

China Consumer Staples

4Q24 Preview: Looking for a better start into 2025 after a reset in 4Q24; Watch out for policy roll-out

The staples sector is up c.7% YTD (on a mkt cap weighted avg basis) and up c.6% on average this week (vs. MSCI China YTD rally at 20%). Meanwhile, we observe market sentiment gradually improving with steadier consumer confidence index and higher interest in potential upside from policy stimulus implementation (see our Europe marketing feedback takeaways) post the Two Sessions this year which ranks domestic consumption demand recovery as one of the top priorities. Therefore, we expect that market would likely look through the 4Q/2H24 results (our latest EPS estimates on average is still c.3% below BBG consensus) and focus more on topline/earnings outlook in 2025 provided by consumer companies in the upcoming results season. We expect margin enablers (pre-results by Mengniu), comments for sell-in improvement in 2Q (beer/dairy) and competition/pricing actions (UPC on promotion cut/Nongfu on water strategy) as well as potential shareholder return enhancement in the Staples space (DPS surprise by Bud APAC, controlling shareholder's stake increase commitment by Laojiao) will be the key focus for this results season. Meanwhile, Policy remains the highly focused topic including consumption vouchers, new birth/childcare subsidies and enhancing low income group's disposable income level following the Two Sessions this year: The childcare subsidy policy and milk coupon for child-bearing women announced by Hohhot government on Mar 13 could be initial positive development following our last check-in on fertility support from State Council in Oct; NFRA¹ issued a notice on Mar 14 that encourages banks/financial institutions to increase quota for personal consumption loans to promote consumption sentiment.

Early color on 1Q25: 1) Run-rate picked up sequentially in Feb vs. Jan yoy and easier comp ahead: Beer retail growth began relatively steady during LNY period (expert call takeaways) and shipment in Feb has picked up sequentially vs. Jan; beverage maintained solid momentum in Jan-Feb (UPC/Eastroc/CR Bev at DD%) and promotion sequentially subdued, while dairy products saw stable yoy retail growth during LNY (per Yili) with disciplined shipment and easing promotion level. Spirits saw shipment control post LNY to keep healthier inventory level (Wuliangye looks for positive sales growth in 1Q) while regional players Fen Wine/King's Luck/Gujing have

¹ National Financial Regulatory Administration

outperformed YTD in terms of retail and shipment; **2) a stabilizing trend in pricing:** we noted F&B and dairy are seeing better pricing trends with more disciplined competition across players as seen last year, where liquid milk discounts are narrowing, bottled water does not see further pricing competition by Nongfu, and Tingyi continues to implement the price hikes with less head-to-head competition with UPC; Pricing trend also remained solid for super premium spirits with wholesale price largely holding up for key SKUs post LNY; **3) earnings/margin outlook** would rely on a) disciplined opex spending and organizational streamlining, b) continued cost tailwinds (see our latest cost tracker), and also c) a more mature investment cycle (lowered capex expectation for most sub-sectors).

We reiterate our sub-sector preferences: We continue to rank **Beverage** (secular growth) and **Dairy** (supply-demand/margin bottom out/potential policy beneficiary) as our most preferred; followed by beer/super premium spirits (shareholder return and potential policy beneficiary), and pet foods (penetration). Our key stocks remain Moutai/Mengniu/Tsingtao-H/CR Beverage/Tingyi/Nongfu/Yanker/China Pet Foods/ Ligao (all Buy rated).

The next key factors to watch for are: Upcoming China Food & Drinks Fair hosted in Chengdu on 25-27 March; wholesale price trends and channel inventory of key spirits SKU in the slack season, beverage shipment sentiment ahead of peak season, beer monthly shipment into 2Q (channel preparation for peak season), CPI trend in March, and any policy to boost consumption.

Staple 2024/4Q24 results preview

Exhibit 1: 2024, 4Q24 results preview (beer, condiments, dairy, F&B, snacks, frozen foods, pet care)

Ticker	Company	4Q24E				2024E				2025E				2026E			
		Sales	Sales yoy	Net profit	NP yoy	Sales	Sales yoy	Net profit	NP yoy	Sales	Sales yoy	Net profit	NP yoy	Sales	Sales yoy	Net profit	NP yoy
Beer																	
600600.SS	Tsingtao Brewery	3,083	4%	(535)	n.m.	32,043	-6%	4,455	4%	32,679	2%	4,924	11%	33,574	3%	5,267	7%
600132.SS	Chongqing Brewery*	1,582	-11%	(86)	n.m.	14,645	-1%	1,245	-7%	15,056	3%	1,331	7%	15,557	3%	1,448	9%
002568.SZ	Shanghai Ballrun	609	-25%	(20)	-17%	2,995	-5%	694	-14%	3,436	15%	849	22%	3,816	11%	972	15%
1876.HK	Budweiser APAC*	1,142	-12%	(16)	n.m.	6,246	-9%	726	-15%	6,473	4%	819	13%	6,802	5%	928	13%
Weighted Avg.		-9%	-8%			-4%		-6%		3%		11%		3%		11%	
Condiments																	
600872.SS	Jonjee Hi-Tech*	1,201	1%	274	n.m.	5,147	0%	850	62%	5,426	5%	870	2%	5,901	9%	963	11%
002507.SZ	Fuling Zhaca*	446	-10%	153	-8%	2,408	-2%	824	0%	2,531	5%	889	8%	2,667	5%	930	5%
600305.SS	Jiangsu Hengshun Vinegar	515	10%	27	n.m.	2,046	-3%	147	69%	2,209	8%	199	35%	2,473	12%	245	23%
603027.SS	Qianhe Condiment and Food	797	-9%	146	2%	3,086	-4%	497	-6%	3,309	7%	540	9%	3,626	10%	602	11%
603317.SS	Sichuan Teway Food Group*	1,112	22%	193	42%	3,476	10%	626	37%	3,738	8%	683	9%	3,989	7%	743	9%
Weighted Avg.		15%	23%			8%		10%		9%		12%		9%		10%	
Dairy																	
600887.SS	Yili Industrial	28,049	-3%	1,467	32%	117,089	-7%	9,976	-1%	120,503	3%	10,814	8%	123,632	3%	11,685	8%
Weighted Avg.		-3%	32%			-9%		3%		2%		6%		3%		9%	
Beverage																	
605499.SS	Eastroc*	3,281	25%	619	61%	15,839	41%	3,327	63%	20,220	28%	4,321	30%	24,343	20%	5,354	24%
Snacks																	
002557.SZ	Chacha Food Co.*	2,374	2%	228	-23%	7,132	5%	854	6%	7,514	5%	835	-2%	7,943	6%	944	13%
002847.SZ	Yankershop Food	1,459	31%	156	42%	5,319	29%	649	28%	6,369	20%	808	24%	7,337	15%	922	14%
300783.SZ	Three Squirrels	3,514	39%	60	20%	10,683	50%	402	83%	14,131	32%	513	28%	17,813	26%	676	32%
Weighted Avg.		11%	-6%			12%		10%		11%		4%		11%		7%	
Frozen Food																	
001215.SZ	Oianweiyangchu	548	-4%	32	-20%	1,912	1%	114	-15%	2,050	7%	128	12%	2,183	6%	144	13%
603345.SS	Fu Jian Anjoy Foods Co.	4,057	8%	367	3%	15,134	8%	1,415	-4%	16,663	10%	1,520	7%	18,362	10%	1,781	17%
300973.SZ	Ligao Foods*	1,131	23%	75	n.m.	3,848	10%	278	281%	4,480	16%	318	14%	5,107	14%	444	40%
605099.SS	Weizhixiang	167	-7%	17	-39%	677	-15%	65	-37%	704	4%	92	9%	745	6%	103	11%
002216.SZ	Sanquan Foods	1,586	-3%	116	-41%	6,711	-5%	511	-32%	6,843	2%	487	-5%	7,045	3%	533	9%
600298.SS	Angel Yeast	4,282	9%	430	20%	15,194	12%	1,383	9%	16,694	10%	1,618	17%	18,291	10%	1,876	16%
Weighted Avg.		7%	16%			6%		-1%		9%		10%		9%		17%	
Pet Care																	
002891.SZ	China Pet Foods*	1,278	24%	98	74%	4,467	19%	380	63%	5,018	12%	423	11%	5,777	15%	558	32%
301498.SZ	Gambol Pet Group	1,510	24%	147	28%	5,181	20%	617	44%	6,203	20%	755	22%	7,423	20%	947	25%
300673.SZ	Petpal Pet Nutrition Technology*	547	11%	38	108%	1,870	33%	192	n.m.	2,266	21%	206	7%	2,667	18%	261	27%
Weighted Avg.		22%	50%			21%		51%		17%		16%		18%		28%	
H share																	
Ticker	Company	2H24E				2024E				2025E				2026E			
		Sales	Sales yoy	Net profit	NP yoy	Sales	Sales yoy	Net profit	NP yoy	Sales	Sales yoy	Net profit	NP yoy	Sales	Sales yoy	Net profit	NP yoy
1575.HK	Yihai International Holding	3,531	0%	434	-12%	6,458	5%	742	-13%	6,922	7%	896	21%	7,372	7%	991	11%
2319.HK	Mengniu Dairy*	43,351	-9%	2,889	43%	88,021	-11%	5,523	11%	89,363	2%	5,620	2%	92,730	4%	6,289	12%
6186.HK	China Feile Ltd.	10,599	8%	2,308	13%	20,694	6%	4,520	7%	22,039	6%	4,951	10%	23,149	5%	5,198	5%
9633.HK	Nongfu Spring	23,133	4%	6,040	-6%	45,306	6%	12,260	2%	52,783	17%	14,135	15%	59,830	15%	15,876	12%
0322.HK	Tingyi	39,387	0%	1,815	23%	80,584	0%	3,701	19%	83,054	3%	4,309	16%	85,503	3%	4,798	11%
0220.HK	Uni-President China*	14,883	6%	883	12%	30,332	6%	1,849	11%	32,305	7%	2,111	14%	33,853	5%	2,334	11%
2460.HK	CR Beverage	6,481	n.m.	395	n.m.	14,097	4%	1,601	19%	15,255	6%	1,947	22%	16,639	9%	2,377	22%
0151.HK	Want Want China	12,423	1%	2,125	-6%	23,354	0%	3,986	4%	23,684	1%	3,953	-1%	24,296	3%	3,973	0%
0291.HK	China Resources Beer	14,837	-1%	282	-44%	38,581	-1%	4,987	-3%	39,147	1%	5,332	7%	39,877	2%	5,944	11%
6979.HK	ZJLD	2,883	-18%	624	-24%	7,016	0%	1,642	1%	7,042	0%	1,647	0%	7,699	9%	1,860	13%

* Denotes companies that have already issued 2024 preliminary results/ official results; Mengniu's NP refers to recurring NP, adjusted for one-off items (goodwill impairment, associate losses, raw milk powder impairment etc). Want Want Want calendar year data (shown in table, Mar-Apr) is different from financial year (Jan-Dec).

