

CHINA CONSUMER STAPLES

3Q25 Preview/Sep Check-in: Weak demand trend with gradually diminishing cost tailwinds; Leaders continue to outperform; downgrade Jonjee to Sell

The Consumer Staples sector continued to face weak consumption in 3Q, with fluid policy headwinds sequentially easing but still constraining on-trade recovery, and cautious channel behavior suppressing shipment/pricing (i.e. more direct sales to O2O/discounters pressuring pricing in traditional wholesale channels), while leaders continue to outperform with market share gains. Volume weakness continued across sub-sectors as companies prioritized channel health and stayed relatively rational in marketing investments amid weak demand, while pricing also generally weakened to defend share amid cost tailwinds. **Feedback from investors suggests they are increasingly looking beyond 2H/4Q25 earnings toward the upcoming heavy policy season in 4Q25** (i.e. more beta focus vs. earnings play), and focusing on de-stocking pace, shareholder returns (defensive play amid tariff tension) as well as rolling forward their valuation outlook to 2026. That said, we remain cautious on the weak Golden Week retail trend and generally diminishing cost tailwinds into 2026 (esp. beer/beverage). **We highlight Eastroc (Buy, on CL) as our staples top pick on its strong sales momentum vs. 26x 2026 P/E, and we prefer players with 1) more visible topline growth**, where we have initiated Weilong with a Buy rating and reiterate Buy on Nongfu/Yankershop/China Pet Foods/Gambol; and **2) shareholder return support**, with Tingyi/WH Group yield at 7~8% for 2025E/2026E.

3Q trend and September check-in: We look for +3%/+4% aggregated topline/NP growth for our Staples coverage (excl. Spirits) with beverages (Eastroc)/pet foods/snacks leading the sales growth at 10~30% level. This represents a deceleration vs. the +5%/+7% trend in 2Q25 (vs. 3.7/3.4% July/Aug national retail sales growth and 0.9/1.1% national catering retail sales growth), echoing broader-based consumption weakness with weaker on-trade/gifting demand amid the anti-graft policy impact, while we expect 3Q likely be the trough level for the spirits sector with stringent shipment control (GSe on -7%/-10% sales/NP decline). **We expect leaders to continue outperforming with Eastroc/Nongfu/Haitian/CR Beer/Yankershop/Weilong to deliver more resilient sales growth in 2H25 with higher margin visibility**, while we downgrade Jonjee to Sell from Neutral on 8~10% downward earnings revision amid mounting competitive pressure from Haitian's continuing consolidation. For September trend, Beer/Dairy sales trends sequentially improved with shipment ahead of Golden Week while beverage/snacks continued wide divergence; but **looking into 4Q**, we expect staples companies to generally focus on channel health/shipment control to prepare for a fresh start in 2026

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especially with the unfavorable CNY calendar shift.

What to look for in 2026: 1) Investment strategy into 2026 amid diminishing cost benefits:

In 2025, staples company investments have mainly focused on GPM (promotion/ASP) with a strong cost tailwind for staples while selling expenses (marketing/branding investment etc.) have been kept under control (beer, beverages, etc). However, we are now seeing diminishing cost benefits into 2026, meaning that competition/promotion strategy will be key for OPM trends amid still low visibility on economic reflation/demand recovery. We expect diminishing GPM benefit in 2026 and are cautious on the sequential step-up in channel investment/marketing expenses by some brewers and dairy companies observed in 2H25.

2) Channel reshuffle and product cycle will remain key for growth drivers:

We expect selective snacks players (Yanker/Weilong) to drive topline growth by leaning into core SKUs and POS expansion (mom-pop/CVS/discounters); we also expect selective beverage players (Eastroc/Nongfu) to leverage the launch of core SKUs/new SKUs to seize market share gains while we expect the current pressure on **beverages** from freshly-made drinks competition to moderate into 4Q on further subsidy normalization. **Pet foods'** domestic growth remains strong at high-20s to 30s % yoy on industry penetration and consolidation.

3) Bottoming-out potential in 2026 for challenged subsectors but will take time:

Spirits valuations broadly reflect a bottoming narrative though we believe recovery will be tied to gradual policy normalization while we expect sell-in/-through stabilization likely to come in 2Q26. We also expect **dairy** S/D to reach rebalancing in 2026 on herd cuts and potentially reduced net imports while retail pricing stabilization yoy will likely come in 2H26 (given more ex-factory ASP cuts since May 2025).

4) Valuation outlook roll-forward opportunities, such as pet food, as investors start looking into 2026/27E earnings trading at 28x/21x P/E on avg vs. 38x 2025 P/E.

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

Relevant reads:

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China Consumer Staples: Snack: 3Q25 Preview: tougher base, lower expectation while growth driver intact; Initiate Weilong at Buy

China Spirits: 3Q25 Preview: trough on rational shipment w/demand still tied to policy/macro; stocks reflect sentiment bottoming, div support

China Dairy: 3Q25 Preview: Demand turning sequentially more challenging in 3Q with paradigm and calendar shifts; Still slow supply reduction

Pork: 3Q25 preview: overall steady; better packaged meat on China hog price decline while offset by fresh meat; Buy WH Group

China Consumer Staples: Golden Week Spirits/F&B Expert Call: Soft holiday momentum as expected for spirits and gifting-related category; uneven recovery amid weak sentiment

Staples 3Q25 results: One-stop preview

Exhibit 1: 3Q25E, and 2025E-27E forecast summary

Ticker	Company	3Q25E			2025E			2026E			2027E			
		Sales	Sales yoy	Net profit	Sales	Sales yoy	Net profit	Sales	Sales yoy	Net profit	Sales	Sales yoy	Net profit	
Spirits														
600519.SS	Kweichow Moutai	39,671	0%	19,090	0%	182,142	5%	90,232	5%	189,421	4%	93,709	4%	
000858.SZ	Wuliangye Yibin	15,713	-9%	5,045	-14%	87,404	-2%	30,527	-4%	88,366	1%	30,783	1%	
600809.SS	Shanxi Xinghuacun Fen Wine	7,750	-10%	2,241	-24%	36,661	2%	11,715	-4%	38,152	4%	12,219	4%	
000568.SZ	Luzhou Laojiao	5,919	-20%	2,233	-37%	27,121	-13%	11,326	-16%	28,088	4%	11,514	2%	
002304.SZ	Jiangsu Yanghe	4,177	-10%	590	-7%	20,615	-29%	4,440	-33%	21,370	4%	4,718	0%	
000596.SZ	Anhui Gujing Distillery Co.	4,421	-16%	933	-21%	22,334	-5%	5,184	-6%	22,930	3%	5,345	4%	
000799.SZ	Jiugui Liquor	286	45%	7	n.m.	1,218	-14%	68	n.m.	1,683	38%	269	n.m.	
600779.SS	Sichuan Swellfin Co.	1,966	-5%	836	-5%	4,825	-8%	1,138	-15%	5,050	5%	1,153	2%	
603369.SS	Jiangsu King's Luck Brewery	1,925	-27%	368	-41%	10,102	-13%	2,985	-13%	10,967	9%	3,220	8%	
Weighted Avg.		-7%	-10%		-3%		-2%			4%	3%	7%	7%	
Beer														
600600.SS	Tsingtao Brewery	9,007	1%	1,467	9%	32,769	2%	4,887	12%	33,766	3%	5,285	8%	
600132.SS	Chongqing Brewery	4,147	-1%	357	-17%	14,660	0%	1,275	14%	15,121	3%	1,390	9%	
002568.SZ	Shanghai Bairun	902	19%	213	24%	3,129	3%	755	5%	3,562	14%	889	18%	
1876.HK	Budweiser APAC	1,489	-13%	158	-21%	5,817	-7%	594	-18%	6,273	8%	780	31%	
Weighted Avg.		-5%	-7%		-1%		6%			4%	13%	4%	10%	
Condiments														
603288.SS	Foshan Haitian Flavouring & Food	6,662	7%	1,634	20%	28,909	7%	7,331	16%	31,301	8%	8,154	11%	
600872.SS	Jonree Hi-Tech	1,195	-10%	162	-28%	4,654	-18%	626	-30%	4,739	2%	714	14%	
002507.SZ	Fuling Zhacai	689	5%	240	8%	2,499	5%	879	10%	2,644	6%	951	8%	
603027.SS	Qianhe Condiment and Food	636	-9%	94	-7%	2,909	-5%	487	-5%	3,120	7%	558	14%	
603317.SS	Sichuan Teway Food Group	933	4%	176	-5%	3,545	2%	626	0%	3,783	7%	705	13%	
Weighted Avg.		4%	12%		5%		13%			8%	11%	8%	10%	
Dairy														
600887.SS	Yili Industrial	29,208	0%	3,297	4%	118,091	2%	10,981	21%	120,211	2%	11,434	4%	
Weighted Avg.		0%	4%		-2%		9%			3%	5%	4%	11%	
Beverage														
605499.SS	Eastroc	6,137	31%	1,321	35%	21,084	33%	4,494	35%	25,986	23%	5,753	28%	
Snacks														
002557.SZ	Chacha Food Co.	1,795	-3%	110	-62%	7,033	-1%	327	-62%	7,273	3%	690	111%	
002847.SZ	Yankershop Food	1,572	12%	224	29%	6,083	15%	784	23%	6,957	14%	928	18%	
300783.SZ	Three Squirrels	2,513	20%	23	n.m.	12,321	16%	226	-45%	14,770	20%	467	107%	
Weighted Avg.		10%	-31%		7%		-3%			9%	13%	9%	7%	
Frozen Food														
001215.SZ	Qianweiyangchu	462	-2%	21	-3%	1,875	0%	78	-7%	2,047	9%	121	55%	
603345.SS	Anjoy Food	3,729	6%	245	0%	15,971	6%	1,448	-2%	18,095	13%	1,796	24%	
300973.SZ	Ligao Foods	1,029	10%	83	23%	4,385	14%	365	36%	4,898	12%	490	34%	
605089.SS	Weizixiang	180	-2%	25	-1%	706	5%	90	3%	737	4%	99	10%	
002216.SZ	Sanguan Foods	1,430	-2%	64	5%	6,478	-2%	508	-6%	6,516	1%	549	8%	
600298.SS	Angel Yeast	3,936	5%	347	32%	16,554	9%	1,688	27%	18,133	10%	1,921	14%	
Weighted Avg.		4%	15%		6%		10%			10%	19%	8%	11%	
Pet Care														
002891.SZ	China Pet Foods*	1,428	16%	130	-7%	5,328	19%	431	9%	6,829	28%	623	45%	
301498.SZ	Gambol Pet Group	1,464	18%	193	19%	6,575	25%	746	19%	8,201	25%	1,068	43%	
300673.SZ	Petpal Pet Nutrition Technology	422	-12%	59	4%	1,616	-3%	187	3%	1,836	14%	214	15%	
Weighted Avg.		12%	7%		19%		14%			25%	40%	20%	36%	
Pork														
000895.SZ	Shuanghe Dev	18,016	10%	1,553	3%	62,743	5%	5,060	1%	63,720	2%	5,001	-1%	
H share														
		2H25E			2025E			2026E			2027E			
Ticker	Company	Sales	Sales yoy	Net profit	NP yoy	Sales	Sales yoy	Net profit	NP yoy	Sales	Sales yoy	Net profit	NP yoy	
1579.HK	Yihai International Holding	3,709	3%	470	9%	6,636	1%	778	5%	7,018	6%	831	7%	
2319.HK	Mengniu Dairy	39,821	-10%	2,420	-19%	81,388	-8%	5,016	-10%	84,271	4%	5,289	5%	
6186.HK	China Feile Ltd.	9,474	-11%	1,303	-34%	18,624	-10%	2,727	-35%	19,427	4%	3,173	16%	
9633.HK	Nongfu Spring	25,074	21%	7,470	27%	50,696	18%	15,184	26%	58,453	15%	17,836	17%	
0322.HK	Tingyi	38,900	-1%	1,970	7%	78,993	-2%	4,081	9%	80,289	2%	4,457	9%	
0220.HK	Uni-President China	15,105	1%	1,029	17%	32,192	6%	2,316	26%	33,864	5%	2,501	8%	
2460.HK	CR Beverage	5,371	-9%	259	-49%	11,577	-14%	1,082	-34%	12,598	9%	1,372	27%	
9985.HK	Weilong Delicious	3,862	16%	654	48%	7,345	17%	1,387	26%	8,211	12%	1,575	14%	
0151.HK	Want Want China	12,704	1%	2,437	-1%	23,788	1%	4,294	1%	24,326	2%	4,298	0%	
0291.HK	China Resources Beer	15,103	1%	139	198%	39,045	1%	5,489	15%	39,987	2%	6,112	11%	
6979.HK	ZJLD	2,377	-19%	567	-14%	4,874	-31%	1,180	-30%	5,431	11%	1,317	12%	
0288.HK	WH Group	14,688	8%	565	-27%	28,078	8%	1,556	6%	28,753	2%	1,548	-1%	
											29,627	3%	1,610	4%

