

China Consumer Staples

June Check In & 2Q/1H25 Preview: Value offering, channel initiatives amid deflation; policy window to

The Staples sector is experiencing a sluggish demand recovery in 2Q25 with weakening on-trade channels on anti-extravagance policy impact, which brought a hard hit on spirits (esp upper-mid end) and added pressure on beer in June vs. May. Pet Foods (618/June tracker) and Beverages continued to see strong volume growth riding on product up cycles (energy drinks/electrolyte water/sugar-free tea) and healthy recovery (Nongfu's water) remains as the bright spot. Despite demand challenges, we expect profitability to remain resilient due to continued cost deflation and agile investment strategies, though pricing trends could see continued pressure to reinvest in topline amid subdued demand recovery. Meanwhile, emerging channels including instant shopping/membership supermarkets etc. have seen robust growth from a small base despite still limited sales contribution, leading to incremental pressure to traditional wholesalers and reshaping of the value chain.

Policy evolution to watch for: 1) Policy on austerity likely prolong Spirits cycles:

We recently cut our Spirits TAM by 10~14% in 2025E-27E factoring in long-term restrictions to alcohol consumption and near-term push back on consumption sentiment from the anti-extravagance policy, which we think could also bring N-T negative impact to catering retail sales growth rate in 2025E/2026E and hence pressure on-trade consumption related categories (beer/condiment etc.) in the near term as well. **2) Potential childbirth subsidies to support consumption outlook on infant formula:** the reported potential national subsidies could indirectly benefit our dairy coverage with Yili/Feihe's exposure to milk powder. **3) Upcoming policy window key to watch,** including Central Inspection Teams schedule (end in July, dispatch in Oct); July Politburo meeting, NPC standing committee (likely Aug) and 4th plenum of CCPCC (likely in Autumn).

Competition and pricing pressure amid cost buffers: 1) The deflation environment continues to foster more competitive pricing and more value offerings within the F&B sector, i.e. sub-premium beer SKUs significantly outperforming in the industry, **2) Traffic continuing to shift toward emerging new channels** such as instant delivery which is also posing more pricing pressure to beer/beverages, but also adding volume and facilitating new product launches in the broad F&B space; **3) Cost tailwind should still help margin resilience:** we see

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cost benefits continuing for beer, condiments, dairy, and beverage (see our June cost tracker), while some companies (i.e. CRB/Tingyi) should also benefit from asset optimization.

Our China Consumer Staples coverage is trading at 20X/18X 2025E/2026 P/Es on a weighted avg basis with avg. NP CAGR of 11% and 2025E dividend yield of 3.5%. We believe the industry is awaiting further stimulus policy push on consumer confidence and looking for anti-extravagance policy intensity normalization, suggesting near-term focuses to be more on margin visibility. **We continue to prefer Beverages** (secular growth) and Pet Foods (penetration), followed by Beer (watch for normalizing policy impact on dining) and Dairy (S-D re-balance likely delayed but still on path). **Stock ideas (Buy): Eastroc** on continued strong product cycle driving topline; **Tingyi/Tsingtao-H/CR beer/CR Beverage/WH Group** on visible margin expansion path and undemanding valuation.

Relevant reads:

Assessing the impact of increased austerity focus in China's Anti-Extravagance Policy

China reportedly planning to release nationwide child-raising subsidies; IMF/Dairy coverage implications

China Spirits: Austerity policy risks prolonged cycle, inflection point not in sight; downgrade four stocks

China Brewing: 1H/2Q25 Preview: Factor in N-T policy impact; Margin resilience remains key

China Beverages: Addressing key debates: Solid product cycle and earnings visibility despite rising competition; Scenario analysis on FMD competition

China Consumer Staples

- **Pork: 2Q25 preview: Stronger US hog production; China on track to grow; Buy WH Group**
- **Snacks: 2Q25 preview: mixed bag; expenses control for margin; expansion competition in watchlist**

Staples 2Q25/1H25 results: One-stop preview

Exhibit 1: 2Q25E, and 2025E and 2026E forecast summary

Ticker	Company	2Q25E				2025E				2026E			
		Sales	Sales yoy	Net profit	NP yoy	Sales	Sales yoy	Net profit	NP yoy	Sales	Sales yoy	Net profit	NP yoy
Spirits													
600519.SS	Kweichow Moutai	39,924	8%	19,147	9%	187,055	7%	93,747	9%	198,613	6%	100,098	7%
000858.SZ	Wuliangye Yibin	14,708	-7%	4,672	-7%	90,045	1%	32,209	1%	94,123	5%	33,398	4%
600809.SS	Shanxi Xinghuacun Fen Wine	7,482	1%	2,104	-2%	38,032	6%	12,582	3%	39,480	4%	12,966	3%
000568.SZ	Luzhou Laojiao	6,405	-17%	2,670	-23%	27,153	-13%	11,287	-16%	27,591	2%	11,297	0%
002304.SZ	Jiangsu Yanghe	5,628	-15%	1,546	-18%	23,408	-19%	4,928	-26%	24,112	3%	4,933	0%
000596.SZ	Anhui Gujing Distillery Co.	5,519	0%	1,473	-2%	23,727	1%	5,490	0%	23,712	0%	5,506	0%
000799.SZ	Jiugui Liquor	350	-30%	44	-8%	1,311	-8%	133	n.m.	1,511	15%	306	131%
600779.SS	Sichuan Swellfun Co.	667	-15%	42	-26%	5,036	-3%	1,272	-5%	5,084	1%	1,276	0%
603369.SS	Jiangsu King's Luck Brewery	2,581	-2%	894	-4%	11,749	2%	3,438	1%	12,162	4%	3,554	3%
Weighted Avg.		-1%	0%			1%		2%		5%		5%	
Bier													
600600.SS	Tsingtao Brewery	10,167	3%	2,181	7%	32,914	2%	4,808	11%	33,991	3%	5,261	9%
600132.SS	Chongqing Brewery	4,551	0%	431	-4%	15,102	3%	1,367	23%	15,556	3%	1,461	7%
002568.SZ	Shanghai Bairun	809	-2%	232	0%	3,299	8%	833	16%	3,646	11%	948	14%
1876.HK	Budweiser APAC	1,633	-7%	216	-15%	6,119	-2%	707	-3%	6,543	7%	835	18%
Weighted Avg.		-2%	-4%			1%		9%		4%		11%	
Condiments													
600872.SS	Jonjee Hi-Tech	1,077	-5%	108	-3%	5,094	-8%	699	-22%	5,241	3%	783	12%
Dairy													
600887.SS	Yili Industrial	28,419	4%	2,207	38%	116,697	1%	10,621	17%	118,985	2%	11,613	9%
Weighted Avg.		4%	38%			0%		11%		2%		9%	
Beverage													
605499.SS	Eastroc*	5,884	34%	1,403	32%	21,367	35%	4,529	36%	26,203	23%	5,773	27%
Snacks													
002557.SZ	Chacha Food Co.	1,218	13%	103	7%	7,141	0%	575	-32%	7,369	3%	705	23%
002847.SZ	Yankershop Food	1,469	19%	200	25%	6,522	23%	832	30%	7,635	17%	982	18%
300783.SZ	Three Squirrels	2,001	40%	(56)	n.m.	13,930	31%	423	4%	17,317	24%	563	33%
Weighted Avg.		25%	4%			10%		0%		10%		7%	
Frozen Food													
001215.SZ	Qianweiyangchu	446	4%	30	19%	1,984	6%	122	45%	2,109	6%	138	13%
300973.SZ	Ligao Foods	1,038	20%	67	14%	4,482	17%	345	29%	5,127	14%	456	32%
605089.SS	Weizhixiang	169	5%	25	7%	707	5%	90	3%	742	5%	100	11%
002216.SZ	Sanquan Foods	1,383	-2%	99	-5%	6,498	-2%	540	0%	6,539	1%	582	8%
600298.SS	Angel Yeast	4,067	10%	397	7%	16,434	8%	1,595	20%	18,002	10%	1,805	13%
Weighted Avg.		8%	6%			7%		17%		8%		14%	
Pork													
000895.SZ	Shuanghui Dev	14,926	12%	1,110	8%	63,115	6%	5,144	3%	64,089	2%	4,998	-3%
H share	Company	1H25E				2025E				2026E			
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	3,016	3%	313	1%	6,772	4%	792	7%	7,108	5%	861	9%
2319.HK	Mengniu Dairy	42,841	-4%	2,825	7%	87,117	-2%	5,722	2%	89,883	3%	6,193	8%
6186.HK	China Feile Ltd.*	9,168	-9%	1,711	-23%	20,661	0%	3,731	-11%	21,780	5%	4,173	12%
9633.HK	Nongfu Spring	25,443	15%	7,032	13%	49,578	16%	14,052	16%	55,558	12%	15,719	12%
0322.HK	Tingyi	39,428	-4%	2,217	18%	79,505	-1%	4,313	16%	81,533	3%	4,844	12%
0220.HK	Uni-President China	16,760	8%	1,230	27%	32,581	7%	2,305	25%	34,293	5%	2,583	12%
2460.HK	CR Beverage	7,944	4%	1,398	16%	14,131	5%	1,905	16%	15,277	8%	2,268	19%
0151.HK	Want Want China	11,261	4%	1,859	0%	23,788	1%	4,305	1%	24,326	2%	4,313	0%
0291.HK	China Resources Beer	24,173	2%	5,439	16%	39,172	1%	5,506	16%	39,801	2%	5,832	6%
6979.HK	ZJLD	2,976	-28%	677	-34%	5,955	-16%	1,380	-18%	6,352	7%	1,480	7%
0288.HK	WH Group	13,232	8%	736	7%	27,922	8%	1,541	5%	28,692	3%	1,566	2%

