pork (assume 1Q/2Q=1H, 3Q/4Q=2H)	2%	2%	1%	1%	3%	3%	2%	2%	1%	1%	1%	1%	-1%	-1%	7%	2%	3%
Luxury	13%	10%	7%	8%	9%	7%	6%	7%	12%	6%	50%	-15%	12%	-20%	-2%	11%	7%
Average	**12%**	**11%**	**11%**	**11%**	**12%**	**12%**	**11%**	**11%**	**17%**	**13%**	**25%**	**8%**	**13%**	**9%**	**13%**	**9%**	**8%**
Macro																	
China real GDP growth	5.0%	4.5%	4.7%	4.8%	5.0%	4.6%	4.7%	4.8%	6.1%	2.3%	8.6%	3.1%	5.4%	5.0%	5.0%	4.8%	4.7%
China retail sales growth	4%	4%	3%	3%	4%	4%	3%		8%	-5%	12%	0%	7%	3%			
Household Cash Flow																	
Disposable income growth	6%	6%	6%	6%	6%	6%	6%		9%	5%	9%	5%	6%	5%	5%		
Saving rate	38%	32%	33%	26%	38%	32%	33%		30%	34%	31%	33%	32%	32%	31%		
Home purchase growth	-4%	-10%	-12%	-10%	-4%	-10%	-12%		10%	11%	5%	-30%	-9%	-18%	-13%		
Adj. discretionary cash flow growth	-1%	0%	0%	1%	-1%	0%	1%		2%	1%	13%	-22%	18%	8%	6%		
Household Consumption growth	6%	6%	6%	5%	6%	5%	6%		9%	-1%	14%	2%	9%	5%	5%		

As of Nov 10, 2025; the aggregate growth for each sector is weighted by the latest market cap

Source: Company data, Goldman Sachs Global Investment Research

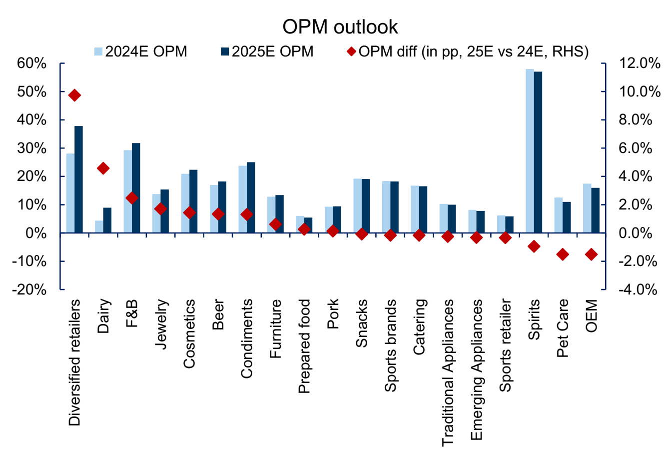
Exhibit 13: GPM outlook by sector



As of Nov 10

Source: Company data, Goldman Sachs Global Investment Research

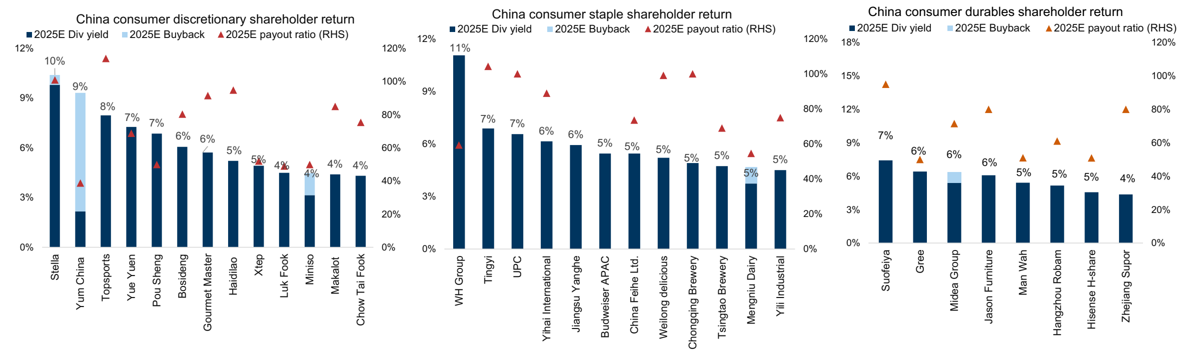
Exhibit 14: OPM outlook by sector



As of Nov 10

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 15: China consumer shareholder returns