Companies with reported 3Q25 results are marked by Asterisk; All calendar year based; Mengniu NP refers to recurring NP; Weilong NP refers to NP after one-off items

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: GSe vs. Bloomberg consensus

Ticker	Company	2025E		2026E		2027E	
		Sales +/- % vs. BBG con	NP +/- % vs. BBG con	Sales +/- % vs. BBG con	NP +/- % vs. BBG con	Sales +/- % vs. BBG con	NP +/- % vs. BBG con
Spirits							
600519.SS	Kweichow Moutai	-3.6%	-3.5%	-6.8%	-7.0%	-7.9%	-8.1%
000858.SZ	Wuliangye Yibin	-4.0%	-4.8%	-7.2%	-8.3%	-6.5%	-8.4%
600809.SS	Shanxi Xinghuacun Fen Wine	-1.0%	-4.4%	-3.9%	-7.8%	-4.1%	-7.6%
000568.SZ	Luzhou Laojiao	-7.8%	-9.1%	-9.0%	-12.5%	-9.8%	-15.5%
002304.SZ	Jiangsu Yanghe	-4.2%	-3.8%	-5.2%	-9.0%	-4.9%	-4.5%
000596.SZ	Anhui Gujing Distillery Co.	-5.0%	-5.6%	-7.6%	-8.4%	-9.7%	-12.3%
000799.SZ	Jiugu Liquor	0.4%	14.2%	20.3%	91.1%	24.8%	62.0%
600779.SS	Sichuan Swellfun Co.	4.1%	8.4%	4.9%	3.9%	5.4%	8.2%
603369.SS	Jiangsu King's Luck Brewery	-4.1%	0.1%	-2.1%	0.5%	-2.3%	-1.6%
Beer							
600600.SS	Tsingtao Brewery	-0.9%	3.0%	-0.5%	4.0%	0.3%	6.8%
600132.SS	Chongqing Brewery	-0.5%	4.2%	0.0%	7.4%	0.2%	9.8%
002568.SZ	Shanghai Bairun	-4.6%	-4.0%	-4.6%	-3.5%	-8.4%	-5.6%
1876.HK	Budweiser APAC	-2.6%	-13.1%	1.1%	0.8%	2.9%	3.3%
Condiments							
603288.SS	Foshan Haitian Flavouring & Food	-0.5%	2.6%	-0.9%	3.3%	-1.1%	3.3%
600872.SS	Jonjee Hi-Tech	-7.1%	-15.3%	-11.4%	-15.0%	-14.2%	-16.0%
002507.SZ	Fuling Zhacai	0.7%	6.2%	0.1%	6.9%	0.1%	7.8%
603027.SS	Qianhe Condiment and Food	-1.1%	4.4%	-2.4%	0.3%	-2.6%	0.1%
603317.SS	Sichuan Teway Food Group	-1.5%	0.0%	-3.4%	1.3%	-5.5%	-0.5%
Dairy							
600887.SS	Yili Industrial	-1.2%	-2.4%	-3.4%	-7.9%	-4.9%	-7.1%
Beverage							
605499.SS	Eastroc	-0.1%	-1.4%	-1.1%	-1.0%	-3.1%	-3.3%
Snacks							
002557.SZ	Chacha Food Co.	-2.1%	-37.6%	-6.1%	-12.8%	-7.8%	-19.3%
002847.SZ	Yankershop Food	-4.2%	-2.2%	-8.7%	-6.3%	-11.7%	-12.0%
300783.SZ	Three Squirrels	-1.9%	-19.3%	-2.6%	-6.2%	-0.1%	-4.5%
Frozen Food							
001215.SZ	Qianweiyangchu	-3.4%	-9.7%	-2.4%	16.6%	-3.8%	14.0%
603345.SS	Anjoy Food	0.9%	3.0%	6.3%	14.5%	8.6%	14.4%
300973.SZ	Ligao Foods	-0.7%	5.2%	-1.8%	16.3%	-4.9%	20.4%
605089.SS	Weizixiang	-2.5%	0.9%	-6.4%	-9.0%	-7.8%	-14.4%
002216.SZ	Sanquan Foods	-3.6%	-7.0%	-6.7%	-7.5%	-9.9%	-10.9%
600298.SS	Angel Yeast	-1.5%	5.1%	-2.8%	3.0%	-3.0%	-0.3%
Pet Care							
002891.SZ	China Pet Foods*	-1.4%	-5.3%	3.7%	8.4%	2.0%	14.7%
301498.SZ	Gambol Pet Group	0.9%	-1.5%	2.2%	8.4%	3.3%	18.7%
300673.SZ	Petpal Pet Nutrition Technology	-11.5%	0.7%	-15.7%	-4.6%	-15.5%	-1.9%
Pork							
000895.SZ	Shuanghui Dev	1.7%	-2.6%	-0.2%	-8.6%	-1.7%	-12.9%
H share	Company	2025E		2025E		2025E	
		Sales +/- % vs. BBG con	NP +/- % vs. BBG con	Sales +/- % vs. BBG con	NP +/- % vs. BBG con	Sales +/- % vs. BBG con	NP +/- % vs. BBG con
1579.HK	Yihai International Holding	-2.4%	-1.0%	-4.2%	-3.6%	-6.4%	-5.4%
2319.HK	Mengniu Dairy	-2.2%	15.5%	-1.7%	-0.6%	-0.4%	0.5%
6186.HK	China Feile Ltd.	-4.0%	9.6%	-4.2%	0.2%	-5.0%	3.1%
9633.HK	Nongfu Spring	0.9%	2.3%	2.4%	5.1%	2.0%	4.2%
0322.HK	Tingyi	-1.1%	-3.3%	-2.2%	-1.2%	-2.9%	-0.5%
0220.HK	Uni-President China	-1.4%	3.0%	-2.1%	2.2%	-2.9%	0.4%
2460.HK	CR Beverage	-3.5%	-13.7%	-3.1%	-12.2%	-5.3%	-11.8%
9985.HK	Weilong Delicious	-1.5%	-2.2%	-6.0%	-7.8%	-9.5%	-10.9%
0151.HK	Want Want China	0.3%	2.3%	-0.2%	-2.6%	-1.1%	-6.1%
0291.HK	China Resources Beer	-0.7%	-6.6%	-1.2%	1.0%	-2.4%	1.4%
6979.HK	ZJLD	-12.0%	-4.9%	-12.7%	-9.0%	-10.4%	-11.3%
0288.HK	WH Group	5.6%	5.8%	6.1%	1.3%	8.0%	7.9%

Companies with reported 3Q25 results are marked by Asterisk

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

Exhibit 3: Beer 3Q25 forecasts (YoY) in detail – by company/region

3Q25 (GSe)	ASP growth	Volume growth	Sales growth	Unit COGS growth	GPM YoY Chg	Premium Vol growth	Recurring EBITDA growth	Recurring EBITDA MARGIN	Recurring EBIT growth	Recurring NP growth
CRB Beer (2H25)	0.5%	2.4%	2.9%	-2.1%	1.7pp	7.0%	26.6%	8.6%	157.5%	
Bud China	-4.5%	-14.0%	-17.9%				-23.0%	25.2%		
Bud West	-4.0%	-13.0%	-16.5%				-4.2%	32.0%		
Bud East	3.7%	-2.5%	1.1%				7.0%			
Bud APAC	-1.2%	-11.5%	-12.6%		-0.6%		-15.8%	26.9%	-19.9%	-19.1%
Tsingtao	0.4%	0.9%	1.3%	-3.0%	2.0%	2.0%			7.9%	9.4%
Chongqing	-1.5%	0.1%	-1.3%	-3.2%	0.9%				-8.2%	-14.5%

1) Organic ASP, volume, sales and EBITDA growth for Budweiser excl. forex, but recurring EBIT/reported NP growth under forex impact; 2) GPM for Tsingtao: after sales tax + COGS. Remaining companies GPM after COGS.

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 4: Summary of sub-sector quarterly growth in consumer staple space (market-cap weighted)

Sector	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25E	4Q25E
Frozen food	51.0%	20.4%	25.5%	24.3%	16.0%	25.8%	18.9%	17.1%	24.7%	20.5%	15.0%	-4.5%	9.4%	-1.1%	0.0%	3.5%	0.3%	4.9%	3.5%	10.4%
Beer	56.8%	7.8%	2.4%	10.2%	3.5%	3.1%	6.7%	-13.2%	9.3%	8.2%	-0.2%	3.3%	-2.9%	-8.4%	-7.8%	-3.7%	-3.8%	-1.8%	-5.5%	4.0%
Spirits	21.9%	23.3%	15.3%	13.8%	20.9%	14.5%	16.9%	17.6%	17.4%	19.2%	14.7%	17.4%	16.9%	14.6%	9.2%	4.1%	7.3%	1.0%	-4.4%	-2.4%
Condiments	23.9%	-9.9%	-0.3%	20.0%	2.0%	22.0%	5.3%	-4.2%	2.1%	-3.9%	4.3%	-7.3%	8.5%	5.2%	8.3%	10.5%	4.6%	4.9%	5.1%	7.5%
Dairy	30.1%	11.6%	8.9%	10.5%	11.3%	9.5%	6.6%	12.6%	7.6%	2.5%	3.4%	0.0%	-4.9%	-15.6%	-6.8%	-7.1%	-0.6%	2.8%	-1.4%	-1.0%
IMF	32.6%		13.6%		-16.2%		3.6%		0.6%		-15.8%		3.7%		8.7%		-9.4%			
F&B	38.9%	28.3%	24.6%	54.9%	10.7%	15.9%	16.1%	31.3%	21.5%	30.0%	29.8%	40.9%	13.8%	47.9%	4.7%	25.1%	17.6%	16.6%	16.0%	15.5%
Snacks	20.6%	-7.7%	8.2%	20.9%	-4.3%	14.5%	12.3%	18.2%	15.3%	29.2%	33.1%	15.0%	50.4%	16.6%	19.5%	23.9%	9.1%	14.8%	9.8%	11.8%
Pet Care	46.5%	13.6%	5.0%	32.2%	34.2%	17.3%	42.3%	-4.4%	8.5%	18.3%	23.2%	31.9%	31.6%	14.1%	19.7%	23.0%	28.4%	25.4%	14.9%	19.8%
Pork	4.1%	-11.7%	-16.8%	-13.3%	-24.7%	-14.6%	3.4%	14.8%	13.9%	4.5%	-5.1%	-24.0%	-8.9%	-9.8%	3.9%	13.5%	-0.1%	6.3%	9.6%	4.0%

Source: Company data, Goldman Sachs Global Investment Research

Sep Check In - Sequential improvement vs. Aug on Mid-Autumn calendar shift/base comp; but weak Golden Week retail trend and later CNY cast shadow on 4Q outlook

Key monthly run-rate by subsector

3Q trend and September check-in: Spirits peak season weakness in line with expectation, moderate channel push supports bottoming out: Golden Week consumption momentum remained weak on a YoY basis as we expected, with the only positive being normalizing banquet demand despite downgrade of scale. Super premium maintained higher resilience with Golden Week retail demand of Feitian Moutai/1618/Common Wuliangye (within low teens% decline) outperforming other major brands (down 20~30%). **Beer/dairy saw slightly sequential improvement in Sept vs. Aug** with Tsingtao/CQB volume growth accelerating in Sept and Mengniu liquid milk turning positive in Sept vs. teens% decline in July/Aug, mainly attributable to the calendar shift of the Mid-Autumn festival and more shipment toward the longer Golden Week (8 days holiday in 2025 vs. 7 days in 2024). **Dairy demand turned sequentially more challenging in 3Q vs. 2Q:** Liquid milk retail sell-through was likely down MSD~HSD% in 3Q on calendar shifts, intensified pricing competition, and a prolonged raw milk S/D downcycle. Yili remains relatively more resilient vs. Mengniu mainly on execution and its more diversified portfolio. **Beverages saw widened divergence amid FMD (freshly-made drinks) competition:** We remain selective on Beverages due to rising competition from sustained higher FMD subsidy boost YoY and heavier promotions/large-pack mix into 3Q. UPC bears the most pressure given its sizable milk tea/tea exposure, while Nongfu/Eastroc sustained teens% sell-through growth on less overlap with FMD. We expect cost benefits to moderate HoH but still support 2H margin expansion. **Condiments' divergent trend continued to widen with Haitian continuing to gain market share and lead the growth (we expect Haitian to deliver 7% yoy sales growth in 3Q25 vs. -10% decline by Jonjee).** **Snacks moderated on a tough base although konjac sales remain on track to fulfill each companies' full-year target.** Pet Foods' domestic sales performance was intact or even stronger (**China Pet Foods' 3Q earnings note**) but export orders turned softer.