* Company that has already reported preliminary results.

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: GSe vs. BBG consensus

Ticker	Company	2025E		2026E	
		Sales +/- % vs. BBG con	NP +/- % vs. BBG con	Sales +/- % vs. BBG con	NP +/- % vs. BBG con
Spirits					
600519.SS	Kweichow Moutai	-1.6%	-0.5%	-3.7%	-2.8%
000858.SZ	Wuliangye Yibin	-4.0%	-3.8%	-5.4%	-6.4%
600809.SS	Shanxi Xinghuacun Fen Wine	-3.3%	-5.4%	-9.0%	-11.7%
000568.SZ	Luzhou Laojiao	-14.3%	-17.1%	-18.3%	-22.5%
002304.SZ	Jiangsu Yanghe	-9.4%	-23.5%	-9.8%	-25.6%
000596.SZ	Anhui Gujing Distillery Co.	-8.0%	-9.8%	-15.8%	-18.1%
000799.SZ	Jiugui Liquor	-0.3%	16.6%	7.4%	81.2%
600779.SS	Sichuan Swellfun Co.	-7.1%	-9.8%	-11.7%	-15.8%
603369.SS	Jiangsu King's Luck Brewery	-6.6%	-5.9%	-11.6%	-10.8%
Beer					
600600.SS	Tsingtao Brewery	-1.3%	0.7%	-1.1%	2.5%
600132.SS	Chongqing Brewery	0.7%	5.6%	0.8%	6.9%
002568.SZ	Shanghai Bairun	-7.8%	-1.9%	-10.1%	-4.4%
1876.HK	Budweiser APAC	-1.9%	-8.3%	0.7%	-1.5%
Condiments					
600872.SS	Jonjee Hi-Tech	-9.2%	-19.9%	-13.9%	-19.3%
Dairy					
600887.SS	Yili Industrial	-3.5%	-5.7%	-5.6%	-6.0%
Beverage					
605499.SS	Eastroc*	2.1%	-1.1%	0.8%	-1.0%
Snacks					
002557.SZ	Chacha Food Co.	-4.8%	-28.0%	-8.7%	-26.4%
002847.SZ	Yankershop Food	-2.9%	0.0%	-6.4%	-5.1%
300783.SZ	Three Squirrels	1.9%	-11.7%	0.5%	-13.8%
Frozen Food					
001215.SZ	Qianweiyangchu	-3.1%	12.2%	-5.8%	6.3%
300973.SZ	Ligao Foods	1.4%	3.2%	2.9%	14.1%
605089.SS	Weizhixiang	-7.4%	-0.9%	-11.3%	-30.2%
002216.SZ	Sanquan Foods	-4.1%	-4.1%	-7.3%	-4.2%
600298.SS	Angel Yeast	-2.6%	2.1%	-3.8%	-0.4%
Pork					
000895.SZ	Shuanghui Dev	2.3%	-1.0%	0.4%	-8.6%
H share	Company	2025E		2025E	
		Sales +/- % vs. BBG con	NP +/- % vs. BBG con	Sales +/- % vs. BBG con	NP +/- % vs. BBG con
1579.HK	Yihai International Holding	-4.7%	-6.3%	-8.1%	-8.4%
2319.HK	Mengniu Dairy	-3.5%	11.4%	-3.7%	6.3%
6186.HK	China Feilie Ltd.*	-3.0%	5.8%	-2.6%	5.9%
9633.HK	Nongfu Spring	0.0%	0.3%	-0.6%	-1.0%
0322.HK	Tingyi	-3.1%	3.5%	-3.6%	6.6%
0220.HK	Uni-President China	0.2%	6.0%	-0.2%	8.5%
2460.HK	CR Beverage	-2.5%	-4.7%	-2.1%	-2.1%
0151.HK	Want Want China	0.3%	2.5%	-0.7%	-2.5%
0291.HK	China Resources Beer	-1.4%	2.8%	-3.2%	-0.7%
6979.HK	ZJLD	-16.6%	-13.7%	-17.9%	-18.2%
0288.HK	WH Group	5.0%	4.7%	5.9%	2.5%

* Company that has already reported preliminary results.

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

Consumption Trend: Focus on value-for-money with help from emerging new channels

The deflation environment continues to foster more competitive pricing and more value offerings

Pricing-Deflation headwinds are still lingering with more focus on value-for-money: Consumers remain rational in spending but without compromising quality.

The Chinese Consumer Staples sector is currently navigating a complex environment characterized by persistent, albeit milder, deflationary pressures. With recent CPI data suggesting continued price sensitivity among consumers (-0.1%

CPI in May/April/March, followed by mild +0.1% in June). This environment is fostering more competitive pricing, benefiting value offerings, particularly within the beer, dairy and F&B sectors, with further help from cost tailwinds (e.g. headline PPI inflation declined to -3.6% yoy in June vs. -3.3% yoy in May primarily on falling commodity prices).

Within the **Beer** subsector, a notable trend has been a shift in consumer demand away from super / premium SKUs, with decline in premium beer brands over-indexed to on-trade (i.e. Red Wusu, Snow Draft, 1664, and Budweiser) in 2024 (except for Heineken), contrasting with relatively more value-offering sub-premium SKUs at c.Rmb8~10 such as U8 by Yanjing/97 Draft by Zuhjiang / Turbog by Chongqing and Harbin Icy GD by Bud APAC demonstrating robust volume growth at DD% yoy, vs. an industry volume decline of 1% (projected by GSe). Meanwhile, strength in sub-premium brands is also partially attributable to consumers trading up from economy options (Rmb4~5) for in-home consumption, indicating that customers are seeking a balance between brand/quality and pricing. Similar trends have extended into 2025YTD with continued development in sub-premium segments. For **RTD drinks** in 2024, Eastroc's special drink growth notably outpaced Red Bull, and the same occurred for Eastroc's Bushuila with rapid growth vs. Pocari Sweat, and UPC 1L beverage outperforming Tingyi since Tingyi's price hike. For **dairy**, companies are leveraging favorable cost benefits (e.g. raw milk price down HSD~DD% yoy in 1Q/2Q25) to add more value offerings and increase promotions for premium SKUs.