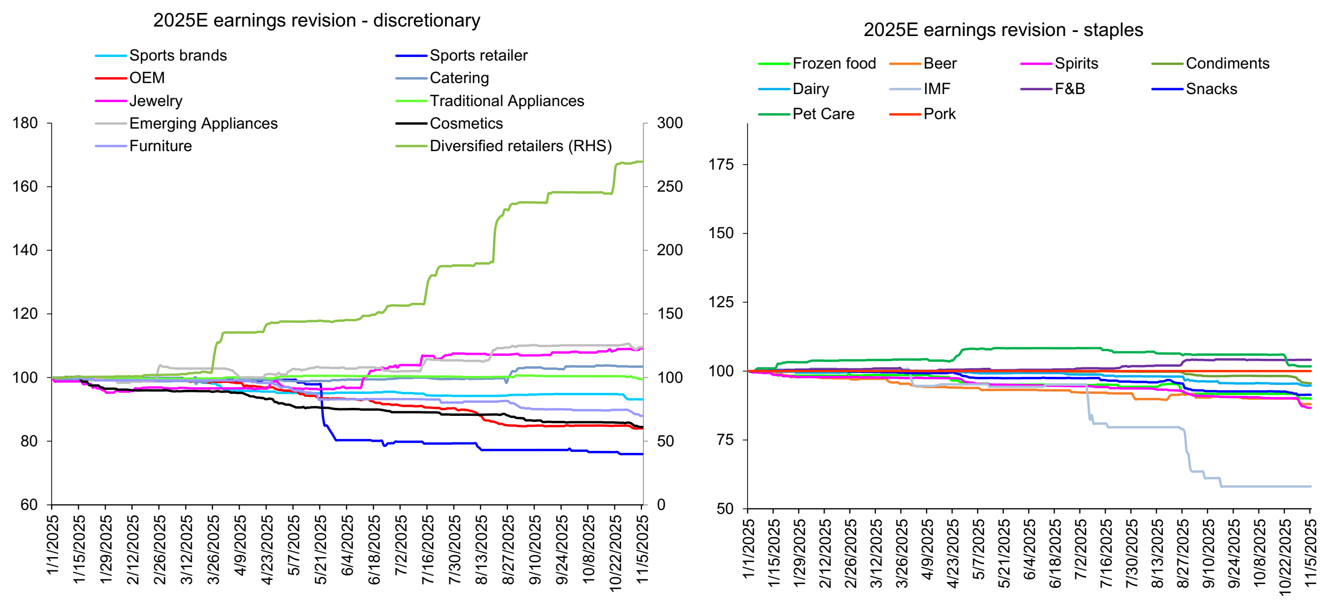


As of Nov 10; share buyback is adjusted to 2025E horizon

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 16: YTD, diversified retailers and emerging appliances earnings have been revised up the most; while sports retailer and IMF lagged

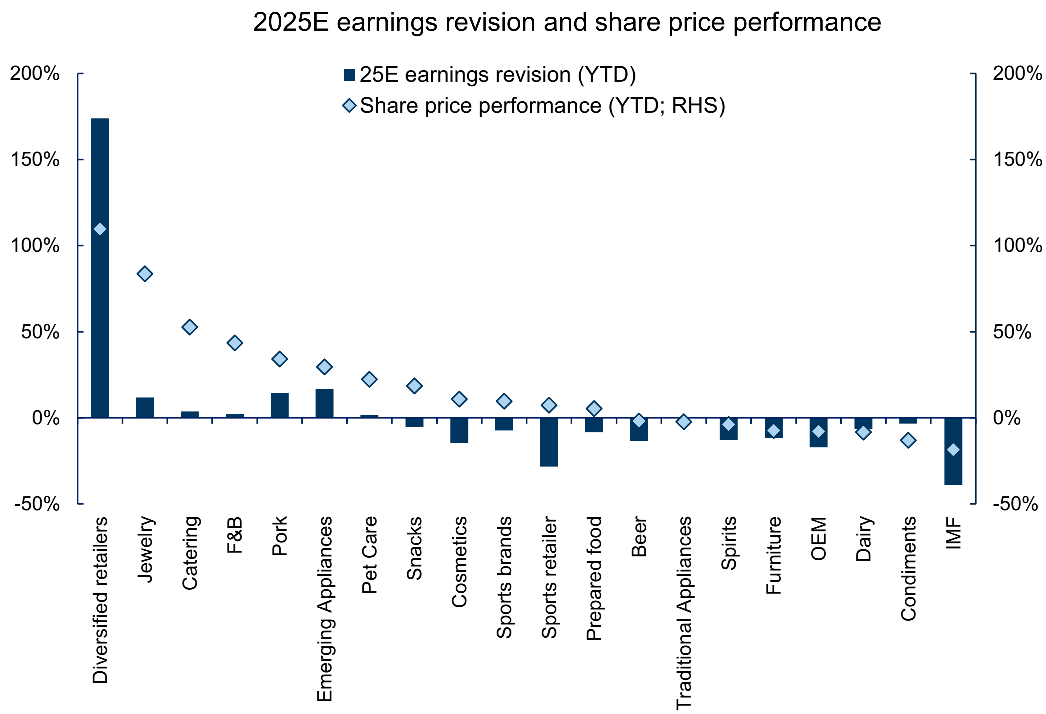
Consensus revisions



As of Nov 5

Source: Bloomberg

Exhibit 17: 2025E earnings revisions and price performance by sector



As of Nov 10

Source: LSEG Data & Analytics

GS sector/stock preferences

We update our sector preference (Exhibit 18) vs the prior version in Sep. 1) We continue to **prefer diversified retailers** (resilient IP demand in domestic market along with overseas expansion opportunity), **beverage** (secular growth), **pet food** (penetration + premiumization) 2) We upgrade **apparel and footwear OEMs** to Neutral from least preferred given 'the worst is over' with easing tariff uncertainty, and we expect gradual sales/margin recovery from here; 3) We downgrade **Sports brands** to Neutral from most preferred and **Sports retailers** to least preferred from Neutral considering the promotional consumption backdrop. 4) Furniture, projectors, discretionary small kitchen appliances, and non super-premium spirits remain our least preferred sectors.

