

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

APAC Consumer & Leisure Corporate Day

2 - 6 June 2025

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We hosted multiple staple companies at our Consumer & Leisure Corporate Day and performed channel checks in the past weeks. We are seeing a bumpy road of demand recovery and still largely **slow 2Q-to-date run-rates across staples sub-sectors**, esp. for spirits, beer, and dairy. Recent policy tightening in alcohol consumption by government officers and civil servants amid upcoming peak season are a key downside risk and will likely impact on-trade consumption sentiment (e.g., high-end catering/spirits) in next few months. Meanwhile, visibility on resilience in profitability from continued cost deflation and agile investment remains solid. YTD the emerging channel shifts across instant shopping, discounter channels etc. have been in highlight due to the strong growth yoy, though the absolute topline contribution is still very small in for the Staples universe in our view.

QTD run-rate - Still lackluster demand recovery in 2Q to date: Overall, we observed unexciting retail performance in 2Q to date amid still conservative spending sentiment for multiple staples goods e.g. spirits (yoy declines for upper mid end) and dairy (retail sequentially weakening vs. LNY at MSD% decline in March-April). We note divergent performance across brands for beer in May but on-trade generally remains weak (CRB/Tsingtao +ve; Bud -ve in May). The bright spot including Beverage volume momentum remained quite solid but also a bit mixed across brands on base comp and product cycle (Nongfu/Eastroc +dd%). **We also noted pressure on pricing trends:** Dairy started offering value-for-money products in basic milk to digest excessive milk as raw milk price has declined HSD to teens% YTD providing a cost buffer; Beer ASP has stabilized into 2Q with rising premiumization in the in-home channel, but we are still closely monitoring the unfavorable channel mix.

Key downside surprise: Policy changes a swing factor for alcohol consumption:

Both spirits and beer companies have seen some near-term headwinds to consumption sentiment from the recent policy tightening on anti-extravagance for party and gov't agencies, stating that cigarettes, alcoholic drinks and high-end dishes are not allowed to be served during working meals in working days, esp. adding

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uncertainties in on-trade channels. Per multiple companies' commentary, the new regulations are being implemented and closely supervised in recent weeks, as strictly no alcoholic drinks are allowed during working days, high-end catering, baijiu and even high-end beer consumption are being impacted negatively. Wholesale prices of spirits have been trending down amid this impact.

Key upside surprise: 1) Pet food/beverages/selective snack categories still riding on positive product cycles to enhance consumer mind share, and increased penetration. We expect the strong product cycles to continue to support 2Q growth outlook: i.e. Eastroc's Bushuila/Guozhicha continued strong momentum in April to date. The new product cycle in snacks is also quite strong e.g., Yankershop has seen MoM increase Konjac category into 2QTD; China Pet has seen a strong April with higher ASP and more disciplined discounts; 2) **Tailwinds for margin resilience/expansion:** We see cost benefits for many of our covered sectors, e.g. beer, condiments, dairy and F&B, mainly on pricing tailwinds from PET, sugar, soy bean etc. YTD (see our May cost tracker). Besides this, a number of companies e.g. beer/F&B/spirit/beer/dairy companies still remain focused on their margin/profit targets leveraging cost tailwinds and opex control to buffer their investment for topline amid muted trends (i.e. Tingyi/UPC/Yili maintained profit/margin guidance).

Key emerging trends: Emerging/New channels shift likely to accelerate across broad F&B: 1) Discounter channels: Staples companies are turning more positive to enhance collaboration with snack 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; collaboration with more top discounters (e.g. Vanchen) should also facilitate sales growth for snack names incl. Yankershop. 2) **Insta-shopping channels:** Spirits and beers observed fast growth on O2O instant delivery platforms, e.g. Meituan highlighted that the Baijiu sales surged strongly during the initial stage of 6.18 shopping festival. 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, despite generally lower profitability vs. traditional off-trade wholesale channels; 3) **Sam's Club:** 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; 4) **Overseas:** Yili highlighted their continued strength in chilled products in South East Asia, for which they look for DD% growth yoy in 2025; Yankershop is seeing its performance overseas sequentially improving in 2Q vs. 1Q. Pet foods overseas business has remained resilient on pricing and direct impact on China export to US has been at a limited scale, and China Pet is also looking to expand its own brand sales overseas - mainly Wanpy, Zeal and Jerky Time targeting Rmb400mn sales in 2025; with higher margins vs. domestic markets.

Our China Consumer Staples coverage is trading at 20X/18X 2025E/2026 P/Es on a weighted avg basis with avg. NP CAGR of 13% and 2025E dividend yield of 3.4%. We believe the industry is awaiting further policy push towards consumer confidence, and see the near-term focuses being more on margin visibility. **We continue to prefer**

Beverage (secular growth, on 26x P/E vs. 21% NP CAGR), followed by Pet Foods (penetration), Beer (sequential recovery in growth) and Dairy (S-D rebalancing likely delayed but still the path). **Stock ideas:** Eastroc on continued strong product cycle driving topline; Tingyi/CR beverage on visible margin expansion path; Tsingtao-H on low comp base and cost benefits.

April/May Check In - Still lackluster recovery trend in volume despite easier comp base; ASP-More value offering in Dairy/Beverage

For volume -Weaker in 2Y stack in April-May: We actually think the shipment run-rate for April/May was relatively weaker than 1Q25 (stabilized in LNY) in a two-year stack on traditional categories such as dairy/beer/snacks as 2Q25 base comp is much easier than 1Q. We also continue to note adverse impact on on-trade related categories i.e. beer/spirits/condiments from weak catering/night clubs consumption especially with the recent policy tightening on anti-extravagance for party and gov't agencies dated on 18 May amid peak season (Dragon Boat Festival).

For Pricing- Deflation headwinds still lingering with more value offerings: We note that pricing/deflation pressure still persists (-0.1% CPI in May/April/March), and we note more value offerings in Dairy and Beverages with cost buffer, amid still intensive competition. We also note continued cost tail winds (Headline PPI inflation declined to -3.3% yoy in May vs. -2.7% yoy in April primarily on falling commodity prices).