Exhibit 3: Sub-premium beer products saw strong growth in 2024, esp. in smaller brands, which has extended into 2025YTD; meanwhile super premium/premium beer SKUs mostly saw a decline in 2024 and in 2025YTD

Beer: sub premium vs. super premium/ premium products				Super premium/ premium beer products (Rmb10+)				
Sub-premium beer products (Rmb8-10)				Company	Brand/SKU	Retail price	2024 volume growth	2025 YTD volume growth
Yanjing Brewery	U8	Rmb8-10 /500ml	up 31.4%	Yanjing	U8	Rmb8-10 /500ml	up 30%+ (1Q)	up 30%+ (1Q)
Zuhjiang Brewery	97 Pure Draft	Rmb8-10 /500ml	up DD%	Zuhjiang	97 Pure Draft	Rmb8-10 /500ml	up c.30% (1Q)	up c.30% (1Q)
CR Beer	Super X	Rmb8 /500ml	Minor growth	CR Beer	Snow Draft	Rmb10-12 /500ml	slight decline	mild decline
	Amstel	Rmb8 /460ml	up HDD%		Heineken	Rmb12 /500ml	up DD%	up 20%+
Budweiser	Harbin Icy GD Zero Sugar	Rmb8-10 /500ml	up c. 100%	Budweiser	Budweiser Classic	Rmb10-12 /450ml	down DD%	decline
Chongqing Brewery	Carlsberg	Rmb10 /500ml	up DD%	Chongqing Brewery	1664	Rmb12 /330ml	decline	decline
	Tuborg	Rmb8 /500ml	up LSD~MSD%		Red Wusu	Rmb12-14 /620ml	down HSD%	decline

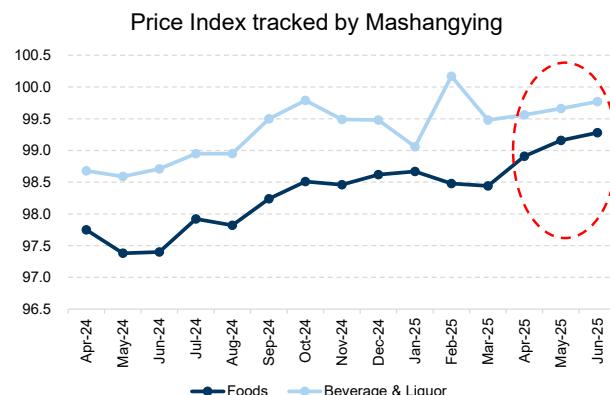
Tuborg/Red Wusu/1664 growth in 2024 per GSe, others per company data or management comments.

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 4: Value-offering beverage products saw strong growth in 2024, which has extended into 2025YTD

Beverage: Value vs. premium products				
Value beverage products			Premium beverage products	
Company	SKU	Retail price	2024 sales growth	2025 YTD sales growth
Eastroc	Special Drink	Rmb5 /500ml	29%	20%+
	Bushuila	Rmb4 /555ml	280%	Strong DD%
UPC	1L tea	Rmb4/1L	up DD%	positive growth
Luckin		Rmb10+ /470ml	up 38%	up 41% (1Q)
Nongfu	Purified Water	Rmb1 /550ml	Strong growth	Portion as % of total water sales reduced
Reignwood			Red Bull	Rmb6 /250ml up 1%
Otsuka Pharm.			Pocari Sweat	Rmb6 /500ml up 15%
Danone			Mizone	Rmb5.5 /600ml up 10%+ up 10%+ (1Q)
Tingyi			1L tea	Rmb4.5/1L down c. 20% decline
Starbucks China				Rmb25+ /473ml Down c.1% up 5% (1Q)
Nongfu			Natural Water	Rmb2 /550ml down DD% up DD% / low base

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

Exhibit 5: Both Foods and Beverage & Liquor categories were still below the indexed level of 100, with a mild decrease in 2025, despite a narrower monthly decline vs. Mar


Source: Mashangying

Shift to new emerging channels incrementally embraced by brands

Traffic continues to shift towards emerging channels including club stores/discounters for offline and on-demand retail (instant delivery) / livestreaming for online, despite current relatively limited contribution. CR Beer commented that new channels including Waima/Sam's Club/Pangdonglai contributed

MSD% volume in 2025YTD vs. LSD% in 2024. **This trend is likely to accelerate across growth in broad F&B** by adding volume and facilitate new product launches, per mgmt comments, while likely at the expense of limited profitability pressure, while traditional channels such as supermarkets/department stores may see reducing traffic and share.

1) Discounter channels: Discounters keep expanding 2025YTD, with 128% sales growth for Vanchen snack discounter business in 1Q25 vs. flattish/decline sales for traditional supermarkets (Sun Art/Yonghui) and department stores. **Staples companies are turning more positive to enhance collaboration with discounters**, where Tingyi mentioned that they have been customizing F&B SKUs for snack discounters due to rising demand, although the channel only accounts for 2-3%/<1% of their noodles/beverage segment sales at the moment. Both Yili/Mengniu are also expanding

collaboration/exploring customized products in the discounter channels; we think collaboration with more top discounters (e.g. Vanchen) should also facilitate sales growth for snack names incl. Yankershop.

2) Instant delivery/on-demand delivery thriving esp. in beer: Beer brands recorded high teens% ~ 50%+ sales growth on Tmall/Taobao platform in 2024 per Mojing data, and has seen an even more robust ramping-up on instant delivery platforms, contrasting to the decline in overall growth across brands ([Exhibit 7](#)). Spirits and beers observed fast growth on O2O instant delivery platforms, e.g. Meituan highlighted that the Baijiu sales surged strongly during the 6.18 shopping festival. We note beer has been exceptionally well-suited for instant delivery due to its minimal shopping experience requirements (e.g. snacks customers value shopping experience more for context?), low portability stemming from its weight, and strong demand correlation with catering scenarios necessitating rapid (<20 minutes) delivery. Meituan estimates the instant retail market for alcoholic beverages in China reached nearly Rmb20bn in 2023, reaching c.10% of the total GTV on Meituan instashopping platforms (incl. Waima Liquor Delivery) (GTV at Rmb205bn per our [China Internet team](#)). In 1H24, Meituan's instashopping continued to see overall alcoholic beverage GMV increase by 60%+ yoy, with spirits increasing by 100% yoy.

By company, most beer names are seeing rising demand from instant shopping channels, and players are looking for additional volume contribution from these instant shopping platforms to gain share. Tsingtao Brewery reported that its e-commerce channel revenue increased by 8.9% in 2024, with instant shopping sales growing by 26%. In 2024, CR Beer's sales on the Waima Delivery platform increased by nearly 170% yoy in 2024, with through instant shopping accounting for c.40% of CR Beer's total online channel sales, per the company. Looking ahead, our [China Internet team](#) looks for 17% yoy GTV growth for on-demand retail and 23% growth for the long-term, and Meituan also expects China alcoholic beverages on-demand retail market to reach Rmb100bn sales by 2027, implying a c.50%+ CAGR in 2023-27. **In terms of profitability,** CR Beer commented that margins on the OPM level are not much shy vs. the general off-trade channels thanks to limited selling/opex expenses investments despite lower GPM (rising utilization rate also helped).

3) Sam's Club: Multiple brands across Beer/F&B commented their collaboration with Sam's club has added volume and helps brands to accelerat new product launches leveraging the channel's customer insights. Yili noted their offerings (mainly chilled products) in Sam's Club is profit-making vs. overall still loss-making situations in Yili's chilled product department. Tingyi/UPC commented that Sam's Club are efficient test grounds for product innovations (esp. premium products) before scaling up into wholesale channels.

Exhibit 6: New offline channels seeing strong sales/GMV growth in 2024 vs. old offline channels

New vs. old offline channels: 2024 sales/ GMV yoy growth			
Overall China offline retail sales		4%	
New offline channels		Old offline channels	
Pangdonglai	70%	Sun Art	-1%
Sam's Club China	35%	Yonghui	-14%
Discounters (Wanchen)	263%	Department stores total	-2%

New vs. old online channels: 2024 sales/GMV yoy growth			
Overall China online retail sales		7%	
New online channels		Old online channels	
Meituan instashopping GTV	36%	Alibaba GMV	5%
Douyin GMV	35%	JD retail revenue	7%

New vs. old offline channels: 2025 YTD sales/ GMV yoy growth			
Overall China offline retail sales		5%	
New offline channels		Old offline channels	
Pangdonglai	n.a.	Sun Art	0%
Sam's Club China	n.a.	Yonghui	-19%
Discounters (Wanchen)	128%	Department stores total	1%

New vs. old online channels: 2025 YTD sales/GMV yoy growth			
Overall China online retail sales		9%	
New online channels		Old online channels	
Meituan instashopping GTV	26%	Alibaba GMV	4%
Douyin GMV	20%	JD retail revenue	16%

Sam's Club's sales growth refers to membership revenue growth; Meituan Instashopping GTV growth per GSe; Sun Art uses the 2nd half of FY25 growth rate (Oct 2024 - Mar 2025) for 2025YTD growth and uses FY25 ending Mar 2025 growth rates for 2024; Alibaba/JD/Yonghui/Wanchen growth refer to 1Q reported data, Meituan Instashopping GMV refers to avg. of 1Q/2025 GSe, Douyin GMV growth per public news; department stores growth in 2024/5M25 per NBS.