Looking in to 4Q: We think the weak key retail/catering enterprise sales in Golden Week (up 2.7% on a LFL basis) may not be helpful to digest channel inventory. While 4Q is a relatively low base for staples (esp. Dairy/Spirits), we expect staple companies to focus on channel health/shipment control in 4Q25 to prepare for a fresh start in 2026 especially amid channel reshuffling for traditional wholesale models and still low visibility on the reflation/demand outlook, and especially with the unfavorable CNY

calendar shift.

Beer Monthly Tracker

Exhibit 5: Monthly volume table 2024-2025 by GSe

Beer	Jan	Feb	Mar	2024 Beer companies' volume change yoy								Oct	Nov	Dec	2025E									
				Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec			Jan	Feb	March	April	May	Jun	Jul	Aug	Sep	
CRB	up c.9%	roughly flatish	down HSD%	down LSD%	down LSD%	down LSD%	down LSD%	down LSD%	down LSD%	positive growth	positive growth	flatish to minor growth	likely flatish	CRB	up MSD%	up MSD%	up LSD%	minor positive growth	up 4-5%	up LSD%	up LSD%	up LSD%	up LSD%	
Bud APAC China	total volume under pressure while Premium continued growth, but SP down on a high base	total volume decline, with decline	down LSD-MSD%	down LSD-10%	down DD%	down HSD%	down LSD%	down LSD%	down LSD%	down Mid-teens%	down low teens%	down 20%	down 20%	Bud APAC China	down MSD%	decline	down LSD%	down LSD%	down low teens%	down c. Mid-teens%	down LSD%	down LSD%	down LSD%	down LSD%
Tsingtao	up c. 1%	down high teens%	down LSD%	down LSD%	down MSD-MSD%	down DD%	down LSD%	down LSD%	down LSD%	up LSD%	up MSD%	up Mid-teens%	Tsingtao	down MSD%	up MSD%	up DD%	down LSD%	up MSD%	flatish	flatish	up 1.5%	up 3%		
Chongqing	likely up mid-to-high moderation in growth on low base	moderation in growth mom	decline	flatish	slightly decline LSD%	flat to slight growth	down SD%	down SD%	down LSD%	down LSD%	down SD%	down SD%	Chongqing	positive growth	up LSD%	largely steady	flatish to minor decline	down LSD%	minor decline	down LSD%	up MSD%			
Zhujiazhang													Zhujiazhang	up DD%	up LSD%	up 10%+	up MSD%	flatish to flatish						
Bairun													Bairun	RTD cocktails down c. 10%		RTD cocktails down c. high teens%	RTD cocktails down c. high teens%	RTD growth in RTD cocktails due to low base	flatish					
Industry	12.10%	-6.80%	-9.10%	-4.50%	-1.70%	-10.00%	-3.30%	1.40%	-2.30%	5.70%	12.20%	Industry	-4.90%	1.90%	4.80%	1.30%	-0.20%	1.90%	-1.80%					

Source: Channel checks, Goldman Sachs Global Investment Research

Beverage Monthly Tracker

Exhibit 6: 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	Sep-25	
Nongfu	Water yoy %	10%			down DD%	down DD%	down DD%	down strong DD%	down 4-5%												decide on high base	
	Beverage yoy % (Oriental Leaf Water + green water portion %)									down 5.3% (OL flat c. 50%)	OL up 60%+ (Oriental Leaf up c. 50%)	Decrease	up DD%		positive growth	Oriental Leaf up 50%	Oriental Leaf up 25%+	Sugar free tea up strong DD%	Sugar free tea up strong DD% on low base		Tea maintained strong momentum	
	Water AC market share									down to below 50%	down to 20+											
	Overall yoy %									30.20%	31.20%											
CR Bev	Water yoy %								down DD%	down 18%	up nearly 10%	up 13%	up low DD%	down 10% on high base		up teens%	up DD%	up 20%*	up 20%	up DD%	up DD%	up DD%
	Volume yoy %																					
	Beverage yoy %																					
	Volume yoy %																					
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 positive growth: others HSD% decline	PepsiCo positive growth: others HSD% decline	Down MDD%
	Noodles sales yoy %									down LSD%	down LSD%	down LSD%	down LSD%	positive growth	minor positive growth	SD% decline	Slight decline	LSD% decline	down MDD%	Up LSD%	Up SD%	
UPC	Beverage sales yoy %	up DD%	up DD%		up MSD-HSD%	up MSD-HSD%	up LSD%	up LSD%	up LSD%	up low teens%	up low teens%	up low teens%	up low teens%	up DD%	up SD%	up DD%	up nearly 10%	up MDD%	Decline			
	Noodles sales yoy %	up SD%	up SD%							flatish	up LSD%	up LSD%	up LSD%	up DD%	up DD%	up DD%	up DD%	up HSD%	Positive			
Eastroc	Overall yoy %	46% yoy	28% yoy	32% yoy	38% yoy	40%+ yoy	30%+ yoy	25% yoy	35%+ yoy	85% yoy	16% yoy	15% yoy	c. 50% yoy	35% yoy	35% yoy	35% yoy	Energy drink: 30% yoy	Retail momentum up c. 50%	Retail momentum up c. 50%+	Retail momentum up c. 50%+	Retail momentum up c. 50%+	

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

Dairy Monthly Tracker

Exhibit 7: 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	Sep-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 LSD%	Down LSD%	Down DD% (UHT milk up DD%, Deluxe down LSD%)	Down	Flat (fresh milk up DD%, Deluxe down LSD%)	Mild decline to mild positive	Decline	Down low teens%	Down High teens%	Flattish to up LSD%
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	(Basic UHT milk better than Santine; positive for	Up SD%	Decline	Down LSD%	Down SD%	Steady to down SD%	

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

Pet Monthly Tracker

Exhibit 8: China Pet Foods led in Sep; while overseas brands weakened generally; our covered names led in 3Q

Company brand GMV yoy growth	3Q25			Sep-25			Aug-25			Jul-25			2Q25			1Q25			2024		
	Tmall/Taobao	Douyin	Total																		
Local brands																					
Gambol	14%	34%	22%	-0.2%	47%	17%	32%	22%	27%	13%	37%	22%	34%	58%	42%	34%	86%	50%	28%	69%	40%
Myfodie	-4%	17%	4%	-17%	30%	-1%	9%	2%	6%	0%	27%	10%	23%	44%	30%	17%	60%	31%	8%	52%	20%
Fregate	94%	86%	90%	86%	100%	92%	118%	83%	100%	73%	71%	72%	108%	84%	108%	218%	139%	183%	160%	175%	
China Pet	6%	76%	26%	2%	104%	25%	23%	65%	38%	-4%	67%	13%	9%	81%	26%	58%	0%	2%	81%	13%	
Wanpy	-7%	148%	18%	-11%	190%	17%	8%	144%	34%	-17%	108%	1%	7%	127%	26%	-3%	88%	6%	-15%	56%	-9%
Zeal	-29%	42%	-4%	-23%	42%	-1%	-35%	56%	3%	-23%	14%	-11%	-31%	52%	-10%	-3%	95%	18%	3%	147%	22%
Toptrees	53%	50%	52%	40%	75%	51%	82%	33%	57%	34%	61%	44%	31%	66%	42%	14%	28%	19%	50%	80%	58%
Petpal																					
Meatyway	7%	57%	22%	-5%	17%	1%	12%	61%	31%	17%	118%	38%	43%	19%	37%	72%	61%	69%	28%	95%	38%
Covered - simple avg	9%	56%	23%	-1%	56%	14%	22%	49%	32%	9%	74%	25%	29%	52%	35%	35%	68%	44%	20%	82%	30%
Nourse	-11%	161%	49%	-18%	204%	52%	-1%	116%	53%	-15%	204%	42%	-22%	116%	14%	24%	5%	17%	-11%	70%	4%
Yanxuan	-28%		-37%		-15%		-15%		-29%		-14%		-14%		-14%		2%	11%	-14%	26%	-9%
Keres	-21%	-33%	-23%	-26%	19%	-23%	-13%	-48%	-18%	-23%	-45%	-26%	2%	-19%	0%	1%	1%	1%	-18%	21%	-16%
Pure & natural	-18%	95%	7%	-25%	63%	-8%	-12%	89%	14%	-15%	140%	18%	-19%	36%	-8%	13%	27%	16%	-5%	48%	2%
Honest bite	32%	45%	37%	22%	7%	17%	51%	70%	59%	23%	67%	37%	34%	103%	52%	92%	62%	83%	3%	102%	20%
Other local - simple avg	-9%	67%	18%	-17%	73%	9%	2%	57%	27%	-12%	91%	18%	-4%	59%	14%	30%	19%	26%	-9%	53%	0%
Global brands																					
Royal Canin	8%	89%	12%	-7%	52%	-4%	21%	92%	26%	12%	132%	18%	20%	186%	27%	31%	315%	38%	24%	266%	28%
Instinct	-28%	-24%	-28%	-41%	-53%	-42%	-19%	-37%	-21%	-19%	-45%	-16%	19%	86%	22%	14%	271%	21%	3%	167%	6%
Orijen	-7%	-20%	-9%	-18%	24%	-15%	2%	-35%	-9%	0%	20%	2%	6%	82%	13%	40%	-5%	37%	-11%	94%	5%
Acana	-12%	-39%	-16%	-18%	-7%	-17%	-15%	-47%	-23%	1%	-29%	-2%	17%	37%	19%	53%	4%	49%	-10%	95%	-4%
Global brands - simple avg	-10%	2%	-10%	-21%	4%	-20%	-3%	-7%	-7%	-1%	42%	1%	16%	98%	20%	35%	146%	36%	1%	156%	6%
Industry	-7%		-13%		0%		-8%			3%			3%		8%						

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

Snacks Monthly Tracker

Exhibit 9: Snacks monthly data summary

Chacha	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	Sep-25	
Chacha			Muted demand	Improving MoM	Recovery, yoy +	Jul-Aug strong teens yoy	Muted, yoy decline on nuts	Flattish yoy DD%	Jan yoy decline, Dec + Jan flatish	Jan yoy decline, Dec + Jan flatish	30-40%	c/DDD	Flattish	Flattish	Decrease slightly							
Sunflower seeds			-20%+	Digesting inv., demand MoM +		Encouraging Jul-Aug	Stable	Slight growth		Teens % yoy		30-40%									Decrease slightly	
Nuts	+dd% on gift bundles					Jul-Aug digesting inv, Still yoy + for Jul-Aug	Gift bundles faster	Decline	0.2	Teens % yoy		30-40%										
yo y % Company	1Q24	2Q24	3Q24	4Q24	1Q25																	
Company	36%	-20%	4%	-20%	4%																	
Sunflower seed	20%	-18%	10%	-18%	-18%																	
Nuts	80%	-12%	-10%	-10%	-12%																	
Weilong Delicious	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	Sep-25	
Weilong Delicious												Positive yoy growth	30% yoy	25%	19%-20%							
Konjac													50%+	50%								
Seasoned flour															Decrease slightly	Decrease MSD-HSD%						
Vegetable	1Q24	2Q24	3Q24	4Q24	1Q25										48%	45%						
Company																						

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

Condiments Monthly Tracker

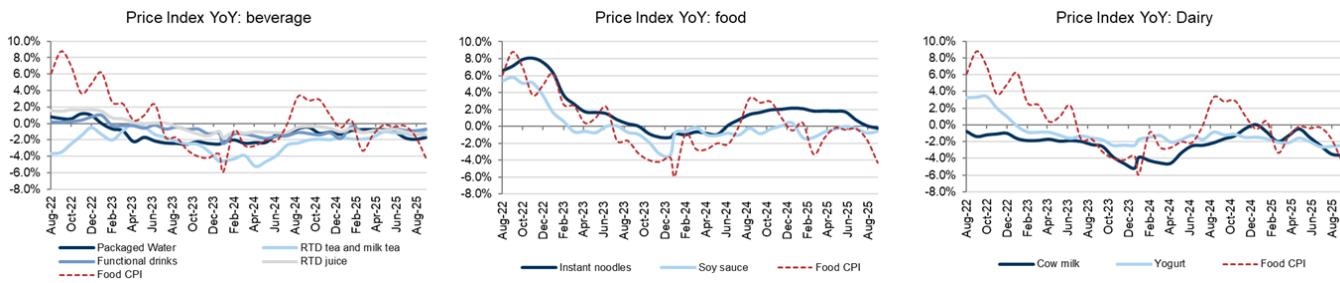
Exhibit 10: Condiments monthly data table