Key monthly run-rate by subsector:

- **(-) Spirits:** Spirits wholesale price are trending lower YTD on still muted commercial demand and recent policy release on anti-extravagance for civil servants in mid May. In recent weeks, wholesale prices trend remains weak led by sequentially declining prices of Feitian Moutai likely due to a weak retail sell-through in Dragon Boat Festival, and we noted the prepayment pace of majority of spirits players are slower yoy. Laojiao who suspended full-range shipment in early April hasn't resumed shipment (original plan is to resume ahead of Dragon Boat Festival on 31 May).
- **(=) Beer:** Into 2Q25, beer consumption volume is still unexciting due to continued weakness in on-trade channels, while competition remains largely stable. Divergence is seen across beer brands, where Bud APAC still lagged at c.HSD% declines in May lapping a low base on a two-year stack. Zhujiang/Tsingtao/CRB were up 10%+/MSD%/LSD% yoy. Heineken maintained +20% yoy momentum.
- **(-) Dairy:** Retail demand sequentially weakened vs. LNY seasons (third party data suggests c.MSD% yoy retail decline in March-April). The dairy industry continued to see upstream supply reduction with herd size shrinking sequentially for over two years. Raw milk price decline trends are more stabilized YTD.
- **(-) Condiments: For Jonjee,** channels have been digesting inventory from 1Q in Apr (down c.10%) and more shipments were made in May but still flattish yoy. **For Yihai,** B2B development has helped 3rd party growth back to DD% in April-May.
- **(+) Beverage:** Overall secular growth momentum continues into 2Q, led by strong

performance of Eastroc's energy drinks and rising product cycles, while Nongfu water is seeing a strong run-rate lapping a low base. UPC is seeing beverage growth slowing to MSD% in May vs. 10%+ in 1Q to April. Tingyi is keeping its pricing hike for both 1L beverage (c.80%+ POS still with RSP of Rmb4.5) and noodles so far but added promotion for SKUs. Cost benefits esp. from PET/sugar support reinvestments and competition remains intense YTD.

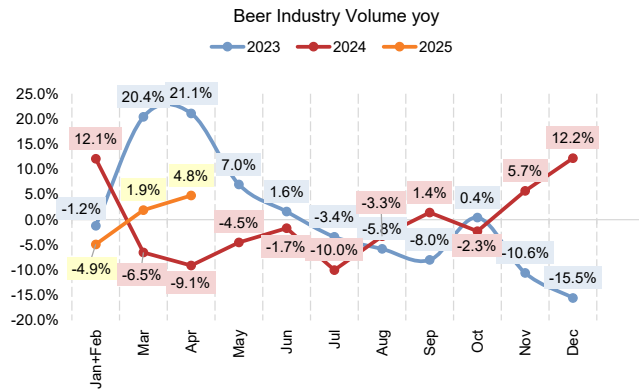
- **(=) Snack foods:** In terms of the large SKU strategies that companies have been implementing, SKUs emerging categories like Konjac are still seeing strong momentum. Traditional categories are seeing more pressure from both pricing and volume. 2Q25 is lapping a low base but the support from base effect might be limited due to soft retail demand.
- **(+) Pork:** WH group has seen a packaged meats volume recovery in 2Q25 with in-line sell-through, partially attributable to channel expansion. QTD volume trend has been largely on track for cyclical improvement.
- **(+) Pet foods:** Demand remains strong and ASP has been on the rise driven by new product launches; per mgmt. promotion levels have eased in the early period of the 618 Shopping Festival. Overseas business has remained resilient on pricing and direct impact on China export to the US has been on a relatively limited scale. Per our online tracker, GMV wise, we see in May, pets overall did not further accelerate vs. April but is still resilient vs. other consumer sectors like cosmetics (companies at -59%~60% yoy in May vs. -43%~67% yoy in April).

Beer monthly Tracker

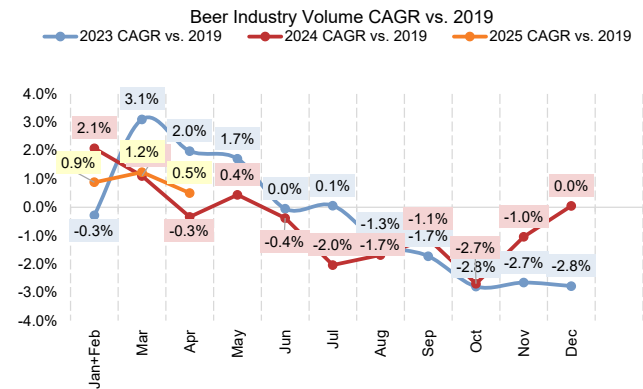
Exhibit 1: Monthly volume table 2024-2025 by GSe

Beer	Jan	Feb	Mar	Apr	2024E Beer companies' volume change yoy								2025E				
					May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	April	May
CRB	up c.9%	roughly flat	down HSD%	down LSD%	down LSD%	down LSD%	down HSD%	down 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%
Bud APAC China	total volume under pressure while Premium continued growth, but SP declined.		total volume decline, with SP down on a high base		down LSD-MSD%	down HSD~-10%	down DD%	down HSD%	down Mid-High teens-%	down low teens-%	down DD%	down DD%	Bud APAC China	down MSD%	decline	down LSD%	down HSD%
Tsingtao	up c.1%	down high teens%	down HSD%	down LSD%	down MSD-HSD%	down DD%	down LSD%	down LSD%	down HSD%	up LSD%	up MSD%	up Mid-teens-%	Tsingtao	down MSD%	up MSD%	up DD%	down LSD%
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 low SD%	Down LSD%	down SD%	decline	Chongqing	positive growth	up LSD%	largely steady	flatish to minor decline
Zhujiang													Zhujiang	up DD%	up HSD%		up 10%+
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%	

Source: Channel checks, Goldman Sachs Global Investment Research

Exhibit 2: The beer industry base comps are sequentially easing into rest of 2025