Source: Goldman Sachs Global Investment Research

Exhibit 2: 2024, 4Q24, 1Q25 results preview (spirits)

Ticker	Company	4Q24E				1Q25E				2024E				2025E			
		Sales	Sales yoy	Net profit	NP yoy	Sales	Sales yoy	Net profit	NP yoy	Sales	Sales yoy	Net profit	NP yoy	Sales	Sales yoy	Net profit	NP yoy
Spirits																	
60019.SS	Kweichow Moutai*	50,684	12%	24,856	14%	50,901	10%	26,562	10%	173,806	15%	85,683	15%	188,740	9%	94,577	10%
000858.SZ	Wuliangye Yibin	18,717	-10%	6,304	-15%	36,575	5%	14,683	5%	86,632	4%	31,235	3%	91,482	6%	98,642	8%
600809.SS	Shanxi Xinghuacun Fen Wine	4,777	-8%	809	-20%	16,565	8%	6,795	9%	36,134	13%	12,159	16%	39,123	8%	13,227	9%
000568.SZ	Luzhou Laojiao	6,257	-25%	1,864	-30%	9,188	0%	4,452	0%	30,561	1%	13,457	2%	31,218	2%	14,038	4%
002304.SZ	Jiangsu Yanghe	1,771	-38%	(836)	n.m.	13,817	-15%	4,811	-21%	29,288	-12%	7,743	-23%	29,032	-1%	7,727	0%
000596.SZ	Anhui Gujing Distillery Co.	4,252	-1%	750	-3%	8,949	8%	2,256	9%	23,320	15%	5,497	20%	25,551	10%	6,105	11%
600779.SS	Jiangsu Swellton Co.*	1,429	5%	216	-12%	933	0%	182	-2%	5,217	5%	1,341	6%	5,461	5%	1,399	4%
603376.SS	Jiangsu King's Luck Brewery	1,915	10%	535	7%	5,138	10%	1,690	10%	11,856	13%	3,620	10%	13,093	10%	4,022	11%
Weighted Avg.	Super premium spirits	-2%	3%	-7%	-1%	10%	10%	10%	10%	10%	9%	9%	9%	9%	9%	9%	10%
Weighted Avg.	Non super premium spirits	-11%	-41%	0%	-2%	4%	1%	6%	7%	6%	7%	8%	10%				

* Denotes companies that have already issued 2024 preliminary results/ official results

Source: Goldman Sachs Global Investment Research

Exhibit 3: Our estimates for our consumer staples coverage in 24E/25E are generally lower than Bloomberg consensus

GSe vs. Bloomberg consensus 2024E-25E

Ticker	Company	2024E		2025E	
		Sales +/- % vs. BBG con	NP +/- % vs. BBG con	Sales +/- % vs. BBG con	NP +/- % vs. BBG con
Spirits					
600519.SS	Kweichow Moutai*	0.1%	-0.2%	-0.8%	0.4%
000858.SZ	Wuliangye Yibin	-3.9%	-4.5%	-5.4%	-5.2%
600809.SS	Shanxi Xinghuacun Fen Wine	-2.5%	-1.7%	-6.7%	-6.3%
000568.SZ	Luzhou Laojiao	-5.5%	-4.3%	-9.3%	-6.5%
002304.SZ	Jiangsu Yanghe	-2.0%	-6.4%	-2.0%	-5.3%
000596.SZ	Anhui Gujing Distillery Co.	-2.1%	-2.2%	-4.5%	-6.2%
600779.SS	Sichuan Swellfun Co.*	0.6%	-1.6%	-0.7%	-3.8%
603369.SS	Jiangsu King's Luck Brewery	0.5%	0.2%	-1.0%	-0.3%
Beer					
600600.SS	Tsingtao Brewery	-0.4%	0.6%	-1.6%	2.6%
600132.SS	Chongqing Brewery*	-0.9%	-3.0%	-0.9%	-1.1%
002568.SZ	Shanghai Bairun	-8.9%	-9.8%	-7.6%	-3.4%
1876.HK	Budweiser APAC*	-0.6%	-5.0%	-0.5%	-1.9%
Condiments					
600872.SS	Jonjee Hi-Tech*	-6.2%	6.6%	-10.6%	-3.2%
002507.SZ	Fuling Zhacai*	-2.5%	-2.8%	-3.3%	-3.5%
600305.SS	Jiangsu Hengshun Vinegar	-0.7%	3.2%	-0.3%	10.7%
603027.SS	Qianhe Condiment and Food	-3.7%	-0.6%	-6.0%	-3.4%
603317.SS	Sichuan Teway Food Group*	0.8%	3.2%	-2.5%	-0.5%
Dairy					
600887.SS	Yili Industrial	-1.2%	-16.7%	-2.2%	-4.7%
Beverage					
605499.SS	Eastroc*	-1.4%	1.2%	-0.7%	-1.5%
Snacks					
002557.SZ	Chacha Food Co.*	-4.2%	-10.1%	-7.6%	-22.1%
002847.SZ	Yankershop Food	1.3%	-0.1%	-1.3%	-1.5%
300783.SZ	Three Squirrels	2.0%	-0.1%	5.9%	-5.5%
Frozen Food					
001215.SZ	Qianweiyangchu	-4.7%	-11.3%	-7.8%	-12.9%
603345.SS	Fu Jian Anjoy Foods Co.	-1.3%	-4.2%	-1.4%	-8.7%
300973.SZ	Ligao Foods*	0.1%	1.2%	3.3%	0.0%
605089.SS	Weizixiang	-4.9%	-23.4%	-6.3%	-28.9%
002216.SZ	Sanquan Foods	-1.7%	-22.7%	-2.6%	-23.1%
600298.SS	Angel Yeast	-1.5%	1.3%	-3.2%	1.3%
Pet Care					
002891.SZ	China Pet Foods*	0.2%	4.4%	-3.6%	1.8%
301498.SZ	Gambol Pet Group	-1.8%	1.6%	-3.4%	-0.2%
300673.SZ	Petpal Pet Nutrition Technology*	-1.8%	1.4%	-1.6%	-8.8%
H share	Company	2024E		2025E	
		Sales +/- % vs. BBG con	NP +/- % vs. BBG con	Sales +/- % vs. BBG con	NP +/- % vs. BBG con
1579.HK	Yihai International Holding	-3.9%	-8.9%	-6.0%	-3.4%
2319.HK	Mengniu Dairy*	-2.1%	n.m.	-3.6%	10.2%
6186.HK	China Feihe Ltd.	-0.7%	16.8%	1.1%	15.9%
9633.HK	Nongfu Spring	-2.7%	-1.7%	-1.6%	-0.7%
0322.HK	Tingyi	-1.2%	4.4%	-1.7%	9.5%
0220.HK	Uni-President China*	-0.7%	-2.0%	-0.3%	1.1%
2460.HK	CR Beverage	-0.9%	-2.1%	-0.6%	-2.9%
0151.HK	Want Want China	-2.6%	2.4%	-0.3%	-6.1%
0291.HK	China Resources Beer	-0.9%	-8.0%	-1.9%	-9.5%
6979.HK	ZJLD	-11.5%	-9.6%	-21.1%	-24.6%

* Denotes companies that have already issued 2024 preliminary results/ official results. Want Want Want calendar year data (shown in table, Mar-Apr) is different from financial year (Jan-Dec).

Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 4: Summary of sales/NP growth by sub-sector

	2024E		2025E		2026E	
	Sales yoy	NP yoy	Sales yoy	NP yoy	Sales yoy	NP yoy
Super premium spirits	10%	10%	7%	9%	9%	10%
Non super premium spirits	4%	1%	6%	7%	8%	10%
Beer	-4%	-7%	3%	11%	3%	11%
Condiments	8%	10%	9%	12%	9%	10%
Dairy	-9%	3%	2%	6%	3%	9%
Frozen Food	6%	-1%	9%	10%	9%	17%
Snacks	12%	10%	11%	4%	11%	7%
Pet Care	21%	51%	17%	16%	18%	28%
Foods	2%	16%	4%	16%	3%	11%
Beverage	12%	11%	17%	19%	14%	16%
Total	3%	7%	6%	10%	3%	9%

Source: Goldman Sachs Global Investment Research

1Q25 Early Color by Sector/Company

Spirits- channel management and wholesale price stabilization are the key focus by brands in 1Q25:

We noted more sales management measures by leading spirits companies in 1Q25 following disciplined shipment in 4Q24, which has helped to support wholesale prices level, digest channel inventory and support distributors sentiment since LNY. Retail sales trend were under pressure of a high comp base in LNY 2025 but we expect sequentially recovery into next festival season in Dragon Boat Festival. We also expect distributors sentiment to be relatively cautiously optimistic in the **upcoming China Food & Drinks Fair hosted in Chengdu on 25-27 March.**

- **Moutai (Buy):** Company has enhanced supply of special SKUs such as Zodiac Moutai, 1KG Feitian etc around LNY to support growth momentum. For Feitian Moutai, the shipment of March quota (c.6% of full year) is under progress, bringing Q1 quota to 35~37% of full year, while the wholesale price in early Mar is still largely stable ([latest tracker](#)), with the channel inventory level now standing at c.0.5 month. Series spirits targets at 15% growth for 2025, while Moutai 1935 achieved positive retail growth and open-bottle ratio in LNY.
- **Wuliangye (Buy):** Wuliangye expects positive sales growth for 2025 and for 1Q25 (likely SD% yoy in 1Q despite a high base) with sales management measures (three specialized sales companies were recently established/owned by some of Wuliangye's large distributors), channel reforms and market share gain. With supply control to traditional distributors, channel inventory has decreased to 2-3% from a peak at 8-9% last year, and wholesale prices have seen a notable pickup during LNY.
- **Laojiao (Buy):** "Strong-start" prepayment made this year so far accounts for c.35% of annual prepayments and prepayments are front-loaded ahead of LNY. Distributors/retail terminals are expected to digest inventory in Mar and the current sentiment level remains muted for prepayment post LNY vs. c.40%+ completed in early March 2024. Company feedback indicated they have observed steady LNY retail sales trend and Laojiao will still aim for positive growth in 2025 following a more disciplined 4Q24. On Mar 13, Laojiao's controlled shareholder [Luzhou Laojiao Group](#) announced the plan of increasing equity ownership by Rmb150-300mn within next 6 months.
- **Selective Regional players are more resilient and are outperforming YTD.** The prepayment pace of **Fen Wine, Gujing, King's Luck** is largely at par vs. the same period in 2024 at c. 35%+/50%/40% by early March 2025 following a completion of 2024 target, at a healthier pace vs. others (e.g. Swellfun/Jiugui/Yanghe).