Source: NBS, Sina News, Company data, Goldman Sachs Global Investment Research

Exhibit 7: Instant delivery and Tmall/Taobao saw encouraging growth YoY in 2024 vs. decline in overall sales across brands

New channels vs. overall channels 2024 sales growth			
	Instant delivery	Tmall+Taobao	Overall
Instant delivery platforms	1H24: +60%	25%	-1%
Tsingtao	26%	25%	-5%
CR Beer	+170% for Snow Beer on Waima	Snow Beer: +47% Heineken: +44%	-1%
Budweiser		Budweiser/Harbin: +18%	-13%
Chongqing		Wusu: +51%	-1%

Source: Sina News, Mojang, Meituan, Company data, Goldman Sachs Global Investment Research

June/Mid Year Check In - Emerging Policy Impact in June

The latest developments and monthly run-rate trends:

- **(-) Spirits:** Headwinds from the recent Anti-Extravagance policy have resulted in notable decline in spirits sales esp. for upper-mid-end (CR Beer expects a spirits topline decline in 1H25 for Jinsha), leading to more uncertainties on the inflection point of current cycle to bottom out. Since late June, Feitian Moutai's wholesale price saw a bumpy recovery trajectory reversing the 6-week downtrend post Moutai's attempt to support the wholesale prices (channel actions and launch 1-Litre Feitian on i-Moutai).
- **(-) Beer:** Beer consumption volume remained subdued in June with persistent weakness in on-trade channels and even sequential slowdown vs. May, attributable to the impact of anti-extravagance policies on high-end dining and general catering. Looking ahead to July and 3Q25 (peak season), policy impacts and weather

conditions are key swing factors to watch out for in our view, especially considering the low base in July 2024 due to adverse weather. By company, **CR Beer** demonstrated resilience outperforming the broader market in volume trends helped by its greater exposure to off-trade channels. For **Tsingtao**, we expect continued margin expansion driven by cost and operating efficiency enhancements despite policy impact kicking in since June. **Bud China** still lagged at c.HSD% declines in May/June given product portfolio is over-indexed to on-trade. Meanwhile we expect QoQ improvements into 3Q as de-stocking may be coming to an end. **Chongqing** has also started to see an unfavorable channel mix shift away from on-trade from June onwards which has led to a LSD% monthly volume decline, together with some brand mix pressure in Guangdong region mainly on Red Wusu.

- **(=) Dairy: 1) Supply-demand balance so far delayed but still on trend to bottom out in 2H25:** supply reduction still lags expectation in 1H25 mainly on increasing unit yield and govt. supports to dairy farms, while a majority of dairy farms at losses/aging cow herd/less availability of feed loans are expected to accelerate capacity exit in 2H25. Raw milk price decline trends have started to stabilize at Rmb3.04/kg since mid-June to date, with 2Q25 ending with a 9.4% yoy decline on average, narrowing vs. -13.9% in 1Q (Exhibit 12). With this, we revise down our liquid milk sales growth forecast for both Mengniu and Yili on the heightened pricing pressure.
- **(=) Beverage:** Overall secular growth momentum riding on product up cycles has continued into end-2Q, led by strong performance of Eastroc's energy drinks (sales 30% yoy in June per channel checks). Nongfu continues to see a DD% run-rate in water lapping a low base, with promotions driving dd% gross sell-in in Oriental Leaf as well. UPC beverage growth remained at MSD% in June, parallel to May vs. 10%+ in 1Q to Apr. Tingyi continues to feel pressure from the price hikes in 1L beverage and noodles, both seeing MSD% decline in June. Cost benefits esp. from PET/sugar support reinvestment and competition remains intense YTD.
- **(=) Condiments:** For Jonjee, sales decline in Jan-Apr has turned to positive growth in June, following the flattish yoy trends in May, ending with a reduced channel inventory level. Company will continue to reinvest during the continued channel adjustments, partially helped with cost tailwinds. Company hasn't seen any negative impact on condiments from the anti-extravagance policy.
- **(=) Snacks:** We have seen mixed bag for snack trends in 2Q25, with softer sales that have not meaningfully rebounded from 1Q25 even lapping on an easier base due to lingering channel shift drag, higher rebate, lower sell-in during off-peak season. Bright spots remain on strong idiosyncratic product category performance for Konjac.
- **(+) Pork:** For China business, we look for flattish packaged meat volume growth and broadly stable unit profits in 2Q, followed by further volume recovery in 2H25E, with narrowing losses in upstream and DD% volume growth in fresh pork. We expect better cyclical recovery in its US hog production business, where our US team uplifted US business' full year profits forecasts with accelerating hog producer profitability (95% yoy in June).

Key monthly run-rate by subsector

Beer Monthly Tracker

Exhibit 8: Monthly volume table 2024-2025 by GSe

Beer	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2025E					
	CRB	up c. 9%	roughly flatish	down HSD%	down LSD%	down LSD%	down LSD%	down HSD% c.LSD%	positive growth	positive growth	flatish to minor growth	likely flatish	CRB	up MSD%	positive growth	positive growth, slightly faster than 1Q	up LSD%	minor positive growth
Bud APAC China	total volume under pressure while Premium continued growth, but SP declined.	total volume decline, with SP down on a high base	decline	down LSD% MSD%	down LSD%-10%	down DD%	down HSD%	down Mid-High teens-% teens-%	down low	down DD%	down DD%	Bud APAC China	down MSD%	decline	down LSD%	down HSD%	down HSD%	
Tsingtao	up c. 1%	down high teens%	down HSD%	down LSD%	down MSD-HSD%	down DD%	down LSD%	down HSD%	up LSD%	up MSD%	up Mid-teens-%	Tsingtao	down MSD%	up MSD%	up DD%	down LSD%	up MSD% flatish	
Chongqing	likely up mid-to high single digit % 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% decline	Chongqing	positive growth	up LSD%	largely steady	flatish to minor decline	down LSD%	
Zhujiang											Zhujiang	up DD%	up HSD%		up 10%+	up MSD%		
Bairun											Bairun	RTD cocktails down c.10%			RTD cocktail sales down teens%			
Industry	12.10%	-6.50%	-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%		

Source: Channel checks, Goldman Sachs Global Investment Research

Beverage Monthly Tracker

Exhibit 9: 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
Nongfu	Water yoy %	19%			down DD%	down DD%	down DD%	down strong	down 41%	down DD%	down DD%	down DD%	down DD%	positive growth	teens%+	up DD%	up DD%	
	Beverage yoy % (Oriental Leaf)								down 5.3% (OL flat)	OL up 60%+						positive growth	up DD%	
	Water : green water portion %						c.50%	c.50%	down to below 50%	down to 20%+								
	Water AC Nielsen market								30.20%	31.20%								
	Overall yoy %								down DD%	down 18%	up nearly 10%	up 13%	decline	down DD%	up teens%	up DD%	up DD%	
CR Bev	Water yoy %													up 12%		Steady yoy	up LSD%	
	Beverage yoy %													up 50%		up 30-40%	up DD%	
Tingyi	Beverage sales yoy %								down SD%	down SD%	positive growth	positive (better than positive growth	positive growth	minor positive growth	SD% decline		Positive growth in PepsiCo, declines in LSD% decline	down MSD% down MSD%
	Noodles sales yoy %									down LSD%	down LSD%	down LSD%	down LSD%	minor positive growth	SD% decline	Slight decline		
UPC	Beverage sales yoy %	up DD%	up DD%		up MSD-HSD%	up MSD-HSD%	up LSD%	up MSD%	up low teens%	up DD%	up DD%	up DD%	up SD%	up DD%	positive growth	up nearly 10%	up MSD%	up MSD%
	Noodles sales yoy %	up SD%	up SD%			down SD%	down LSD%	flatish	up LSD%	up LSD%	up DD%	up DD%	up DD%	up DD%	positive growth	up HSD%	up HSD%	up HSD%
Eastroc	Overall yoy %	46% yoy	28% yoy	32% yoy	38% yoy	40%+ yoy	30%+ yoy		25% yoy		35%+ yoy	85% yoy	18% yoy	15% yoy	c.50% yoy	30%+ yoy	35% yoy	30% yoy

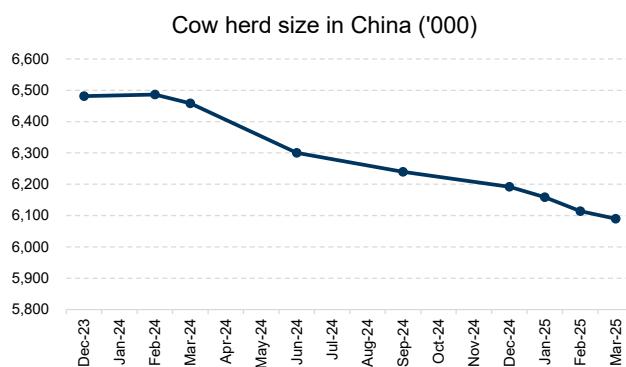
Source: Channel checks, Data compiled by Goldman Sachs Global Investment Research