Condiments	2024 Dec	2025E Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep
	Haitian	20% yoy	flattish yoy		4% yoy	MSD% yoy	5% yoy	4.2% yoy	1% yoy	7.5% yoy

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

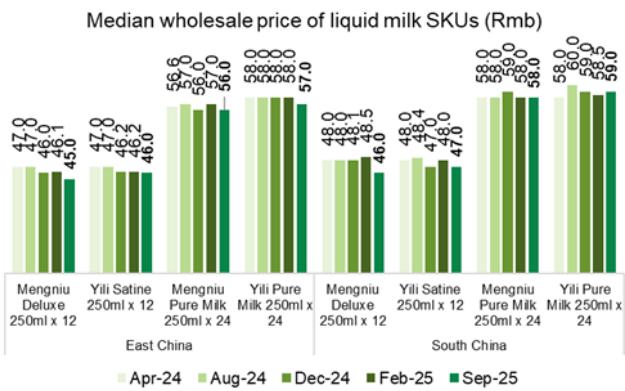
Mashangying Price Track

Exhibit 11: Mashangying Retail Price Index YoY: pricing trended weaker YoY for beverage/dairy in 3Q; instant noodles price hikes since 2H24 successful with steady YoY price increase throughout 1H25 and stable YoY trends in 2H to date



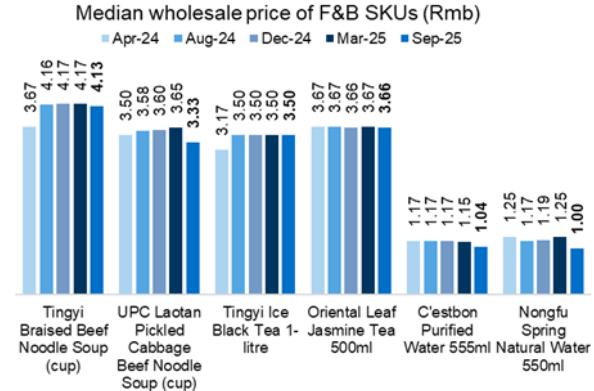
Source: Mashangying, NBS, Wind

Exhibit 12: Both premium/basic milk saw generally weakening wholesale pricing trends vs. 1Q and 2024



Source: Mashangying

Exhibit 13: Instant noodles and packaged water saw sequentially weakening avg. wholesale prices in 2H25



Due to data availability, wholesale price of Tingyi's products is based on the East China region, that of bottled water/UPC noodles is based on South China, and that of Oriental Leaf is based on Central China; Nov data is applied to the Braised Beef Noodle Soup.

Source: Mashangying

Our cost impact outlook for 2026E

We expect the soy sauce/pet/dairy/F&B sub-sectors to continue enjoying cost benefits in 2026E assuming spot prices persist, though at a relatively moderated scale vs. 2025. On a spot price vs. 2025 avg. basis, sugar/PET continue to see MSD% decline, which should benefit multiple sub-subsectors. Into 2026E, we see **soy sauce** has potential to enjoy the strongest cost tailwinds mainly due to price declines in soy bean and PET. We expect **pet food** will continue to benefit from rawhide/PET tailwinds with flattish meat on a spot price vs. 2025 avg. basis, narrowed from 2025 tailwinds on HSD~teens% avg. price decline in domestic chicken/rawhide/PET. We also see dairy companies continuing to see mild benefits from raw milk prices but at a much lower scale vs. 2025, with avg. raw milk price declines likely to narrow to flattish~LSD% vs. HSD% in 2025. **Beverage** will likely see sustained mild cost support from sugar/PET, and palm oil's spot price at par with 2025 avg. indicates likely mitigated LFL downside pressure for **noodles** in 2026 if the stabilizing trend in Sep continues, vs. spot price at +11% higher vs. 2024 avg. On the other hand, we expect **beer**'s cost benefits from barley price decrease and country mix shift may revert to LFL basis pressure in 2026E

due to the increase in barley price throughout 2025, with barley spot price standing 2% higher vs. 2025 avg., vs. MSD~HSD% yoy barley cost benefits across players in 2025. Besides, pulp/aluminum packaging materials have also seen upward trends YTD.

Exhibit 14: Monthly price yoy changes by raw material items

		Jan 2025 vs. Jan 2024	Feb 2025 vs. Feb 2024	Mar 2025 vs. Mar 2024	Apr 2025 vs. Apr 2024	May 2025 vs. May 2024	Jun 2025 vs. Jun 2024	Jul 2025 vs. Jul 2024	Aug 2025 vs. Aug 2024	Sep 2025 vs. Sep 2024
Agriculture	Barley	10%	1%	1%	11%	9%	2%	1%	1%	-4%
	Rice	-2%	-2%	-2%	-1%	-1%	-1%	-1%	-1%	-1%
	Bean Pulp	-13%	11%	-3%	-11%	-20%	-13%	-7%	3%	-3%
	Soybean	-15%	-10%	-14%	-11%	-14%	-11%	-10%	2%	1%
	SPI	-19%	-17%	-13%	-11%	-11%	-10%	-12%	-11%	-8%
	Sichuan Pepper	1%	1%	0%	0%	0%	0%	0%	0%	0%
	Pepper	4%	-22%	-2%	9%	-1%	-2%	-11%	-21%	-30%
	Cocoa	150%	75%	4%	-16%	20%	2%	1%	9%	-5%
	Sesame	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Vegetable	3%	-10%	-7%	-3%	-8%	-1%	-9%	-19%	-19%
	Fruit	1%	2%	0%	3%	6%	5%	1%	-5%	-6%
	Corn	-14%	-10%	-8%	-6%	-2%	-2%	-2%	-1%	2%
Oil	Soybean Oil	0%	9%	4%	3%	1%	3%	6%	13%	6%
	Palm Oil	34%	34%	18%	12%	9%	11%	12%	19%	13%
	Oil	-8%	-9%	-6%	-7%	-6%	-6%	-9%	-9%	-9%
Meat	Fish	9%	10%	6%	2%	1%	-1%	0%	0%	-2%
	Chicken	-6%	-25%	-7%	-5%	-4%	0%	-12%	-6%	-3%
	Pork	14%	1%	3%	1%	0%	-16%	-17%	-25%	-27%
	Beef	-18%	-18%	-15%	-7%	0%	4%	5%	7%	7%
	Shrimp	31%	-2%	15%	-3%	-7%	7%	7%	7%	-4%
	Duck	-1%	-11%	-13%	-12%	-10%	-10%	-8%	-6%	-9%
Sugar, starch, milk	Chicken US	5%	3%	4%	5%	4%	3%	4%	4%	4%
	Starch	-10%	-10%	-6%	-5%	-6%	-6%	-6%	-5%	-5%
	Glutinous rice	3%	1%	0%	0%	0%	0%	0%	0%	0%
	Corn starch	-12%	-10%	-7%	-5%	-6%	-6%	-6%	-5%	-5%
	Molasses	-21%	-24%	-29%	-17%	-13%	-15%	-8%	-7%	-14%
	Butter	21%	12%	18%	16%	17%	17%	14%	9%	5%
	Flour	-2%	-3%	-2%	-2%	-2%	-2%	-1%	-1%	-1%
	MSG	1%	1%	1%	1%	-2%	-6%	-8%	-5%	-6%
	Sugar	-8%	-7%	-6%	-5%	-6%	-7%	-6%	-3%	-4%
	Milk powder	17%	21%	26%	26%	29%	20%	22%	19%	11%
Packaging	Raw milk	-15%	-14%	-13%	-11%	-9%	-8%	-6%	-6%	-3%
	Pulp	2%	-2%	-7%	-7%	-6%	-3%	-3%	-1%	6%
	Glass	-5%	-3%	-3%	-3%	-3%	-2%	-1%	-2%	0%
	PET	-8%	-10%	-12%	-18%	-15%	-15%	-18%	-14%	-8%
Others	Aluminum	5%	9%	8%	-1%	-3%	0%	5%	7%	5%
	Alcoholic PPI	-1%	-1%	-1%	-1%	-1%	-1%	0%	-1%	0%
	Condiments PPI	-1%	0%	2%	3%	3%	2%	1%	1%	1%
	PPI	-2%	-2%	-2%	-3%	-3%	-3%	-3%	-3%	-2%
	Sunflower seeds	12%	10%	11%	11%	11%	17%	19%	20%	26%
	Rawhide	-9%	-9%	-16%	-16%	-19%	-23%	-23%	-17%	-13%

Source: Wind, Bloomberg, CEIC, Data compiled by Goldman Sachs Global Investment Research

Exhibit 15: Raw materials contribution to unit COGS - soy sauce

Condiments - soy sauce	Haitian	Jonjee	Spot price vs. 2025 avg.
Direct raw materials % of COGS			
76%	81%		
Soybean (% of COGS)	14%	24%	-2%
White Granulated Sugar	12%	12%	-5%
Glass	12%	13%	0%
PET	10%	11%	-3%
MSG	5%		-4%
Others (condiments PPI)	23%	20%	0%
2026E raw materials contribution to unit COGS	-1.3%	-1.4%	
Changes on GPM	0.8%	0.9%	
GS estimate GPM change 2026	0.2%	0.6%	

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

Exhibit 16: Raw materials contribution to unit COGS - beer

Beer	CR Beer	Bud Apac	Tsingtao Brewery	Chongqing Brewery	Spot price vs. 2025 avg.
Direct raw materials % of COGS	61%	66%	64%	64%	
Aluminum (% of COGS)	21%	16%	16%	10%	2%
Pulp	9%	11%	11%	8%	4%
Glass	7%	11%	11%	28%	0%
Others (Alcoholic PPI)	4%	6%	3%	2%	0%
Barley	14%	16%	15%	11%	2%
Rice	7%	6%	8%	4%	0%
2026E raw materials contribution to unit COGS	0.9%	1.0%	1.0%	0.6%	
Changes on GPM	-0.5%	-0.5%	-0.6%	-0.4%	
GS estimate GPM change 2026	0.0%	0.6%	0.4%	0.6%	

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

Exhibit 17: Raw materials contribution to unit COGS - F&B, snacks

COGS structure (%)	Yili	Mengniu	Feihe	Tingyi	UPC	Nongfu	CR Beverage	Eastroc	Chacha (sunflower seeds)	Want Want	Spot price vs. 2025 avg.
Flour (% of COGS)					8%	4%					-0.3%
Sugar	3%	3%	3%	5%	11%	5%	1%	29%		10%	-5%
Palm Oil				3%	4%						0%
Milk powder	5%	5%	6%		4%	4%	1%			20%	-6%
Raw milk	40%	42%	28%			2%					-1%
Cocoa					1%						-18%
PET	14%	10%	9%	10%	8%	29%	26%	18%		9%	-3%
Paper Pulp	4%	10%		15%	15%	29%	35%	8%	10%	9%	4%
Glass	1%						1%			3%	0%
Aluminum	1%			9%				3%		9%	2%
Others (PPI)	32%	30%	46%	59%	54%	30%	36%	42%	40%	40%	-1%
Sunflower seeds									50%		12%
2026E raw materials contribution to unit COGS	-1.4%	-1.0%	-1.3%	-0.4%	-0.9%	-0.6%	0.2%	-2.0%	6.2%	-1.8%	
YoY changes in GPM	0.9%	0.6%	0.4%	0.3%	0.6%	0.3%	-0.1%	1.1%	-4.4%	1.0%	
GS estimate GPM change 2026					0.5%	0.4%	0.1%	2.3%	0.7%		

Chacha accounts for sunflower seeds only; UPC procurement price was carried from last year.

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

Exhibit 18: Raw materials contribution to unit COGS - compound condiments

Condiments - compound condiments	Yihai	Teway	Spot price vs. 2025 avg.
Direct raw materials % of COGS	89%	81%	
Soybean Oil (% of COGS)	18%	16%	2%
Sichuan Pepper	17%	8%	0%
Pepper	12%	3%	1%
PET	8%	8%	-3%
Others (condiments PPI)	35%	45%	0%
2026E raw materials contribution to unit COGS	0.2%	0.1%	
Changes on GPM	-0.1%	-0.1%	
GS estimate GPM change 2026	0.0%	0.7%	

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

Exhibit 19: Raw materials contribution to unit COGS - pet food

Pet	China Pet Foods	Petpal	Spot price Gambol vs. 2025 avg.
Materials as a % of COGS	72%	72%	82%
Rawhide as % of COGS	4%	22%	3%
Chicken (Global)	8%	14%	0%
Chicken	12%	14%	14%
Duck	9%	na	4%
Starch	na	3%	0%
Corn	2%	na	2%
Oil	2%	1%	0%
PET	15%	10%	12%
Others	21%	7%	46%
2026E raw materials contribution to unit COGS	-0.9%	-1.6%	-0.9%
YoY changes in GPM	0.6%	1.2%	0.6%
GS estimate GPM change 2026	-0.2%	-1.1%	-4.7%

GPM is using overseas segment GPM.

