

## China Consumer Staples

## Self help and defensiveness as key; Look for a steadier 1Q25

The staple sector has risen 3% YTD in line with the MSCI China index and has remained relatively resilient in the past week (down 1% vs. MSCI China -9%) amid trade tensions. In this report, we look at the recap of 2018 in terms of subsector performance during trade tensions (*staples outperformed in the offshore market in 2018, spirits lagged in onshore market*) and discuss the potential implication to our coverage from China import tariff changes (*mainly, potential cost inflation from China import tariff hikes; while exposure to the US tariff hikes is very limited for our staple universe except for Pet Foods*). For 1Q25, we look for staples to see a steadier trend, be sequentially better vs. 4Q24 with steadier pricing/volume supported by healthier channel inventory and stabilizing pricing. We expect gradual demand recovery for beer/dairy while we see idiosyncratic topline drivers with strong SKU/new products launches for beverage/snacks/pet foods. As we enter an even lower base starting from 2Q25 we expect seasonally stronger topline growth for categories such as dairy/beer/snacks, and remain prudent on general consumption confidence/sentiment under trade tensions (*GS real GDP growth forecasts for 2025 and 2026 lowered to 4.0% and 3.5%*) while policy push for domestic demand is still key.

**Potential exposures to tariff changes:** Except for the Pet Foods segment (US export sales exposure is at c.17%~70%, China exports to US exposure is at c.6%~12% in 2024), we see limited impact for our staple coverage from US tariff hikes to China given very limited US exports exposure (zero to LSD%). Meanwhile, F&B names are still stepping up on practical strategies for “Going Global” including exports/supply chain/M&A potential, mostly starting with the SEA market. **Our lessons from previous trade tensions suggest that there are potential inflation risks** in soybean, nuts (mainly almonds/pistachio), and pork in China, which are key raw materials for select staples categories e.g soy sauce, frozen foods and snacks, indicating cost headwinds and inflation risks for the relevant staples products.

**Recap of 2018 - Staple was defensive:** The trade war back in 2018 led to significant volatility and the SSE index fell c.-25% in 2018. The US announced additional tariff plans firstly in Mar 2018, effective in July; and further tariffs were effective in Sep. We note the consumer staples sector was generally more defensive amid tariff

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uncertainties (down -11%/-20% offshore/onshore), in which condiments, pet care and frozen foods delivered solid positive returns in 2018. Spirits saw the largest drawdown in 2018 but mostly from P/E multiple de-ratings instead of downward earnings revisions.

**Key focuses in 1Q25/2025:** We favor margin enablers with self-help operating efficiency measures and cost tailwinds (see [our latest cost tracker](#)) for Mengniu/Tingyi/CR Beverage/Beer, while we also like names with solid topline growth momentum with new product in rising cycles including Eastroc (*strong trend in electrolyte water with recently launched fruity tea ramping up*), Yanker (*Konjac SKU on strong momentum*) and Pet Foods (*solid GMV growth for Gambol at 51% yoy in Mar*). Meanwhile, most staples companies have further highlighted their commitment to improving FCF and shareholder returns over the next few years, including more attention to buybacks (*Moutai*).

- **1Q Run-rate vs. full year: China brewers** mostly saw sequential recovery in 1Q with positive volume growth, running ahead of conservative full-year expectation of industry volume declines; **Beverages** basically presented an encouraging trend ahead of our full-year expectation, where UPC is running ahead at DD% sales growth in Jan/Feb, [Eastroc 1Q sales up 39%](#) with continued strong momentum supported by new product launches and Nongfu ramping up since March on a low base, and **dairy** demand recovery is also expected to come in 2Q25 (Yili UHT milk turning positive in March). **For China spirits**, players faced a tough comp and focused on destocking amid still muted commercial demand; we look for -15% to +10% sales trend in 1Q25 and for a more back-end loaded demand recovery into 2H25. Pet foods strong 1Q run rate continued with solid domestic demand growth, and could benefit from front-loaded exports. Snacks growth saw wide divergence with Yanker outperforming.

**We reiterate our sub-sector preferences:** We continue to rank Beverage (secular growth) and Dairy (S-D rebalancing/demand bottoming out/potential policy beneficiary, *and upgraded Feihe*) as our most preferred; followed by Beer/Pet foods (penetration). Our key stocks are Moutai/Mengniu/Tsingtao-H/CR Beer/CR Beverage/Feihe/Tingyi/[Eastroc](#)/China Pet Foods (all Buy rated). *We update estimates and price targets for select companies within.*

#### Relevant reports:

[\*China Consumer Staples Cost Index Tracker: Mar 2025: Divergent protein prices; palm oil to ease; Pet/prepared meal up sequentially\*](#)

[\*China Feihe Ltd. \(6186.HK\): Market share gainer with strong execution amid steadier industry outlook; upgrade to Buy\*](#)

[\*China Consumer Staples: 4Q24 Preview: Looking for a better start into 2025 after a reset in 4Q24; Watch out for policy roll-out\*](#)