Dairy Monthly Tracker

Exhibit 10: 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
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 down DD%, chilled yogurt flat, fresh milk up 30%)	Down	flat	Mild decline to mild positive	decline
Yili	Liquid milk sales yoy	Down 7%	Down 20%			Down 10%			Down 13%			Down 3% (Sanline better than Basic UHT milk)		Up SD%	(Basic UHT milk better than Sanline, positive growth from Mar)	Up SD%

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

Exhibit 11: Cow herd size continues to reduce YTD

Source: Ministry of Agriculture and Rural Affairs

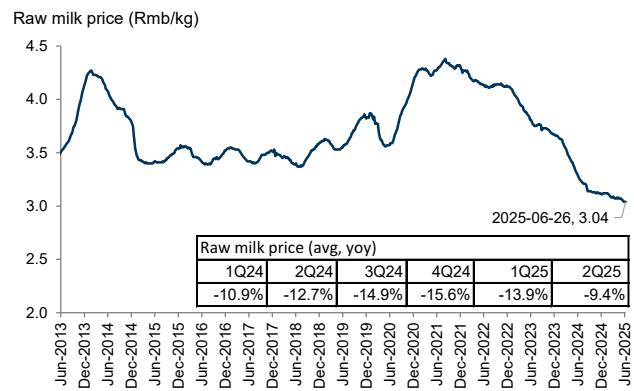
Exhibit 13: Production volume of dairy products in May 2025 grew 2.1% yoy from a low base of -8.9% yoy in May 2024

Source: NBS

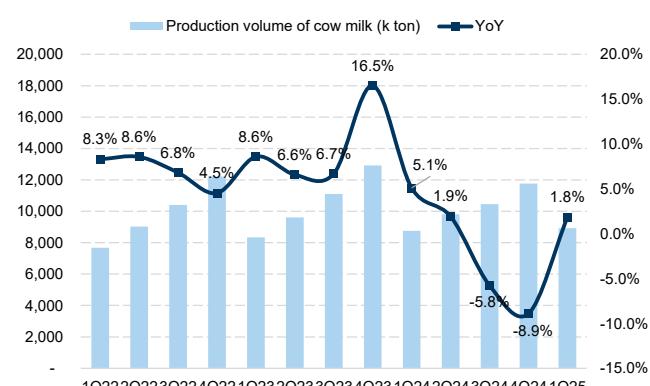
Pet Monthly Tracker**Exhibit 15: Gambol and China Pet (except Zeal) led in Jun; while other local/overseas brands showed weakening signs**

Company brand GMV yoy growth	2Q25			Jun-25			May-25			1Q25			2024			4Q24			3Q24			2Q24			1Q24						
	Tmall/Taobao	Douyin	Total																												
Local brands																															
Gambol	34%	57%	42%	77%	68%	74%	9%	74%	28%	34%	86%	50%	28%	69%	40%	49%	29%	37%	29%	37%	43%	29%	37%	43%	29%	37%	43%				
Myfoodie	23%	43%	30%	50%	42%	47%	7%	68%	24%	17%	60%	31%	52%	20%	19%	17%	20%	26%	17%	20%	26%	17%	20%	26%	17%	20%	26%				
Fregate	72%	108%	84%	185%	175%	181%	15%	91%	38%	108%	218%	139%	183%	160%	175%	199%	117%	160%	230%	117%	160%	230%	117%	160%	230%	117%	160%	230%			
China Pet	9%	81%	26%	68%	83%	73%	-16%	110%	8%	0%	58%	12%	2%	81%	13%	11%	16%	21%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%			
Wanpy	7%	127%	26%	30%	121%	48%	-6%	150%	15%	-3%	88%	6%	-15%	56%	-9%	-2%	-8%	-8%	-18%	-18%	-18%	-18%	-18%	-18%	-18%	-18%	-18%	-18%			
Zeal	-31%	52%	-10%	-14%	55%	8%	-43%	104%	-18%	-3%	95%	18%	3%	147%	22%	-9%	39%	39%	56%	56%	34%	34%	34%	34%	34%	34%	34%	34%	34%		
Toptrees	31%	66%	42%	201%	69%	143%	-14%	93%	11%	14%	28%	19%	50%	80%	58%	46%	69%	67%	67%	67%	60%	60%	60%	60%	60%	60%	60%	60%	60%		
Petpal																															
Meatyway	43%	19%	37%	82%	1%	50%	55%	46%	53%	72%	61%	69%	28%	95%	38%	39%	74%	28%	12%	33%	39%	29%	19%	29%	19%	29%	19%	29%			
Covered - simple avg	29%	52%	35%	76%	51%	65%	16%	77%	29%	35%	68%	44%	20%	82%	30%	33%	39%	29%	19%	33%	39%	29%	19%	33%	39%	29%	19%	33%			
Nourse	-22%	116%	14%	-4%	155%	43%	-37%	155%	3%	24%	5%	17%	-11%	70%	4%	0%	1%	24%	-7%	24%	-7%	24%	-7%	24%	-7%	24%	-7%	24%	-7%		
Yanxuan	-14%									14%	2%	11%	-14%	26%	-9%	-26%	1%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Keres	2%	-19%	0%	49%	-40%	33%	-15%	-10%	-15%	1%	1%	1%	-18%	21%	-16%	-15%	-15%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%		
Pure & natural	-19%	36%	-8%	-12%	46%	0%	-32%	41%	-18%	13%	27%	16%	-5%	48%	2%	-6%	-7%	16%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%			
Honest bite	34%	103%	52%	175%	73%	130%	7%	172%	38%	92%	62%	83%	3%	102%	20%	19%	48%	4%	4%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%		
Other local - simple avg	-4%	59%	14%	44%	59%	52%	-22%	90%	2%	30%	19%	26%	-9%	53%	0%	-6%	6%	7%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%		
Global brands																															
Royal Canin	20%	186%	27%	35%	122%	40%	6%	203%	14%	31%	315%	38%	24%	266%	28%	21%	50%	31%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%			
Instinct	19%	86%	22%	-2%	34%	0%	28%	149%	31%	14%	271%	21%	3%	167%	6%	14%	-4%	3%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%			
Orjen	6%	82%	13%	-8%	12%	-6%	4%	265%	20%	40%	-5%	-5%	-11%	94%	-5%	12%	3%	-14%	-22%	-22%	-22%	-22%	-22%	-22%	-22%	-22%	-22%	-22%			
Acaná	17%	37%	19%	11%	-25%	5%	18%	296%	38%	53%	4%	49%	-10%	95%	-4%	20%	24%	-20%	-33%	-33%	-33%	-33%	-33%	-33%	-33%	-33%	-33%	-33%			
Global brands - simple avg	16%	97%	20%	9%	36%	10%	14%	228%	26%	35%	146%	36%	1%	156%	6%	17%	18%	0%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%			

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

Exhibit 12: Raw milk price is down c.9% yoy in 2025 and stabilizes at Rmb3.04/kg in June

Source: Ministry of Agriculture and Rural Affairs

Exhibit 14: However, cow milk production is still increasing in 1H24, but at a slower pace

Source: Ministry of Agriculture and Rural Affairs

Shareholder's return and valuation

Exhibit 16: Summary of dividend payout commitments of Consumer Staples coverage

Commitment of fixed amount of DPS/Cash dividend				Commitment of certain payout ratio				Share price Perf YTD	2025E NP growth
Sector	Company	Commitment	Share price Perf YTD	2025E NP growth	Company	Commitment	Share price Perf YTD		
Beer	Bud APAC	Maintaining dividend payout amount flat/ growing ahead	10%	-3%	CR Beer	Targeting 60%+ payout ratios in future years	6%	11%	
					Tsingtao	Increase payout ratio each year in future years (69% in 2024)	-9%	11%	
					Chongqing	Maintain relatively high payout ratio in future years (104% in 2024)	-12%	12%	
	Wuliangye	Not lower than 70% dividend payout ratio and not lower than Rmb20bn cash dividend in 2024-2026	-11%	1%	Moutai	Dividend payout twice a year, and annual dividend payout ratio not lower than 75% in 2024-2026	-6%	9%	
Spirits	Yanghe	Not lower than 70% dividend payout ratio and not lower than Rmb7bn cash dividend in 2024-2026	-21%	-26%	Gujing	Increase payout ratio each year in future years (57% in 2024)	-20%	0%	
	Laojiao	Not lower than 65%/70%/75% payout ratio and not lower than Rmb8.5bn cash dividend in 2024/25/26	-5%	-16%					
F&B					Tingyi	Targeting 100% dividend payout ratio for 2025	11%	16%	
					UPC	Targeting 100% dividend payout ratio for 2025	24%	25%	
Dairy	Mengniu	DPS to grow every year	-8%	2%	CR Beverage	Targeting 45%+ dividend payout ratio in future years	3%	16%	
	Feihe	Targeting to have 10% DPS growth yoy ahead	-16%	-11%	Yili	Targeting 70%+ dividend payout ratios in future years	-8%	17%	

CR Beer/Chongqing Brewery 2025 NP growth refers to recurring NP growth.