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

Exhibit 3: On CAGR vs. 2019 basis, monthly run-rates YTD are mildly positive

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

Beverage monthly Tracker

Exhibit 4: Beverage monthly data summary

		Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Nongfu	Water yoy %	19%			down DD%	down DD%	down DD%	down strong DD%	down 41%		down DD%			down DD%	positive growth up DD%	teens%+	up DD%	
	Beverage yoy % (Oriental Leaf)							down 5.3% (OL flat)			OL up 60%+						positive growth	
	Water : green water portion %							c.50%	c.50%		down to below 50%							
	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	
	Beverage yoy %													up 50%			up 30%-40%	
Tingyi	Beverage sales yoy %							down SD%	down SD%	positive growth	positive (better than Sep)	positive growth	minor positive growth	SD% decline	SD% decline	Flatish to minor growth	Positive growth in PepsiCo; declines in others	
	Noodles sales yoy %							down LSD%	down LSD%	positive growth	positive growth	positive growth	minor positive growth	SD% decline	Slight decline		LSD% decline	
UPC	Beverage sales yoy %	up DD%	up DD%		up MSD-HSD%	up MSD-HSD%	up LSD%	up MSD%	up low teens%	up low teens%	up DD%	up DD%	up SD%	up DD%	positive growth	positive up nearly 10%		up MSD%
	Noodles sales yoy %	up SD%	up SD%			down SD%	down LSD%	flatish	up LSD%	up LSD%	up MSD-HSD%	up DD%		up DD%	positive growth	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	39% yoy

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

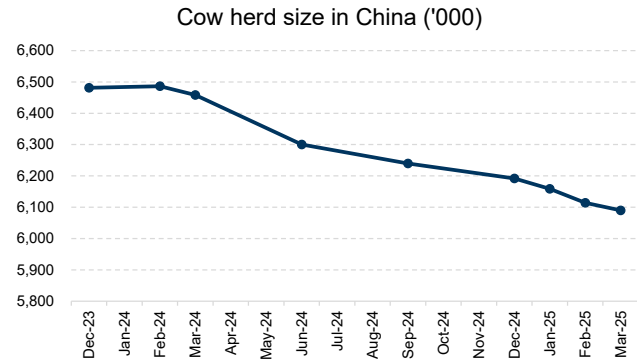
Dairy monthly Tracker

Exhibit 5: 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
Mengniu	Liquid milk sales yoy	Down HSD%	Down 20%+	Down mid teens%	Down high teens%	Down mid teens%	Down low teens%	Down high teens%	Down low teens%	Down MSD%	Down LSD%	Down DD%	Down DD%	Down	Flat	Mid decline to mild positive
Yili	Liquid milk sales yoy	Down 7%	Down 20%				Down 10%			Down 13%		Down 3%	Down 3%	Down	(Basic UHT milk better than Satine; positive for liquid milk in May)	Up SD%

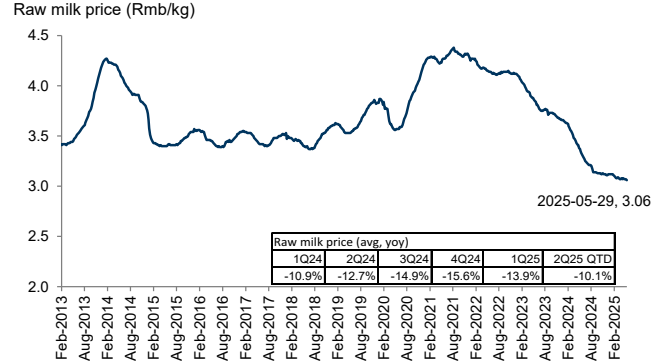
Source: Channel checks, Data compiled by Goldman Sachs Global Investment Research

Exhibit 6: Cow herd size continues to reduce YTD



Source: Ministry of Agriculture and Rural Affairs

Exhibit 7: Raw milk price is down c.10% yoy QTD



Source: Ministry of Agriculture and Rural Affairs

Exhibit 8: Production volume of dairy products in Apr 2025 grew 0.3% yoy from a low base of -6.5% yoy in Apr 2024



Source: NBS

Pet monthly Tracker

Exhibit 9: May moderated vs. 1Q for most brands despite the Shopping Festival potentially on a high base; overseas brands are showing continuous signs of recovery

Company brand GMV yoy growth	Apr + May			May-25			Apr-25			1Q25			2024			4Q24	3Q24	2Q24	1Q24
	Tmall/ Taobao	Douyin	Total	Tmall/ Taobao	Douyin	Total	Tmall/ Taobao	Douyin	Total	Tmall/ Taobao	Douyin	Total	Tmall/ Taobao	Douyin	Total	Total	Total	Total	Total
Local brands																			
Gambol	19%	52%	29%	9%	74%	28%	33%	28%	32%	34%	86%	50%	28%	69%	40%	49%	29%	37%	43%
Myfoodie	12%	43%	22%	7%	68%	24%	21%	19%	20%	17%	60%	31%	8%	52%	20%	19%	17%	20%	26%
Fregate	39%	81%	52%	15%	91%	38%	84%	66%	78%	106%	218%	139%	183%	160%	175%	199%	117%	160%	230%
China Pet	-9%	80%	10%	-16%	110%	8%	1%	46%	13%	0%	58%	12%	2%	81%	13%	11%	16%	21%	3%
Wanpy	-1%	130%	17%	-6%	150%	15%	5%	106%	19%	-3%	88%	6%	-15%	56%	-9%	-2%	-9%	-8%	-18%
Zeal	-37%	50%	-17%	-43%	104%	-18%	-26%	6%	-15%	-3%	95%	18%	3%	147%	22%	-9%	39%	56%	34%
Toptrees	-8%	65%	13%	-14%	93%	11%	7%	34%	18%	14%	28%	19%	50%	80%	58%	46%	69%	67%	60%
Petpal																			
Meatwyway	34%	30%	33%	55%	46%	53%	-1%	8%	1%	72%	61%	69%	28%	95%	38%	39%	74%	28%	12%
Covered - simple avg	14%	54%	24%	16%	77%	29%	11%	28%	15%	35%	68%	44%	20%	82%	30%	33%	39%	29%	19%
Nourse	-29%	97%	2%	-37%	155%	3%	-16%	38%	0%	24%	5%	17%	-11%	70%	4%	0%	1%	24%	-7%
Yanxuan	-22%			-32%			-7%	12%	-4%	14%	2%	11%	-14%	26%	-9%	-26%	1%	4%	4%
Keres	-10%	-3%	-10%	-15%	-10%	-15%	-4%	5%	-4%	1%	1%	1%	-18%	21%	-16%	-15%	-15%	-12%	-22%
Pure & natural	-22%	31%	-12%	-32%	41%	-18%	-5%	14%	-1%	13%	27%	16%	-5%	48%	2%	-6%	-7%	16%	11%
Honest bite	10%	116%	34%	7%	172%	38%	16%	57%	28%	92%	62%	83%	3%	102%	20%	19%	48%	4%	31%
Other local - simple avg	-15%	60%	4%	-22%	90%	2%	-3%	25%	4%	30%	19%	26%	-9%	53%	0%	-6%	6%	7%	3%
Global brands																			
Royal Canin	14%	227%	22%	6%	203%	14%	27%	282%	34%	31%	315%	38%	24%	266%	28%	21%	50%	31%	13%
Instinct	27%	135%	30%	28%	140%	31%	26%	120%	30%	14%	271%	21%	3%	167%	6%	14%	-4%	3%	6%
Orijen	14%	130%	22%	4%	265%	20%	31%	-14%	27%	40%	-5%	37%	-11%	94%	-5%	12%	3%	-14%	-22%
Acana	20%	84%	26%	18%	296%	38%	22%	-60%	11%	53%	4%	49%	-10%	95%	-4%	20%	24%	-20%	-33%
Global brands - simple avg	19%	144%	25%	14%	228%	26%	26%	82%	25%	35%	146%	36%	1%	156%	6%	17%	18%	0%	-9%