2024/1Q25 Results Preview summary

Exhibit 1: 4Q24/1Q25 preview summary table

| Ticker                    | Company                          | 4Q24E/A |           |            |        | 1Q25E/A |           |            |        | 2024E/A |           |            |        | 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 | Sales   | Sales yoy | Net profit | NP yoy |
| <b>Spirits</b>            |                                  |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |
| 600519.SS                 | Kweichow Moutai*                 | 51,022  | 13%       | 25,401     | 16%    | 50,901  | 10%       | 26,442     | 10%    | 174,144 | 16%       | 86,228     | 15%    | 189,458 | 9%        | 94,978     | 10%    | 206,702 | 9%        | 104,681    | 10%    |
| 000858.SZ                 | Wuliangye Yibin                  | 18,717  | -10%      | 6,304      | -15%   | 36,575  | 5%        | 14,683     | 5%     | 86,632  | 3%        | 31,225     | 3%     | 91,482  | 6%        | 33,284     | 7%     | 98,642  | 8%        | 36,434     | 9%     |
| 600809.SS                 | Shanxi Xinghuacun Fen Wine       | 4,777   | -8%       | 809        | -20%   | 16,565  | 8%        | 6,627      | 6%     | 36,134  | 13%       | 12,159     | 16%    | 39,123  | 8%        | 12,949     | 6%     | 43,138  | 10%       | 14,441     | 12%    |
| 000568.SZ                 | Luzhou Laojiao                   | 6,257   | -25%      | 1,864      | -30%   | 9,188   | 0%        | 4,552      | 0%     | 30,561  | 1%        | 13,457     | 2%     | 31,218  | 2%        | 14,038     | 4%     | 33,573  | 8%        | 15,455     | 10%    |
| 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%     | 29,885  | 3%        | 8,083      | 5%     |
| 000596.SZ                 | Anhui Guying Distillery Co.      | 4,509   | 5%        | 768        | -1%    | 8,949   | 8%        | 2,249      | 9%     | 23,577  | 16%       | 5,514      | 20%    | 25,960  | 10%       | 6,139      | 11%    | 28,243  | 9%        | 6,805      | 11%    |
| 600779.SS                 | Sichuan Swellfun Co.*            | 1,429   | 5%        | 216        | -12%   | 933     | 0%        | 182        | -2%    | 5,217   | 5%        | 1,341      | 6%     | 5,461   | 5%        | 1,399      | 4%     | 5,814   | 6%        | 1,464      | 5%     |
| 603369.SS                 | Jiangsu King's Luck Brewery      | 1,842   | 6%        | 514        | 3%     | 5,044   | 8%        | 1,660      | 8%     | 11,784  | 17%       | 3,600      | 15%    | 12,786  | 9%        | 3,933      | 9%     | 14,039  | 10%       | 4,311      | 10%    |
| Weighted Avg.             |                                  | 2%      |           |            |        | 7%      |           |            |        | 16%     |           |            |        | 7%      |           |            |        | 9%      |           |            |        |
| Non super premium spirits |                                  | -10%    |           |            |        | 0%      |           |            |        | 4%      |           |            |        | 6%      |           |            |        | 8%      |           |            |        |
| <b>Beer</b>               |                                  |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |
| 600000.SS                 | Tsingtao Brewery                 | 3,179   | 7%        | (645)      | n.m.   | 10,455  | 3%        | 1,713      | 7%     | 32,138  | -5%       | 4,345      | 2%     | 33,416  | 4%        | 4,882      | 12%    | 34,620  | 4%        | 5,378      | 10%    |
| 600132.SS                 | Chongqing Brewery*               | 1,582   | -11%      | (217)      | n.m.   | 4,352   | 1%        | 460        | 2%     | 14,645  | -1%       | 1,115      | -17%   | 15,082  | 3%        | 1,341      | 20%    | 15,582  | 3%        | 1,454      | 8%     |
| 002568.SZ                 | Shanghai Bairun                  | 609     | -25%      | 120        | -17%   | 762     | -5%       | 168        | -1%    | 2,995   | -8%       | 694        | -14%   | 3,436   | 15%       | 849        | 22%    | 3,816   | 11%       | 972        | 15%    |
| 1878.HK                   | Budweiser APAC*                  | 1,142   | -12%      | (16)       | n.m.   | 1,494   | -9%       | 245        | -15%   | 6,246   | -9%       | 726        | -15%   | 6,402   | -3%       | 797        | 10%    | 6,741   | 5%        | 923        | 16%    |
| Weighted Avg.             |                                  | -9%     |           |            |        | -1%     |           |            |        | -4%     |           |            |        | 3%      |           |            |        | 13%     |           |            |        |
| <b>Condiments</b>         |                                  |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |
| 000872.SS                 | Jonjee Hi-Tech*                  | 1,573   | 33%       | 317        | n.m.   | 1,410   | -5%       | 226        | -5%    | 5,519   | 7%        | 893        | 70%    | 5,365   | -3%       | 796        | -11%   | 5,846   | 9%        | 919        | 16%    |
| 002507.SZ                 | Fuling Zhacai*                   | 425     | -15%      | 129        | -23%   | 786     | 5%        | 287        | 6%     | 2,387   | -3%       | 799        | 3%     | 2,539   | 6%        | 864        | 8%     | 2,686   | 6%        | 920        | 7%     |
| 600305.SS                 | Jiangsu Hengshun Vinegar         | 515     | 10%       | 27         | n.m.   | 516     | 12%       | 45         | -19%   | 2,046   | -3%       | 147        | 69%    | 2,209   | 8%        | 199        | 35%    | 2,473   | 12%       | 245        | 23%    |
| 603317.SS                 | Sichuan Teway Food Group*        | 1,112   | 22%       | 192        | 41%    | 896     | 5%        | 180        | 2%     | 3,476   | 10%       | 625        | 37%    | 3,736   | 7%        | 693        | 11%    | 3,986   | 7%        | 772        | 11%    |
| Weighted Avg.             |                                  | 15%     |           |            |        | 22%     |           |            |        | 8%      |           |            |        | 9%      |           |            |        | 11%     |           |            |        |
| <b>Dairy</b>              |                                  |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |
| 600887.SS                 | Yili Industrial                  | 27,412  | -5%       | 1,268      | 14%    | 31,652  | -3%       | 3,659      | -2%    | 116,452 | -8%       | 9,777      | -2%    | 119,998 | 3%        | 10,845     | 11%    | 123,084 | 3%        | 11,838     | 9%     |
| Weighted Avg.             |                                  | -5%     |           |            |        | 14%     |           |            |        | -2%     |           |            |        | 3%      |           |            |        | 2%      |           |            |        |
| <b>Beverage</b>           |                                  |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |
| 605499.SS                 | Eastroc**                        | 3,281   | 25%       | 619        | 61%    | 4,848   | 39%       | 980        | 48%    | 15,839  | 41%       | 3,327      | 63%    | 20,350  | 28%       | 4,459      | 34%    | 24,556  | 21%       | 5,531      | 24%    |
| <b>Snacks</b>             |                                  |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |
| 002557.SZ                 | Chacha Food Co.*                 | 2,374   | 2%        | 228        | -23%   | 1,692   | -7%       | 154        | -36%   | 7,132   | 5%        | 854        | 6%     | 7,514   | 5%        | 835        | -2%    | 7,943   | 6%        | 944        | 13%    |
| 002847.SZ                 | Yankenshop Food                  | 1,459   | 31%       | 156        | 42%    | 1,412   | 15%       | 171        | 7%     | 5,319   | 29%       | 649        | 28%    | 6,369   | 20%       | 808        | 24%    | 7,337   | 15%       | 922        | 14%    |
| 300783.SZ                 | Three Squirrels                  | 3,453   | 36%       | 67         | 33%    | 4,375   | 20%       | 294        | -5%    | 10,622  | 49%       | 408        | 86%    | 14,149  | 33%       | 454        | 11%    | 17,864  | 26%       | 601        | 32%    |
| Weighted Avg.             |                                  | 11%     |           |            |        | -6%     |           |            |        | 6%      |           |            |        | 12%     |           |            |        | 10%     |           |            |        |
| <b>Frozen Food</b>        |                                  |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |
| 001215.SZ                 | Qianweiyangchu                   | 548     | -4%       | 32         | -20%   | 454     | -2%       | 29         | -15%   | 1,912   | 1%        | 114        | -15%   | 2,050   | 7%        | 128        | 12%    | 2,183   | 6%        | 144        | 13%    |
| 300973.SZ                 | Ligao Foods*                     | 1,131   | 23%       | 75         | n.m.   | 1,008   | 10%       | 76         | -1%    | 3,848   | 10%       | 278        | 281%   | 4,480   | 16%       | 318        | 14%    | 5,107   | 14%       | 444        | 40%    |
| 605089.SS                 | Weizhiang                        | 167     | -7%       | 17         | -39%   | 171     | 3%        | 20         | 4%     | 677     | -15%      | 85         | -37%   | 704     | 4%        | 92         | 9%     | 745     | 6%        | 103        | 11%    |
| 002216.SZ                 | Sanquan Foods                    | 1,586   | -3%       | 116        | -41%   | 2,321   | 3%        | 201        | -12%   | 6,711   | -5%       | 511        | -32%   | 6,843   | 2%        | 487        | -5%    | 7,045   | 3%        | 533        | 9%     |
| 600298.SS                 | Angel Yeast                      | 4,282   | 9%        | 430        | 20%    | 3,775   | 8%        | 308        | 25%    | 15,194  | 12%       | 1,383      | 9%     | 16,694  | 10%       | 1,618      | 17%    | 18,291  | 10%       | 1,876      | 16%    |
| Weighted Avg.             |                                  | 7%      |           |            |        | 16%     |           |            |        | 6%      |           |            |        | 9%      |           |            |        | 10%     |           |            |        |
| <b>Pet Care</b>           |                                  |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |
| 002891.SZ                 | China Pet Foods*                 | 1,278   | 24%       | 98         | 74%    | 994     | 13%       | 85         | 50%    | 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%    | 1,307   | 19%       | 178        | 20%    | 5,181   | 20%       | 617        | 44%    | 6,203   | 20%       | 755        | 22%    | 7,423   | 20%       | 947        | 25%    |
| 300673.SZ                 | Petpal Pet Nutrition Technology* | 511     | 3%        | 33         | 81%    | 423     | 10%       | 49         | 19%    | 1,834   | 30%       | 187        | n.m.   | 2,223   | 21%       | 200        | 7%     | 2,617   | 18%       | 255        | 28%    |
| Weighted Avg.             |                                  | 20%     |           |            |        | 15%     |           |            |        | 21%     |           |            |        | 17%     |           |            |        | 16%     |           |            |        |
| <b>H share</b>            |                                  |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |         |           |            |        |
| Company                   |                                  | 2H24A   |           |            |        | 1H25E   |           |            |        | 2024A   |           |            |        | 2025E   |           |            |        | 2026E   |           |            |        |
| Ticker                    | Company                          | Sales   | Sales yoy | Net profit | NP yoy | Sales   | Sales yoy | Net profit | NP yoy | Sales   | Sales yoy | Net profit | NP yoy | Sales   | Sales yoy | Net profit | NP yoy | Sales   | Sales yoy | Net profit | NP yoy |
| 1579.HK                   | Yihai International Holding      | 3,613   | 2%        | 431        | -13%   | 3,110   | 6%        | 341        | 10%    | 6,540   | 6%        | 739        | -13%   | 7,071   | 8%        | 850        | 15%    | 7,522   | 6%        | 941        | 11%    |
| 2319.HK                   | Mengniu Dairy*                   | 44,004  | -2%       | 2,968      | 47%    | 43,802  | -2%       | 2,917      | 11%    | 88,675  | -10%      | 5,602      | 13%    | 89,934  | 1%        | 5,844      | 4%     | 93,315  | 4%        | 6,380      | 9%     |
| 6186.HK                   | China Feihe Ltd.                 | 10,654  | 9%        | 1,973      | -3%    | 10,833  | 7%        | 2,392      | 8%     | 20,749  | 6%        | 4,185      | -1%    | 22,272  | 7%        | 4,665      | 11%    | 23,491  | 5%        | 5,060      | 8%     |
| 9633.HK                   | Nongfu Spring                    | 20,723  | -7%       | 5,863      | -9%    | 25,039  | 13%       | 6,796      | 9%     | 42,896  | 1%        | 12,083     | 0%     | 49,065  | 14%       | 13,616     | 13%    | 55,397  | 13%       | 15,187     | 12%    |
| 0322.HK                   | Tingyi                           | 39,450  | 0%        | 1,849      | 25%    | 42,796  | 4%        | 2,196      | 16%    | 80,651  | 0%        | 3,734      | 20%    | 83,836  | 4%        | 4,332      | 16%    | 86,306  | 3%        | 4,938      | 14%    |
| 0220.HK                   | Uni-President China*             | 14,883  | 6%        | 883        | 12%    | 16,692  | 8%        | 1,121      | 16%    | 30,332  | 6%        | 1,849      | 11%    | 32,305  | 7%        | 2,111      | 14%    | 33,853  | 5%        | 2,334      | 11%    |
| 2460.HK                   | CR Beverage                      | 5,905   | n.m.      | 428        | n.m.   | 8,082   | 6%        | 1,468      | 21%    | 13,521  | 0%        | 1,637      | 23%    | 14,607  | 8%        | 2,064      | 26%    | 15,819  | 8%        | 2,421      | 17%    |
| 0151.HK                   | Want Want China                  | 12,401  | 1%        | 2,115      | -6%    | 11,198  | 3%        | 1,986      | 7%     | 23,338  | 0%        | 3,979      | 4%     | 23,662  | 1%        | 3,933      | -1%    | 24,274  | 3%        | 3,949      | 0%     |
| 0291.HK                   | China Resources Beer             | 14,891  | -1%       | 34         | -93%   | 24,010  | 1%        | 4,964      | 6%     | 38,635  | -1%       | 4,739      | -6%    | 39,421  | 2%        | 5,258      | 11%    | 40,209  | 2%        | 5,853      | 11%    |
| 6879.HK                   | ZJLD                             | 2,934   | -16%      | 658        | -20%   | 3,389   | -18%      | 804        | -21%   | 7,067   | 1%        | 1,676      | 3%     | 6,730   | -5%       | 1,638      | -2%    | 7,359   | 9%        | 1,831      | 12%    |