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

Exhibit 20: Raw materials contribution to unit COGS - frozen food

Frozen food	Anjoy	Sanquan	Qianweiyang gchu	Ligao	Weizhixiang	Angel	Spot price vs. 2025 avg.
Direct raw materials % of COGS	58%	42%	47%	73%	89%	66%	
<i>Fish</i>	18%				11%		0%
<i>Chicken</i>	9%				10%		-1%
<i>Pork</i>	1%	15%			5%		-6%
<i>Beef</i>	2%				42%		6%
<i>Shrimp</i>	8%				13%		4%
<i>Starch</i>	7%						-5%
<i>Flour</i>		11%	11%	5%			0%
<i>Glutinous rice</i>		13%	13%				0%
<i>Corn starch</i>				2%			-5%
<i>Sugar</i>			5%	2%			-5%
<i>Oil</i>							0%
<i>Palm oil</i>		2%			30%		0%
<i>Soybean oil</i>		2%		5%		2%	2%
<i>Butter</i>				6%	8%		-7%
<i>SPI</i>		4%					2%
<i>Sesame</i>			3%	3%			0%
<i>Fruit</i>					5%		-6%
<i>PPI</i>		5%		5%	5%	5%	42%
<i>Molasses</i>							24%
<i>Milk powder</i>					11%		-6%
<i>Raw milk</i>					5%		-1%
2026E raw materials contribution to unit COGS	0.0%	-0.9%	-0.6%	-1.7%	2.8%	-0.3%	
YoY changes in GPM	0.0%	0.7%	0.5%	1.2%	-2.1%	0.2%	
GS estimate GPM change 2026	0.5%	0.3%	1.0%	0.4%	-0.1%	0.3%	

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

Shareholders' return and valuation

Exhibit 21: Per announcements to date, we expect Tingyi/WH Group to lead in dividend yield in 2025E at 7.0%+ dividend yield

Company name	Dividend payout ratio		Dividend yield		FCF yield		FCF as % of sales		Net cash to equity	NP CAGR	YTD share performance
	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	
High dividend yield (>4%)											
Tingyi	104%	102%	7.7%	8.3%	8.5%	10.9%	6%	7%	-27%	-17%	9%
WH Group	65%	57%	7.6%	7.6%	15.7%	16.6%	7%	7%	-2%	5%	9%
UPC	100%	100%	6.8%	7.5%	7.0%	7.6%	7%	8%	26%	28%	7%
Yihai International	89%	89%	6.4%	6.9%	8.1%	9.0%	13%	14%	48%	52%	7%
Jiangsu Yanghe	144%	138%	6.1%	6.3%	2.5%	1.2%	13%	6%	35%	26%	8%
Feilie	72%	87%	6.2%	8.8%	6.7%	8.7%	12%	14%	30%	34%	15%
Shuanghui	98%	98%	5.7%	5.7%	6.1%	6.4%	9%	9%	7%	9%	-1%
Yili Industrial	93%	91%	5.7%	5.9%	6.7%	7.5%	10%	11%	-20%	-14%	7%
Budweiser APAC	107%	101%	5.3%	5.9%	4.2%	6.8%	10%	15%	25%	27%	14%
Weilong Delicious	99%	99%	5.1%	5.8%	5.4%	5.4%	20%	18%	85%	83%	13%
Wuliangye Yibin	76%	76%	4.8%	4.9%	3.1%	2.9%	17%	15%	83%	72%	4%
Tsingtao-H	68%	68%	5.0%	5.4%	5.3%	6.2%	11%	12%	58%	56%	9%
Chongqing Brewery	100%	100%	4.8%	5.3%	10.1%	11.6%	18%	20%	68%	84%	8%
Sichuan Teway	94%	94%	4.8%	5.5%	0.1%	4.5%	0%	14%	24%	23%	11%
Luzhou Laojiao	76%	76%	4.4%	4.5%	4.4%	4.2%	32%	9%	54%	40%	3%
Qianhe Condiment	100%	100%	4.1%	4.7%	3.3%	3.2%	13%	12%	35%	33%	13%
CR Beer	59%	60%	4.1%	4.7%	7.3%	9.3%	15%	18%	13%	22%	10%

Price as of Oct 15.

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 22: Coverage Valuation Comps with Global peers

Company	Rating	Mkt cap US\$ mn	Ccy	Price 10/13/2025	12-m TP	+/-	PE			TP Implied PE			25-27E		25-27E		EV/EBITDA		ROE		Div yield		YTD perf	
							2025E	2026E	2027E	2025E	2026E	2027E	Rev CAGR	NP CAGR	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E
Spirits																								
600519.SS	Kweichow Moutai	Buy	255,252	CNY	1419.20	1724.00	+21%	20X	19X	18X	24X	23X	22X	5%	6%	13X	12X	11X	35%	3.7%	-7%			
000858.SZ	Wuliangye Yibin	Buy	66,353	CNY	119.85	145.00	+21%	15X	15X	14X	18X	18X	17X	4%	4%	9X	9X	8X	22%	4.8%	-14%			
6979.HK	ZJLD	Neutral	3,742	HKD	8.86	7.70	-13%	23X	20X	18X	20X	18X	15X	13%	14%	13X	12X	10X	8%	1.8%	30%			
600809.SS	Shanxi Xinghuacun Fen Wine	Neutral	32,775	CNY	186.99	187.00	0%	19X	19X	17X	19X	19X	17X	6%	7%	14X	14X	12X	31%	3.0%	2%			
000968.SZ	Luzhou Laojiao	Neutral	27,209	CNY	127.30	119.00	-7%	17X	16X	16X	15X	15X	15X	5%	3%	11X	11X	10X	23%	4.4%	2%			
002304.SZ	Jiangsu Yanghe	Sell	14,513	CNY	66.98	39.00	-42%	23X	21X	20X	13X	12X	11X	5%	8%	15X	15X	13X	9%	6.1%	-20%			
000596.SZ	Ahrui Gujing Distillery Co.	Sell	11,479	CNY	150.83	140.00	-7%	15X	15X	14X	14X	14X	13X	4%	5%	9X	9X	8X	19%	3.6%	-13%			
000799.SZ	Jugui Liquor	Sell	2,892	CNY	59.57	20.90	-85%	n.m.	72X	50X	99X	25X	18X	31%	n.m.	n.m.	59X	41X	2%	0.5%	7%			
600179.SS	Sichuan Swifflun Co.	Sell	2,939	CNY	42.05	33.80	-20%	18X	18X	16X	15X	14X	13X	5%	7%	11X	11X	10X	20%	1.9%	-21%			
603369.SS	Jiangsu King's Luck Brewery	Neutral	6,930	CNY	38.65	42.00	9%	16X	15X	14X	18X	16X	15X	9%	8%	11X	11X	10X	18%	2.6%	-15%			
Avg.								18X	23X	20X	26X	18X	16X	9%	9%	12X	16X	13X	19%	3.2%	-5%			
DGE.L	Diageo	Neutral	53,300	GBP	1797.50	2000.00	11%	14X	14X	13X	16X	16X	15X	2%	4%	10X	11X	10X	29%	4.3%	-29%			
PERP.PA	Pernod Ricard	Buy	25,134	EUR	83.12	110.00	32%	12X	13X	12X	16X	17X	16X	-1%	0%	10X	10X	10X	10%	5.2%	-24%			
RCOP.PA	Remy Cointreau	Buy	2,525	EUR	43.60	65.00	49%	19X	16X	14X	28X	24X	21X	6%	16%	11X	10X	9X	6%	4.5%	-25%			
Avg.								15X	14X	13X	20X	19X	17X	2%	7%	10X	10X	10X	15.2%	4.7%	-26%			
Beer																								
1876.HK	Budweiser APAC	Buy	13,926	HKD	8.40	8.90	6%	24X	18X	17X	26X	19X	18X	7%	21%	7X	6X	6X	6%	5.3%	12%			
0291.HK	China Resources Beer	Buy	10,857	HKD	26.96	37.00	37%	15X	13X	12X	20X	18X	17X	2%	6%	7X	7X	6X	16%	4.1%	7%			
0168.HK	Tsingtao Brewery (H)	Buy	9,400	HKD	54.70	61.40	12%	14X	13X	12X	16X	15X	13X	3%	9%	8X	7X	6X	16%	5.0%	-4%			
600600.SS	Tsingtao Brewery (A)	Neutral	12,810	CNY	67.20	70.30	5%	19X	17X	16X	20X	18X	17X	3%	9%	11X	10X	9X	16%	3.7%	-17%			
600132.SS	Chongming Brewery	Neutral	3,654	CNY	53.39	54.50	2%	20X	19X	17X	21X	19X	18X	3%	8%	7X	6X	6X	41%	4.8%	-15%			
002568.SZ	Shanghai Baizun	Neutral	3,850	CNY	25.22	18.10	-28%	35X	28X	26X	25X	20X	18X	12%	19%	22X	18X	17X	16%	1.4%	-10%			
Avg.								21X	18X	17X	21X	18X	17X	5%	9%	10X	9X	8X	18%	4.0%	-4%			
ABIBR	Anheuser-Busch InBev*	Buy	121,255	EUR	51.22	71.00	39%	15X	13X	12X	21X	18X	16X	4%	13%	9X	8X	8X	8%	2.1%	6%			
CARLB.CO	Carlsberg	Buy	16,342	DKK	758.00	1000.00	32%	13X	11X	10X	17X	15X	13X	3%	12%	10X	9X	8X	23%	3.3%	10%			
HEIN.AS	Heineken	Buy	44,665	EUR	66.76	93.00	39%	14X	13X	12X	19X	18X	16X	3%	6%	8X	8X	8X	12%	2.7%	-3%			
2502.T	Asahi Group	Buy	17,119	JPY	1757.50	2350.00	34%	17X	13X	12X	23X	18X	16X	4%	17%	9X	9X	8X	6%	3.1%	6%			
2503.T	Kirin Holdings	Sell	11,603	JPY	2158.00	2100.00	-3%	12X	11X	11X	11X	10X	10X	2%	5%	9X	8X	8X	9%	3.5%	5%			
2587.T	Suntory Beverage & Food Ltd	Buy	9,646	JPY	4657.00	5800.00	25%	16X	14X	13X	20X	18X	17X	4%	9%	6X	5X	5X	7%	2.6%	-7%			
Avg.								14X	13X	12X	18X	16X	15X	3%	10%	9X	8X	8X	11%	2.9%	3%			
Condiment																								
603288.SS	Foshan Hailian Flavouring & Food	Neutral	32,041	CNY	38.90	43.20	11%	31X	28X	25X	34X	31X	28X	8%	10%	22X	20X	18X	20%	2.4%	-15%			
3288.HK	Foshan Hailian Flavouring & Food	Buy	24,446	HKD	32.46	46.10	42%	24X	21X	20X	34X	30X	28X	8%	10%	16X	14X	13X	20%	3.1%	n.m.			
600872.SS	Jonjies Hi-Tech	Sell	2,039	CNY	18.42	14.60	-21%	23X	20X	19X	18X	16X	15X	3%	11%	16X	14X	12X	10%	1.5%	-16%			
002507.SZ	Fuling Zhacai	Neutral	2,096	CNY	12.87	12.30	-4%	17X	16X	14X	16X	15X	14X	6%	8%	12X	11X	10X	10%	3.5%	-9%			
1579.HK	Yihai International Holding	Neutral	1,507	HKD	12.16	14.10	16%	14X	13X	12X	16X	15X	14X	6%	7%	7X	6X	6X	16%	6.4%	-19%			
603072.SS	Qianhe Condiment and Food	Sell	1,658	CNY	11.49	8.70	-24%	24X	21X	19X	18X	16X	14X	8%	13%	16X	14X	13X	13%	4.1%	-5%			
603317.SS	Sichuan Teway Food Group	Sell	1,687	CNY	11.30	9.70	-14%	19X	17X	16X	17X	15X	13X	7%	11%	15X	13X	12X	13%	4.8%	-15%			
Avg.								22X	19X	18X	22X	20X	18X	7%	10%	15X	13X	12X	14.6%	4.0%	-13%			
Dairy																								
600887.SS	Yili Industrial	Buy	24,816	CNY	27.55	33.90	23%	16X	15X	14X	20X	19X	17X	2%	7%	12X	11X	10X	19%	5.7%	-9%			
2319.HK	Mengniu Dairy	Buy	7,278	HKD	14.73	20.50	39%	15X	11X	9X	20X	15X	13X	4%	9%	8X	7X	6X	10%	3.8%	-16%			
6196.HK	China Feile Ltd.	Neutral	4,428	HKD	3.92	4.30	10%	12.0X	10.3X	9.1X	13X	11X	10X	4%	15%	5X	4X	4X	10%	6.2%	-28%			
Avg.								14X	12X	11X	18X	15X	13X	3%	10%	8X	7X	6X	13.1%	5.2%	-18%			
F&B																								
9633.HK	Nongfu Spring	Buy	77,387	HKD	54.00	60.50	12%	37X	31X	28X	41X	35X	31X	13%	15%	24X	20X	18X	43%	1.9%	59%			
0322.HK	Tingyi	Buy	7,665	HKD	10.62	12.70	20%	14X	12X	11X	16X	15X	14X	2%	9%	6X	6X	6X	22%	7.7%	5%			
0220.HK	Uni-President China	Neutral	4,689	HKD	8.51	9.30	9%	15X	13X	13X	16X	15X	14X	5%	7%	8X	7X	7X	17%	6.8%	9%			
605499.SS	Eastrock Beverage*	Buy	21,169	CNY	296.60	350.00	18%	34X	27X	22X	41X	32X	26X	21%	24%	26X	20X	17X	54%	2.0%	19%			
2460.HK	China Resources Beverage	Neutral	3,337	HKD	11.22	10.50	-6%	23X	18X	15X	21X	17X	14X	7%	23%	8X	6X	5X	9%	2.0%	-4%			
KO	Coca-Cola Co.	Neutral	290,351	USD	66.80	70.00	5%	23X	21X	19X	24X	22X	20X	6%	7%	20X	18X	17X	44%	3.0%	7%			
PEP	PepsiCo Inc.	Buy	207,650	USD	148.89	167.00	12%	18X	17X	16X	21X	19X	18X	4%	6%	14X	13X	13X						