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

The latest developments from corporate comments and channel checks

Spirits: Policy headwinds overlapping festive consumption

We note that spirits demand remains muted with sequentially weaker wholesale prices of key products e.g. Feitian Moutai. Incremental headwinds came from the recent policy releases on anti-extravagance for party and gov't agencies dated 18 May, where high-end dishes, cigarettes and alcoholic drinks are not allowed to be served during working meals. Although we do think the government-related spirits consumption has been low in recent years post anti-graft regulations since 2012, this overlaps the peak season in early June and we think is still impacting near-term commercial banquet consumption sentiment across high-end restaurants and hence sub-premium/above spirits.

- ZJLD: Management noted weak consumption due to both muted demand and fewer channel rebates across spirits producers during the Dragon Boat Festival on top of the recently issued policy, hence on a monthly basis, the May/June run-rates are relatively weak, vs. mild sales growth yoy in March/April despite slack seasons.

Beer: Unexciting on-trade channels with margin improvement still positive amid premiumization through in-home channel

Into 2Q25, we note beer consumption demand is still unexciting due to continued weakness in on-trade channels, incl. restaurants and night-life occasions, and brewers are seeing consumer confidence as still relatively muted, hence the premiumization trend may be more skewed to in-home channels. We observed that brewers tend to look for emerging channels/consumption scenarios to mitigate prolonged on-trade weakness, incl. instant delivery channels being increasingly highlighted by all players, KA channels e.g. Sam's Club has been mentioned by CR Beer, and also fresh beer has been emphasized by Tsingtao (AGM takeaways).

- **CR Beer: For Jan-May 2025, beer sales volume saw SD% yoy growth, with Apr/May trending slightly better than 1Q25** primarily driven by Heineken, which sustained a 20%+ volume growth yoy YTD. Blended ASP has mildly increased and margin profile is performing positively towards full year target. Management observed mild recovery in catering channels, esp. in hot pot, BBQ, and trendy restaurants. The night-life channel maintained largely muted.
- **Chongqing Brewery:** Company maintained its target to outperform the industry in volume with mix upgrade esp. in the in-home channels. Meanwhile, they are still observing **a soft recovery in on-trade** following the Jan-Feb uptick driven by LNY. The focus on in-home consumption is reflected in the **rising mix of canned beer ratio to 29-30%** in 1Q25, up 2-3ppt yoy. On the margin front, the company believes the cost benefits are able to help offset incremental D&A from the Foshan factory, and it aims to maintain a stable selling expense ratio in 2025 but is shifting more resources to off-trade.

Dairy and IMF: Demand for liquid milk is still muted, while IMF market is stabilizing

In Apr and May, we observed that the demand for dairy products is still largely muted, a similar trend seen in Feb/Mar post LNY, given still soft consumption sentiment and weak gifting demand. UHT liquid milk volume still remains weak into 2Q, similar to 1Q25, where basic UHT milk tends to be favored by consumers over premium milk. We note the margin buffer from continued raw milk price declines YTD offers flexibility for promotions/discounts esp. in UHT milk, in the context that companies prefer to maintain a healthy channel inventory. A positive highlight is the sequential stabilization of IMF industry sales, where the stage 2 IMF has been turning to positive growth on birth boost last year due to lunar calendar effect, per Yili. The raw milk supply reduction is still ongoing gradually, leading to slowly declining raw milk prices to date. Mgmt believes the emerging 2B channels are also an incremental volume to explore, incl. snack discounters, Sam's Club, and freshly-made tea/coffee shops, while the B2B margins could be relatively low vs. 2C sales.

- **Yili:** Management noted that retail demand remains largely unexciting into 2Q at the industry level, sequentially weakening (**third party data suggests c.MSD% yoy retail decline in March-April**) vs. LNY season (largely flattish retail demand yoy). However, with a yoy healthier channel inventory level, the company looks for a better liquid milk sales performance in 2Q25. Within liquid milk segment, the company has started to offer more good value-for-money products with basic UHT milk to reduce excessive raw milk inventory, while still maintaining a healthy pricing system for high-end UHT milk Satine. Low-temperature products are still seeing positive growth, while UHT yogurt is still on a downward trend.
- **Mengniu:** Company noted a still weak YTD demand trend for UHT liquid milk, with Apr/May trends tracking largely similar to 1Q25 without notable consumption sentiment uptick. YTD trends showing healthy growth in fresh milk/chilled yogurt and other categories including milk powder/cheese, while UHT milk is still lagging the target mainly on continued declining raw milk prices and challenges to distribution channels (esp. supermarkets). For UHT milk, the company is being more flexible on pricing, i.e. likely increasing promotions/discounts vs. relatively stable ASP trends maintained in 2024 (down c.1% in 2024). Company prefers to keep a healthier channel inventory level.