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 17: Per announcements to date, we expect Tingyi/WH group/Yanghe to lead in dividend yield in 2025E (at 7.0%+)

Company name	Dividend payout ratio 2024	Dividend payout ratio 2025	Dividend yield 2024	Dividend yield 2025	FCF yield 2024	FCF yield 2025	FCF as % of sales 2024	FCF as % of sales 2025	Net cash to equity 2024	Net cash to equity 2025	NP CAGR 2025-27E	YTD share performance
High dividend yield (>4%)												
Tingyi	100%	100%	6.4%	7.4%	8.0%	8.4%	6%	6%	-34%	-25%	11%	11%
WH Group	51%	59%	6.6%	7.1%	14.9%	15.3%	7%	7%	-9%	-2%	6%	27%
Jiangsu Yanghe	105%	144%	7.0%	7.0%	3.2%	1.8%	11%	8%	42%	33%	5%	-21%
UPC	100%	100%	4.8%	6.0%	9.5%	6.1%	12%	7%	23%	26%	12%	24%
Yihai International	89%	89%	5.5%	5.8%	3.8%	7.4%	7%	13%	45%	48%	8%	-11%
Shuanghui	98%	98%	5.7%	5.8%	8.1%	6.2%	12%	9%	5%	7%	-2%	-4%
Feihe	64%	55%	7.2%	5.5%	5.6%	7.0%	10%	13%	30%	33%	9%	-16%
Yili Industrial	85%	91%	4.3%	5.4%	10.0%	6.6%	15%	10%	-27%	-20%	9%	-8%
Tsingtao-H	69%	68%	4.7%	5.1%	3.9%	5.6%	8%	11%	60%	58%	9%	-9%
Budweiser APAC	97%	95%	5.4%	5.1%	5.5%	5.3%	12%	12%	26%	26%	13%	10%
Chongqing Brewery	104%	100%	4.3%	5.0%	5.5%	10.9%	10%	20%	42%	74%	7%	-12%
Sichuan Teway	94%	94%	4.9%	5.0%	5.6%	0.2%	19%	1%	5%	24%	10%	-15%
Wuliangye Yibin	70%	75%	4.6%	5.0%	6.5%	3.3%	35%	18%	93%	83%	5%	-11%
Luzhou Laojiao	65%	76%	5.0%	4.8%	10.3%	4.6%	58%	30%	57%	53%	3%	-5%
Qianhe Condiment	100%	100%	4.3%	4.6%	-0.1%	2.9%	-1%	11%	38%	35%	3%	-3%
Anhui Gujing	57%	57%	4.3%	4.3%	3.1%	-0.2%	10%	-1%	62%	44%	3%	-20%

Price as of July 11.

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 18: Coverage Valuation Comps with Global peers

Company	Rating	Mkt cap US\$ mn	Ccy	Price 7/11/2025	12-m TP	+/-	PE		TP Implied PE		25-27E Rev CAGR		25-27E NP CAGR		EV/EBITDA		ROE 2025E		Div yield 2025E		YTD perf %	
							2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E
Spirits																						
600519.SS	Kweichow Moutai	Buy	249,973	CNY	1427.00	1782.00	25%	19X	18X	17X	24X	22X	21X	6%	7%	12X	11X	10X	37%	3.9%	-6%	
000858.SZ	Wuliangye Yibin	Buy	67,281	CNY	124.30	139.00	12%	15X	14X	14X	17X	16X	15X	5%	5%	9X	9X	8X	23%	5.0%	-11%	
6979.HK	ZiLD	Neutral	2,568	HKD	6.47	6.00	-7%	14X	13X	12X	13X	12X	11X	7%	7%	8X	7X	6X	10%	2.6%	-5%	
600809.SS	Shanxi Hinghuacun Fen Wine	Neutral	30,198	CNY	177.49	187.00	5%	17X	17X	15X	18X	18X	16X	6%	6%	12X	12X	11X	33%	3.5%	-4%	
000668.SZ	Luzhou Laojiao	Neutral	24,327	CNY	119.10	107.00	-10%	16X	16X	15X	14X	14X	13X	4%	3%	10X	10X	9X	23%	4.8%	-5%	
002304.SZ	Jiangsu Yanghe	Sell	13,935	CNY	66.31	39.00	-41%	20X	20X	18X	12X	12X	11X	4%	5%	13X	14X	12X	10%	7.0%	-21%	
000596.SZ	Anhui Gujing Distillery Co.	Sell	10,216	CNY	138.59	123.00	-11%	13X	13X	13X	12X	12X	11X	2%	3%	8X	8X	7X	20%	4.3%	-20%	
000799.SZ	Jiugui Liquor	Sell	2,151	CNY	47.47	20.50	-57%	116X	50X	37X	50X	22X	16X	16%	n.m.	91X	38X	28X	3%	1.3%	-15%	
600779.SS	Sichuan Swellfun Co.	Sell	2,901	CNY	42.60	30.70	-28%	16X	16X	15X	12X	12X	11X	3%	3%	10X	9X	9X	22%	2.1%	-20%	
603369.SS	Jiangsu King's Luck Brewery	Neutral	6,907	CNY	39.48	38.00	-4%	14X	14X	13X	13X	13X	13X	4%	4%	10X	10X	9X	21%	3.0%	-13%	
Avg.								26X	19X	17X	19X	15X	14X	6%	5%	18X	13X	11X	20%	3.7%	-12%	
Beer																						
1876.HK	Budweiser APAC	Buy	13,844	HKD	8.22	9.00	9%	20X	17X	15X	22X	18X	17X	6%	14%	7X	6X	5X	7%	5.1%	10%	
0291.HK	China Resources Beer	Buy	11,096	HKD	26.85	35.00	30%	15X	14X	13X	20X	18X	17X	1%	7%	8X	8X	7X	15%	3.8%	6%	
0168.HK	Tsingtao Brewery (H)	Buy	8,915	HKD	51.80	61.00	18%	14X	12X	11X	16X	14X	13X	3%	10%	7X	7X	6X	16%	5.1%	-9%	
600600.SS	Tsingtao Brewery (A)	Neutral	12,963	CNY	68.81	70.00	2%	20X	18X	16X	20X	18X	17X	3%	10%	12X	11X	10X	16%	3.5%	-15%	
600132.SS	Chongqing Brewery	Neutral	3,737	CNY	55.37	54.50	-2%	20X	18X	17X	19X	18X	17X	3%	7%	7X	6X	6X	43%	5.0%	-12%	
002568.SZ	Shanghai Bairun	Neutral	3,660	CNY	24.99	18.20	-27%	30X	26X	23X	22X	19X	17X	10%	13%	20X	18X	16X	17%	1.6%	-11%	
Avg.								20X	17X	16X	20X	18X	16X	4%	10%	9X	8X	8X	19%	4.0%	-5%	
Condiment																						
600872.SS	Jonree Hi-Tech	Neutral	2,079	CNY	18.98	15.90	-16%	20X	17X	16X	17X	15X	13X	7%	11%	14X	12X	10X	12%	1.7%	-14%	
002507.SZ	Fuling Zhaoci	Neutral	2,082	CNY	12.94	11.70	-10%	18X	16X	15X	16X	15X	14X	6%	7%	12X	12X	11X	10%	3.4%	-8%	
1579.HK	Yihai International Holding	Neutral	1,666	HKD	13.48	14.20	5%	14X	13X	12X	15X	13X	12X	6%	10%	7X	6X	6X	17%	5.8%	-11%	
600305.SS	Jiangsu Hengshun Vinegar	Sell	1,197	CNY	7.71	6.40	-17%	39X	33X	28X	32X	27X	23X	12%	18%	20X	24X	21X	7%	2.2%	-3%	
603272.SS	Qianhe Condiment and Food	Sell	1,681	CNY	11.73	8.80	-25%	22X	19X	17X	16X	15X	13X	10%	12%	14X	13X	12X	15%	4.6%	-3%	
603317.SS	Sichuan Tewo Food Group	Sell	1,668	CNY	11.33	9.90	-13%	19X	17X	15X	16X	15X	13X	7%	10%	14X	13X	12X	14%	5.0%	-15%	
Avg.								22X	19X	17X	19X	17X	15X	8%	11%	16X	13X	12X	12.5%	3.8%	-9%	
Dairy																						
600887.SS	Yili Industrial	Buy	24,711	CNY	27.69	33.40	21%	16X	14X	13X	19X	17X	16X	3%	8%	11X	10X	10X	20%	5.4%	-8%	
2319.HK	Mengniu Dairy	Buy	8,141	HKD	16.24	22.20	40%	13X	10X	8X	18X	13X	12X	4%	10%	8X	6X	5X	12%	3.0%	-8%	
6166.HK	China Feifei Ltd.	Buy	5,194	HKD	4.56	6.40	40%	10X	9.00	8.5X	14X	13X	12X	4%	9%	5X	4X	4X	13%	5.5%	-16%	
Avg.								13X	11X	10X	17X	15X	14X	4%	9%	8X	7X	6X	14.8%	4.6%	-11%	
F&B																						
9633.HK	Nongfu Spring	Buy	56,017	HKD	39.10	43.60	12%	29X	26X	23X	32X	28X	26X	11%	11%	19X	16X	15X	40%	2.4%	15%	
0322.HK	Tingyi	Buy	8,065	HKD	11.24	14.90	33%	14X	12X	11X	18X	16X	14X	3%	11%	6X	6X	5X	24%	7.4%	11%	
0220.HK	Uni-President China	Neutral	5,310	HKD	9.65	10.30	7%	17X	15X	13X	18X	16X	14X	5%	12%	9X	8X	7X	17%	6.0%	24%	
605499.SS	Eastar Beverage	Buy	21,018	CNY	289.85	351.00	21%	33X	26X	22X	40X	32X	26X	20%	24%	26X	21X	17X	54%	2.1%	17%	
2460.HK	China Resources Beverage	Buy	3,607	CNY	12.06	17.70	47%	13X	11X	9X	19X	16X	13X	8%	17%	5X	4X	3X	17%	3.3%	n.a.	
KO	Coca-Cola Co.	Neutral	302,357	USD	69.87	70.00	0%	24X	22X	20X	24X	22X	20X	6%	8%	20X	19X	17X	46%	2.9%	12%	
PEP	PepsiCo Inc.	Buy	186,074	USD	135.26	160.00	18%	17X	16X	15X	20X	19X	17X	4%	8%	13X	12X	12X	55%	4.0%	-11%	
Avg.								21X	18X	24X	21X	19X	17X	8%	13%	14X	12X	11X	36.0%	4.0%	11%	
Snacks																						
002557.SZ	Chacha Food Co.	Sell	1,545	CNY	21.92	18.90	-14%	19X	16X	16X	17X	14X	13X	3%	11%	12X	10X	9X	10%	3.1%	-25%	
002847.SZ	Yankershop Food	Buy	2,821	CNY	74.15	102.30	38%	24X	21X	18X	34X	28X	24X	16%	17%	20X	17X	15X	44%	2.8%	18%	
0151.HK	Want Want China	Sell	8,204	HKD	5.42	3.80	-30%	14X	14X	13X	10X	9X	9X	2%	0%	8X	7X	7X	23%	2.9%	19%	
300783.SZ	Three Squirrels	Neutral	1,493	CNY	26.70	30.50	14%	25X	19X	15X	20X	22X	17X	21%	31%	20X	14X	10X	14%	1.8%	-28%	
2329.T	Calbee Inc.	Sell	2,301	JPY	2862.50	2950.00	11%	16X	17X	17X	18X	16X	10X	4%	3%	7X	7X	7X	10%	2.2%	-15%	
Avg.								20X	17X	16X	21X	18X	17X	7%	12%	17X	14X	13X	10.4%	1.5%	1%	
Pork																						
0288.HK	WH Group	Buy	12,471	HKD	7.63	8.60	13%	8X	8X	8X	9X	9X	9X	3%	3%	4X	4X	3X	13%	7.1%	27%	
000895.SZ	Henan Shuanghui Ltd.	Neutral	12,011	CNY	24.86	25.20	1%	17X	17X	17X	17X	17X	17X	2%	-2%	10X	10X	10X	24%	5.8%	-4%	
Avg.								12X	13X	13X	13X	13X	13X	2%	0%	7X	7X	7X	18.6%	6.5%	11%	