Beer: We see the beer retail growth being relatively steady during LNY period. Shipment in Feb has picked up sequentially vs. Jan with the help from calendar shift. The Jan-Feb shipment trend have showed divergence:

- **Jan-Feb shipment trend:** Bud down SD% with continued control of shipment focusing on channel inventory digestion; CRB achieved positive volume growth in Jan-Feb 2025 despite a relatively high base, and we note a much easier comp in

March to 4Q25; Tsingtao saw slight decline in Jan-Feb combined amid an easy base last year; Chongqing edged up from a soft 2H24 and delivered positive growth in Jan-Feb.

- **Cost front:** Our cost tracker showed sequential cost tailwinds in Barley (YTD down -5% vs. 2024 avg). By brand: Budweiser APAC looks flattish or slightly inflated costs in 2025 based on: 1) continued LSD% decline in barley on a 12-month basis vs. last year, despite at a smaller scale vs. 2024; 2) likely a MSD% yoy price increase in aluminum. CRB/Tsingtao still look for cost tailwind in 2025 mainly from barley deflation.

F&B- Beverage maintained solid momentum in Jan-Feb and promotion

sequentially subdued: We noticed continued strong trend for beverage in Jan-Feb 2025 with UPC (up DD%), Tingyi (resilient at SD%) mainly driven by strong RTD tea momentum, while Eastroc accelerated since Feb post LNY calendar shift impact. We also expect more disciplined promotion for bottled water this year, with Nongfu's "Strong Start" promotion sequentially lowered for green bottle purified water (see our EU investor feedback report), and CR Bev is seeing DD% growth for water and beverage lapping a relatively easier comp in Jan-Feb.

- **Eastroc (Buy): 1) new driver:** The company is optimistic about large-pack sweetened tea Guozhicha launched in Feb to meet consumer demand for value-for-money products and accelerate penetration into more cost sensitive PoS. The company has made trial sales of Guozhicha in Hainan in end of 2024 with good consumer feedback and will roll out Guozhicha nationwide in 2025. **2) Margin-front,** Eastroc expects continued strong growth and potential GPM expansion for Energy Drinks with cost benefits and continued room for more disciplined promotion in 2025.
- **UPC (Neutral):** UPC noted that Beverage and noodles both recorded DD% sales growth in Jan-Feb built on sequentially improved consumer sentiments in LNY, healthy channel inventory (lower yoy), and raised channel confidence on enhanced brand power, with further help from refrigerator investments in 4Q that starts to yield benefits in 1Q. By segment, RTD tea continued strong momentum, milk tea saw notable sequential improvements, and Haizhiyan registered high DD% growth despite continued pressure on other juices.

Dairy: S/D continued to improve for raw milk. Shipment volume remained weak in Jan-Feb (Yili down SD% and Mengniu down DD%) but promotion level stabilized yoy. We look for shipment growth lapping an easier comp since March.

- For upstream, as we mentioned in the supply reduction update note dated late Jan, we see raw milk price stabilizing in 1Q2025, with the overall herd size down -4.5% yoy as of end-2024. The continued exit of smaller dairy farms is in line with our expectation and pushes forward the supply/ demand rebalance, which we estimate to happen in 2H25. The latest raw milk price trended lower to Rmb3.08/kg vs. Rmb3.13/3.09 in end of Jan/Feb with seasonal factors. On demand side, the initial positive signal is narrower discount and stable sales trends during LNY. We note Hohhot government issued a childcare subsidy policy (our thoughts on implications)

to coverage).

- **Yili (Buy):** Mgmt noted stable retail sales momentum yoy during LNY largely in-line with expectations, with some key markets (e.g., Henan/Shandong) relatively outperforming, thanks to proactive de-stocking actions in 2H24 and the introduction of more gift-packaging products in preparation. The company did not push for sell-in volume to the channel before LNY, and now sees better alignment between sell-in/sell-through pace with healthy channel inventory level. The company also observed better pricing trend in retail terminals for Satine/Basic milk with more disciplined promotion level vs. 2024 LNY. The key factor to monitor is the replenishment demand post Lantern Festival and promotion level going forward.

Condiments: Per our channel checks, leading condiments players have been relatively more resilient while mid-scale players sales have been under pressure mainly due to fluid demand and channel inventory level after LNY shipments.

- **Teway (Sell):** The company has pushed for pre LNY shipment in 4Q24 in order to achieve its ESOP target and we think the accelerating growth in 4Q24 mainly came from winter seasons (sausage related seasoning). For 1Q25, Teway would likely take some time to digest the inventory in channels. The company had achieved major expansion in GPM- Selling expense ratio in 2024 with significant cut in marketing dollars on top of cost tailwinds. We expect the margin expansion to slowdown in 2025.
- **Jonjee (Neutral):** We note a softer retail momentum and potential market share loss to leading players amid Jonjee's organization/channel reform in 4Q24, and we are yet to see a turnaround in its condiments sales given the current high channel inventory (approaching 3~4 months in some regions per our channel checks) despite the LNY period.
- **Fuling (Neutral):** We believe that Fuling has undergone an inventory digesting period after LNY shipments, with increased promotions weighing on ASP and operating deleverage -impacting NPM. We understand that Fuling is still going through a reform in 2024, into 2025, we look for potential improvement in sales momentum as well as expecting continued cost tailwinds to last until Jun-Jul 2025.

Prepared food: Shipment has been soft overall, however channel inventory remains healthy and pricing pressure is limited. On 2B demand, as a read-cross from catering, restaurant SSSG in Feb was sequentially lower due to calendar impact as expected, yet the decline magnitude post CNY holiday was better than feared in Feb.

- **Ligao (Buy):** We highlight the encouraging sales momentum of Ligao's new products in the Sam's Club channel and light cream products, while raw material costs weighed on profit margins. Looking into 1Q25E, we remain positive for the new products rolling out in Sam Club's channel and we see less cost pressure in Jan, per mgmt in AGM, with cream products GPM likely to see signs of qoq recovery from 1Q-2Q25. We remain Buy rated on Ligao, which could benefit from the favourable product cycles to facilitate topline at mid-teens % yoy growth, while noting that the palm oil cost is the key swing factor.

- **Angel Yeast (Buy):** Due to the internal reform, earlier LNY in 2025 and fluid demand, for Jan and Feb combined, the company-level sales have seen a yoy decline, attributable to negative growth of domestic sales in Jan+Feb while overseas remained strong (sales growth rates for all regions except North America (down ~5% yoy) and Europe (10% yoy) exceeded 20%~30%). Cost-wise, avg. molasses procurement prices of the 24-25 season recorded yoy savings of c.15%. For 1Q25, company targets 9% yoy sales growth to be supported by 20%+ yoy sales growth in Mar 25.

Snacks: LNY early color in fast-growing emerging channels was not particularly encouraging for 2025 start: **1) Wechat gifting:** amid expectations as a potential positive catalyst for snack brands, Wechat gifting appears to have been more muted per our channel checks with brands not recording significant volumes sold; **2) Douyin:** Douyin GMV growth appeared soft lapping a high base and brands' different focus on GMV/profitability, e.g. higher KOL sales mix of Chacha on Douyin, the opposite for Yanker. **3) Discounters:** Discounter shipments were encouraging before LNY and we note that discounter store openings slightly slowed down to c.200~300 stores in Feb vs. c.300~350 stores per month into Jan, although potentially due to LNY calendar shift.

- **Chacha Food (Sell):** Membership KAs and discounters channels outperformed with traditional KAs still under pressure, and profit margin still uncertain in the short-term. Sunflower seeds costs remain largely flattish MoM in Feb. Now we look for 7%/36% sales/NP decline for Chacha in 1Q25E.
- **Yankershop (Buy):** For Jan and Feb combined Yankershop have seen 8% yoy GMV decline on Douyin and Mar MTD growth has also been soft. We believe that the company has lowered paid traffic and cut non-core SKUs for quality growth on top of a tough base. For offline channels, discounters channel remain strong with store openings; SKUs in Membership KAs have also seen solid growth momentum. Product-wise, the large SKUs (e.g. Dan Huang, Da Mo Wang) continued to ramp up. In terms of profitability, we expect higher selling costs in the recent two quarters for LNY holidays and newly-added category Fish Tofu to have slight pressure on GPM - selling ratio. Now we look for 15% yoy growth for Yanker in 1Q25E.
- **Three Squirrels (Neutral):** Three Squirrels was leading in the Wechat gifting channel but the sales contribution seems to be limited. For Jan and Feb combined Three Squirrels have seen 7% yoy growth on Douyin.

Pet food:

For Jan and Feb combined we are encouraged to see ongoing market share gains for leading domestic companies including **Gambol (Buy)** (market share at 7.7%/12.7% on Tmall+Taobao/Douyin in Jan+Feb 2025 vs. 7.1%/11.4% in FY24), with a GMV growth rate of 50% yoy for Gambol (thanks to Fregate brand's strong, ongoing growth momentum of 163% yoy in Jan+Feb). We note softness for **China Pet Foods (Buy)** (+12% yoy in Jan+Feb 25, vs. 13% yoy for FY24) which may be due to the company's higher exposure to the offline channel and seasonality factors. Meaty way under **Petpal (Neutral) also recorded strong triple digit growth for Jan and Feb combined lapping a smaller base.** We continue to see our covered companies' strength in

innovative products, where Myfoodie/Fregate/Wanpy are all introducing higher-end new concept products (e.g. Goat Milk/Gold Shield in Myfoodie/Wanpy) to drive brand momentum, on top of faster new client acquisition, healthy repurchase rate and disciplined promotion costs tracked in Douyin.