\*denotes companies that have reported actual results for 4Q24/FY24. \*\*denotes companies that have reported 1Q25. Want Want is using calendar year data. Chongqing recurring NP growth at 10% in 2025E.

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: Summary of sub-sector quarterly growth in consumer staple space (market-cap weighted)

| Sector      | 1Q20   | 2Q20  | 3Q20  | 4Q20  | 1Q21  | 2Q21   | 3Q21  | 4Q21  | 1Q22   | 2Q22  | 3Q22  | 4Q22   | 1Q23  | 2Q23  | 3Q23   | 4Q23  | 1Q24  | 2Q24   | 3Q24  | 4Q24A/E | 1Q25E | 2Q25E |
|-------------|--------|-------|-------|-------|-------|--------|-------|-------|--------|-------|-------|--------|-------|-------|--------|-------|-------|--------|-------|---------|-------|-------|
| Frozen food | 16.5%  | 29.0% | 36.4% | 26.4% | 50.2% | 21.3%  | 24.7% | 24.4% | 15.5%  | 26.2% | 18.5% | 17.0%  | 24.3% | 19.3% | 14.4%  | -6.0% | 9.2%  | -1.1%  | -0.1% | 6.0%    | 8.3%  | 8.2%  |
| Beer        | -30.6% | -3.1% | 2.4%  | 3.6%  | 56.0% | 7.4%   | 2.2%  | 9.7%  | 3.6%   | 3.3%  | 7.2%  | -12.9% | 9.6%  | 8.2%  | -0.4%  | 2.9%  | -3.0% | -8.4%  | -7.6% | -3.2%   | -2.5% | 3.4%  |
| Spirits     | 8.0%   | 7.6%  | 11.7% | 14.2% | 22.0% | 23.7%  | 15.3% | 13.6% | 20.9%  | 14.5% | 17.0% | 17.9%  | 17.6% | 19.4% | 14.9%  | 17.5% | 17.1% | 14.7%  | 9.3%  | 2.7%    | 7.1%  | 7.6%  |
| Condiments  | 6.2%   | 26.1% | 18.2% | 15.7% | 24.1% | -10.1% | -0.6% | 19.8% | 2.1%   | 21.9% | 6.0%  | -4.2%  | 2.1%  | -3.8% | 4.3%   | -7.2% | 8.5%  | 5.0%   | 8.3%  | 17.6%   | 8.5%  | 10.6% |
| Dairy       | -9.3%  | 14.5% | 7.5%  | 4.7%  | 29.6% | 12.3%  | 8.9%  | 10.4% | 10.8%  | 9.2%  | 6.5%  | 12.2%  | 7.5%  | 2.8%  | 3.6%   | 0.3%  | -5.4% | -15.4% | -6.9% | -5.5%   | -2.6% | 4.7%  |
| IMF         | 47.8%  | 26.3% |       |       | 32.6% |        | 13.6% |       | -16.2% |       | 3.6%  |        | 0.6%  |       | -15.8% |       | 3.7%  |        | 8.7%  |         | 7.3%  |       |
| F&B         | -3.4%  |       | -0.7% |       | 26.3% |        | 24.4% |       | 9.0%   |       | 13.3% |        | 19.4% |       | 25.4%  |       | 7.1%  |        | -4.7% |         | 11.2% |       |
| Snacks      | 25.7%  | 45.9% | 30.6% | 16.1% | 24.7% | -6.1%  | 13.5% | 26.1% | 3.3%   | 30.6% | 26.5% | 32.6%  | 31.3% | 38.5% | 30.3%  | 9.7%  | 36.8% | 6.5%   | 17.5% | 20.0%   | 6.7%  | 21.3% |
| Pet Care    | 9.5%   | 49.5% | 43.7% | 21.5% | 46.3% | 13.6%  | 4.2%  | 31.6% | -37.3% | 17.5% | 44.0% | -4.3%  | 10.8% | 18.5% | 24.2%  | 32.2% | 30.4% | 14.3%  | 19.6% | 22.7%   | 17.1% | 14.6% |

## Recap of 2018 - Staple index performance relatively more resilient in 2018 trade tensions

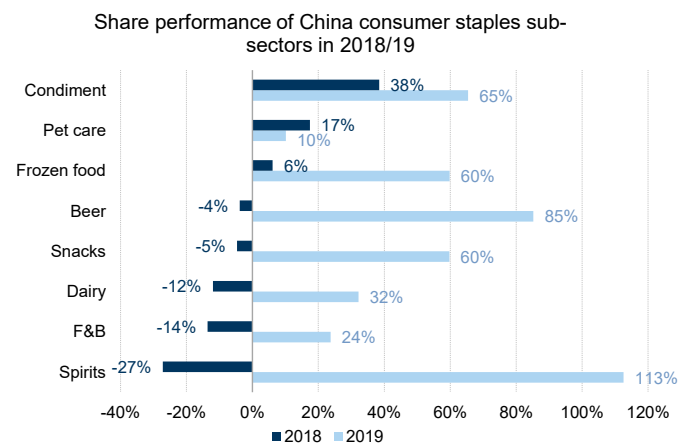
### Recap of 2018

We look back at the performance of different staple sub-sectors during the last period of heightened trade tensions in 2018 given the recent increase in US and China tariffs.

The trade war back in 2018 led to significant volatility in China's financial markets, where the SSE index fell c.-25% in 2018. The US announced additional tariff plans firstly in Mar 2018, effective in July; and further tariffs were effected in Sep. We noted the consumer staples sector was generally more defensive amid tariff uncertainties (down -11%/-20% offshore/onshore), in which condiments, pet care and frozen foods delivered solid positive returns in 2018. Spirits saw the largest drawdown in 2018 but mostly from P/E multiple de-ratings instead of downward earnings revisions.

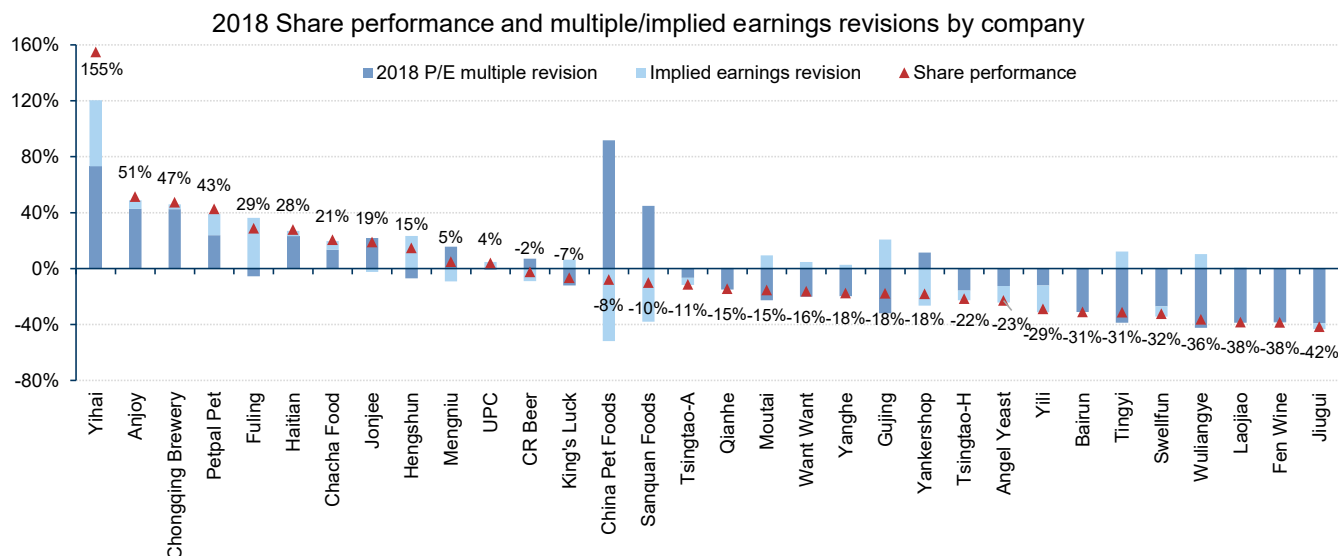
Interestingly, we saw a sharp rebound in 2019 in the spirits sector likely due to policy easing, and a rebound in sentiment, while the condiment and beer sectors also outperformed in 2019 following their resilience in 2018.