Exhibit 18: Sector preference

	Sector
Preferred	Diversified retailer, Pet food, Beverage
Neutral	Condiment, Cosmetics, Snacks, Beer, Dairy, Major/small kitchen appliances, RVC, Super premium spirits, Prepared food, Leading white goods, Restaurants, Jewelry, Apparel/footwear OEM ↑, Sports brands ↓
Least preferred	Furniture, Projectors, Discretionary small kitchen appliances, Spirits (non super-premium), Sports retailer ↓

As of Nov 11, 2025

Source: Goldman Sachs Global Investment Research

Exhibit 19: Comp sheet of preferred stocks

Company	Ticker	Rating	Mkt cap (US$mn)	3m Ave. daily turnover (US$mn)	12m TP (LLC)	Current price (LLC)	(+/-) vs TP	Net income (yoy)			PE (x)			EV/EBITDA (x)			ROE			Dividend yield			FCF yield		
						10-Nov		2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
China consumer discretionary																									
Guming	1364.HK	Buy*	7,061	22.2	32.00	23.08	39%	46%	27%	22%	23	18	15	16	13	10	62%	38%	38%	4%	3%	3%	4%	6%	7%
Anta	2020.HK	Buy	30,089	135.6	115.00	82.85	39%	10%	13%	13%	16	14	13	14	12	9	20%	21%	21%	3%	3%	4%	8%	7%	9%
Mixue	2097.HK	Buy	20,510	33.7	579.00	420.00	38%	26%	18%	18%	26	22	18	18	14	12	29%	25%	23%	0%	0%	0%	2%	4%	4%
Yum China	YUMC	Buy	15,932	72.8	56.00	44.79	25%	1%	8%	8%	18	15	14	8	8	7	17%	20%	23%	2%	3%	3%	5%	6%	7%
Laopu Gold	6181.HK	Buy	14,249	144.3	1,088.00	641.50	70%	225%	38%	19%	21	15	13	16	11	9	67%	53%	46%	2%	3%	4%	-2%	4%	4%
Shenzhou	2313.HK	Buy	12,927	50.8	74.00	66.85	11%	5%	8%	11%	14	13	12	10	9	8	18%	18%	18%	4%	5%	5%	8%	6%	7%
Miniso	MNSO	Buy	6,690	23.3	29.00	21.72	34%	11%	21%	21%	16	13	11	13	11	8	20%	26%	29%	3%	4%	5%	5%	9%	8%
China consumer staples																									
Eastroc Beverage	605499.SS	Buy*	20,230	87.8	350.00	276.89	26%	37%	24%	19%	32	25	21	24	20	16	54%	57%	57%	2%	3%	3%	2%	2%	3%
WH Group	0288.HK	Buy	13,302	28.0	8.90	8.06	10%	9%	-3%	4%	8	9	8	4	4	4	15%	14%	14%	7%	7%	7%	16%	15%	16%
CR Beer	0291.HK	Buy	11,677	44.4	36.70	27.98	31%	24%	4%	8%	15	14	13	8	7	7	18%	17%	17%	4%	4%	5%	6%	8%	9%
Tingyi	0322.HK	Buy	8,680	14.9	12.70	11.98	6%	9%	9%	8%	15	14	13	7	7	6	29%	31%	32%	7%	7%	8%	7%	9%	10%
Weilong Delicious	9985.HK	Buy	3,709	11.6	13.90	11.86	17%	26%	14%	12%	19	17	15	10	9	8	21%	22%	24%	5%	6%	7%	6%	5%	6%
China Pet Foods	002891.SZ	Buy	2,498	65.7	65.00	60.46	8%	9%	45%	33%	41	29	21	27	19	14	17%	21%	24%	1%	1%	1%	2%	3%	5%
China durables																									
Midea Group	000333.SZ	Buy	83,472	441.6	96.00	77.33	24%	17%	7%	7%	13	12	12	10	9	8	20%	20%	21%	5%	6%	7%	9%	7%	8%
Hisense Home Appliances	000921.SZ	Buy	5,234	50.1	31.00	26.84	15%	0%	6%	9%	11	11	10	7	6	6	20%	20%	20%	5%	5%	5%	8%	9%	11%

* denotes stocks on the APAC Conviction List

Source: Goldman Sachs Global Investment Research, Company data, Bloomberg

3Q25 macro headline number driven by resilient manufacturing and exports albeit domestic consumption-related softened