near-term stock catalysts.

- We revise down ZJLD's sales forecasts by 8%-18% for 2025E-27E as the industry is still facing policy headwinds and weak demand. We revise down adj. earnings by 4%-15% for 2025E-27E despite more stringent Opex cuts in 2025E. However, our 12-month TP goes up to HK\$7.7 (vs prior HK\$6.0), implying 13% downside, as we roll forward our valuation base and increase our target multiple to 16.5x 2027E P/E, discounted back to end-2026E with an 8.2% COE (vs prior 12.4x 2026E P/E discounted back to mid-2026E). Our new target P/E multiple is set in line with Moutai's trough level P/E during Sep 2024 (i.e. recovery period P/E multiple, whereas our prior 12.4x multiple was set in line with Yanghe's anti-graft down cycle P/E), as we factor in the sales upside from the newly launched "Da Zhen" SKUs in its product upcycle and the market now looking ahead to the rebound path in 2027 and beyond.

Beer: For 3Q25, we look for flattish volume for Chongqing and 0.9% volume growth in Tsingtao, while we expect Bud APAC softness to deepen vs. 2Q with 12% volume decline. We expect ASP to stay muted but not to deteriorate vs. 1H supported by relatively resilient/steady premiumization in in-home channels (Tsingtao mid-to-high end volume up 2% in 3Q and CR Beer's sub-premium&above volume up 7% in 2H on GSe). We continue to look for 1~2ppt GPM expansion across players on cost benefits. We expect Tsingtao Brewery to continue to deliver encouraging EBIT growth at 8% in 3Q mainly with cost buffers enabling YoY higher opex investment ratio, while Chongqing Brewery may see intensified selling expense.

- We slightly tweak down **CR Beer** volume to now 2%/2% yoy growth in 2H25E/2025E for the beer segment, leading to 3%/3% yoy beer sales growth in 2H25E/2025E. We now look for 1.4% sales growth into 2H25E with a still weakening spirits segment (Zhaiyao sales down 22% yoy in 2H25E). We revise down our overall sales forecasts by 0.5%-0.7% for 2025E-27E mainly on weaker beer sales. We expect continuous selling/admin expense savings going forward and therefore, reported earnings/earnings excl. impairment are revised down by c.1% for 2025E-27E. As a result, our 12-month TP is now HK\$36.7 (vs prior HK\$37.0) based on an unchanged 19.0x 2026E, which in turn is based on global peers' full cycle average in the last five years, discounted back by half a year to mid-2026E.
- We tweak **Tsingtao Brewery**'s 3Q25 volume to 0.9% yoy growth, leading to 1.3% yoy sales growth into 3Q25E. We now look for 8.8% yoy NP growth on a low base in 3Q24 despite higher Opex. We make no change to our full-year estimates, and therefore our 12-month TPs are unchanged at HK\$61.4/Rmb70.3 for the H/A shares, based on 15.2x/19.0x 2026E P/Es, discounted back by half a year to mid-2026E. Our target P/Es are benchmarked to global peers' full cycle average in the last five years, with a 25% premium for the A-share.
- We now look for 0.1% yoy volume growth for **Chongqing Brewery** into 3Q25E and -1% yoy sales decline in 3Q25E. We now look for -17% yoy NP/Recurring NP decline with higher Opex in 3Q25E. As we do not change our full-year estimates, our 12-month TP is unchanged at Rmb54.5 based on a 19.0x 2026E P/E, in line with global peers' full cycle average in the last five years. We are Neutral rated.
- We revise down **Bairun**'s sales forecasts by up to -5% for 2025E-27E amid

weakening consumer sentiment. We now look for -4% yoy sales decline for RTD cocktail and whiskey in 2025E. We trim our NP estimates by 4%-9% for 2025E-27E with topline weakness and higher Opex. That said, we look for acceleration to 19% in 3Q25 sales on lower base comp for RTD cocktails and gradual ramping up of whiskey (GSe of c. Rmb100mn prepayment in 3Q25). However, our 12-month TP increases to Rmb20.63 (vs. Rmb18.10 prior) due to 1) changed earnings estimates; and 2) we roll forward our valuation base and update our target multiple to 23x 2027E P/E, based on its last 2-yr trading P/E (vs. prior 21.0x 2026E P/E, higher PE due to whiskey ramp-up adding more growth engine), discounted back to end-2026E with a 9.9% COE.

- **Bud APAC:** For China, we expect 3Q to decelerate further vs. 2Q as anti-extravagance policies and subsidy-fueled food-delivery led to a more pronounced on-premise drag, while ongoing de-stocking further pressures volumes and brand mix. We expect organic EBITDA for AP East to grow by 2.1% in 2025 while AP West to see -11.0% decline.

Dairy: For 3Q25, we see intensified near-term topline headwinds mainly from weak consumption sentiment and sequentially escalating pricing competition in the quarter on still excessive milk supply (see our Dairy preview). **We look for -3%/-13% yoy liquid milk sales decline in 2H25 for Yili/Mengniu** vs. moderate help from frozen dairy/milk powder, while we expect largely stable OPM yoy in 2025 full year for both. We expect S/D rebalancing in 2026 with raw milk price stabilization in 3Q25 and potential new drivers to digest excessive supply including imports/exports dynamics.

F&B: We remain selective in our F&B coverage amid rising competition (with RTD and from FMD) into 2026 (more promotions/value offerings and large-pack mix into end-2025) while still expecting cost benefits/disciplined opex/efficiency gains to support beverage margins in 2H25. For 3Q25, we are positive on Eastroc's (Buy, on CL) sales momentum and expect 31%/35% sales/NP growth in 3Q25 with solid market share in energy drinks and PoS ramp-up in sports drinks/other beverages. We also expect 29%/7%/17% yoy earnings growth for Nongfu/Eastroc/Tingyi/UPC in 2H25 while expecting a 49% earnings decline for CR Beverage in 2H25 as a result of continued channel reform/marketing investment.

Condiment:

- In this report **we downgrade Jonjee** (please see the downgrade section below) to Sell from Neutral and revise down our earnings forecasts by 8%-10% in 2025E-27E on lower growth outlook and still low visibility of channel reforms. Our 12m TP declines to Rmb14.6 from Rmb15.2 on our earnings revisions, based on an unchanged 16x P/E applied to our 2026E EPS, which is set in line with US peers' trading P/E in the downturn around 2018 when facing private label competition, rolling over to end-2026E (vs. prior discounted back to 2025YE using 10.3% COE).
- We also tweak **Fuling Zhacai** and **Qianhe's** 3Q25 forecasts with no change to our full-year estimates. For Fuling Zhacai, we now look for 5% yoy sales growth in 3Q25 and 8% yoy NP/recurring NP growth in 3Q25 on 12% yoy SG&A expense savings. Our 12-month TP is unchanged at Rmb12.3 based on a 16x 2026E P/E discounted back to 2025 at 7.5% COE. For Qianhe, we now look for -9% yoy sales decline into 3Q25

on a tough base in 3Q24 and -7% yoy NP/recurring NP decline with less significant SG&A savings (selling expense ratio down by 2ppt yoy while flattish admin expense ratio). Our 12-month TP is unchanged at Rmb8.7 based on a 16x P/E applied to our 2026E avg EPS.

Pet:

- We tweak **Gambol's** 3Q25 earnings estimates slightly and now look for a **18%/19% sales/NP yoy growth in 3Q25**. We remain positive on its strong growth momentum, driven by domestic own-brand sales performance and we expect 23%-25% yoy sales growth and 19%-42% yoy NP growth for 2025E-27E. Since our full-year estimates are only minimally adjusted, our 12-month TP remains Rmb120.0 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.

Frozen Food:

- We slightly tweak **Angel Yeast's** 3Q estimates and now look for 5.3%/32% yoy sales/NP growth in 3Q25 amid cost tailwind and overseas whitespace. As our full-year estimates are unchanged, our 12-month TP remains Rmb44.2 based on a 20X P/E applied to our 2026E EPS, discounted back to end-2026 at 8.1% COE.
- We slightly tweak **Ligao's** 3Q estimates and now look for 10%/c.8% yoy sales/NP growth for 3Q25 with a favorable products cycle and resilient margin profile amid rising input costs. As our full-year estimates are unchanged, our 12-month TP remains Rmb55.0 based on a 19x P/E (benchmarked to the company's past 2-year P/E) applied to our 2026E EPS, discounted back to end-2026 at a COE of 8.4%.

Exhibit 23: Summary of TP changes and valuation

Company	Ticker	Old Rating	Rating	Market Cap		Share Price	Exit P/E		Old TP	New TP	TP Chg	+/-% new TP	Trading P/E			TP implied P/E			2025e-27e CAGR		2025e-27e CAGR (Old)		Div yield 2025e	
				(US\$m)	10/13/25		Old	New					2025e	2026e	2027e	2025e	2026e	2027e	Sales	NP	Sales	NP		
China Spirits	ZJLD	6979.HK	Neutral	Neutral	3,742	8.66	12.7x	16.5x	29.9%	6.00	7.70	28%	-13%	23X	20X	18X	20X	18X	15X	13.0%	13.8%	6.8%	7.4%	1.8%
China Beer	CR Beer	0291.HK	Buy	Buy	10,857	26.96	19.0x	19.0x	0.0%	37.00	36.70	-1%	36%	15X	13X	12X	20X	18X	17X	2.0%	5.9%	2.2%	6.1%	4.1%
Shanghai Bairun	002568.SZ	Neutral	Neutral	3,850	25.22	21.0x	23.0x	9.5%	18.10	20.63	14%	-18%	35X	30X	26X	29X	24X	21X	12.5%	17.1%	9.6%	13.5%	1.4%	
China Condiments	Joyee Hi-Tech	600872.SS	Neutral	Sell	2,039	18.42	16.0x	16.0x	0.0%	15.20	14.60	-4%	-21%	23X	20X	19X	18X	16X	15X	2.7%	11.4%	4.3%	9.9%	1.5%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 24: Summary of earnings revisions