### Exhibit 3: Pet care and condiments names under our coverage outperformed in 2018 across the consumer staples universe; spirits saw the largest drawdown in 2018 followed by the sharpest rebound in 2019



Source: Refinitiv Eikon

**Exhibit 4: Condiment names outperformed while spirits/beer names underperformed across our consumer staples universe; the share price changes were mainly due to P/E multiple revisions for most companies**



Source: Refinitiv Eikon

**Recap of 2018 performance by style/sector**

**Consumer staples was relatively stable**

| Sectors & Styles (China offshore) | 2018 YTD Return | Sectors & Styles (China onshore) | 2018 YTD Return |
|-----------------------------------|-----------------|----------------------------------|-----------------|
| Beta (Low vs High)                | 34.9%           | Price momentum (High vs Low)     | 11.9%           |
| Sharpe ratio (High vs Low)        | 26.8%           | Dividend yield (High vs Low)     | 10.7%           |
| Dividend yield (High vs Low)      | 24.7%           | Earnings Revision (High vs Low)  | 4.2%            |
| Value (Cheap vs Expensive)        | 13.1%           | Value (Cheap vs Expensive)       | 1.5%            |
| Utilities                         | 11.7%           | Div yield + growth (High vs Low) | 0.6%            |
| Energy                            | 7.8%            | Growth (High vs Low)             | -3.7%           |
| Price momentum (High vs Low)      | 7.0%            | New China (ChiNext vs CSI300)    | -4.7%           |
| Balance sheet (Strong vs Weak)    | 2.1%            | GARP (High vs Low)               | -5.5%           |
| Div yield + growth (High vs Low)  | -0.7%           | Size (CSI800 vs CSI100)          | -7.2%           |
| Earnings revision (High vs Low)   | -1.3%           | Utilities                        | -10.5%          |
| New China vs Traditional China    | -2.3%           | Financials                       | -14.4%          |
| GARP (High vs Low)                | -3.3%           | Real Estate                      | -15.7%          |
| ROE (High vs Low)                 | -4.9%           | Energy                           | -16.5%          |
| Real Estate                       | -8.8%           | Health Care                      | -17.0%          |
| Consumer staples                  | -10.9%          | Consumer staples                 | -20.0%          |
| Industrials                       | -11.9%          | Industrials                      | -23.6%          |
| Financials                        | -13.2%          | Consumer discretionary           | -24.6%          |
| Growth (High vs Low)              | -13.8%          | Materials                        | -30.5%          |
| Materials                         | -16.7%          | Communication services           | -34.2%          |
| Health Care                       | -18.6%          | Information technology           | -36.8%          |
| Consumer discretionary            | -20.1%          |                                  |                 |
| Communication services            | -20.8%          |                                  |                 |
| Information technology            | -35.8%          |                                  |                 |

Source: Bloomberg, FactSet, Wind, Goldman Sachs Global Investment Research

**MSCI China constituents best and worst performers in 2018**

|                     | A         |                            |        | HK      |                          |        | ADR     |                        |        |
|---------------------|-----------|----------------------------|--------|---------|--------------------------|--------|---------|------------------------|--------|
|                     | Ticker    | Name                       | Return | Ticker  | Name                     | Return | Ticker  | Name                   | Return |
| Top 5 performer     | 600436 CG | Pientzhuang Pharma         | 45%    | 1579 HK | Yihai International      | 169%   | ATHM UN | Autohome               | 39%    |
|                     | 600588 CG | Yonyou Network Tech        | 42%    | 612 HK  | China Ding Yi Feng       | 166%   | GDS UQ  | GDS                    | 17%    |
|                     | 601888 CG | China Int'l Travel Service | 40%    | 2768 HK | Jiayuan International    | 86%    | BZUN UW | Baozun                 | 17%    |
|                     | 603288 CG | Foshan Haitian Flavouring  | 29%    | 241 HK  | Alibaba Health           | 76%    | JOBS UW | 51job                  | 12%    |
|                     | 600027 CG | Huadian Power Int'l        | 27%    | 268 HK  | Kingdee Int'l Software   | 75%    | MOMO UW | Momo                   | 4%     |
| Bottom 5 performers | 000839 CS | CITIC Guoan                | -63%   | 1357 HK | Meitu                    | -78%   | VIPS UN | Vipshop                | -52%   |
|                     | 002241 CS | GoerTek                    | -59%   | 1114 HK | Brilliance China         | -70%   | JD UW   | JD.com                 | -45%   |
|                     | 600816 CG | Anxin Trust                | -55%   | 2018 HK | AAC Technologies         | -65%   | YY UW   | YY                     | -42%   |
|                     | 000826 CS | Tus-Sound Environmental    | -54%   | 2799 HK | Huarong Asset Management | -59%   | EDU UN  | New Oriental Education | -40%   |
|                     | 002508 CS | Robam Appliances           | -53%   | 867 HK  | China Medical System     | -59%   | WB UW   | Weibo                  | -38%   |

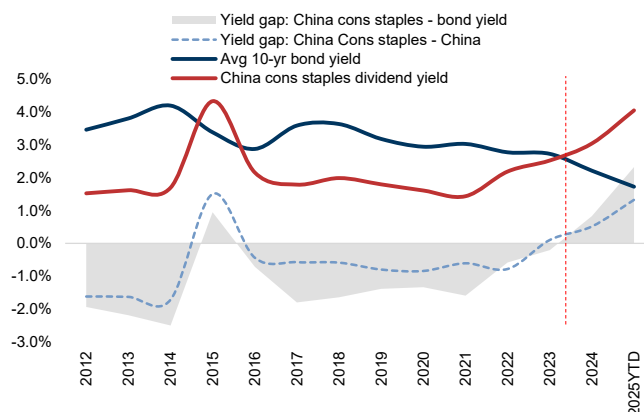
Source: FactSet

**This round there is more support from shareholder returns in the staple space**

Dividend yield has become a key focus of investors in recent quarters (dividend yield plays outperformed in 2018). Our staples coverage has more names with attractive dividend yields, which we think serve as a cushion to share price volatility.

**Exhibit 5: We note the dividend yield of China consumer staples continued to be higher than the 10-year bond yield and China avg. dividend yield in 2025**

Yield gaps



Source: MSCI, Refinitiv Eikon, Goldman Sachs Global Investment Research

**Exhibit 6: Summary of consumer staples coverage stocks with dividend yield >4%**

| Company name              | Dividend payout ratio |      | Dividend yield |      | FCF yield |       | FCF as % of sales |      | Net cash to equity |      |
|---------------------------|-----------------------|------|----------------|------|-----------|-------|-------------------|------|--------------------|------|
|                           | 2024                  | 2025 | 2024           | 2025 | 2024      | 2025  | 2024              | 2025 | 2024               | 2025 |
| High dividend yield (>4%) |                       |      |                |      |           |       |                   |      |                    |      |
| Jiangsu Yanghe            | 91%                   | 91%  | 6.5%           | 6.4% | 7.7%      | 7.1%  | 29%               | 27%  | 54%                | 57%  |
| Yihai International       | 89%                   | 89%  | 5.5%           | 6.2% | 3.7%      | 7.8%  | 7%                | 13%  | 45%                | 49%  |
| Tingyi                    | 100%                  | 100% | 5.2%           | 6.0% | 6.4%      | 7.2%  | 6%                | 6%   | -34%               | -24% |
| UPC                       | 100%                  | 100% | 5.1%           | 5.7% | 10.0%     | 5.9%  | 12%               | 7%   | 23%                | 25%  |
| Feihe                     | 64%                   | 65%  | 5.1%           | 5.7% | 3.9%      | 7.9%  | 10%               | 19%  | 30%                | 37%  |
| Want Want China           | 77%                   | 80%  | 5.5%           | 5.6% | 7.7%      | 7.3%  | 18%               | 17%  | 22%                | 27%  |
| Budweiser APAC            | 97%                   | 91%  | 5.1%           | 5.2% | 5.1%      | 7.2%  | 12%               | 17%  | 26%                | 29%  |
| Chongqing Brewery         | 104%                  | 100% | 4.1%           | 4.7% | 5.2%      | 10.4% | 10%               | 20%  | 42%                | 74%  |
| Wuliangye Yibin           | 70%                   | 70%  | 4.4%           | 4.6% | 6.4%      | 7.0%  | 37%               | 39%  | 90%                | 93%  |
| Tsingtao-H                | 69%                   | 68%  | 4.1%           | 4.5% | 3.4%      | 5.0%  | 8%                | 11%  | 60%                | 58%  |
| Luzhou Laojiao            | 60%                   | 60%  | 4.3%           | 4.4% | 6.9%      | 7.0%  | 42%               | 43%  | 42%                | 48%  |
| Yili Industrial           | 73%                   | 73%  | 3.9%           | 4.2% | 6.6%      | 6.7%  | 10%               | 11%  | -11%               | -2%  |