Source: Refinitiv Eikon, Goldman Sachs Global Investment Research

TP and earnings changes

Spirits: We expect policy headwinds to be an overhang in

in 2025E-27E by -2~1% mainly on weaker-than-expected liquid milk sales recently. We now look for -2%/+2% sales/NP yoy growth in 2025E with 13bps reported OPM expansion mainly on cost benefits offset by reinvestment, followed by +3% sales recovery in 2026E. Our 12m TP is up to HK\$23.3 from HK\$22.8 prior with an unchanged target P/E at 15.1x discounted back to mid-2026E vs. 2025E YE prior.

- **Yili:** We revise down Yili's sales by 3~4% in 2025E-27E mainly on 5~7% lower forecast in liquid milk due to still soft demand trend, together with increased pressure on ASP with more value offerings and heightened discounts in premium UHT milk; our NP are down 5-6%. Our 12m TP is down to Rmb33.1 vs. Rmb33.4 prior with an unchanged target P/E at 18.9x discounted back to mid-2026E vs. 2025E YE prior.

F&B:

- **Tingyi:** We revise our down revenue estimates in 2025-27E by c.3% on weaker-than-expected run-rate for both beverage and noodles in 2Q-to-date according to our beverage tracker. We lower our 2025E NP by up to 2%. Our 12m TP is down to HK\$14.6 from HK\$14.9 on our revisions, TP assumptions unchanged.
- **CR Beverage:** We revise down earnings by 6%~8% in 2025E-27E factoring in slightly lower GPM forecasts due to enhanced channel investments. Our 12m TP is down to HK\$16.4 from HK\$17.7 on our revisions, TP assumptions unchanged.
- **Bairun:** We revise down our Bairun earnings by c.5% in 2025E-27E mainly on lower RTD cocktail & whisky sales outlook. Our 12m TP is up to Rmb\$18.1 from Rmb18.2 on our revisions and with 21.0x target 2026E P/E discounted back to mid-2026E vs. end-2025 prior.

Condiment: We revise down our **Jonjee** earnings by 7~9% in 2025E-27E on 2~6% lower Meiweixian revenue with lower gross margin forecast. Our 12m TP is down to Rmb15.2 from Rmb15.9 on our revisions and with an unchanged target 2026E P/E at 16.0x discounted back to mid-2026E vs. 2025E YE prior. We cut our **Yihai** sales forecast by 4~6% and earnings estimates by 7~10% in 2025-27E. Our 12m TP moves lower to HK\$13.7 from HK\$14.2 with 15.0x target 2026E P/E discounted back to mid-2026E vs. end-2025 prior.

Frozen Food: We fine-tune our 2025E quarterly estimates of Sanquan reflecting recent run-rate and consumption trends. Our 2025E-E27E estimates and 12m TP of Rmb9.20 are unchanged.

Exhibit 19: Summary of TP changes and valuation

Company	Rating	Market Cap	Share Price	Old TP	New TP	TP Chg	+/-% new TP	Trading P/E			TP implied P/E			2025e-27e CAGR	Div yield 2025E	
		(US\$mn)	(US\$25)					2025e	2026e	2027e	2025e	2026e	2027e	Sales	NP	
China Beer																
Shanghai Bairun	Neutral	3,660	24.85	18.20	18.10	-1%	-27%	31X	28X	24X	23X	20X	18X	9.6%	13.5%	1.6%
China Dairy																
Mengniu Dairy	Buy	8,141	15.92	22.80	23.30	2%	46%	13X	10X	8X	19X	14X	12X	3.4%	9.7%	3.0%
Yili Industrial	Buy	24,711	27.66	33.40	33.10	-1%	20%	17X	15X	14X	20X	18X	17X	2.3%	8.7%	5.4%
China Conditaments																
Yihai Int'l	Neutral	1,666	13.32	14.20	13.70	-4%	3%	15X	14X	13X	16X	14X	13X	4.7%	8.1%	5.8%
Jonjee Hi-Tech	Neutral	2,079	18.74	15.90	15.20	-4%	-19%	21X	19X	17X	17X	15X	14X	4.3%	9.9%	1.6%
China F&B																
Tingyi	Buy	8,065	11.34	14.90	14.60	-2%	29%	14X	12X	11X	18X	16X	14X	2.6%	10.6%	7.4%
China Resources Beverage	Buy	3,607	11.74	17.70	16.40	-7%	40%	13X	11X	9X	19X	16X	13X	7.7%	18.3%	3.3%

TPs are based on a 12-month period.