Key reports:

China Consumer Staples: Investor feedback from European marketing trip: Focus on consumption recovery and further signs of bottoming

China Consumer Staples Cost Index Tracker: Feb 2025: Easing prices of meats benefiting prepared foods / pet foods

China Consumer Staples: Snacks: Offline discounters' new store formats driving open momentum though online muted

China Staples: Pet food monthly: Feb-25: New products fuel growth; further cost benefits

China Consumer Staples: LNY Pulse Check: Snacks: Early Color: softer wechat gifting and online

China consumer staples: Condiments Pre-LNY Pulse Check: Haitian outperforms on robust mgmt. capability and Jan 2025 prepayment pace strongly ahead of schedule

China Consumer Staples: Pre-LNY Pulse Check: Snack expert call takeaways - leading discounters on steady roll-out & quality growth

China Consumer Staples: 2025 Outlook: A year of valued growth, Four key themes through the cycle

China Brewing: Navigating the tide from channel mix/category shift as the key for 2025

Monthly Tracker by Sub Sector

Exhibit 5: 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
CRB	up c.9%	roughly flattish	down HSD%	down LSD%	down LSD%	down LSD%	down HSD%	down c.LSD%	positive growth	positive growth	flattish to minor growth	likely flattish	CRB	up MSD%
Bud APAC China	total volume under pressure while Premium continued growth, but SP declined.	total volume decline, with SP down on a high base	decline	down LSD-MSD%	down HSD~10%	down DD%	down HSD%	down Mid-High teens-%	down low	down DD%	down DD%	Bud APAC China		down MSD%
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%
Chongqing	likely up mid-to-high single digit % on low base	moderation in growth mom	decline	flattish	slightly decline LSD%	flat to slight growth	down SD%	down SD%	down low SD%	Down LSD%	down SD%	decline	Chongqing	positive growth
Industry	12.10%	-6.50%	-9.10%	-4.50%	-1.70%	-10.00%	-3.30%	1.40%	-2.30%	5.70%	12.20%	Industry		

Source: Goldman Sachs Global Investment Research based on channel checks with distributors

Exhibit 6: Beverage monthly tracker 2024-2025 by GSE

	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
Nongfu	Water yoy %	19%			down DD%	down DD%	down DD%	down strong DD%	down 41%		down DD%			down DD% positive growth up DD%
	Beverage yoy % (Oriental Leaf)								down 5.3% (OL flat) c.50%	OL up 60%+				
	Water : green water portion %						c.50%		down to below 50% 30-20%	down to 20%+				
	Water AC Nielsen market							down DD%	down 18%	up nearly 10%	up 13%	decline	down DD%	
CR Bev	Water yoy %													up 12%
	Beverage yoy %													up 50%
Tingyi	Beverage sales yoy %							down SD%	down SD%	positive growth down	positive (better than positive growth	positive growth	positive growth	
	Noodles sales yoy %								down LSD%	LSD%	positive growth positive growth			
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%
	Noodles sales yoy %	up SD%	up SD%			down SD%	down LSD%	flatish	up LSD%	up LSD%	up MSD-HSD%	up DD%		up DD%
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

Source: Channel checks, Goldman Sachs Global Investment Research

Exhibit 7: Snacks company monthly tracker

Chacha	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Chacha			Muted demand		Improving MoM	Recovery, yoy +		Jul-Aug strong teens yoy	Muted, yoy decline on nuts	Flattish yoy	DD%	Jan yoy decline, Dec + Jan flattish	
Sunflower seeds				-20%+	Digesting inv., demand			Encouraging Jul-Aug	Stable	Slight growth		Teens % yoy	
Nuts		+dd% on gift bundles						Jul-Aug digesting inv, Still yoy + for Jul-Aug	Gift bundles faster	Decline	20%	Teens % yoy	
Yoy Company		1Q24		2Q24				3Q24					
	36%			-20%									
Sunflower seed	20%			-18%				10%					
Nuts	80%			-12%				-10%					

Source: Channel checks, Goldman Sachs Global Investment Research

Exhibit 8: Frozen food monthly tracker by GSE

Company	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Ligao	25-30%	25-30%	30%+	<20%	High teens%	Flatish or small growth	High DD	Jan + Feb 20%+	Slowdown MoM, 1Q high teens - 20%	Similar to Q2 trend, slight improvement mom	Broadly similar as before	Broadly similar as before	Encouraging recovery and look for DD% in 4Q			Flattish: +10% post LNY
Qianweiyangchu	25-30%	25%	20-25%	25%	25%+	20%+	high DD	Jan + Feb 20%+	Accelerating growth in Jul but mainly on shipment schedule		3Q: direct sales down SD% while distributor at positive yoy		Similar to 3Q trend	No significant recovery	4Q and 1Q under yoy pressure	

Source: Channel checks, Goldman Sachs Global Investment Research

Exhibit 9: Snacks Douyin Tracker

Company (Brand) GMV yoy growth	Feb-25	Jan-25 + Dec 24	Jan-25	Dec-24	2024	4Q24	3Q24	2Q24	1Q24	4Q23	3Q23	2Q23	1Q23
	Douyin	Douyin	Douyin	Douyin	Douyin	Douyin	Douyin	Douyin	Douyin	Tmall+ taobao	Tmall+ taobao	Tmall+ taobao	Tmall+ taobao
Yankershop	53%	-12%	-17%	4%	70%	18%	57%	81%	137%	-2%	41%	82%	96%
Chacha	-37%	115%	133%	59%	14%	23%	-48%	-13%	123%	-29%	11%	24%	-18%
3 Squirrels	65%	26%	4%	128%	132%	73%	39%	173%	357%	-32%	-8%	-23%	-50%
Ganyuan	728%	-30%	-57%	191%	38%	96%	-21%	-7%	50%	-28%	18%	20%	-32%
Jinbai	109%	-17%	-30%	17%	-13%	-19%	-25%	-22%	18%	-11%	15%	7%	7%
Bestore	53%	17%	48%	-33%	29%	-15%	-6%	92%	115%	-48%	-20%	-29%	-31%

Source: Moojing

Exhibit 10: Fregate and Wanpy outperformed in Feb among domestic brands; Royal Canin and Instinct accelerated on Douyin for Jan-Feb

Company brand GMV yoy growth	Jan + Feb 25			Feb-25			Jan-25			2024			4Q24			3Q24		2Q24		1Q24	
	Tmall/ Taobao	Douyin	Total	Total	Total	Total	Total	Total													
Local brands																					
Gambol	30%	94%	50%	40%	146%	72%	22%	61%	35%	28%	69%	40%	33%	91%	49%	29%	37%	43%			
Myfoodie	12%	61%	27%	25%	103%	48%	2%	36%	14%	8%	52%	20%	1%	63%	19%	17%	20%	26%			
Fregate	116%	282%	163%	115%	345%	187%	117%	227%	146%	183%	160%	175%	188%	228%	199%	117%	160%	230%			
China Pet	2%	53%	12%	5%	80%	20%	-1%	35%	6%	2%	81%	13%	2%	59%	11%	16%	21%	3%			
Wanpy	-11%	85%	0%	-1%	122%	13%	-17%	59%	-9%	-15%	56%	-9%	-10%	68%	-2%	-9%	-8%	-18%			
Zeal	11%	91%	29%	-6%	96%	19%	23%	86%	35%	3%	147%	22%	-22%	60%	-9%	39%	56%	34%			
Toptrees	30%	22%	27%	27%	49%	34%	33%	6%	22%	50%	80%	58%	43%	54%	46%	69%	67%	60%			
Petpal																					
Meatyway	117%	90%	110%	62%	84%	69%	168%	97%	151%	28%	95%	38%	32%	98%	39%	74%	28%	12%			
Covered - simple avg	49%	79%		36%	104%		63%	64%	64%	20%	82%	30%	22%	83%	33%	39%	29%	19%			
Nourse	11%	-15%	1%	17%	0%	11%	5%	-25%	-7%	-11%	70%	4%	-7%	21%	0%	1%	24%	-7%			
Yanxuan	11%	-6%	8%	13%	31%	15%	10%	-24%	2%	-14%	26%	-8%	-32%	9%	-26%	1%	4%	4%			
Keres	-1%	-4%	-2%	8%	26%	10%	-8%	-21%	-9%	-18%	21%	-16%	-15%	-20%	-15%	-15%	-12%	-22%			
Pure & natural	8%	27%	12%	20%	71%	29%	0%	7%	2%	-5%	48%	2%	-14%	32%	-6%	-7%	16%	11%			
Honest bite	93%	58%	82%	103%	107%	104%	86%	33%	67%	3%	102%	20%	3%	80%	19%	48%	4%	31%			
Other local - simple avg	24%	12%		32%	47%		19%	-6%	11%	-9%	53%	0%	-13%	24%	-6%	6%	7%	3%			
Global brands																					
Royal Canin	32%	236%	38%	38%	370%	47%	28%	157%	32%	24%	266%	28%	16%	257%	21%	50%	31%	13%			
Instinct	14%	283%	21%	12%	619%	25%	15%	108%	18%	3%	167%	6%	7%	561%	14%	-4%	3%	6%			
Orjen	61%	-18%	54%	72%	-12%	65%	53%	-22%	45%	-11%	94%	-5%	2%	161%	12%	3%	-14%	-22%			
Acana	85%	-13%	77%	92%	-20%	85%	79%	-10%	70%	-10%	95%	-4%	11%	182%	20%	24%	-20%	-33%			
Global brands - simple avg	48%	122%		54%	239%		44%	58%	41%	1%	156%	6%	9%	290%	17%	18%	0%	-9%			
Industry	7%	44%		14%	95%		2%	15%	0%					-3%							

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

Estimate changes

- **Wuliangye/Laojiao/Fen Wine (Buy):** To factor in the shipment control since 4Q24, we trim topline estimates within c.3% / EPS estimates within c.4% in 2024E-26E for Wuliangye/Laojiao, and we trim within 2% for Fen Wine's sales/NP in the same period, while we look for gradual recovery since 2025E with a healthier channel inventory in place. We also updated COE assumptions based on latest Beta calculations (now 10.3%/8.4%/10.3% for Wuliangye/Laojiao/Fen Wine). Accordingly, our 12m TP is unchanged for Wuliangye at Rmb166, and update Laojiao 12m TP to Rmb151 (from Rmb152), and our updated Fen Wine 12m TP is Rmb238 (from Rmb235). Remain Buy for Wuliangye/Laojiao/Fen Wine.
- **Tsingtao (Buy):** We maintain estimates largely unchanged for Tsingtao, and introduce 2027E estimates. Our 12m TP is unchanged at Rmb69/HK\$59 respectively for A-H-shares.
- **Bairun (Neutral):** We update our topline estimates by -5% ~ -11% for 2024-26E to reflect the adjustment cycle of Rio Strong in channel inventory, but partly helped by a ramp-up of newly-released whisky product sales. We look for roughly Rmb500mn/700mn/800mn ex-fac sales from the whisky business, mainly driven by channel penetration. Net-net, our EPS estimates are lowered by 4% to 16% in 2024-26E. We also introduce our 2027E estimates. Considering a faster earnings growth path going forward driven by the new initiative of whisky business, we revise up the target P/E (still 2026E) to 21X from 19X, with reference to the last FY's average trading P/E (vs. prior at same level as China brewers). Our 12m TP is revised up to Rmb17.7 (from Rmb16.4), on the aforementioned estimates changes and target P/E update, with no other assumptions changed.
- **Feihe (Neutral):** With reference to our Nielsen tracker, we trimmed our topline estimates for Feihe by 2% in 2024, while we remain largely unchanged for 2025E/26E topline forecast given better than expected new births in 2024. Looking forward with a better earnings growth outlook, we revise up our target P/E (2026E)

for Feihe to 9x from 8x, with 55% discount to 1STD below global peers' 5YR avg P/E (prior 60% discount, updated based on last 2 yr avg gap), arriving at our 12m TP of HK\$5.1 (from \$4.5) with no other assumptions changed.