F&B: Diverging performance across categories amid intense competition and varied pricing strategies; Value-for-money trends persist

We observed competition in the beverage space continuing to be intense, where more products with larger-size but lower unit ASP have been launched YTD, while secular volume growth is also seen esp. in energy drinks, sport drinks and RTD tea, which we think are still riding on positive product cycles. Regarding ASP, we do note potential pressure from freshly-made drinks amid fierce subsidy competition across food delivery platforms, where the subsidized prices of freshly made coffee and milk tea can be as low as c.Rmb2 per cup vs. Rmb10+ normally. F&B companies e.g. UPC are seeing sequential sales growth deceleration in May due to competition, but the demand overlap between RTD drinks and freshly made drinks is relatively limited at the moment in our view, while consumers still look for value-for-money features across F&B

products. On the positive side, the higher number of delivery orders and more activeness of riders likely boosted retail demand of functional drinks, as we also saw sequential sales acceleration of energy drinks by Eastroc in May.

- **Tingyi:** Company noted YTD sales are still facing challenges vs. the LSD%~MSD% topline growth target in 2025. **For beverages,** topline pressure mainly from large pack/water/juice is largely similar in 2Q to date vs. 1Q25. **For noodles,** topline is still facing some pressure YTD especially from Classic Series post the price hikes but Classic series market share began to stabilize in Apr-May mom, while large-pack has resumed positive sales growth YTD despite price hike since 4Q24. The company expects improving yoy trends for noodles sales growth in 2H25. On margin front, mgmt highlighted that the NP growth target is still intact YTD despite challenges to topline, mainly helped by cost benefits and agile investment.
- **UPC:** Company still seeing performance on-track to the full-year target of 6-8% sales growth yoy. **For the noodles segment,** momentum continued at HSD% sales growth in Apr-May as in 1Q25, driving better operating efficiency outlook. Soup Daren, a higher avg. ASP noodles product, returned to SD% growth in 2025 YTD vs. mild declines in 2024, contributing to margin expansion. For the beverage segment, it saw MSD% growth yoy in May (vs. nearly 10% in April and low-teens-% in 1Q25), with growth rate slightly edging down mainly due to intense competition. Beverage GPM expansion in 2Q to date is similar vs. 1Q25 (i.e. +c.2ppt yoy). The 1-litre beverage products continue solid growth YTD.

Pork: Defensive and resilient; on track for cyclical improvement

WH Group shared that for the China packaged meats business, post the channel destocking in 1Q25, the company has seen a packaged meats volume recovery in 2Q25 with in-line sell-through, partially attributable to channel expansion. QTD volume trend has been largely in line with prior targets. Total profit growth will likely outpace volume growth for 2Q25 packaged meats business in China. Fresh pork may see short-term volatility but has a positive outlook for FY25, and hog production has seen improvements, potentially reaching breakeven in 2Q25. For the US segment, the company shared that they are more positive about the higher end of the prior guidance for 2025. If excluding the one-off subsidies in 2Q24 (c.US\$87mn for all segments aggregated), the company is seeing positive profit growth for all segments in 2Q25.

Pet food: Encouraging early color for 618; overseas impact limited

Demand remains strong and ASP has been on the rise driven by new product launches; per mgmt. promotion levels have eased in the early period of the 618 Shopping Festival. Overseas business has remained resilient on pricing and direct impact on China export to US has been on a relatively limited scale.

- **China Pet Foods: Domestic:** For April, the company saw strong yoy growth although this was partially due to distributors front-loading orders to Apr to prepare for the 618 shopping festival and now the company has higher confidence towards 30% yoy full year domestic sales growth; for discounts, the company expects discounts to remain stable yoy and ticket sizes to get larger as the company had

hiked prices for selective products, and that new products feature higher ASPs. The company targets to launch a Targeted Feed series in Aug, more premium than the Little Golden Shield series. **Overseas:** US-Canada factory: North America factories have maintained the positive 1Q25 trend. China export and Southeast Asia: For China-to-US orders, sales may have been impacted by tens of millions quarterly while profit a few millions. The company saw orders from US clients in May despite high tariffs as some large clients were looking to replenish inventory. The company expects more US orders in July.

- **Petpal: Domestic:** For 2Q25, the company looks for Rmb90~100mn sales for own-brands (for 2025 Rmb400~Rmb450mn). Company looks for Meatyway to continue to record high growth in 2Q25. Health Guard is also showing significant yoy/qoq growth in 2Q25, with new freeze-dried products launched in March/rolled out in Apr beginning to contribute to sales from May. For 2025, the domestic business is expected by Petpal to narrow losses to be under Rmb25mn. **Overseas: Export (SEA and China):** The U.S. tariff impacted shipments in early April 2025. After the 90-day exemption period was announced in mid-April, shipments largely returned to normal in 2Q25. Overall overseas gross profit margins are expected to remain relatively stable QoQ based on QTD trend. Raw material costs are generally favourable yoy in Southeast Asia in 2Q25. **New Zealand:** 2Q25 shipments recorded significant growth in 2Q vs. 1Q from the order of Australian clients (Petpal also entered the US market).

Condiments: Pricing under pressure; potential improvements in 2H25

Pricing remains under pressure due to soft retail demand. Channels have been digesting inventory from 1Q in Apr and more shipment was made in May. In 2H25 growth should accelerate with colder weather, and raw material prices remain stable/slightly favourable yoy.

Yihai: 2Q-to-date growth sequentially accelerated vs. 1Q on calendar shift effects, driven by healthy growth in overseas markets (YTD 20%+ yoy, sustaining FY24 pace) and 3rd party B2B business, with healthy channel inventory at c.1 month. Mgmt is confident in achieving the DD% full-year target, expecting SD% sales growth in 1H followed by an acceleration in 2H, driven by the hot pot condiment peak season, more B2B clients developed in 1H to phase in, and an easier base.

Jonjee: Company originally targeted for HSD% sales growth yoy but noted this may be a tough goal based on YTD trends. 1H25 target (flattish yoy or achieve slight positive growth) appears to be challenging as well. April sales still declined yoy, and May was flat yoy. Channel inventory level was at c.1month+ in core regions and 2months+ for non-core regions in Apr; sequentially increasing in May due to shipments made. Company is expecting channel profitability and channel sentiment to improve.

Snacks: Continued large SKU strategy; channel reshuffle and demand for traditional products impacts remain uncertain

In terms of the large SKU strategies that the companies have been implementing, SKUs emerging categories like Konjac are still seeing strong momentum, with consumers'

preferences for healthy ingredients. Traditional categories have been more pressured on both pricing and volume. 2Q25 is lapping a low base but the support from base effect might be limited, due to soft retail demand.