Company	Revenue changes				NI changes				Revenue (mn, new)				Net Income (mn, new)				Revenue yoy new				Revenue yoy old				Net Income yoy new				Net Income yoy old			
	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	2024e	2025e	2026e	2027e				
ZJLD	-18.1%	-14.5%	-8.3%	-14.5%	-11.0%	-3.9%	4,874	5,431	6,229	1,180	1,317	1,529	-31.0%	11.4%	14.7%	-15.7%	6.7%	6.9%	-29.6%	11.6%	16.1%	-17.7%	7.2%	7.5%	5,955	6,352	6,793	1,876	1,380	1,480	1,591	
China Beers																																
CR Beer	-0.5%	-0.7%	-0.6%	-1.0%	-1.0%	-3.5%	39,045	39,987	40,658	5,881	6,112	6,594	1.1%	2.4%	1.7%	1.5%	2.6%	1.7%	15.2%	11.4%	7.9%	11.2%	10.4%	7.9%	39,222	40,255	40,940	4,739	5,919	6,173	6,663	
Shanghai Bairun	-5.1%	-2.3%	-0.1%	-9.4%	-6.2%	-3.5%	3,129	3,562	3,958	755	889	1,035	2.6%	13.8%	11.1%	8.2%	10.5%	8.6%	4.9%	17.8%	18.4%	15.8%	13.9%	13.1%	3,299	3,648	3,960	719	833	948	1,072	
China Condiments																																
Joyee Hi-Tech	-8.6%	-9.6%	-11.4%	-10.4%	-8.8%	-7.9%	4,654	4,739	4,908	626	714	777	-15.7%	1.8%	3.6%	-7.7%	2.9%	5.7%	-29.9%	14.1%	8.8%	-21.7%	12.0%	7.8%	5,094	5,241	5,538	893	699	783	844	
China Pet Care	-0.8%	-0.7%	-0.6%	-0.2%	0.1%	0.0%	6,575	8,201	10,073	746	1,068	1,501	25.4%	24.7%	22.8%	26.4%	24.6%	22.7%	19.4%	43.2%	40.6%	19.6%	42.8%	40.6%	8,628	8,256	10,132	625	747	1,067	1,501	
Gambol Pet																																

Source: Goldman Sachs Global Investment Research

Jonjee (600872.SS): Channel reform to take time to bear fruit with accelerating market share loss to leader; Downgrade to Sell

We expect continued market consolidation in soy sauce, mainly skewed to leading companies like Haitian that have stronger channel execution and continuous product profile enhancement that enables them to gain share. We believe Jonjee's channel reform will still take time to bear fruit and may face continued pressure from further market share gain and consolidation by Haitian. We see **Jonjee's sales growth moderating from a 14% 2015-19 CAGR to a -4% 2024-27E CAGR**. We cut our sales forecasts by c.9%-11% for 2025E-27E and cut condiment sales by c.7%-12% for 2025E-27E to reflect 1) still low visibility on the positive contribution from channel reform to topline growth, and 2) potential market share loss due to our expectation that Haitian will gain further market share, and consolidation in the domestic condiment industry. We revise down our earnings forecasts by 8%-10% for 2025E-27E for reported NP and recurring NP mainly on insignificant opex savings alongside topline weakness, with negative operating leverage.

All said, we **downgrade Jonjee from Neutral to Sell on its weaker growth outlook than we previously expected, still low visibility on ongoing reform and deteriorating competitive landscape**. Specifically, **1) channel reform will still take time to bear fruit** (see [here](#)) Jonjee reached 2,799 distributors in 2Q25 with sales per distributor at Rmb0.35mn, down by 21% yoy after 4 quarters of consecutive deterioration since 2Q24 ([Exhibit 26](#)). The company still saw increased selling expense likely on more channel promotions/advertising (+16% yoy in 2Q25) despite the pressured topline. We believe it will still take time for Jonjee's channel reform (which began in early 2024) to contribute to positive sales growth. **2) Haitian has continued to gain market share in the domestic market with strong channel/product execution and development**. We estimate c.7%/8% yoy sales growth in 3Q25E/2025E for Haitian vs. -10%/-16% yoy decline for Jonjee sales/NP in 3Q25E/2025E. Haitian has said it will deepen its channel enhancement and products mix (i.e. optimizing regional structure and product portfolio diversification), which we believe will fuel its longer-term share gain in the domestic market, at the expense of smaller players. **3) We expect Jonjee to see more earnings downside into 3Q25E despite raw material cost tailwind**. We expect Jonjee's net profit to decrease by c.28%/35% yoy in 3Q25E/2025E with a relatively higher Opex ratio due to operating deleveraging, combined with weaker topline performance than we previously expected, despite a raw material cost tailwind and better product mix (increased contribution from soy sauce in 2Q25 with +6% yoy sales growth on a low base).

Target price: We lower our 12-month TP for Jonjee to Rmb14.6 vs prior Rmb15.2, implying 21% downside vs. 1.1% downside for our Consumer Staples coverage. Our valuation methodology is based on an unchanged 16x P/E applied to our 2026E EPS, which is set in line with US peers' trading P/E in the downturn around 2018 when they faced private label competition, rolled over to end-2026E (vs. prior discounted back to end-2025E). The stock is currently trading at 23x/20x for 2025E/26E P/E against a recurring NP decline/growth at -7%/+14% yoy in 2025E-26E on GSE.

Where are we vs. consensus: We are 7%~11% lower than the Bloomberg consensus on 2025E-26E sales and 15% lower than the Bloomberg consensus on recurring NP as we

are more bearish on its reform progress and market share path given Haitian's market share gain and more resilient growth potential.

Key upside risks and what could cause us to turn more positive:

1) Faster-than-expected distributor recruitment: If Jonjee is able to recruit more distributors and at a faster pace than expected, its distributor network could expand promoting more growth in total condiment sales than expected.

2) More efficient and targeted channel investments: If Jonjee plans/allocates more channel investments for distributors and customers, this could help to incentivize distributors, boost consumer demand and contribute to its sales expansion.

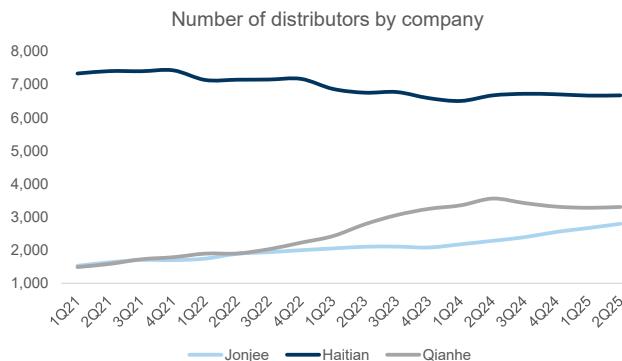
3) Better-than-expected consumer demand recovery and mix: While Jonjee has made some progress in 2B channel sales, 2C demand has been sluggish under the current macro backdrop. If consumer demand recovery is better than expected, sales growth could be faster and lead to a more favourable mix and improving margins.

4) Better-than-expected margin from internal changes in operation efficiency, e.g. cost savings in procurement/manufacturing automation.

5) Better-than-expected competition landscape in the soy sauce market: If competitors reduce promotions and discounts, Jonjee may benefit which would impact its sales/margins.

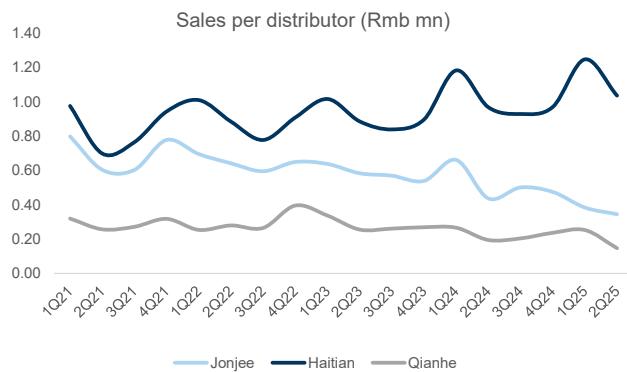
Overall, a stronger and sustainable outlook on improving mix, channel investment, or macro could cause us to revisit our thesis.

Exhibit 25: Jonjee expanded its distributor network at a faster pace in recent quarters...



Source: Company data

Exhibit 26: ...while sales per distributor deteriorated continuously since 2Q24, and decreased 21% yoy in 2Q25



Source: Company data

Exhibit 27: Jonjee New vs Old

Summary P&L (Rmb mn)	New			Old			Change		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Total revenues	4,654	4,739	4,908	5,094	5,241	5,538	-8.6%	-9.6%	-11.4%
	-16%	2%	4%	-8%	3%	6%			
COGS	2,916	2,944	3,019	3,197	3,285	3,465	-8.8%	-10.4%	-12.9%
Gross profit	1,738	1,795	1,889	1,897	1,956	2,072	-8.4%	-8.3%	-8.9%
SG&A	1,049	1,009	1,035	1,122	1,089	1,140	-6.5%	-7.4%	-9.2%
Selling expense	525	534	553	548	564	596	-4.3%	-5.3%	-7.2%
Admin expense	475	425	430	520	470	485	-8.6%	-9.6%	-11.4%
Other operating expenses, net	25	25	25	25	25	25	n.m.	n.m.	n.m.
EBITDA	855	957	1,030	941	1,038	1,109	-9.2%	-7.8%	-7.1%
Depreciation	179	184	190	179	184	190	0.0%	0.0%	0.0%
Amortization	12	12	11	12	12	11	0.1%	0.2%	0.4%
EBIT (Operating profit)	664	761	829	750	842	908	-11.5%	-9.6%	-8.7%
	-37%	15%	9%	-29%	12%	8%			
Interest income	6	14	21	6	15	22	0.0%	-2.5%	-3.8%
Interest expense	10	10	10	10	10	10	0.0%	0.0%	0.0%
Net interest income/(exp.)	4	(4)	(10)	4	(4)	(11)	n.m.	n.m.	n.m.
Investment gains/losses	57	57	57	57	57	57	0.0%	0.0%	0.0%
Non-operating income/(loss)	28	28	28	28	28	28	0.0%	0.0%	0.0%
Pre-tax profit	745	850	924	831	931	1,004	-10.4%	-8.8%	-7.9%
	-35%	14%	9%	-27%	12%	8%			
Provision for taxes	118	135	147	132	148	160	-10.4%	-8.8%	-7.9%
Effective tax rate	16%	16%	16%	16%	16%	16%	0.0%	0.0%	0.0%
Minority interest	-	-	-	-	-	-	n.a.	n.a.	n.a.
Net income	626	714	777	699	783	844	-10.4%	-8.8%	-7.9%
	-30%	14%	9%	-22%	12%	8%			
Recurring Net Income	626	714	777	699	783	844	-10.4%	-8.8%	-7.9%
	-7%	14%	9%	4%	12%	8%			
Basic EPS (Rmb)	0.80	0.91	0.99	0.89	1.00	1.08	-10.4%	-8.8%	-7.9%
Margin analysis									
Gross margin	37.3%	37.9%	38.5%	37.2%	37.3%	37.4%	0.1%	0.5%	1.1%
EBITDA margin	18.4%	20.2%	21.0%	18.5%	19.8%	20.0%	-0.1%	0.4%	1.0%
Selling/sales	11.3%	11.3%	11.3%	10.8%	10.8%	10.8%	0.5%	0.5%	0.5%
Admin ratio	10.2%	9.0%	8.8%	10.2%	9.0%	8.8%	0.0%	0.0%	0.0%
Operating profit margin	14.3%	16.1%	16.9%	14.7%	16.1%	16.4%	-0.5%	0.0%	0.5%
Business operating margin	15.4%	17.3%	18.3%	15.8%	17.2%	17.6%	-0.4%	0.1%	0.6%
Pre-tax profit margin	16.0%	17.9%	18.8%	16.3%	17.8%	18.1%	-0.3%	0.2%	0.7%
Net profit margin	13.5%	15.1%	15.8%	13.7%	14.9%	15.2%	-0.3%	0.1%	0.6%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 28:

600872.SS	12m Price Target: Rmb14.6	Price: Rmb18.54	Downside: 21.3%
Sell	GS Forecast		
Market cap: Rmb14.6bn / \$2.0bn	Revenue (Rmb mn) New	12/24	12/25E
Enterprise value: Rmb13.9bn / \$1.9bn	Revenue (Rmb mn) Old	5,518.8	4,654.0
3m ADTV :Rmb229.7mn/ \$32.1mn	EBITDA (Rmb mn)	1,248.9	854.6
China	EPS (Rmb) New	0.86	0.80
China Consumer Staples	EPS (Rmb) Old	0.86	0.89
	P/E (X)	27.2	23.2
M&A Rank: 3	P/B (X)	3.2	2.3
Leases incl. in net debt & EV?: No	Dividend yield (%)	1.7	1.5
	CROCI (%)	17.0	8.3
		3/25	6/25
	EPS (Rmb)	0.23	0.11
			9/25E
			12/25E
			0.21
			0.26

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 14 Oct 2025 close.