Blue highlights denote Buy-rated stocks

Source: Company data, Goldman Sachs Global Investment Research

**1Q25/2025: Self-help measures and cost tailwind to help margin resilience; Prudent sales outlook mainly on sequential recovery while beverage/snacks seeing upside from product cycle**

### #1: Margin enablers: self-help and cost tailwinds to drive earnings visibility, while investment level showing a mixed trend

**Operating efficiency and spending control:** Coming out of 2024, we noted an acceleration in streamlined overheads/headcount in some sectors (ie. beer/dairy/condiments) and more focus on an evaluation of commercial investment returns and operating efficiency. We think opex control will remain as a key focus amid a gradual recovery in topline growth into 1Q/1H25, while the human resource optimization

which was mostly done in 2H24 will continue to help earnings visibility.

**Cost tailwinds:** Based on our latest cost tracker, we still expect most staples players to see cost tailwinds yoy in 2025, incl. compound condiments, pet food, dairy, prepared meal, beverage, soy sauce, frozen flour and rice. In 1Q25, many key materials e.g. chicken/PET/raw milk/glass/paper pulp are still in a declining trend by -25%/-10%/-14%/-5%/-2% in terms of spot prices yoy. Also, most brewers have locked in MSD to HSD% cost reduction in barley sourcing for 2025, adding visibility for the cost trend in 2025.

**Investment level:** While the priority is still margin resilience, we heard mixed messages on investment level. In dairy, Mengniu is looking for a steady core OPM in 2025 post a strong OPM beat in 2024 (up c. 200bps) with more focus on investment for market share gain amid a reconsolidation in the dairy market as the S/D gradually rebalances. In beer, CR Beer and Chongqing are more disciplined in their investment level while Bud has shifted focus to volume share. In condiments, Yihai highlighted continued investment for 2B/lower tier penetration post a high investment for online sales in 2024 and is focusing more on topline growth in 2025. We think staple companies will partially re-invest the cost benefits to position for a topline recovery in 2025 post channel destocking in 2024.

**Exhibit 7: Many staples subsectors saw employee reductions in 2023/24, esp. beer, dairy**

Number of total employees - YoY changes

| YoY changes in the total number of employees |      |      |      |      |      |
|--|------|------|------|------|------|
| Sub-sector average                           | 2020 | 2021 | 2022 | 2023 | 2024 |
| Spirits                                      | 5%   | 6%   | 9%   | 4%   |      |
| Beer   | -5%  | 31%  | -2%  | 0%   | -8%  |
| Condiment                                    | 12%  | 5%   | 5%   | 2%   | 0%   |
| Dairy  | 12%  | 12%  | 7%   | -2%  | -4%  |
| F&B  | 8%   | 9%   | 1%   | 4%   | 3%   |
| Snacks                                       | 14%  | -1%  | -7%  | -1%  | 15%  |
| Frozen Foods                                 | 10%  | 20%  | 4%   | 5%   |      |
| Pet Care                                     | 27%  | 3%   | -4%  | -1%  |      |

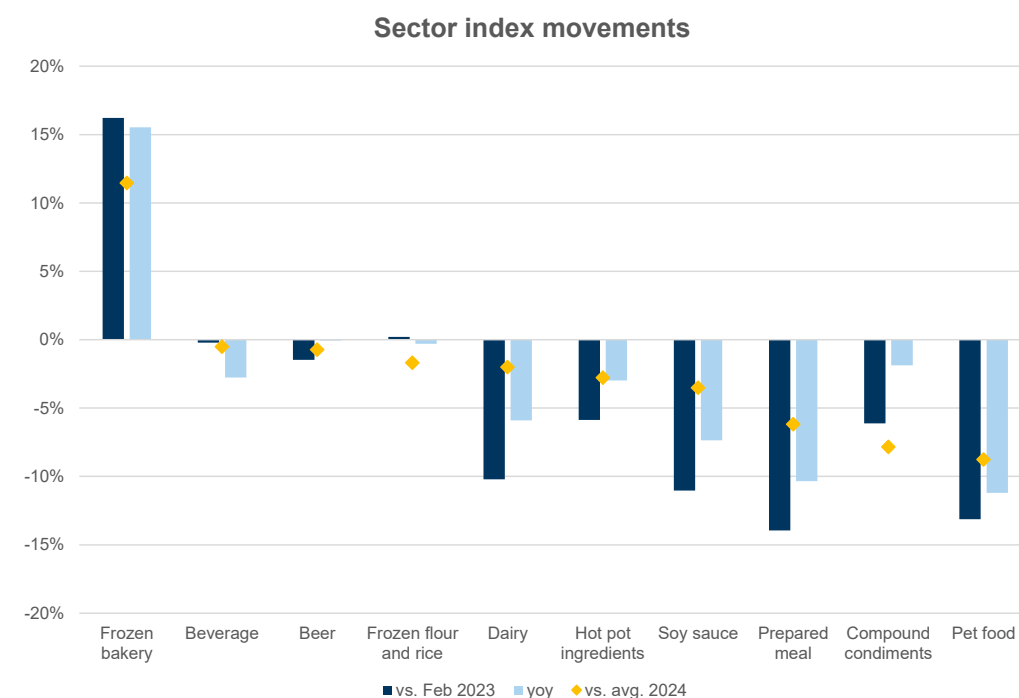
2024 only includes companies that have released annual results

Source: Company data, Wind



**Exhibit 8: Sector cost index vs. 2023, 2024, avg. 2024**

Feb 2025



Source: Wind, Bloomberg, Goldman Sachs Global Investment Research

## #2: Prudent sales growth outlook in staple space mainly on sequential recovery, while brighter outlook mainly from beverage/snacks/pet foods on core/new product cycle

**Prudent sales growth outlook in staple space mainly on sequential recovery:** We are observing a wider divergence in the staples sub-sector outlook due to different impacts from the macro /S-D cycles. **Beer:** LSD volume growth expected by many **brewers** post a weak 2024, with off-trade supporting growth but still very cautious ASP outlook given that on-trade weakness still lingering in the near-term. **Dairy:** players look for better performance vs. 2024 with a more balanced supply/demand dynamic into 2H25 but also still prudently look for largely flattish to minor growth in the liquid milk segment in 2025 (we look for a decline in the liquid milk segment in 1Q25 but expect a low base to help from 2Q25). **Traditional F&B:** also aims at improving topline, while fast-growing **beverage players** expect some growth normalization but new product launches remain with upside potential. While we expect a sequential recovery for dairy/beer, and product upcycle for beverage/snacks, **China spirits** companies look for more conservative growth in 2025 under macro headwinds and continued focus on channel inventory destocking, with most companies looking for a slower growth in 2025 vs. 2024 and more back-ended growth in 2025 (e.g Moutai at c.9% yoy for 2025 vs. 15% guided for 2024).