Yankershop - Konjac: Mgmt. shared that Konjac has seen sequentially rising monthly sales, they are still targeting Rmb1.8~2bn (including VAT) for 2025. Channel-wise, the company will still put focus on the packaged products - mom and pop/ CVS channel. For capacity, the company will add 3 more production lines in Aug to meet the rising demand from consumers (on top of the 10+ existing production lines, where most have had technology upgrades). Company's procurement costs for Konjac is about 5% below market average, and the increase in Konjac sales should contribute to operating leverage per mgmt.

Valuation methodologies and risks

Exhibit 10: Spirits

Ticker	Company	Valuation Methodology	Key Risks
600519.SS	Kweichow Moutai	Our 12-m TP is based on 26.5x 2026E P/E discounted back to end-2025E 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.
000858.SZ	Wuliangye Yibin	Our 12-m TP is based on 19.5x 2026E P/E discounted back to end-2025E using a 10.3% COE	Downside: 1) Potential Consumption tax rate hike, 2) Potential threats from Moutai-flavor brands, 3) Intensifying competition in high-end spirits.
6979.HK	ZJLD	Our 12-m TP is based on 14.5x 2026E P/E discounted back to end-2025E using an 8.2% COE	Downside: 1) Regulations risks on spirits sector may have adverse business impacts; 2) Intensified competition may deteriorate profitability; 3) Macroeconomic and industry uncertainties may lead to channel destocking and decrease in wholesale prices; 4) Environmental pollution of key production regions and potential natural disasters may impose business risks; 5) Potential conflict of interests.
600809.SS	Shanxi Xinghuacun Fen Wine	Our 12-m TP is based on 21.8x 2026E P/E discounted back to end-2025E using an 10.3% COE	Downside: 1) Consumption tax reform, 2) Economic slowdown.
000568.SZ	Luzhou Laojiao	Our 12-m TP is based on 15.6x 2026E P/E discounted back to end-2025E using a 8.4% COE	Downside: 1) Potential Consumption tax rate hike, 2) Potential threats from Moutai-flavor brands, 3) Intensifying competition in high-end spirits.
000596.SZ	Anhui Gujing Distillery Co.	Our 12-m TP is based on 15.5x 2026E P/E discounted back to end-2025E using an 8.3% COE	Downside: 1) Higher-than-expected competition in Anhui province, 2) Further economic slowdown, 3) Greater channel inventory amid weaker retail sell-through. Upside: 1) Stronger-than-expected management execution for national expansion, 2) Better-than-expected product upgrade
603369.SS	Jiangsu King's Luck Brewery	Our 12-m TP is based on 14.0x 2026E P/E discounted back to end-2025E 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-than-expected product upgrade Downside: 1) More intensified competition/ worsened demand in Jiangsu; 2) Weaker distributors' confidence and channel inventory situation
002304.SZ	Jiangsu Yanghe	Our 12-m TP is based on 12.4x 2026E P/E discounted back to end-2025E using a 10.8% COE	Upside: 1) Stronger-than-expected policy stimulus execution; 2) Better-than expected competitive landscape in Jiangsu province; 3) Stronger-than-expected performance outside Jiangsu province
000799.SZ	Jiugui Liquor Co.	Our 12-m TP is based on 19.3x 2026E P/E discounted back to end-2025E using a 13.2% COE	Upside: 1) Significant improvement on channel inventory level; 2) Stabilization of wholesale prices, especially Neican; 3) Better-than-expected commercial banquet demand recovery.
600779.SS	Sichuan Swellfun Co.	Our 12-m TP is based on 12.4x 2026E P/E discounted back to end-2025E 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 11: Condiments

Ticker	Company	Valuation Methodology	Key Risks
002507.SZ	Fuling Zhacai	16x P/E applied to 2026E avg. EPS, which is broadly in line with US peers' trading P/E in the downturn around 2018 when facing private label competition, discounted back to 2025YE using 7.5% COE	Downside/upside risks: 1) Better/worse-than-expected demand recovery, amid-the current consumption backdrop; 2) Slower/faster expansion into new products/categories: Fuling has attempted to diversify its product portfolio and allocate resources to developing products aside from its main sales driver Zhacai; 3) Slower/faster expansion into channels & more/less efficient use of expenses
600872.SS	Jonjee Hi-Tech	16x P/E applied to 2026E avg. EPS, which is broadly in line with US peers' trading P/E in the downturn around 2018 when facing private label competition, discounted back to 2025YE 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 2025YE 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 12: 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 end-2025E 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 end-2025E 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 applying a historical average of A-H premium at 25%, discounted back to end-2025E 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 end-2025E 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 end-2025E 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 end-2025E 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 13: Prepared food, snacks

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

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

Source: Goldman Sachs Global Investment Research

Exhibit 14: Pet food and pork

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

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 15: 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 2025 year-end 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 2025 year-end 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 2025 year-end 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 15X 2026E P/E 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			
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), discounted back to 2025 year-end 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 2025 year-end 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 2025 year-end 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