- **Swellfun (Sell):** We update our estimates according to Swellfun's preliminary results with largely in-line FY24 sales and lower-than-expected net profits that came at 3% below GSe. We revise up sales in 2024-26E by c.1% factoring in likely better performance of Zhenniang No. 8 per our channel checks. We trim EPS in 2024-26E by 1~3% considering the margin miss likely on lower gross margin and higher expense ratio. Our 12m TP is down from Rmb33.7 to Rmb33.3 with other assumptions unchanged.
- **Jiugui (Sell):** We update our estimates according to Jiugui's preliminary results that missed GSe on both topline and net margin in 2024. We now expect sequentially improved but still pressured 2025E and more on-track recovery in 2026E. We revise down sales in 2024E by c.14% and in 2025-26E by up to 5%. Our EPS estimates in 2024E/2025E/2026E is down c.94%/17%/1%. Our TP is slightly down from Rmb27.4 to Rmb27.2 with other assumptions unchanged.
- We update 2025 quarterly estimates for Yanghe, Gujing, King's Luck while maintain full year estimates and 12m TP unchanged.

We factor in 2024 preliminary results for Teway, Jonjee and Fuling;

- **Teway (Sell):** we revised up 2024-26E sales/NP by 2%/0% on avg on higher shipments for LNY. Our 12m TP of Rmb10.2 is unchanged, still based on 16x P/E applied to 2026E avg. EPS, discounted back to 2025YE using 9.5% COE (unchanged).
- **Jonjee (Neutral):** we align with 2024 preliminary results and adjust down total sales by c.3% for 25-26E and revised down net income by c.3% in 25-26E; mainly on lower sales growth. Our 12m TP is now revised down by 3.3% on lower earnings estimates to Rmb17.8 vs. Rmb18.4 prior, still based on 16x P/E applied to 2026E avg. EPS, discounted back to 2025YE using 10.3% COE (unchanged).
- **Fuling (Neutral):** we align with 2024 preliminary results and revised down total sales by 2.8%~3.7% and NP by 6%~9% for 24-26E, mainly considering the channel inventory digestion. Our 12m TP is now revised down by 8% on lowered earnings estimates from Rmb13.10 to Rmb12.00 and is still based on 16x P/E applied to 2026E avg. EPS, discounted back to 2025YE using 7.5% COE (unchanged).

For prepared food, we revised estimates for:

- **Ligao (Buy),** mainly to factor in preliminary results and our 24-26E NP estimates are adjusted down 2%~14%. Our 12m TP is now Rmb39.6, vs. prior Rmb40.5, down 2.2% still based on 16x P/E applied to 2026E EPS discounted back 1 year at COE 8.4%.
- For **Qianweiyangchu (Neutral)**, we take into account 1Q25 trend and revise down our 24-26E NP estimates by 0%~11%. Our 12m TP of Rmb23.2 is unchanged, still based on 15.1x P/E applied to 2026E EPS discounted back 1 year at COE 8.6%.

Exhibit 11: Summary of target/trading valuation of consumer staples coverage

Company	Ticker	Rating	Market Cap (US\$m)	Share Price Ccy 03/13/25	Exit P/E			Old TP	New TP	TP Chg	+/-% new TP	Trading P/E			TP implied P/E		2024e-26e CAGR (Old)		Div yield 2025E					
					Old	New	New vs Old					2024e	2025e	2026e	2024e	2025e	2026e	Sales	NP					
China Spirits																								
Kweichow Moutai	600519.SS	Buy	268.707	CNY	1537.77	26.5x	26.5x	0.0%	2017.00	2,017.00	0%	31%	23X	20X	18X	30X	27X	24X	8.8%	10.6%	8.8%	10.6%	3.7%	
Wuliangye Yibin	000561.SZ	Buy	70,950	CNY	132.39	19.6x	19.6x	0.0%	166.00	166.00	0%	25%	16X	15X	14X	21X	19X	18X	6.7%	8.0%	5.7%	6.8%	4.5%	
Luzhou Laojiao	000561.SZ	Buy	27,354	CNY	135.26	15.8x	15.8x	0.0%	152.00	151.00	-1%	12%	15X	14X	13X	17X	16X	14X	4.8%	7.2%	3.8%	5.9%	4.2%	
Jiangxi Yanghe	002304.SZ	Sell	15,952	CNY	76.67	12.4x	12.4x	0.0%	60.00	60.00	0%	-22%	15X	15X	14X	12X	12X	11X	1.0%	2.2%	1.0%	2.2%	6.1%	
Fen Wine	600909.SS	Buy	36,368	CNY	215.90	21.8x	21.8x	0.0%	235.00	238.00	1%	10%	22X	20X	18X	24X	22X	20X	0.3%	9.9%	8.4%	9.0%	2.6%	
Anhui Gujing	000598.SS	Neutral	13,611	CNY	186.50	15.5x	15.5x	0.0%	183.00	183.00	0%	-2%	18X	16X	15X	18X	16X	14X	9.2%	10.9%	9.2%	10.9%	2.5%	
King's Luck	603393.SS	Neutral	9,505	CNY	54.88	14.0x	14.0x	0.0%	44.50	44.50	0%	-19%	19X	17X	16X	15X	14X	13X	10.1%	10.4%	10.1%	10.4%	2.3%	
Sichuan Swellfun	600778.SS	Sell	3,268	CNY	48.47	12.4x	12.4x	0.0%	33.70	33.30	-1%	-31%	18X	17X	16X	12X	12X	11X	5.6%	4.5%	5.3%	3.4%	2.1%	
Jiugui Liquor	000799.SZ	Sell	2,116	CNY	47.16	19.3x	19.3x	0.0%	27.40	27.20	-1%	-42%	n.m.	55X	30X	n.m.	32X	17X	29.4%	n.m.	20.5%	53.5%	0.7%	
ZJLD	6979.HK	Buy	3,106	HKD	7.75	14.5x	14.5x	0.0%	8.20	8.20	0%	6%	14X	15X	14X	14X	14X	14X	4.8%	6.4%	4.8%	6.4%	2.5%	
China Beer																								
CR Beer	0291.HK	Buy	10,707	HKD	25.65	19.0x	19.0x	0.0%	33.80	33.80	0%	32%	15X	14X	13X	20X	19X	17X	1.7%	9.2%	1.7%	9.2%	4.4%	
Budweiser APAC	1876.HK	Buy	14,697	HKD	8.64	19.0x	19.0x	0.0%	9.50	9.50	0%	10%	20X	18X	16X	22X	20X	18X	4.4%	13.0%	4.4%	13.0%	5.3%	
Tsingtao Brewery H	0168.HK	Buy	9,056	HKD	52.10	15.2x	15.2x	0.0%	59.00	59.00	0%	13%	15X	13X	12X	17X	15X	14X	2.4%	8.7%	2.4%	8.7%	4.8%	
Chongqing Brewery	601132.SS	Neutral	3,799	CNY	55.88	19.0x	19.0x	0.0%	51.30	51.30	0%	-10%	22X	21X	19X	20X	19X	17X	3.1%	7.8%	3.1%	7.8%	4.8%	
Tsingtao Brewery A	600600.SS	Neutral	13,430	CNY	72.00	19.0x	19.0x	0.0%	69.00	69.00	0%	-4%	22X	20X	18X	21X	19X	18X	2.4%	8.7%	2.4%	8.7%	3.2%	
Shanghai Bairun	002568.SZ	Neutral	4,176	CNY	28.80	19.0x	21.0x	10.5%	16.40	17.70	8%	-39%	44X	36X	31X	27X	22X	19X	12.9%	18.3%	9.4%	10.4%	1.4%	
China Dairy																								
Mengniu Dairy	2319.HK	Buy	9,157	HKD	18.16	15.1x	15.1x	0.0%	23.60	23.60	0%	30%	n.m.	12X	11X	n.m.	16X	14X	2.6%	6.7%	2.6%	6.7%	4.0%	
Yili Industrial	600887.SS	Buy	24,201	CNY	27.39	18.9x	18.9x	0.0%	31.90	31.90	0%	16%	17X	16X	15X	20X	19X	17X	2.8%	8.2%	2.8%	8.2%	4.5%	
China Feifei Ltd.	6186.HK	Neutral	6,822	HKD	5.93	8.0x	9.0x	12.5%	4.50	5.10	13%	-14%	11X	10X	10X	9X	9X	8X	5.8%	7.2%	4.7%	5.9%	6.8%	
China Condiments																								
Yihai Int'l	1579.HK	Buy	1,840	HKD	14.68	15.0x	15.0x	0.0%	14.80	14.80	0%	1%	18X	15X	13X	18X	15X	14X	16.8%	15.6%	6.8%	15.6%	6.4%	
Jonree Hi-Tech	600872.SS	Neutral	2,283	CNY	21.05	16.0x	16.0x	0.0%	18.40	18.40	0%	-3%	15%	19X	19X	17X	16X	15X	15X	7.1%	6.4%	4.5%	-3.3%	1.6%
Fuling Zhacai	002507.SZ	Neutral	2,202	CNY	13.82	16.0x	16.0x	0.0%	13.10	12.00	-8%	-13%	19X	18X	17X	17X	17X	16X	5.2%	6.2%	5.7%	7.7%	2.3%	
Jiangxi Hengtong	600305.SS	Sell	1,136	CNY	7.39	32.0x	32.0x	0%	5.70	5.70	0%	-23%	56X	41X	34X	43X	32X	26X	9.9%	29.1%	9.9%	29.1%	2.2%	
Qianhe Condiment	603027.SS	Sell	1,699	CNY	11.97	16.0x	16.0x	0.0%	8.50	8.50	0%	-29%	25X	23X	20X	18X	16X	15X	8.4%	10.0%	8.4%	10.0%	4.2%	
Sichuan Teway	603317.SS	Sell	1,921	CNY	13.18	23.0x	23.0x	0%	10.20	10.20	0%	-23%	22X	21X	19X	17X	16X	15X	7.1%	9.0%	7.1%	9.0%	3.4%	
China F&B																								
Nongfu Spring	9633.HK	Buy	53,612	HKD	37.05	27.0x	27.0x	0%	38.00	38.00	0%	3%	31X	28X	24X	32X	28X	25X	14.9%	13.8%	14.9%	13.8%	2.5%	
Tingyi	0322.HK	Buy	9,015	HKD	12.44	15.0x	15.0x	0.0%	13.00	13.00	0%	5%	17X	15X	14X	18X	16X	14X	3.0%	13.9%	3.0%	13.9%	6.6%	
Uni-President China	0220.HK	Neutral	5,018	HKD	9.03	15.0x	15.0x	0.0%	8.20	8.20	0%	-9%	19X	17X	16X	18X	16X	14X	5.6%	12.4%	5.6%	12.4%	5.8%	
China Resources Beverage	2460.HK	Buy	4,332	HKD	14.34	19.0x	19.0x	0.0%	19.00	19.00	0%	32%	17X	16X	13X	23X	21X	17X	8.6%	21.9%	8.6%	21.9%	1.9%	
Eastro Beverage	605498.SS	Buy	15,821	CNY	220.36	30.0x	30.0x	0%	284.00	284.00	0%	29%	34X	27X	21X	44X	34X	28X	24.0%	26.9%	24.0%	26.9%	2.6%	
China Frozen Food																								
Ligao Foods	300973.SZ	Buy	973	CNY	41.61	16.0x	16.0x	0.0%	40.50	39.60	-2%	-5%	25X	22X	16X	24X	21X	15X	15.2%	26.2%	11.9%	24.0%	2.7%	
Sanquan Foods	002216.SZ	Neutral	1,352	CNY	11.14	15.0x	15.0x	0.0%	8.50	8.50	0%	-24%	19X	20X	18X	15X	15X	14X	2.5%	2.2%	2.5%	2.2%	2.9%	
Qianweiyangchu	001215.SZ	Sell	353	CNY	29.52	15.1x	15.1x	0.0%	23.20	23.20	0%	-21%	23X	20X	18X	18X	16X	14X	6.9%	12.7%	6.8%	6.6%	0.6%	
Angel Yeast	605296.SS	Buy	4,296	CNY	35.83	20.0x	20.0x	0%	39.90	39.90	0%	11%	23X	19X	17X	25X	21X	18X	9.7%	16.5%	9.7%	16.5%	1.3%	
Weizhixiang	605089.SS	Sell	464	CNY	24.35	20.0x	20.0x	0%	13.60	13.60	0%	-44%	40X	36X	33X	22X	20X	18X	4.9%	10.1%	4.9%	10.1%	1.9%	
China Noodles																								
Want Want China	0151.HK	Sell	7,782	HKD	5.09	10.0x	10.0x	0.0%	3.50	3.50	0%	-31%	14X	14X	14X	10X	10X	10X	2.6%	0.1%	2.6%	0.1%	5.6%	
Chachi Food Co.	002557.SZ	Sell	1,814	CNY	26.00	13.0x	13.0x	0.0%	23.20	23.20	0%	-11%	15X	14X	14X	12X	12X	5.5%	5.1%	5.5%	5.1%	3.8%		
Yankershop Food	002847.SZ	Buy	2,278	CNY	60.12	22.0x	22.0x	0%	69.10	69.10	0%	15%	25X	20X	18X	29X	23X	21X	17.4%	19.2%	17.4%	19.2%	2.9%	
Three Squirrels	300783.SZ	Neutral	1,492	CNY	26.95	24.0x	24.0x	0%	37.60	37.60	0%	40%	27X	21X	16X	38X	29X	22X	29.7%	29.1%	29.1%	29.1%	2.1%	
China Pet Care																								
China Pet Foods	002991.SZ	Buy	1,707	CNY	42.64	26/16	26/16	0%	42.00	42.00	0%	0%	33X	29X	23X	32X	29X	22X	12.7%	24.1%	13.7%	24.1%	1.0%	
Petpet Pet Nutrition	300673.SZ	Neutral	607	CNY	17.36	26/16	26/16	0%	17.10	17.10	0%	-1%	23X	21X	17X	23X	21X	17X	19.4%	16.5%	19.4%	16.5%	0.9%	
Gambol Pet	301498.SZ	Buy	5,422	CNY	98.16	37/16	37/16	0%	96.00	96.00	0%	-2%	64X	52X	51X	41X	41X	17.7%	23.9%	19.7%	23.9%	0.3%		