**Brighter outlook mainly from beverage/snacks/pet foods on new product cycle:** In the F&B space, we have noted several encouraging launches for major SKU in the past few years e.g Danhuang for Yanker (quail egg) in 2024, and Bushuila for Eastroc (functional sports beverage) in 2023. We see the new product launches likely to



continue to drive topline growth for beverage/snacks in 2025, where the success seen in Eastroc's Fruity tea (Guozhicha) SKU launched in early 2025, and Yanker's encouraging run rate for Konjac related products in 2025YTD. While we expect competition intensity will not fade in growing consumer sectors, we believe our covered leading players could still gain shares through strong channel execution (greater penetration to existing distribution/channel networks) and compelling product innovation capability with dedicated brand cultivation. **In 2025 YTD:** We note the solid run-rate for beverage/snacks, with UPC beverage/Eastroc/CR Bev sales up DD% yoy, Tingyi beverage up +SD% yoy, and Nongfu re-accelerated since March lapping an easier comp base. For snacks, we note a strong run rate for Yanker with 15%+ yoy growth in 1Q on GSe, supported by fast major SKU ramp up while other snack brands continue to face headwinds on tough base and channel shift drag. **However, pricing competition persists for large-pack launch:** Brands are leveraging large packs to offer value-for-money options for the existing products (eg Nongfu, Eastroc, Three Squirrels, Wahaha etc), and we also note growing new entrants into food and beverage, including Three Squirrels into beverage, and retailers such as discounters and KA.

#### **Strong run rate for key SKUs and new SKU launches:**

- **Eastroc:** Eastroc reported 1Q25 results with a 39% yoy sales growth, and strong momentum in both energy and non-energy drinks. Following the footprint of its hyper growth product electrolyte water Bushuila (growing at 280% yoy in 2024, total electrolyte water accounted for 12% of total 1Q25 sales vs. 5% in 1Q24), Eastroc launched Guozhicha, a large-pack sweetened tea providing great value-for-money. We think a fast roll-out in POS coverage can be an initial indicator for the success of a SKU, e.g Guozhicha now covers c.800k POS (roughly 20% of Eastroc's total POS) within 1 month of launching. We estimate a 2% sales contribution from overall tea sales (including Guozhicha) in 2025 at Rmb500mn from c. Rmb130mn in 2024.
- **Nongfu:** We note Nongfu has added new flavors to its Oriental Leaf/NFC juice portfolio and large-pack sugar-free tea catering to evolving customer preferences, and we expect this to support our expectation of 26%/10% yoy sales growth for tea/juice in 2025E. According to Euromonitor, Nongfu's 100% juice recorded Rmb1.4bn retail sales in 2024, accounting for 10%+ market share in the 100% juice market and it is the #2 player.
- **CR Beverage:** while its margin expansion is on track, it is also working on category expansion with new product launches in 2025 spanning multiple categories - special water packages for sports scenarios, new flavors for its juice series, and new RTD coffee brand Yan Baked, fueling the c.37% yoy growth in beverage in 2025E on GSe (we estimate sales contribution of beverages climbing to 13% in 2025 vs. 10% in 2024).
- **Yankershop:** We expect close to 30% of sales are Konjac or quail eggs related which will likely deliver 30%~50%+ yoy sales growth for 2025E per GSe. The company also launched a new product series/subcategory called Tiger Skin Pattern Triplets with dried tofu product, to capture the plant-based protein trend. It has already received 15mn+ views on social media for its first blockbuster product tiger-skin pattern fish tofu.

- **Gambol/China Pet Foods:** 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, in the note [exhibit 16](#)) to drive brand momentum, on top of faster new client acquisition, healthy repurchase rates and disciplined promotion costs tracked in Douyin. We see ongoing strong GMV growth for Gambol at 51% yoy in Mar (thanks to Fregate brand’s strong, ongoing growth momentum of 106% yoy in Mar), leading its 1Q25 at 50% yoy faster than 2024’s average of 40% yoy. China Pet Foods has accelerated in both Douyin and Tmall channels, which we attribute to the enhanced brand image from appearing in CCTV’s factory livestreaming event during the “3.15” World Consumer Rights Day, which highlighted the clean/safe production environment and enhanced consumers’ trust in the brand.

Exhibit 9: Production Volume CAGR vs. 2019 - dairy, soft drinks, beer, spirits

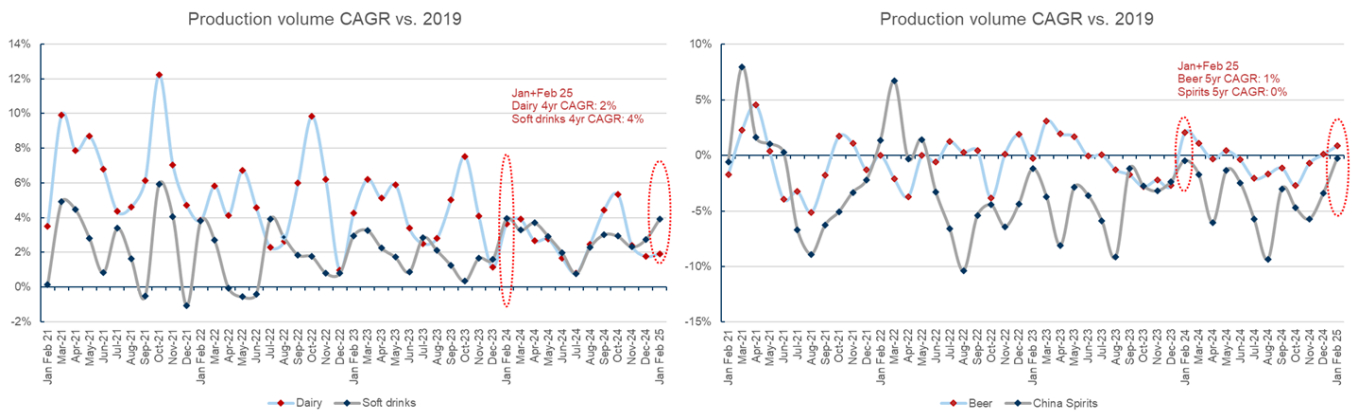
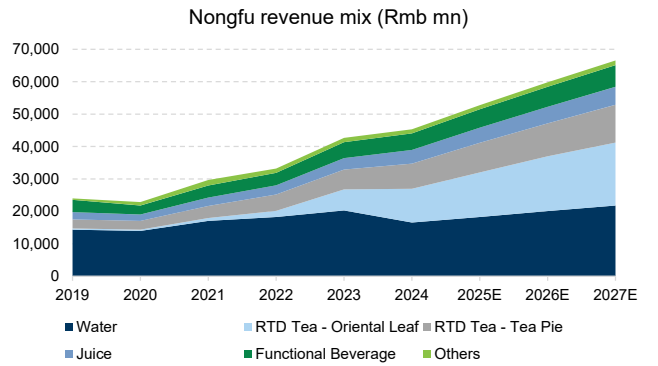