Valuation Comp Table

Exhibit 16: Coverage Valuation Comps with global peers

	Company	Rating	Mkt cap US\$ mn	Ccy	Price 6/9/2025	12-m TP	+/-	PE			TP Implied PE			25-27E Rev CAGR	25-27E NP CAGR	EV/EBITDA			ROE	Div yield	YTD perf
								2025E	2026E	2027E	2025E	2026E	2027E			2025E	2026E	2027E			
Spirits																					
600519.SS	Kweichow Moutai	Buy	257,923	CNY	1486.11	2017.00	36%	20X	18X	16X	27X	24X	22X	9%	11%	13X	11X	10X	37%	3.8%	-2%
000858.SZ	Wuliangye Yibin	Buy	67,210	CNY	124.96	170.00	36%	14X	13X	12X	19X	18X	16X	7%	9%	8X	7X	6X	24%	4.9%	-11%
6979.HK	ZJLD	Buy	2,572	HKD	6.48	8.08	25%	12X	11X	10X	15X	13X	12X	11%	12%	7X	6X	4X	11%	3.0%	-5%
600809.SS	Shanzi Xinghuacun Fen Wine	Buy	30,030	CNY	177.86	234.00	32%	17X	15X	14X	22X	20X	18X	10%	11%	12X	10X	9X	34%	3.6%	-3%
000658.SZ	Luzhou Laojiao	Buy	23,505	CNY	116.25	150.00	29%	12X	11X	10X	16X	14X	13X	7%	9%	7X	7X	6X	28%	5.8%	-7%
002304.SZ	Jiangsu Yanghe	Sell	13,925	CNY	66.93	52.00	-22%	17X	14X	13X	13X	11X	10X	6%	13%	10X	9X	8X	12%	6.9%	-20%
000596.SZ	Anhui Guding Distillery Co.	Neutral	10,615	CNY	148.00	183.00	24%	13X	12X	10X	16X	14X	13X	9%	11%	7X	6X	5X	22%	3.2%	-15%
000799.SZ	Jiugu Liquor	Sell	1,892	CNY	42.20	27.20	-36%	49X	26X	20X	32X	17X	13X	24%	n.m.	32X	17X	13X	6%	0.8%	-24%
600779.SS	Sichuan Sweetlun Co.	Sell	2,925	CNY	43.42	32.80	-24%	15X	15X	14X	12X	11X	10X	6%	5%	8X	8X	7X	24%	2.3%	-19%
603369.SS	Jiangsu King's Luck Brewery	Neutral	7,296	CNY	42.70	41.00	-4%	15X	13X	12X	14X	13X	12X	9%	11%	9X	8X	7X	22%	3.0%	-6%
Avg.								18X	15X	13X	19X	16X	14X	10%	11%	11X	9X	8X	22%	3.7%	-11%
DGEL	Diageo	Sell	60,521	GBP	1973.50	2100.00	6%	16X	16X	15X	17X	17X	16X	3%	5%	13X	12X	11X	28%	3.8%	-22%
PERP.PA	Pernod Ricard	Buy	27,345	EUR	90.78	120.00	32%	13X	13X	12X	17X	17X	16X	1%	4%	11X	10X	10X	10%	4.7%	-17%
RCOP.PA	Remy Cointreau	Buy	2,906	EUR	49.36	65.00	32%	21X	19X	16X	28X	24X	21X	6%	16%	12X	12X	10X	6%	3.8%	-15%
Avg.								17X	16X	14X	21X	19X	18X	3%	9%	12X	11X	11X	15.0%	4.1%	-18%
Beer																					
1876.HK	Budweiser APAC	Buy	14,571	HKD	8.56	9.20	7%	19X	16X	14X	21X	17X	16X	6%	15%	6X	6X	5X	7%	5.2%	14%
0291.HK	China Resources Beer	Buy	10,520	HKD	25.65	33.50	31%	15X	13X	12X	19X	17X	15X	2%	11%	8X	7X	6X	14%	3.9%	2%
0168.HK	Tsingtao Brewery (H)	Buy	9,141	HKD	53.10	60.00	13%	14X	12X	11X	16X	14X	13X	4%	10%	7X	7X	6X	16%	5.1%	-7%
600600.SS	Tsingtao Brewery (A)	Neutral	13,734	CNY	73.19	68.00	-7%	20X	19X	17X	19X	17X	16X	4%	10%	12X	11X	10X	16%	3.4%	-10%
600132.SS	Chongqing Brewery	Neutral	3,880	CNY	58.16	53.60	-8%	20X	19X	17X	19X	17X	16X	3%	9%	7X	6X	6X	44%	4.9%	-8%
002568.SZ	Shanghai Baiyun	Neutral	4,068	CNY	28.23	18.20	-36%	34X	30X	26X	22X	19X	17X	10%	13%	23X	20X	17X	17%	1.5%	1%
Avg.								20X	18X	16X	19X	17X	15X	5%	10%	11X	9X	8X	19%	4.0%	-1%
ABIBR	Anheuser-Busch InBev	Buy	144,361	EUR	62.12	78.00	26%	17X	16X	14X	22X	20X	18X	4%	7%	10X	9X	9X	10%	1.9%	29%
CARLB.CO	Carlsberg	Buy	20,018	DKK	939.20	1000.00	6%	16X	14X	12X	17X	15X	13X	3%	12%	11X	10X	9X	23%	2.6%	36%
HEINAS	Heineken	Buy	52,199	EUR	79.46	95.00	20%	16X	15X	14X	19X	18X	16X	4%	7%	9X	9X	8X	12%	2.3%	16%
2502.T	Asahi Group	Buy	19,900	JPY	1900.00	2550.00	34%	16X	14X	13X	21X	19X	17X	2%	7%	10X	9X	9X	7%	2.7%	15%
2503.T	Kirin Holdings	Sell	11,637	JPY	2072.00	1950.00	-6%	11X	11X	10X	11X	10X	10X	1%	5%	9X	8X	8X	9%	3.5%	1%
2587.T	Suntory Beverage & Food Ltd	Buy	10,024	JPY	4640.00	6200.00	34%	16X	13X	13X	21X	18X	17X	4%	11%	6X	5X	5X	7%	2.5%	-7%
Avg.								15X	14X	13X	18X	16X	15X	3%	8%	9X	8X	8X	11%	2.6%	15%
Condiment																					
600672.SS	Jonjee Hi-Tech	Neutral	2,028	CNY	18.75	15.90	-15%	20X	17X	16X	17X	15X	13X	7%	11%	14X	12X	10X	12%	1.8%	-15%
002507.SZ	Fuling Zhacai	Neutral	2,104	CNY	13.14	11.70	-11%	18X	17X	16X	16X	15X	14X	6%	7%	13X	12X	11X	10%	3.4%	-7%
1579.HK	Yihai International Holding	Neutral	1,773	HKD	14.32	14.20	-1%	15X	14X	12X	15X	13X	12X	6%	10%	8X	7X	6X	17%	5.9%	-5%