The 3Q25 headline GDP growth came in at 4.8% yoy, leading our economists to raise the full-year 2025 GDP forecast to 5.0% on the back of a strong supply-side push, keeping the "around 5%" annual target within reach. That said, this growth is bifurcated, driven by resilient manufacturing and exports, but domestic demand remains weak. We see softness in consumption-related data points including: 1) **Consumption:** Household consumption softened mainly driven by weaker spending on food, medicine and medical services, and residence. Household nominal consumption yoy growth slowed to 3.4% in Q3 from 5.2% in Q2. **2) Labor market & saving rate:** the labor market weakened further in 3Q. Real per capita disposable income growth edged down to 4.8% yoy, leading to a deceleration in real per capita expenditure growth to 4.7% yoy, compared to 5.1% in 2Q. Surveyed unemployment rate ticked up to 5.1% in September and the youth unemployment rate (excluding students) remained elevated at 14.5%. Various wage-related indicators showed slower growth in Q3. Consequently, the household saving rate edged up to 33.1% from 32.8% in 2Q, remaining above pre-Covid levels and indicating continued cautious sentiment. **3) Property Market:** The property downturn continues to be a major drag on the economy and erode household wealth and confidence in Q3. **Sep 2025** nationwide primary sales volume/value declined by -11%/-12% yoy respectively, and secondary sales volume (+16% yoy) was above expectations, meanwhile prices remained on a downward trend. As there is still a long way to go before inventories are fully destocked, house prices may continue to decline leading to further negative wealth effect. **4) Inflation:** Disinflationary pressures persist with headline CPI at a low 0.5% yoy in 3Q, though on a positive note, PPI deflation narrowed significantly to -1.0% yoy from -3.0% in 2Q. **5) Consumption willingness:** based on the PBOC Q3 survey, the share of households willing to increase consumption decreased to 19.9% in Q3 2025 after seasonal adjustments, from 22.4% in Q2 2025. Based on our discretionary cashflow model, while the theoretical cash flow growth accelerated in 3Q with less deposit increasing yoy and a relatively low base, the actual consumption decelerated (Exhibit 21). **On the positive side, CPI in Oct turned to positive** as food deflation narrowed and non-food prices rose, which surprised to the upside. However, the GS macro team noted that **several technical factors contributed to the improvement**, including National Day holiday calendar impact and higher gold price.

On the policy front, the recent 4th Plenum reinforced a focus on technology and security over large-scale stimulus. While the plenum highlighted "people's livelihood" and contained encouraging language aimed at boosting consumption, our economists believe the path toward increasing the consumption share of China's GDP will be very gradual as policymakers will need time to experiment and identify effective instruments. Therefore, while some local or targeted consumption support might emerge, a broad-based, centrally-led consumption stimulus appears unlikely in the near term.

Exhibit 20: Goldman Sachs China Household Discretionary Cashflow Model

(Rmb tn)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Disposable income												
Wage income	*17.0*	*18.5*	*20.2*	*22.0*	*24.0*	*25.2*	*27.7*	*29.1*	*31.1*	*32.9*		
Business income	*5.4*	*5.8*	*6.2*	*6.7*	*7.3*	*7.5*	*8.3*	*8.7*	*9.2*	*9.7*		
Property income	*2.4*	*2.6*	*2.9*	*3.3*	*3.7*	*3.9*	*4.3*	*4.6*	*4.7*	*4.8*		
Transfer income	*5.2*	*5.9*	*6.6*	*7.6*	*8.3*	*8.9*	*9.2*	*9.7*	*10.2*	*10.8*		
A) Disposable income	**30.0**	**32.7**	**35.9**	**39.7**	**43.3**	**45.5**	**49.6**	**52.1**	**55.3**	**58.2**	**61.3**	**64.8**
Surveyed disposable income growth	*9.5%*	*9.0%*	*9.7%*	*10.5%*	*9.2%*	*4.9%*	*9.2%*	*4.9%*	*6.2%*	*5.2%*	*5.3%*	*5.7%*
Financing activities												
B) Debt service	(4.3)	(4.7)	(5.7)	(7.3)	(8.4)	(9.6)	(11.7)	(12.7)	(14.1)	(15.2)	(15.4)	(15.7)
Mortgage	(1.7)	(2.0)	(2.5)	(3.2)	(3.7)	(4.2)	(4.8)	(5.1)	(5.2)	(6.1)	-5.9	-5.8
Non-mortgage HH loan	(2.5)	(2.7)	(3.2)	(4.1)	(4.7)	(5.4)	(6.9)	(7.6)	(8.9)	(9.1)	-9.5	-9.8
C) Gross borrowing	6.5	9.3	10.6	11.7	12.3	13.5	15.1	12.3	15.4	14.6	14.9	15.9
Total mortgage balance	13.1	18.0	21.9	25.8	30.2	34.5	38.3	38.8	38.2	37.4	37.2	37.4
Yearly mortgage payment %	-16%	-15%	-14%	-15%	-14%	-14%	-14%	-13%	-14%	-16%	-16%	-16%
D) Discretionary cash flow = A + B + C	32.2	37.4	40.8	44.0	47.2	49.4	53.0	51.7	56.6	57.6	60.7	65.0
yoy growth	*11.6%*	*15.9%*	*9.3%*	*7.7%*	*7.3%*	*4.6%*	*7.4%*	*-2.5%*	*9.5%*	*1.7%*	*5.5%*	*7.1%*
E) Saving - Deposit change	4.5	(5.5)	(4.5)	(7.2)	(9.7)	(11.3)	(9.9)	(17.9)	(16.7)	(14.4)	(15.0)	(16.0)
% of disposable income	15%	-17%	-13%	-18%	-22%	-25%	-20%	-34%	-30%	-25%	*-24%*	*-25%*
Saving - Macro team's definition = A - G	8.6	9.2	10.6	11.8	12.9	15.5	15.6	17.4	17.5	18.4	19.4	20.3
Saving rate on Macro team's definition	28%	28.2%	29.5%	29.7%	29.9%	34.1%	31.4%	33.5%	31.7%	31.6%	31.1%	30.9%
F) Adj. discretionary cash flow = D + E	**36.7**	**31.9**	**36.3**	**36.7**	**37.5**	**38.1**	**43.1**	**33.8**	**39.9**	**43.2**	**45.8**	**49.0**
yoy growth	*31.2%*	*-13.1%*	*13.7%*	*1.3%*	*2.1%*	*1.4%*	*13.3%*	*-21.7%*	*18.2%*	*8.2%*	*6.0%*	*7.0%*
Discretionary cash outflow												
G) Consumption	21.5	23.5	25.3	27.9	30.4	30.0	34.0	34.6	37.8	39.8	41.9	44.5
yoy growth	*9.0%*	*9.4%*	*7.7%*	*10.1%*	*9.0%*	*-1.5%*	*13.7%*	*1.8%*	*9.0%*	*5.3%*	*5.3%*	*6.2%*
H) House purchase and other investments	15.3	8.4	11.0	8.8	7.1	8.1	9.1	(0.9)	2.1	3.4	3.9	4.5
Home purchase	7.3	9.9	11.0	12.6	13.9	15.5	16.3	11.4	10.3	8.5	7.4	6.8
Changes in other financial assets	8.0	-1.5	-0.1	-3.8	-6.8	-7.3	-7.2	-12.2	-8.2	-5.1	-3.5	-2.3