Source: Goldman Sachs Global Investment Research

Source: Refinitiv Eikon, Goldman Sachs Global Investment Research

Earnings calendar

Exhibit 13: Earnings calendar - March

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						01
02	03	04 UPC	05	06 Eastroc Beverage	07	08
09	10	11	12	13	14	15
16	17 China Resources Beer	18	19 ZJLD	20 Shede China Resources Beverage	21	22
23 Tingyi	24 Yihai Nongfu Spring Modem Dairy	25 Mengniu Dairy	26 Teway	27 Jonjee Fuling Zhacai Angel Yeast	28	29
30 Tsingtao	31					

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 14: Earnings calendar - April

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			01 Kweichow Moutai Chongqing Brewery	02	03	04
05						
06	07	08	09	10	11	12
13	14 Qianhe	15	16	17 Petpal	18	19
20 Gambol Sanquan Hengshun Vinegar	21 Yankershop Food	22 Chacha Food China Pet Food	23	24 Qianweiyangchu Wuliangye Yibin	25	26
27 Gujing Luzhou Laojiao	28 Weizhixiang Ligao Food Shanghai Bairun Jiugui Liquor Jiangsu Yanghe	29 Yili Fen Wine Swellfun King's Luck	30			

Source: Company data, Goldman Sachs Global Investment Research

Dividend and FCF yield spreadsheet for China consumer staples coverage

Exhibit 15: Dividend and FCF yield comp spreadsheet for China consumer staples

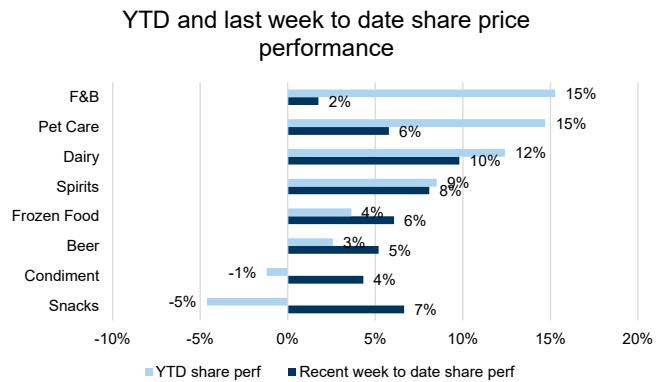
As of Mar 13, 2025

Ticker	Company	Net cash / (debt) as % of total equity			FCF as % of total sales			FCF Yield (%)			Dividend Payout Ratio (%)			Dividend Yield (%)			FCF Yield - Dividend Yield (pp)		
		2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Spirits																			
600519.SS	Kweichow Moutai	81%	84%	87%	48%	50%	51%	4.3%	4.8%	5.4%	75%	75%	75%	3.3%	3.7%	4.1%	1.0pp	1.2pp	1.3pp
000858.SZ	Wuliangye Yibin	90%	93%	95%	37%	39%	39%	6.3%	6.9%	7.6%	70%	70%	70%	4.3%	4.5%	5.0%	2.0pp	2.4pp	2.6pp
6979.HK	ZJLD	37%	33%	30%	-5%	5%	5%	-1.7%	1.5%	1.9%	30%	35%	40%	2.2%	2.5%	3.3%	-	-	-
600809.SS	Fen Wine	12%	25%	35%	16%	31%	32%	2.2%	4.6%	5.2%	51%	51%	51%	2.4%	2.6%	2.8%	-	2.1pp	2.3pp
000568.SZ	Luzhou LaoJiao	42%	48%	52%	42%	43%	43%	6.5%	6.7%	7.2%	60%	60%	60%	4.1%	4.2%	4.7%	2.4pp	2.5pp	2.5pp
002304.SZ	Jiangsu Yanghe	54%	57%	59%	29%	27%	27%	7.3%	6.7%	7.0%	91%	91%	90%	6.1%	6.1%	6.3%	1.2pp	0.6pp	0.7pp
000596.SZ	Anhui Gujing	63%	64%	68%	12%	19%	24%	2.8%	4.9%	6.7%	40%	40%	40%	2.2%	2.5%	2.7%	0.6pp	2.4pp	4.0pp
000799.SZ	Jiugui Liquor	48%	46%	46%	2%	0%	9%	0.2%	0.0%	1.4%	40%	40%	40%	0.0%	0.7%	1.4%	0.2pp	-	0.1pp
600779.SS	Sichuan Swellfun	58%	57%	58%	21%	17%	18%	4.7%	3.9%	4.5%	35%	35%	35%	2.0%	2.1%	2.2%	2.7pp	1.9pp	2.3pp
603369.SS	King's Luck	42%	38%	35%	17%	13%	14%	2.9%	2.5%	2.9%	40%	40%	40%	2.1%	2.3%	2.5%	0.8pp	0.2pp	0.4pp
Avg.		53%	54%	56%	22%	24%	26%	3.6%	4.3%	5.0%	53%	54%	54%	2.9%	3.1%	3.5%	1.4pp	1.6pp	1.8pp
Beer																			
1876.HK	Budweiser APAC	26%	29%	33%	12%	17%	18%	5.1%	7.5%	8.5%	97%	92%	86%	5.1%	5.3%	5.7%	0.0pp	2.1pp	2.8pp
0291.HK	CR Beer	5%	12%	19%	12%	15%	17%	5.8%	7.3%	8.6%	58%	64%	70%	3.7%	4.3%	5.2%	2.1pp	3.0pp	3.4pp
0168.HK	Tsingtao-H	68%	69%	70%	13%	14%	15%	6.3%	7.1%	7.9%	63%	63%	63%	4.4%	4.8%	5.1%	1.9pp	2.4pp	2.7pp
600600.SS	Tsingtao-A	68%	69%	70%	13%	14%	15%	4.2%	4.8%	5.3%	63%	63%	63%	2.9%	3.2%	3.5%	1.3pp	1.6pp	1.8pp
600132.SS	Chongqing Brewery	69%	81%	89%	14%	19%	20%	7.6%	10.6%	11.4%	100%	100%	100%	4.6%	4.8%	5.3%	3.0pp	5.8pp	6.2pp
002568.SZ	Shanghai Bairun	-4%	2%	9%	4%	18%	21%	0.4%	2.1%	2.7%	50%	50%	50%	1.2%	1.4%	1.8%	-	0.7pp	1.1pp
Avg.		39%	44%	48%	11%	16%	18%	4.9%	6.6%	7.4%	72%	72%	72%	3.6%	4.0%	4.4%	1.7pp	2.6pp	3.0pp