600305.SS	Jiangsu Hengshun Vinegar	Sell	1,216	CNY	7.88	6.40	-19%	40X	34X	28X	32X	27X	23X	12%	18%	29X	24X	21X	7%	2.2%	-1%
603027.SS	Qianhe Condiment and Food	Sell	1,664	CNY	11.64	8.80	-24%	21X	19X	17X	16X	15X	13X	10%	12%	14X	13X	11X	15%	4.6%	-4%
603317.SS	Sichuan Teway Food Group	Sell	1,700	CNY	11.37	9.90	-13%	19X	17X	15X	16X	15X	13X	7%	10%	15X	13X	12X	14%	4.9%	-15%
Avg.								22X	20X	17X	19X	17X	15X	8%	11%	15X	13X	12X	12.5%	3.8%	-8%
Dairy																					
800887.SS	Yili Industrial	Buy	25,433	CNY	28.80	33.40	16%	16X	15X	14X	19X	17X	16X	3%	8%	12X	11X	10X	20%	5.6%	-5%
2319.HK	Mengniu Dairy	Buy	9,066	HKD	18.16	23.00	27%	13X	10X	9X	17X	13X	12X	4%	10%	8X	7X	6X	12%	3.1%	3%
6186.HK	China Feihe Ltd.	Buy	6,688	HKD	5.88	7.40	26%	11X	10X	9X	13X	12X	11X	4%	7%	5X	4X	16%	6.3%	8%	8%
Avg.								13X	12X	11X	16X	14X	13X	4%	8%	8X	7X	7X	15.8%	5.0%	2%
F&B																					
9633.HK	Nongfu Spring	Buy	56,318	HKD	39.75	36.30	-9%	31X	27X	24X	28X	25X	22X	12%	11%	19X	17X	15X	39%	2.4%	17%
0322.HK	Tingyi	Buy	9,373	HKD	12.96	14.40	11%	16X	14X	12X	17X	15X	14X	3%	12%	7X	7X	6X	24%	6.4%	28%
0220.HK	Uni-President China	Neutral	5,526	HKD	10.60	9.60	-9%	18X	17X	15X	17X	15X	14X	5%	9%	9X	9X	8X	17%	5.8%	36%
605499.SS	Eastroc Beverage	Buy	24,054	CNY	334.00	293.00	-12%	39X	31X	26X	34X	28X	23X	19%	22%	31X	25X	20X	53%	1.8%	34%
2460.HK	China Resources Beverage	Buy	3,967	HKD	13.28	19.00	43%	14X	12X	10X	20X	17X	14X	8%	17%	6X	5X	4X	17%	3.2%	n.a.
KO	Coca-Cola Co.	Neutral	310,579	USD	71.77	70.00	-2%	24X	22X	21X	24X	22X	20X	6%	8%	21X	19X	18X	46%	2.8%	15%
PEP	PepsiCo Inc.	Buy	178,783	USD	129.96	160.00	23%	16X	15X	14X	20X	19X	17X	4%	8%	13X	12X	11X	55%	4.2%	-15%
Avg.								23X	20X	18X	23X	20X	18X	8%	12%	15X	13X	12X	35.8%	3.8%	19%
Snacks																					
002557.SZ	Chacha Food Co.	Sell	1,645	CNY	23.67	18.90	-20%	21X	17X	17X	17X	14X	13X	3%	11%	13X	11X	10X	10%	2.9%	-19%
002847.SZ	Yankenshop Food	Buy	3,381	CNY	88.78	110.10	24%	29X	23X	20X	36X	29X	24X	20%	21%	24X	20X	16X	44%	2.3%	42%
0151.HK	Want Want China	Sell	7,918	HKD	5.29	3.40	-36%	15X	14X	14X	10X	9X	9X	3%	1%	8X	8X	8X	22%	5.5%	16%
300783.SZ	Three Squirrels	Neutral	1,543	CNY	28.00	30.50	9%	27X	20X	15X	29X	22X	17X	21%	31%	21X	14X	11X	14%	1.6%	-24%
2229.T	Calbee Inc	Sell	2,441	JPY	2769.00	2950.00	7%	17X	18X	18X	18X	19X	19X	4%	-3%	8X	7X	8X	10%	2.0%	-12%
Avg.								21X	19X	17X	22X	19X	17X	10%	12%	15X	12X	10X	20.0%	1.8%	1%
Frozen Food																					
001215.SZ	Qianweiyangchu	Neutral	404	CNY	29.35	20.00	-32%	24X	21X	21X	16X	14X	14X	6%	8%	11X	9X	9X	6%	0.0%	-4%
300973.SZ	Ligao Foods	Buy	1,274	CNY	52.36	44.00	-16%	26X	19X	16X	22X	16X	14X	13%	26%	15X	12X	10X	13%	1.6%	34%
805089.SS	Weizhiyang	Sell	471	CNY	24.72	13.90	-44%	38X	34X	32X	21X	19X	18X	5%	9%	28X	26X	24X	7%	1.5%	-1%
002216.SZ	Sanquan Foods	Neutral	1,431	CNY	11.76	9.20	-22%	19X	18X	17X	15X	14X	13X	1%	6%	18X	16X	15X	12%	2.5%	-2%
600298.SS	Angel Yeast	Buy	4,523	CNY	37.45	40.00	7%	20X	18X	16X	22X	19X	18X	10%	11%	13X	12X	11X	13%	1.2%	4%
Avg.								25X	22X	20X	19X	17X	15X	7%	12%	17X	15X	14X	10.4%	1.4%	6%
Pet Care																					
002891.SZ	China Pet Foods	Buy	2,833	CNY	66.02	63.00	-5%	42X	31X	24X	40X	30X	23X	21%	32%	28X	21X	16X	16%	0.7%	85%
300873.SZ	Petpal Pet Nutrition Technology	Neutral	5,887	CNY	16.82	14.70	-13%	23X	19X	16X	20X	17X	14X	15%	21%	13X	11X	9X	9%	0.9%	-5%
001498.SZ	Gambol Pet Group Inc.	Neutral	6,196	CNY	11.59	121.00	6%	57X	41X	29X	62X	44X	32X	24%	40%	40X	29X	20X	18X	0.6%	42%
Avg.								41X	30X	23X	41X	30X	23X	29%	31%	27X	20X	15X	14.3%	0.7%	41%
Pork																					
0288.HK	WH Group	Buy	12,212	HKD	7.39	8.60	16%	8X	8X	7X	9X	9X	9X	3%	3%	4X	4X	3X	13%	6.2%	23%
000895.SZ	Henan Shuanghui Ltd.	Neutral	11,936	CNY	24.69	25.20	2%	17X	17X	17X	17X	17X	18X	2%	-2%	10X	10X	10X	24%	5.8%	-5%
Avg.								12X	12X	12X	13X	13X	13X	2%	0%	7X	7X	6X	18.6%	6.0%	9%

Disclosure Appendix

Reg AC

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