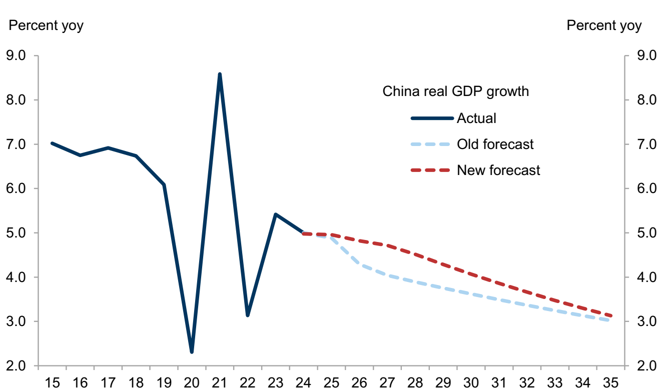
Source: NBS, Wind, Goldman Sachs Global Investment Research

Exhibit 21: Household cash flow 3Q25 summary

Key metrics	1Q25	2Q25	3Q25	Vs 3Q24	Vs 2Q25
Disposable income growth	5%	5%	4%	-1pp	-1pp
Saving rate (1 - consumption / disposable income)	37%	31%	32%	1pp	1pp
Adj discretionary cash flow growth	1%	0%	8%	7pp	8pp
Home purchase growth	-1%	-10%	-13%	3pp	-3pp
Household consumption growth	**5.0%**	**4.9%**	**3.1%**	**-0.4pp**	**-1.8pp**

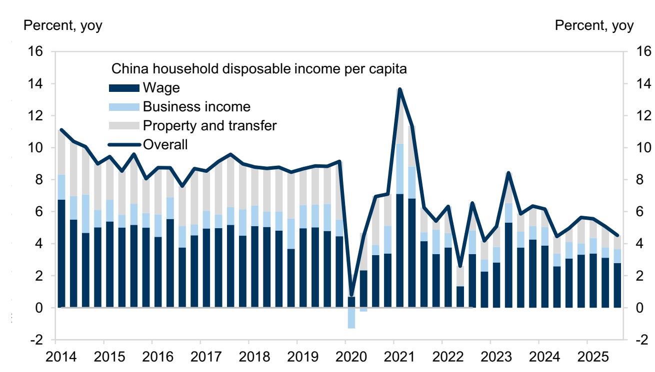
Source: NBS, Goldman Sachs Global Investment Research

Exhibit 22: GS economists revise up China real GDP growth forecasts for the coming decade primarily due to stronger export growth expectations



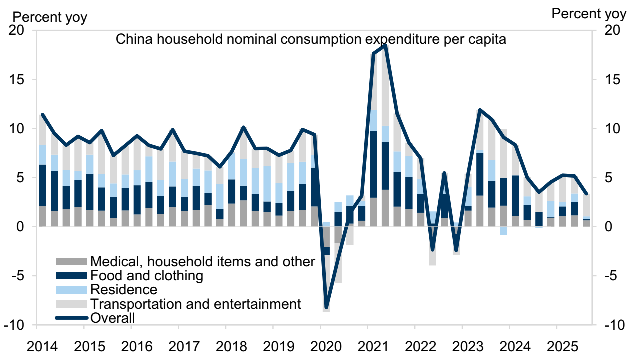
Source: NBS, Goldman Sachs Global Investment Research

Exhibit 23: Household disposable income per capita yoy growth moderated in Q3 2025