Condiment																			
002507.SZ	Fuling Zhacai	46%	47%	47%	29%	28%	26%	4.4%	4.4%	4.3%	42%	42%	42%	2.2%	2.3%	2.4%	2.3pp	2.1pp	1.9pp
1579.HK	Yihai International	57%	59%	62%	12%	14%	14%	5.9%	7.2%	8.0%	95%	95%	95%	5.3%	6.4%	7.1%	0.6pp	0.8pp	0.9pp
600305.SS	Hengshun Vinegar	16%	15%	14%	2%	4%	6%	0.5%	1.1%	1.8%	90%	90%	90%	1.6%	2.2%	2.7%	-	-	-
603027.SS	Qianhe Condiment	39%	35%	30%	11%	10%	10%	2.8%	2.6%	2.9%	97%	97%	97%	3.9%	4.2%	4.7%	-	-	-
603317.SS	Sichuan Teway	31%	32%	33%	6%	15%	15%	1.6%	3.9%	4.4%	70%	70%	70%	3.2%	3.4%	3.7%	-	0.5pp	0.7pp
Avg.		38%	38%	37%	12%	14%	14%	3.1%	3.8%	4.3%	79%	79%	79%	3.2%	3.7%	4.1%	1.4pp	1.1pp	1.2pp
Dairy																			
600887.SS	Yili Industrial	-11%	-2%	7%	11%	11%	11%	7.2%	7.2%	7.9%	73%	73%	73%	4.2%	4.5%	4.9%	3.0pp	2.7pp	3.0pp
2319.HK	Mengniu Dairy	-43%	-31%	-19%	4.9%	5.8%	6.0%	6.5%	7.7%	8.4%	39%	48%	55%	3.3%	4.0%	5.2%	3.3pp	3.7pp	3.2pp
6186.HK	Feihe	38%	43%	48%	21%	23%	24%	8.6%	10.2%	11.1%	63%	68%	73%	5.8%	6.8%	7.6%	2.8pp	3.5pp	3.4pp
Avg.		-5%	4%	12%	12%	13%	14%	7.4%	8.4%	9.1%	59%	63%	67%	4.4%	5.1%	5.9%	3.0pp	3.3pp	3.2pp
F&B																			
9633.HK	Nongfu Spring	75%	80%	85%	26%	28%	28%	3.0%	3.8%	4.3%	70%	70%	70%	2.2%	2.5%	2.9%	0.8pp	1.3pp	1.5pp
605499.SS	Eastroc Beverage	-13%	6%	14%	26%	15%	16%	3.6%	2.6%	3.5%	69%	69%	69%	2.0%	2.6%	3.2%	1.6pp	-	0.2pp
2460.HK	CR Beverage	52%	46%	51%	-4%	2%	12%	-1.9%	0.8%	6.5%	n.m.	30%	30%	n.m.	1.9%	2.3%	n.m.	-	4.3pp
0322.HK	Tingyi	-31%	-21%	-11%	6%	7%	7%	7.2%	8.3%	9.1%	100%	100%	100%	5.7%	6.6%	7.3%	1.5pp	1.7pp	1.8pp
0220.HK	UPC	23%	25%	28%	12%	7%	8%	10.1%	5.9%	7.1%	100%	100%	100%	5.1%	5.8%	6.4%	5.0pp	0.1pp	0.7pp
Avg.		21%	27%	33%	13%	12%	14%	4.4%	4.3%	6.1%	85%	74%	74%	3.8%	3.9%	4.4%	2.2pp	1.0pp	1.7pp
Snacks																			
002557.SZ	Chacha Food Co.	47%	46%	47%	11%	9%	10%	5.8%	5.3%	6.2%	60%	60%	60%	3.9%	3.8%	4.3%	1.9pp	1.5pp	1.9pp
002847.SZ	Yankershop Food	11%	18%	24%	9%	9%	10%	2.9%	3.4%	4.2%	60%	60%	60%	2.4%	2.9%	3.4%	0.5pp	0.5pp	0.9pp
300783.SZ	Three Squirrels	55%	50%	48%	2%	1%	2%	1.5%	1.7%	3.0%	45%	45%	45%	1.7%	2.1%	2.8%	-	-	0.2pp
0151.HK	Want Want China	22%	27%	31%	18%	17%	17%	7.6%	7.3%	7.3%	77%	80%	80%	5.5%	5.8%	6.6%	2.2pp	1.7pp	1.7pp
Avg.		34%	35%	37%	10%	9%	10%	4.4%	4.4%	5.2%	60%	61%	61%	3.4%	3.6%	4.0%	1.5pp	1.2pp	1.2pp
Frozen Food																			
001215.SZ	Qianwelyangchu	2%	-4%	-1%	-2%	-3%	3%	-1.4%	-2.4%	2.8%	12%	12%	12%	0.5%	0.6%	0.7%	-	-	2.2pp
300973.SZ	Ligao Foods	1%	-4%	-1%	1%	1%	6%	0.6%	0.8%	4.5%	64%	64%	63%	2.4%	2.7%	3.8%	-	-	0.7pp
605089.SS	Weizhixiang	60%	63%	61%	6%	16%	9%	1.2%	3.2%	2.0%	75%	75%	74%	1.8%	1.9%	2.2%	-	1.3pp	-
002216.SZ	Sanquan Foods	19%	14%	23%	12%	3%	12%	8.4%	1.8%	8.4%	74%	74%	73%	3.1%	2.9%	3.2%	5.3pp	-	5.2pp
600298.SS	Angel Yeast	-31%	-25%	-16%	1%	5%	8%	0.5%	2.5%	4.4%	25%	25%	25%	1.1%	1.3%	1.5%	-	1.2pp	2.9pp
Avg.		10%	9%	13%	4%	4%	8%	1.9%	1.2%	4.4%	50%	49%	49%	1.8%	1.9%	2.3%	5.3pp	1.3pp	2.7pp
Pet Care																			
002891.SZ	China Pet Foods	-29%	-24%	-15%	1%	4%	6%	0.4%	1.5%	2.6%	30%	30%	30%	0.9%	1.0%	1.4%	-	0.5pp	1.3pp
300673.SZ	Petpal	4%	4%	6%	-1%	1%	4%	-0.4%	0.7%	2.3%	15%	20%	20%	0.7%	0.9%	1.2%	-	-	1.1pp
301498.SZ	Gambol	33%	36%	40%	8%	8%	8%	1.1%	1.2%	1.6%	16%	16%	16%	0.3%	0.3%	0.4%	0.8pp	0.9pp	1.2pp
Avg.		3%	6%	10%	3%	4%	6%	0.4%	1.2%	2.2%	20%	22%	22%	0.6%	0.8%	1.0%	0.8pp	0.7pp	1.2pp

Source: Refinitiv Eikon, Goldman Sachs Global Investment Research

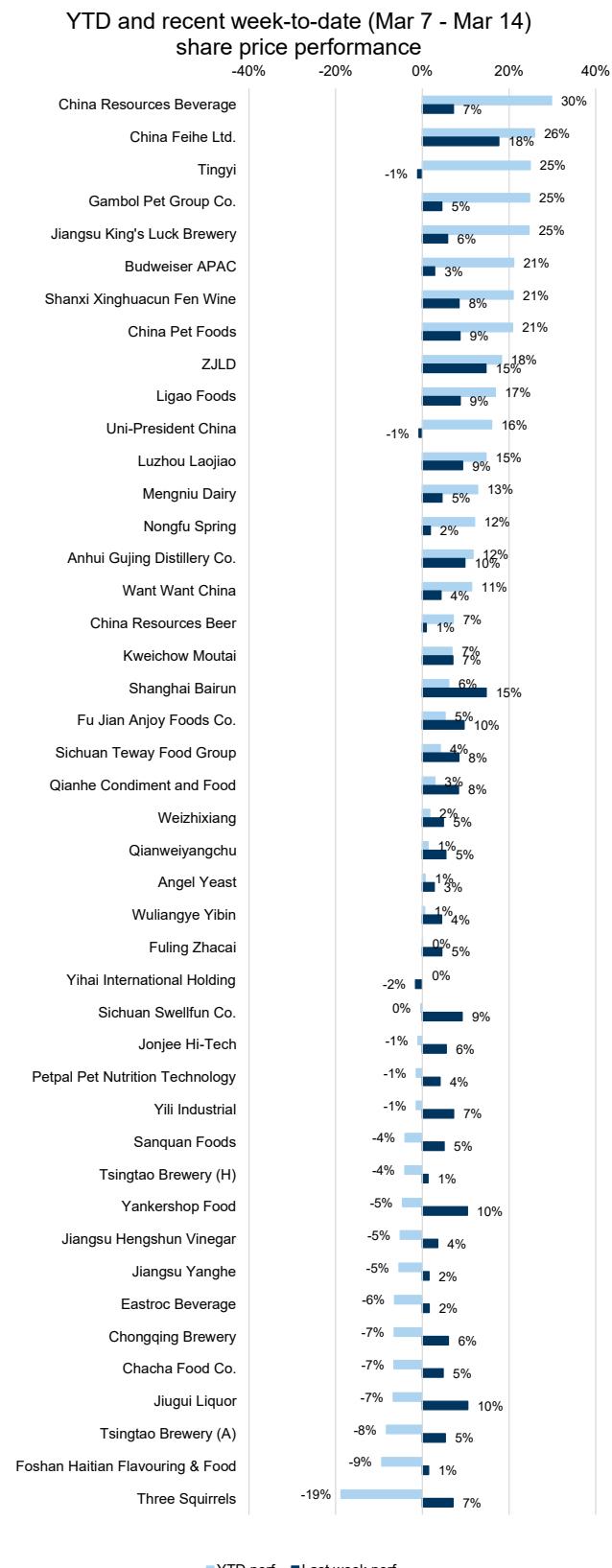
Valuation Analysis

Exhibit 16: Share price performance: Last week (Mar 7 - 14) vs. YTD by consumer staples category