Exhibit 29: Summary Financials of Jonjee

Profit model (Rmb mn)	12/24	12/25E	12/26E	12/27E	Balance sheet (Rmb mn)	12/24	12/25E	12/26E	12/27E
Total revenue	5,518.8	4,654.0	4,738.9	4,907.8	Cash & equivalents	692.6	1,571.5	2,282.6	3,027.3
Cost of goods sold	(3,323.3)	(2,916.1)	(2,944.1)	(3,018.9)	Accounts receivable	425.0	358.4	365.0	378.0
SG&A	(944.4)	(896.0)	(858.0)	(883.7)	Inventory	1,531.0	1,263.5	1,195.0	1,142.6
R&D	(164.8)	(153.0)	(151.0)	(151.5)	Other current assets	2,546.8	2,546.8	2,546.8	2,546.8
Other operating profit/(expense)	(24.9)	(24.9)	(24.9)	(24.9)	Total current assets	5,195.4	5,740.3	6,389.3	7,094.7
EBITDA	1,248.9	854.6	956.7	1,030.2	Net PP&E	2,146.8	2,078.3	2,006.5	1,931.1
Depreciation & amortization	(187.7)	(190.5)	(195.9)	(201.4)	Net intangibles	75.1	56.8	38.7	20.6
EBIT	1,061.3	664.0	760.8	828.8	Total investments	561.9	609.4	656.9	704.4
Interest income	4.5	6.3	14.3	20.7	Other long-term assets	257.7	262.7	267.7	272.7
Interest expense	(10.3)	(10.3)	(10.3)	(10.3)	Total assets	8,236.9	8,747.5	9,359.1	10,023.5
Income/(loss) from uncons. subs.	(0.1)								
Others	84.8	84.7	84.7	84.7					
Pretax profits	1,140.3	744.8	849.5	924.0					
Income tax	(181.3)	(118.4)	(135.0)	(146.9)					
Minorities	(66.0)	0.0	0.0						
Net income pre-preferred dividends	893.1	626.4	714.5	777.1					
Preferred dividends									
Net income (pre-exceptionals)	893.1	626.4	714.5	777.1					
Post-tax exceptionals	(222.5)								
Net income	670.6	626.4	714.5	777.1					
EPS (basic, pre-except) (Rmb)	1.1	0.8	0.9	1.0					
EPS (basic, post-except) (Rmb)	0.9	0.8	0.9	1.0					
EPS (diluted, post-except) (Rmb)	0.9	0.8	0.9	1.0					
DPS (Rmb)	0.4	0.3	0.3	0.3					
Dividend payout ratio (%)	46%	34%	34%	34%					
Free cash flow yield (%)	4%	6%	6%	6%					
Growth & margins (%)	12/24	12/25E	12/26E	12/27E	Ratios	12/24	12/25E	12/26E	12/27E
Sales growth	7%	-16%	2%	4%	CROCI (%)	17%	8%	9%	9%
EBITDA growth	67%	-32%	12%	8%	ROE (%)	13%	11%	11%	11%
EBIT growth	90%	-37%	15%	9%	ROA (%)	9%	7%	8%	8%
Net income growth	28%	-7%	14%	9%	ROACE (%)	18%	11%	13%	14%
EPS growth	28%	-6%	14%	9%	Inventory days	172.9	174.9	152.4	141.3
Gross margin	40%	37%	38%	38%	Receivables days	17.1	30.7	27.9	27.6
EBITDA margin	23%	18%	20%	21%	Payable days	138.7	170.9	159.0	157.8
EBIT margin	19%	14%	16%	17%	Net debt/equity (%)	0%	-12%	-20%	-28%
					Interest cover - EBIT (X)	185.7	167.2		
Cash flow statement (Rmb mn)	12/24	12/25E	12/26E	12/27E	Valuation	12/24	12/25E	12/26E	12/27E
Net income pre-preferred dividends	893.1	626.4	714.5	777.1	P/E (analyst) (X)	27.2	23.2	20.3	18.7
D&A add-back	187.7	190.5	195.9	201.4	P/B (X)	3.2	2.3	2.1	2.0
Minorities interests add-back	66.0	0.0	0.0		EV/EBITDA (X)	14.7	16.2	13.9	12.2
Net (inc)/dec working capital	(266.8)	155.8	74.3	72.1	EV/GCI (X)	2.2	1.5	1.4	1.4
Other operating cash flow	207.9				Dividend yield (%)	2%	1%	2%	2%
Cash flow from operations	1,087.8	972.8	984.7	1,050.6					
Capital expenditures	(304.7)	(108.8)	(110.9)	(113.0)					
Acquisitions	0.0	(1.3)	(1.4)	(1.6)					
Diversifications	22.5								
Others	(957.0)	(46.3)	(46.1)	(45.9)					
Cash flow from investments	(1,239.2)	(156.4)	(158.5)	(160.5)					
Dividends paid (common & pref)	(306.8)	(306.8)	(215.2)	(245.4)					
Inc/(dec) in debt	731.3	100.0	100.0	100.0					
Common stock issuance (repurchase)									
Other financing cash flows	(81.0)	269.3							
Cash flow from financing	343.5	62.5	(115.2)	(145.4)					
Total cash flow	192.1	878.9	711.0	744.7					

Note: Last actual year may include reported and estimated data.
Source: Company data, Goldman Sachs Research estimates.

Source: Company data, Goldman Sachs Global Investment Research

Investment Thesis - Jonjee High-Tech

Jonjee is a leading condiment company in China leveraging its core brand “Chubang”, strong in soy sauce and vinegar segments. We hold sell rating on Jonjee on its: 1) low visibility on the positive contribution from channel reform to topline growth; 2) potential market share loss in the consolidating soy sauce market, due to our expectation that the top 1 player Haitian will further gain share on stronger channel execution and continuous product profile enhancement. 3) We expect more earnings downgrades into 3Q25E with relatively higher Opex ratio due to operating deleveraging, despite raw material cost tailwind.

Earnings Calendar

Companies under our coverage will report 3Q25 results from 22nd Oct to 30th Oct.
China Pet Foods already reported 3Q25 results on 13th Oct.

Exhibit 30: 3Q25 results reporting calendar

2025 OCTOBER						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			01	02	03	04
05	06	07	08	09	10	11
12	13	14	15	16	17	18
19	20	21 Gambol	22 Chacha Food	23 Eastroc Beverage Jonjee Hi-Tech Fuling Zhacai	24	25
26 Yankershop Fodd Sanquan Petpal Shanghai Bairun Tsingtao Brewery Qianweiyangchu Three Squirrels	27 WH Group Shuangshui Anjoy Weizhixiang Foshan Haitian Ligao Food	28 Kweichow Moutai Angel Yeast Shede NC	29 Budweiser APAC Chongqing Brewery Jiangsu Yanghe Jiugui Liquor Wuliangye Yibin Yili Qianhe Sichuan Teway Gujing King's Luck Luzhou Laojiao Swellfun Fen Wine	30	31	

Source: cninfo, Goldman Sachs Global Investment Research

Valuation methodologies and risks

Exhibit 31: Spirits

Ticker	Company	Valuation Methodology	Key Risks
600519.SS	Kweichow Moutai	Our 12-m TP is based on 23.4x 2027E P/E discounted back to end-2026 using a 8.5% COE	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 18.5x 2027E P/E discounted back to end-2026 using a 7.8% 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 16.5x 2027E P/E discounted back to end-2026 using an 8.2% COE	Downside/Upside: 1) More/less intensified competition in upper mid end; 2) Shorter/extended 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 2027E P/E discounted back to end-2026 using an 9.7% COE	Upside/Downside: 1) Shorter/extended 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 15.7x 2027E P/E discounted back to end-2026 using a 8.3% COE	Upside: 1) Shorter policy impact on banquet consumption; 2) Better-than-expected product launch/cultivation Downside: 1) Prolonged policy impact on banquet consumption; 2) Higher impact of wholesale price evolution to average selling price
603369.SS	Jiangsu King's Luck Brewery	Our 12-m TP is based on 16.7x 2027E P/E discounted back to end-2026 using a 9.7% 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
000596.SZ	Anhui Gujing Distillery Co.	Our 12-m TP is based on 14.0x 2027E P/E discounted back to end-2026 using an 7.9% 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
002304.SZ	Jiangsu Yanghe	Our 12-m TP is based on 12.4x 2027E P/E discounted back to end-2026 using a 7.8% 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 2027E P/E discounted back to end-2026 using a 9.7% 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 14.0x 2027E P/E discounted back to end-2026 using an 10.9% 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 unless stated otherwise in the valuation and TP change section.

Source: Goldman Sachs Global Investment Research

Exhibit 32: Condiments

Ticker	Company	Valuation Methodology	Key Risks
603288.SS	Foshan Haitian Flavouring & Food	31x P/E applied to 2026E EPS and discounted back to mid-2026 using 8.9% COE, benchmarked to the global soy sauce leader Kikkoman at last yr avg	Downside risks: 1) Intensifying competition in soy sauce market; 2) Industry-wide destocking; 3) Continued disruption on catering channels. Upside risks: 1) Faster than expected successful business reform to drive sales growth; 2) Stronger-than-expected 2B growth; 3) Cost deflation benefits.
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	1) Faster-than-expected distributor recruitment; 2) More efficient and targeted channel investments; 3) Better-than-expected consumer demand recovery and mix; 4) Better-than-expected margin from internal changes in operation efficiency; 5) Better 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 improvement on cost deflation; 3) Penetration increase in wholesale channels; 4) More efficient marketing investments
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 unless stated otherwise in the valuation and TP change section.

Source: Goldman Sachs Global Investment Research

Exhibit 33: 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	Our 12-m TP of HK\$8.9 is based on a 19.0x 2027E P/E, discounted back to end-2026 using a 8.8% CoE	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 years, 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	23.0x 2027E P/E with reference to the last 2FY's average trading P/E, discounted back to end-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 unless stated otherwise in the valuation and TP change section.

Source: Goldman Sachs Global Investment Research

Exhibit 34: F&B, Dairy

F&B Ticker	Company	Valuation methodology	Risks
9633.HK	Nongfu Spring	Our 12-m TP is based on a 33.5x 2027E P/E based on Nongfu's last 3-year trading P/E, 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 2027E P/E based on the average of past 3 year P/E of Tingyi/UPC, discounted back to end-2026E using a 7.7% COE.	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 2027E P/E based on the average of past 3 year P/E of Tingyi/UPC, discounted back to end-2026E using a 7.7% COE.	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	Our 12-month TP is 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, discounted back to mid-2026E at a CoE of 8.9%	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 16.5x 2026E P/E	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 unless stated otherwise in the valuation and TP change section.

Source: Goldman Sachs Global Investment Research

Exhibit 35: Prepared food

Prepared food Ticker	Company	Valuation Methodology	Risks
300973.SZ	Ligao Foods	Our Price Target is based on 19x P/E (benchmarked to the company's past 2-year P/E) applied to our 2026E EPS, discounted back to end-2026 at a 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.

All methodologies unchanged unless stated otherwise in the valuation and TP change section.

Source: Goldman Sachs Global Investment Research

Exhibit 36: Snacks

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.
9985.HK	Weilong	Our 12-m TP is based on 19x 2027E P/E discounted back to 2026E at a COE of 8.6%. Our 19x is benchmarked to the company's average P/E in 6M23 (listed in Dec 2022)	Key risks: 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.

All methodologies unchanged unless stated otherwise in the valuation and TP change section.

Source: Goldman Sachs Global Investment Research

Exhibit 37: Pet Food

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 Int'l'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.

All methodologies unchanged unless stated otherwise in the valuation and TP change section.

Source: Goldman Sachs Global Investment Research

Exhibit 38: Pork

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 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.

All methodologies unchanged unless stated otherwise in the valuation and TP change section.

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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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 (DACP) (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 Angel Yeast, Anhui Gujing Distillery Co., Budweiser APAC, Chacha Food Co., China Pet Foods, China Resources Beer, China Resources Beverage, Chongqing Brewery, Eastroc Beverage, Fuling Zhacai, Gambol Pet Group Co., Henan Shuanghui Ltd., Jiangsu King's Luck Brewery, Jiangsu Yanghe, Jonjee Hi-Tech, Kweichow Moutai, Ligao Foods, Luzhou Laojiao, Mengniu Dairy, Nongfu Spring, Qianhe Condiment and Food, Sanquan Foods, Shanghai Bairun, Shanxi Xinghuacun Fen Wine, Sichuan Swellfun Co., Three Squirrels, Tingyi, Tsingtao Brewery (A), Tsingtao Brewery (H), Uni-President China, WH Group, Wuliangye Yibin, Yankershop Food, Yihai International Holding, Yili Industrial and ZJLD 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, Jigui 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

Company-specific regulatory disclosures

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