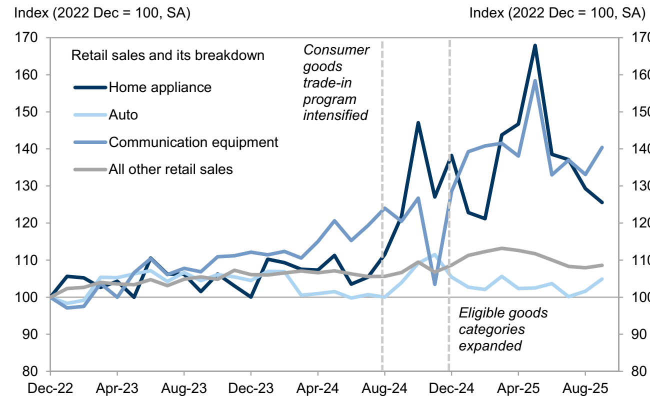
Source: NBS

Exhibit 24: Household consumption per capita yoy growth declined in Q3 2025



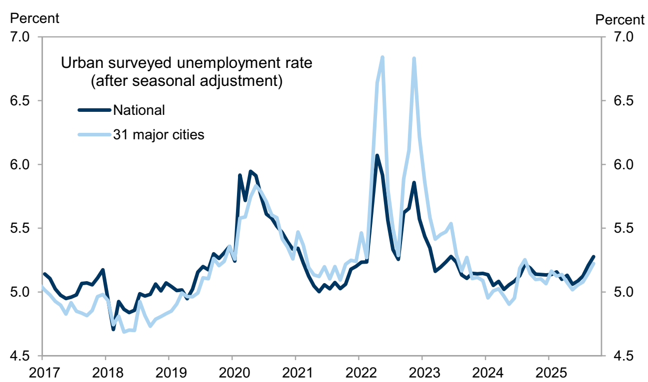
Source: Goldman Sachs Global Investment Research, CEIC

Exhibit 25: The boost from the consumer goods trade-in program has faded somewhat in recent months



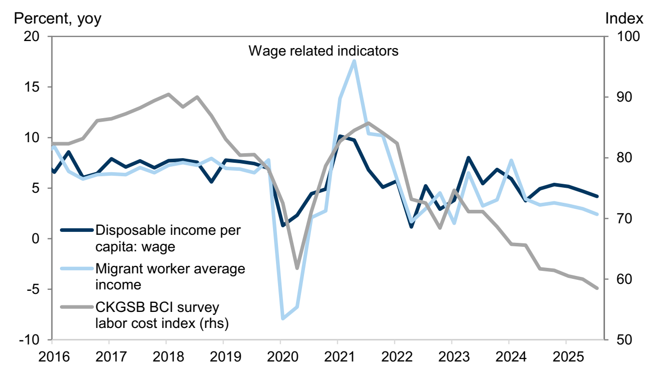
Source: NBS, CEIC, Goldman Sachs Global Investment Research

Exhibit 26: Official surveyed urban unemployment rates rose in Q3 vs. Q2



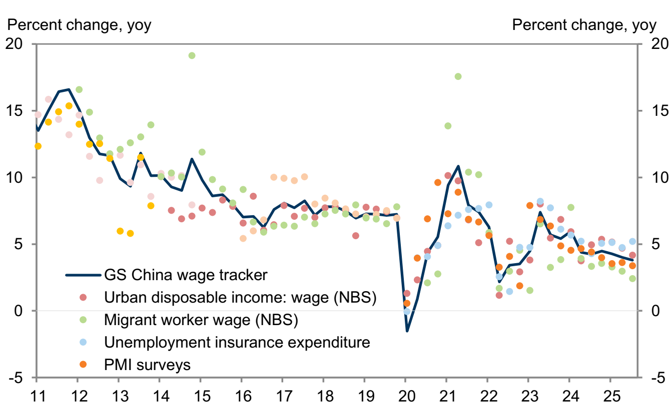
Source: NBS, Goldman Sachs Global Investment Research

Exhibit 27: Various wage related indicators showed slower growth in Q3



Source: NBS, CEIC, Goldman Sachs Global Investment Research

Exhibit 28: GS wage tracker suggests urban wage growth moderated to 3.8% yoy in Q3



Source: Wind, Haver Analytics, Goldman Sachs Global Investment Research

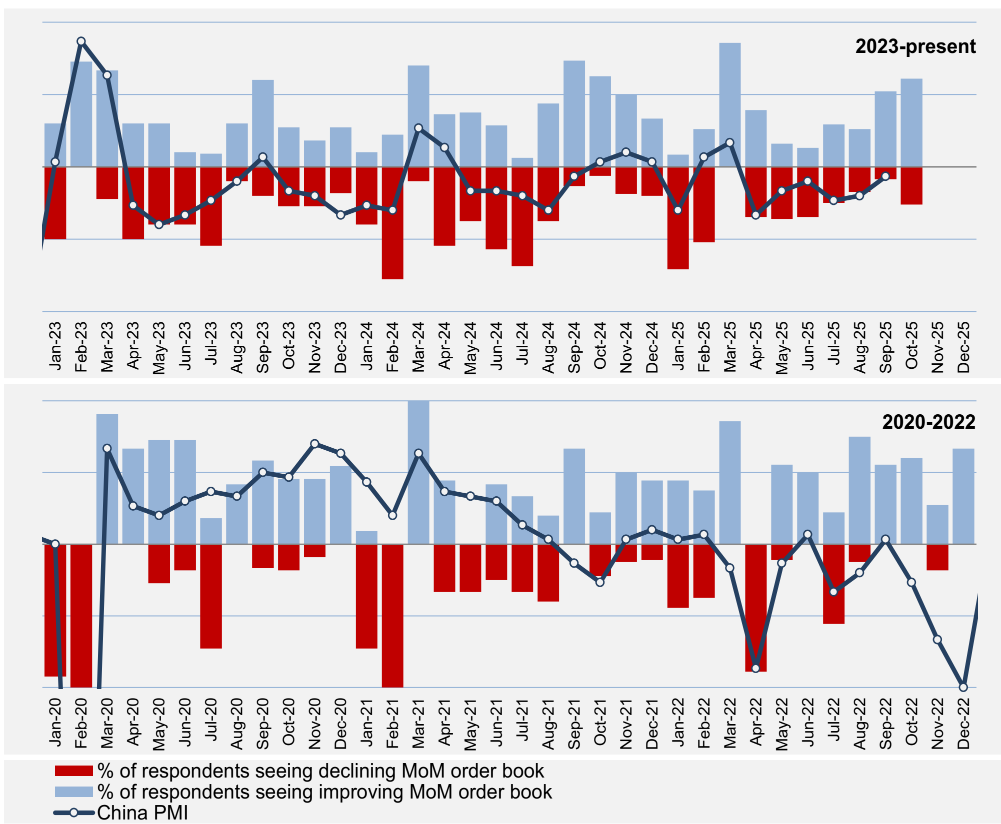
Exhibit 29: Summary of the latest property development activity in China