Source: Refinitiv Eikon

Exhibit 17: Share price performance: Last week vs. YTD by stock



Source: Refinitiv Eikon

Exhibit 18: Valuation comp sheet for China consumer staples

Company	Rating	Mkt cap US\$ mn	Ccy	Price 3/13/2025	12-m TP +/-	PE			TP Implied PE			24-26E		24-26E		EV/EBITDA		ROE	Div yield 2025E	YTD perf %	
						2024E	2025E	2026E	2024E	2025E	2026E	Rev CAGR	NP CAGR	2024E	2025E	2026E					
Spirits																					
600519.SS	Kweichow Moutai	Buy	266,707	CNY	1537.77	2017.00	31%	23X	20X	18X	30X	27X	24X	9%	11%	15X	13X	12X	36%	3.7%	1%
000858.SZ	Wuliangye Yibin	Buy	70,950	CNY	132.39	166.00	25%	16X	15X	14X	21X	19X	18X	7%	8%	9X	9X	8X	22%	4.5%	-5%
6979.HK	ZiJLD	Buy	3,106	HKD	7.75	8.20	6%	14X	15X	13X	15X	15X	14X	5%	6%	8X	8X	7X	11%	2.5%	14%
600809.SS	Shanxi Xinghuacun Fen Wine	Buy	36,368	CNY	215.90	238.00	10%	22X	20X	18X	24X	22X	20X	9%	10%	16X	14X	12X	35%	2.6%	17%
000668.SZ	Luzhou Laojiao	Buy	27,354	CNY	135.26	151.00	12%	15X	14X	13X	17X	16X	14X	5%	7%	10X	9X	8X	28%	4.2%	8%
002304.SZ	Jiangsu Yanghe	Sell	15,952	CNY	76.67	60.00	-22%	15X	15X	14X	12X	12X	11X	1%	2%	9X	9X	8X	15%	6.1%	-8%
000596.SZ	Anhui Gujing Distillery Co.	Neutral	13,611	CNY	186.50	183.00	-2%	18X	16X	15X	18X	16X	14X	9%	11%	11X	9X	8X	22%	2.5%	8%
000799.SZ	Jiugui Liquor	Sell	2,116	CNY	47.16	27.20	-42%	n.m.	55X	30X	n.m.	32X	17X	29%	n.m.	37X	19X	6%	0.7%	-15%	
600779.SS	Sichuan Swellfun Co.	Sell	3,268	CNY	48.47	33.30	-31%	18X	17X	16X	12X	12X	11X	6%	4%	11X	10X	9X	24%	2.1%	-9%
603369.SS	Jiangsu King's Luck Brewery	Neutral	9,505	CNY	54.88	44.50	-19%	19X	17X	16X	15X	14X	13X	10%	10%	13X	12X	10X	24%	2.3%	21%
Avg.																					
Beer																					
1876.HK	Budweiser APAC	Buy	14,697	HKD	8.64	9.50	10%	20X	18X	16X	22X	20X	18X	4%	13%	7X	6X	6X	8%	5.3%	15%
0291.HK	China Resources Beer	Buy	10,707	HKD	25.65	33.80	32%	15X	14X	13X	20X	19X	17X	2%	9%	9X	8X	7X	14%	4.3%	2%
0168.HK	Tsingtao Brewery (H)	Buy	9,056	HKD	52.10	59.00	13%	15X	13X	12X	17X	15X	14X	2%	9%	8X	7X	6X	16%	4.8%	-8%
600600.SS	Tsingtao Brewery (A)	Neutral	13,430	CNY	72.00	69.00	-4%	22X	20X	18X	21X	19X	18X	2%	9%	13X	12X	11X	16%	3.2%	-11%
600132.SS	Chongqing Brewery	Neutral	3,799	CNY	56.86	51.30	-10%	22X	21X	19X	20X	19X	17X	3%	8%	8X	7X	7X	24%	4.8%	-10%
002568.SZ	Shanghai Bairun	Neutral	4,176	CNY	28.80	17.70	-39%	44X	36X	31X	27X	22X	19X	13%	18%	29X	24X	21X	17%	1.4%	3%
Avg.																					
Condiment																					
600872.SS	Jonjee Hi-Tech	Neutral	2,283	CNY	21.05	17.80	-15%	19X	19X	17X	16X	16X	15X	7%	6%	13X	13X	12X	13%	1.6%	-4%
002507.SZ	Fuling Zhaici	Neutral	2,202	CNY	13.82	12.00	-13%	19X	18X	17X	17X	16X	15X	5%	6%	13X	12X	11X	10%	2.3%	-2%
1579.HK	Yihai International Holding	Buy	1,840	HKD	14.68	14.80	1%	18X	15X	13X	18X	15X	14X	7%	16%	8X	7X	6X	17%	6.4%	-3%
600305.SS	Jiangsu Hengshun Vinegar	Sell	1,136	CNY	7.39	5.70	-23%	56X	41X	34X	43X	32X	26X	10%	29%	35X	27X	22X	6%	2.2%	-7%
603272.SS	Qianhe Condiment and Food	Sell	1,699	CNY	11.97	8.50	-29%	25X	23X	20X	18X	16X	15X	8%	10%	17X	15X	14X	15%	4.2%	-1%
603317.SS	Sichuan Teway Food Group	Sell	1,921	CNY	13.18	10.20	-23%	22X	21X	19X	17X	16X	15X	7%	9%	17X	16X	14X	14%	3.4%	-1%
Avg.																					
Dairy																					
600887.SS	Yili Industrial	Buy	24,201	CNY	27.39	31.90	16%	17X	16X	15X	20X	19X	17X	3%	8%	13X	11X	10X	17%	4.5%	-9%
2319.HK	Mengniu Dairy	Buy	9,157	HKD	18.16	23.60	30%	n.m.	12X	11X	n.m.	16X	14X	3%	7%	18X	9X	8X	11%	4.0%	3%
6186.HK	China Feifei Ltd.	Neutral	6,822	HKD	5.93	5.10	-14%	11X	10X	10X	9X	9X	8X	6%	7%	6X	5X	4X	17%	6.8%	9%
Avg.																					
F&B																					
9633.HK	Nongfu Spring	Buy	53,612	HKD	37.05	38.00	3%	31X	28X	24X	32X	28X	25X	15%	14%	20X	17X	15X	40%	2.5%	9%
0322.HK	Tingyi	Buy	9,015	HKD	12.44	13.00	5%	17X	15X	14X	18X	16X	14X	3%	14%	8X	7X	7X	23%	6.6%	23%
0220.HK	Uni-President China	Neutral	5,018	HKD	9.03	8.20	-9%	19X	17X	16X	18X	16X	14X	6%	12%	10X	9X	8X	16%	5.8%	16%
605499.SS	Eatostic Beverage	Buy	15,821	CNY	220.36	284.00	29%	34X	27X	21X	44X	34X	28X	24%	27%	26X	21X	17X	52%	2.6%	-11%
2460.HK	China Resources Beverage	Buy	4,332	CNY	14.34	19.00	32%	17X	16X	13X	23X	21X	17X	9%	22%	9X	7X	6X	16%	1.9%	n.a.
KO	Coca-Cola Co.	Neutral	298,815	USD	69.62	65.00	-7%	24X	24X	22X	23X	22X	20X	4%	5%	22X	21X	19X	46%	2.9%	12%
PEP	PepsiCo Inc.	Buy	204,211	USD	148.34	175.00	18%	18X	18X	16X	21X	21X	19X	2%	5%	14X	14X	13X	58%	3.7%	-2%
Avg.																					
Snacks																					
002557.SZ	Chacha Food Co.	Sell	1,814	CNY	26.00	23.20	-11%	15X	16X	14X	14X	14X	12X	6%	5%	10X	10X	9X	13%	3.8%	-10%
002847.SZ	Yankershop Food	Buy	2,278	CNY	60.12	69.10	15%	25X	20X	18X	29X	23X	21X	17%	19%	20X	17X	14X	43%	2.9%	-4%
0151.HK	Want Want China	Sell	7,782	HKD	5.09	3.50	-31%	14X	14X	13X	10X	10X	10X	3%	0%	8X	8X	8X	22%	5.6%	12%
300783.SZ	Three Squirrels	Neutral	1,492	CNY	26.95	37.60	40%	27X	21X	16X	38X	29X	22X	29%	30%	21X	15X	11X	18%	2.7%	-27%
0229.T	Calbee Inc	Sell	2,527	JPY	2850.00	3000.00	5%	18X	18X	16X	19X	19X	17X	5%	0%	9X	8X	8X	10%	2.0%	-10%
Avg.																					
Frozen Food																					
001215.SZ	Qianweiyangchu	Neutral	353	CNY	29.52	23.20	-21%	23X	20X	18X	18X	16X	14X	7%	13%	11X	10X	9X	9%	0.6%	-4%
300973.SZ	Ligao Foods	Buy	973	CNY	41.61	39.60	-5%	25X	22X	16X	24X	21X	15X	15%	26%	14X	12X	9X	12%	2.7%	7%
605089.SS	Weizhixiang	Sell	464	CNY	24.35	13.60	-44%	40X	36X	33X	22X	20X	18X	5%	10%	26X	23X	21X	7%	1.9%	-2%
002216.SZ	Sanguan Foods	Neutral	1,352	CNY	11.14	8.50	-24%	19X	20X	18X	15X	15X	14X	2%	2%	15X	16X	13X	10%	2.9%	-7%
600298.SS	Angel Yeast	Buy	4,298	CNY	35.83	39.90	11%	23X	19X	17X	25X	21X	18X	10%	16%	15X	13X	11X	13%	1.3%	-1%
Avg.																					
Pet Care																					
002891.SZ	China Pet Foods	Buy	1,707	C																	

Appendix - Price Target Risks and Methodology

Exhibit 19: Valuation Methodology and Key Risks- 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 restocking 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

Source: Goldman Sachs Global Investment Research

Exhibit 20: Valuation Methodology and Key Risks- Beer

China 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.

Source: Goldman Sachs Global Investment Research

Exhibit 21: Valuation Methodology and Key Risks- F&B and 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 risks: 1) Higher-than-expected raw material cost pressures; 2) more intense competition in instant noodles/beverage; 3) food quality issue.
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 an 9x 2026E P/E (55% 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) Higher-/lower-than-expected new birth rates; 2) less/more intense competition; 3) faster/slower premium segment growth; 4) industry-wide food safety issues; 5) incremental policy support.

Source: Goldman Sachs Global Investment Research

Exhibit 22: Valuation Methodology and Key Risks- 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; and 2) a further slowdown in related party sales.
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. Downside risk: 1) Cost pressure weighs on margins.

Source: Goldman Sachs Global Investment Research

Exhibit 23: Valuation Methodology and Key Risks - Prepared food, Snacks, Pet

Ticker	Company	Valuation Methodology	Risks
Prepared food			
300973.SZ	Ligao Foods	Our Price Target is based on 16x P/E applied to 2026E EPS discounted back 1 year at COE 8.4%.	Key downside risks: 1) Weaker-than-expected fresh bakery recovery; 2) Weaker-than-expected KA 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 15.1x P/E applied to 2026E EPS discounted back 1 year 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 15.1x P/E 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 applied to 2026E EPS discounted back 1 year at COE 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 applied to our 2026E EPS, discounted back 1 year 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			
002847.SZ	Yankershop	Our 12-m TP is based on a 22x P/E and 2026E EPS discounted back 1 year to 2025 end 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 on our 2026E EPS discounted back 1 year to 2025 end at a COE of 7.1%.	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 24x 2026E P/E discounted back to 2025E at 7.6% COE.	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.
Pet food			
002891.SZ	China Pet	Our 12m SOTP-based target price is based on 18X FY25E P/E for the overseas business and 26X FY27E P/E for the domestic business discounted back 2 years 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 end-2025 at a 7.0% COE, and 2) the overseas business at 18X P/E on 2025E earnings.	Downside risks: Food safety issues; stock overhang from pre-IPO investors' exit; overseas: fluctuation of exchange rates, freight and input prices, potential tariff on export.

Source: Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

We, Leaf Liu, Valerie Zhou, Hongda Zhong, 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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