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 20: 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
China Beers																								
Shanghai Bairun	-4.8%	-5.0%	-5.0%	-4.9%	-5.1%	-4.9%	3,299	3,646	3,960	833	948	1,072	8.2%	10.5%	8.6%	13.6%	10.8%	8.6%	15.8%	13.9%	13.1%	21.8%	14.1%	12.8%
China Dairy																								
Mengniu Dairy	-0.9%	-1.5%	-1.3%	-2.3%	-2.2%	-2.2%	87,117	89,883	93,220	5,722	6,193	6,884	-1.8%	3.3%	3.7%	-0.8%	3.8%	3.7%	2.2%	8.2%	11.2%	3.5%	9.3%	11.1%
Yili Industrial	-3.2%	-3.8%	-4.1%	-5.9%	-5.2%	-5.2%	116,697	118,985	122,163	10,621	11,813	12,544	0.8%	2.0%	2.7%	4.1%	2.6%	3.0%	16.9%	9.3%	8.0%	24.2%	8.6%	8.0%
China Conditaments																								
Yihai Int'l	-4.2%	-5.5%	-6.0%	-6.7%	-5.5%	-5.5%	6,772	7,108	7,425	792	861	926	3.5%	5.0%	4.5%	8.1%	6.4%	5.0%	7.2%	8.6%	7.5%	14.9%	10.7%	8.7%
Jonjee Hi-Tech	1.2%	-2.5%	-4.2%	-7.0%	-8.5%	-8.5%	5,094	5,241	5,538	699	783	844	-7.7%	2.9%	5.7%	-8.8%	6.8%	7.6%	-21.7%	12.0%	7.8%	-15.8%	13.8%	8.3%
China F&B																								
Tingyi	-2.7%	-2.9%	-3.0%	-0.4%	-1.5%	-1.6%	79,505	81,533	83,747	4,313	4,844	5,278	-1.4%	2.6%	2.7%	1.3%	2.8%	2.7%	15.5%	12.3%	9.0%	16.0%	13.6%	9.1%
China Resources Beverage	-2.2%	-2.1%	-2.0%	-7.9%	-7.0%	-6.3%	14,131	15,277	16,382	1,905	2,268	2,666	4.5%	8.1%	7.2%	6.8%	8.0%	7.2%	16.4%	19.0%	17.6%	26.3%	18.0%	16.6%

Source: Goldman Sachs Global Investment Research

Valuation methodologies and risks**Exhibit 21: Spirits**

Company	Valuation Methodology	Key Risks
Kweichow Moutai	Our 12-m TP is based on 23.4x 2026E P/E discounted back to mid-2026E using a 9.5% 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.
Wuliangye Yibin	Our 12-m TP is based on 17.0x 2026E P/E discounted back to mid-2026E using a 10.3% COE	Downside: 1) Potential Consumption tax rate hike, 2) Potential threats from Moutai-flavor brands, 3) Intensifying competition in high-end spirits.
ZJLD	Our 12-m TP is based on 12.4x 2026E P/E discounted back to mid-2026E using an 8.2% COE	Downside/Upside: 1) More/intensified competition in upper mid end; 2) Shorter/longer policy impact on banquet consumption; 3) Better-than-expected product launch/cultivation
Shanxi Xinghuacun Fen Wine	Our 12-m TP is based on 18.5x 2026E P/E discounted back to mid-2026E using an 10.3% COE	Upside/Downside: 1) Shorter/longer policy impact on banquet consumption; 2) Better/worse-than-expected macro recovery; 3) Strong/weaker than expected performance of Qinghua 26/30
Luzhou Laojiao	Our 12-m TP is based on 14.5x 2026E P/E discounted back to mid-2026E using a 8.4% COE	Downside: 1) Prolonged policy impact on banquet consumption; 2) Higher impact of wholesale price evolution to average selling price Upside: 1) Shorter policy impact on banquet consumption; 2) Better-than-expected product launch/cultivation
Anhui Gujing Distillery Co.	Our 12-m TP is based on 12.4x 2026E P/E discounted back to mid-2026E using an 10.3% COE	Upside: 1) Less/ shorter policy impact on banquet consumption in Anhui; 2) More resilient execution for nationwide expansion; 3) Less fierce competition in Anhui than expected
Jiangsu King's Luck Brewery	Our 12-m TP is based on 14.0x 2026E P/E discounted back to mid-2026E using a 10.6% COE	Upside: 1) Better-than-expected competitive landscape in Jiangsu province; 2) Stronger-than-expected management execution for national expansion; 3) Better product upgrade Downside: 1) More intensified competition/ worsened demand in Jiangsu; 2) Weaker distributors' confidence and channel inventory situation
Jiangsu Yanghe	Our 12-m TP is based on 12.4x 2026E P/E discounted back to mid-2026E using a 10.8% COE	Upside: 1) Stronger-than-expected policy stimulus execution; 2) Better-than expected competitive landscape in Jiangsu province; 3) Stronger-than-expected performance outside Jiangsu province
Jiugui Liquor Co.	Our 12-m TP is based on 19.3x 2026E P/E discounted back to mid-2026E using a 13.2% COE	Upside: 1) Significant improvement on channel inventory level; 2) Stabilization of wholesale prices, especially Neican; 3) Better-than-expected commercial banquet demand recovery.
Sichuan Swellfun Co.	Our 12-m TP is based on 12.4x 2026E P/E discounted back to mid-2026E using an 11.5% COE	Upside: 1) Expansion of Diancang series, 2) Faster than expected penetration of Tianhaochen in the mass market, 3) Better than expected inventory digestion

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

Source: Goldman Sachs Global Investment Research

Exhibit 22: Condiments

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

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

Source: Goldman Sachs Global Investment Research

Exhibit 23: Beer

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

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

Source: Goldman Sachs Global Investment Research

Exhibit 24: F&B, Dairy

F&B			
Ticker	Company	Valuation methodology	Risks
9633.HK	Nongfu Spring	Our 12-m TP is based on 25X 2026E P/E in line with global peers in the past five years, discounted back to mid-2026E using an 8.7% COE	Key risks: 1) Lower-than-expected tea/water sales momentum; 2) Higher-than-expected cost inflation; 3) More intense beverage industry competition.
0322.HK	Tingyi	Our 12-m TP is based on a 15X 2026E P/E based on the average of past 2 year P/E of Tingyi/UPC, discounted back to mid-2026E using an 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 2026E P/E based on the average of past 2 year P/E of Tingyi/UPC, discounted back to mid-2026E using an 8.1% 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-m TP is based on a 30X 2026E P/E discounted back to end-2025E using an 8.9% COE, with reference to historical average P/E of Monster Beverage in 2017-2019 when Red Bull was losing share in the US	Key risks: 1) Lower industry growth in energy drinks, 2) worse competitive landscape, 3) failure/slower ramp-up of Eastroc's new product launches, 4) potential capacity shortage with already high utilization ratio, 5) higher increases in raw material costs, 6) slower geographical expansion of Eastroc, 7) slower POS penetration/ deployment of fridges, and 8) reputational risks.
2460.HK	CR Beverage	Our 12-m TP is based on a 19.0x 2025E P/E referring to the avg. P/E of Tingyi/UPC during 2018-2024YTD given similar growth stages.	Key risks: 1) More intensified competition than expected in the bottled water market; 2) 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			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), discounted back to mid-2026E using an 8.8% COE	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), discounted back to mid-2026E using a 9.6% COE	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 13.5x 2026E P/E (35% discount to 1 STD below the historical 5-year avg. P/E of global IMF names), discounted back to mid-2026E using an 11.3% COE.	Key risks: 1) lower-than-expected new birth rates; 2) more intense competition; 3) slower premium segment growth; 4) industry-wide food safety issues; 5) 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

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Reg AC

We, Leaf Liu, Valerie Zhou, Julia Mu 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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