YTD national property market development data comparison

		Latest trend		GSe		Key national property data summary										
		Sep-25	9M25	Oct-Dec 25E	2025E	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GFA sold	(mn sqm)	85	658	236	894	974	1,118	1,222	1,794	1,761	1,716	1,717	1,694	1,573	1,285	1,206
	YoY	-10.5%	-5.5%	-15%	-8%	-13%	-9%	-32%	2%	3%	0%	1%	8%	22%	7%	-8%
Property sales	(Rmb tn)	0.8	6.3	2.1	8.4	9.7	11.7	12.5	18.2	17.4	16.0	15.0	13.4	11.8	8.7	7.6
	YoY	-11.8%	-7.9%	-25%	-13%	-17%	-6%	-31%	5%	9%	7%	12%	14%	35%	14%	-6%
ASP	(Rmb/sqm)	9,407	9,575	9,055	9,438	9,935	10,438	10,215	10,139	9,860	9,310	8,737	7,892	7,476	6,793	6,324
	YoY	-1.4%	-2.5%	-11%	-5%	-5%	2%	1%	3%	6%	7%	11%	6%	10%	7%	1%
GFA new starts	(mn sqm)	56	454	111	565	739	960	1,206	1,989	2,244	2,272	2,093	1,787	1,669	1,545	1,796
	YoY	-14.4%	-18.9%	-38%	-24%	-23%	-20%	-39%	-11%	-1%	9%	17%	7%	8%	-14%	-11%
GFA completions	(mn sqm)	34	311	352	664	737	1,020	872	1,014	912	959	936	1,015	1,061	1,000	1,075
	YoY	1.5%	-15.3%	-5%	-10%	-28%	17%	-14%	11%	-5%	3%	-8%	-4%	6%	-7%	6%
Property FAI	(Rmb tn)	0.7	6.8	1.7	8.5	10.0	11.2	12.4	14.8	14.1	13.2	12.0	11.0	10.3	9.6	9.5
	YoY	-21.3%	-13.9%	-20%	-15%	-11%	-10%	-16%	4%	7%	10%	10%	7%	7%	1%	10%

Source: NBS, CREIS, Goldman Sachs Global Investment Research

Exhibit 30: Downstream order book trend picked up MoM as of mid-Oct, mostly in line with seasonality. The positive trend in auto/EV, battery, and partly in metal fabrication continued from September. However, infrastructure construction has been deteriorating faster than expected



Valuation methodology and risks

Exhibit 31: Valuation Methodology and Key Risks

Company name	Ticker	Rating	Valuation methodology	Key risks
Eastroc Beverage	605499.SS	Buy (on CL)	32X 2026E P/E, with reference to avg 1-yr historical trading P/E of Eastroc and its global peers Monster and Celsius	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.
Guming	1364.HK	Buy (on CL)	25X 2026E P/E	1) Unable to manage the large store network; 2) Lower-than-expected store expansion; 3) Underperformed store productivity; 4) Intensified competition, fashion risk and price war; 5) Increase in store level cost; 6) Larger-than-expected subsidies to franchisees; 7) Lower scale economy with geographical expansion; and 8) Food safety issues.
Midea	000333.SZ/0300.HK	Buy	Based on a 16X exit multiple applied to 2027E EPS, discounted back to 2026E using a 9.5% cost of equity	1) Worse-than-expected disruption on white goods demand from weaker macro globally; 2) rising material costs affecting product margins; 3) execution risk of its premiumization strategy; and 4) rising competition in the low-to-mid-end segment.
Anta	2020.HK	Buy	Based on 21x 2027E PE discounted back to mid-2026E	Weaker Anta brand/Fila growth, discount pressures, weaker opex control.
Mixue	2097.HK	Buy	30X 2026E P/E	1) store network management; 2) competition, 3) food cost inflation/operating costs, 4) food safety, 5) overseas expansion.
Yum China	YUMC / 9896.HK	Buy	11x 2025-26E average EV/EBITDA for KFC China and 7x for Pizza Hut China	1) weaker-than-expected SSSG; 2) higher-than-expected commodity costs; 3) stronger-than-expected competition; and 4) lower-than-expected execution efficiency
Laopu Gold	6181.HK	Buy	Based on 25x 2027E target P/E then discounted back to mid-2026E at 9.6% COE.	1) potential gold price slump, 2) tough regulatory environment over luxury consumption, 3) regional concentration, and 4) overhang of IPO shares post lock-up expiry
WH Group	0288.HK	Buy	Based on SOTP, with 1) the US business SFD using US team valuation based on risk-reward framework with target downside/base/upside EV/EBITDA of 7.0x/8.5x/8.5x; 2) China business P/E valuation at 17x; 3) European business with 2025E P/E at 7x, and applying a NAV discount of 28%.	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
Shenzhou	2313.HK	Buy	Based on a 15x average 25-26E P/E	1) Slower-than-expected demand recovery; 2) weaker-than-expected cost control, which could lead to earnings risks; 3) a slower ramp-up in new production bases; and 4) FX volatility
China Resources Beer	0291.HK	Buy	Based on a 19.0x 2026E based on global peers' full cycle average in the last five years, discounted back to mid-2026E.	1) Slower-than-expected premium volume growth; 2) Intense competition in the premium segment; 3) Higher-than-expected cost pressure
Tingyi	0322.HK	Buy	Based on a 15x 2027E P/E (average P/E of past 3 years for Tingyi/UPC), discounted back to end-2026E using a 7.7% COE	1) Higher-than-expected raw material cost pressures; 2) more intense competition in instant noodles/beverages; and 3) weaker premiumization trends in instant noodles/beverages
Miniso	MNSO/9896.HK	Buy	Based on a 20x CY2025-26E P/E	1) Lower store productivity in China from intensified competition, lagging product innovation or product quality issues that could discourage retail partners' willingness to expand; 2) worse-than-expected SSSG recovery and store expansion globally; 3) geopolitical risks; 4) higher-than-expected OPEX and additional investments; 5) Yonghui's earnings performance.
Hisense Home Appliances	000921.SZ/0921.HK	Buy	Based on 14x/11x 2027E P/Es for Hisense-Hitachi JV/legacy white goods, discounted back to 2026E at a 9.5% COE.	1) Worse-than-expected disruption in white goods demand from weaker macro globally; 2) a further property market slowdown leading to sluggish demand for VRF; 3) increasing competition from domestic players that may jeopardize the leading position of its Hisense-Hitachi JV; 4) increasing penetration in the developer channel resulting in margin dilution; 5) below-expected integration of the Hisense-Hitachi JV; and 6) lower-than-expected performance of the company's legacy white goods business
Weilong	9985.HK	Buy	Based on 19x 2027E P/E discounted back to 2026E at a CoE of 8.6%.	1) higher-than-expected competition; 2) high channel development expenses; 3) slower-than-expected channel development including discounters, CVS/mom-pop coverage expansion; 4) unfavorable raw material costs
China Pet Foods	002891.SZ	Buy	SOTP-based target price, based on 25X FY26E P/E for the overseas business and 30X FY27E P/E for the domestic business discounted back to mid-2026 at 7.9% COE.	1) Slower-than-expected domestic revenue growth; 2) Food safety issues; 3) Forex fluctuations; 3) Freight and raw material costs; 4) Additional tariffs on pet food exports from China to the US

Source: Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

We, Michelle Cheng, Leaf Liu, Nicolas Yi, Cathy Chen, CFA and Valerie Zhou, 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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Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

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Disclosures

The rating(s) for China Pet Foods, China Resources Beer, Eastroc Beverage, Foshan Haitian Flavouring & Food (H), Gambol Pet Group Co., Tingyi, Tsingtao Brewery (A), Tsingtao Brewery (H), WH Group and Weilong Delicious Global Holdings is/are relative to the other companies in its/their coverage universe: Angel Yeast, Anhui Gujing Distillery Co., Anjoy Foods Group (A), Anjoy Foods Group (H), Budweiser APAC, Chacha Food Co., China Feihe Ltd., China Pet Foods, China Resources Beer, China Resources Beverage, Chongqing Brewery, Eastroc Beverage, Foshan Haitian Flavouring & Food (A), Foshan Haitian Flavouring & Food (H), Fuling Zhacai, Gambol Pet Group Co., Henan Shuanghui Ltd., Jiangsu Hengshun Vinegar, Jiangsu King's Luck Brewery, Jiangsu Yanghe, Jiugui Liquor, Jonjee Hi-Tech, Kweichow Moutai, Ligao Foods, Luzhou Laojiao, Mengniu Dairy, Nongfu Spring, Petpal Pet Nutrition Technology, Qianhe Condiment and Food, Qianweiyangchu, Sanquan Foods, Shanghai Bairun, Shanxi Xinghuacun Fen Wine, Sichuan Swellfun Co., Sichuan Teway Food Group, Three Squirrels, Tingyi, Tsingtao Brewery (A), Tsingtao Brewery (H), Uni-President China, WH Group, Want Want China, Weilong Delicious Global Holdings, Weizhixiang, Wuliangye Yibin, Yankershop Food, Yihai International Holding, Yili Industrial, ZJLD

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Company-specific regulatory disclosures

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	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	49%	34%	17%	63%	58%	42%

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