Exhibit 10: Summary of new fast-growing F&B products

| Key new products in 2024/2025 |             |                          |
|-------------------------------|-------------|--------------------------|
| Products                      | Launch date | Category                 |
| Eastroc                       |             |                          |
| Guozhicha (Fruity tea)        | Feb-25      | RTD tea                  |
| Bushuila                      | Jan-23      | Functional drinks        |
| Bairun                        |             |                          |
| Whisky                        | Nov-24      | Spirits                  |
| Tingyi                        |             |                          |
| Chadechuanren                 | May-24      | RTD tea (sugar-free tea) |
| Yankershop                    |             |                          |
| Danhuang                      | Mar-24      | Snacks                   |
| CR Bev                        |             |                          |
| Zhibenqingrun Series          | Aug-21      | RTD tea                  |

Source: Company data, Goldman Sachs Global Investment Research

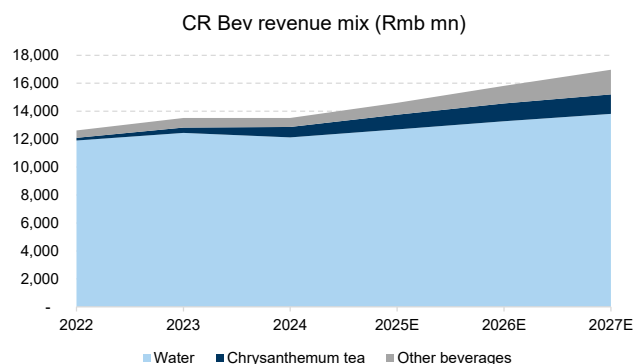
Exhibit 11: Oriental Leaf has primarily supported the topline growth of Nongfu since 2023



Source: Company data, Goldman Sachs Global Investment Research

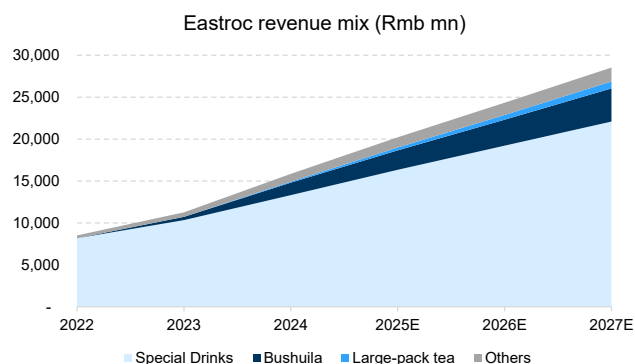
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**Exhibit 12: CR Bev's herbal based tea will be one of the key growth drivers in our model**



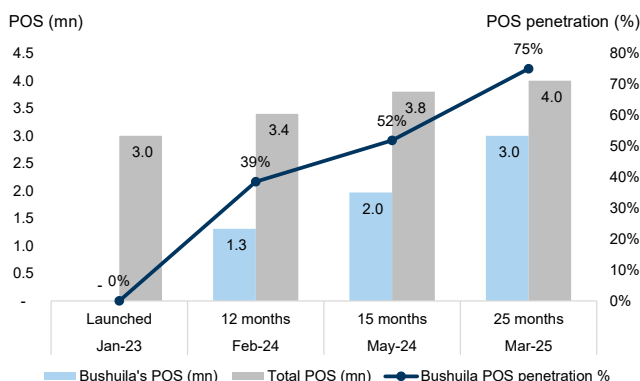
Source: Company data, Goldman Sachs Global Investment Research

**Exhibit 13: We expect Bushuila to grow as another sales pillar for Eastroc, which previously was a single-growth-engine company**



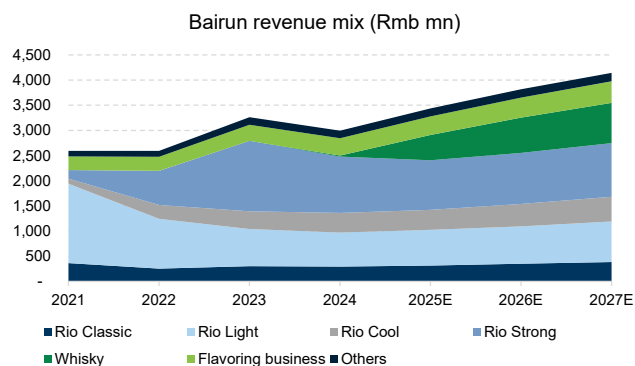
Source: Company data, Goldman Sachs Global Investment Research

**Exhibit 14: Bushuila has rapidly penetrated Eastroc's existing POS network by 50%+ within 15 months of launching**



Source: Company data, Goldman Sachs Global Investment Research

**Exhibit 15: We expect Bairun's Whisky business to become a key pillar of its sales growth ahead**



Source: Company data, Goldman Sachs Global Investment Research

## 2024 Wrap Up

As of Apr 16, 21 of our covered companies have reported 4Q24/FY24 results (2 spirits, all 4 beer, 6 condiments, 5 F&B, 2 dairy, 1 snack, 2 prepared foods) - which have generally been in line with GSe/preliminary results. While staple companies focused on inventory digestion and margin enablers in 2024/4Q24, the outlook generally pointed to 2025YTD growth run-rate also being generally better than 2024 or in line with managements' expectations (echoing [our 4Q24 results preview](#)).

### 1- Self-help measures + cost benefits as major margin enablers: Operating efficiency and spending control:

In 2024 results, we noted many companies, incl. [CR Bev](#), [Mengniu](#), [CR Beer](#), [Tingyi](#), have prioritized the ROI assessment of the selling expenses (e.g A&P) or streamlined the overheads/headcount, as well as the importance of an evaluation of commercial investment returns and operating efficiency. We think opex control will remain as a key focus amid a gradual recovery in topline growth into 1Q/1H25, while the efficiency measures will continue to be executed for 2025.

### 2- Topline still weak/declined for most categories except for beverage/snacks:

**Recap of volume/ASP trend in 4Q24:** Based on our observations across the names

that have reported, for **volume trends** of spirits/beer/dairy/diversified F&B names, we observed some shipments were skewed more toward 1Q25 sales, and 4Q sell-in volume was relatively muted (also due to slack seasons despite an earlier LNY) for the due to channel destocking (e.g flagged by Bud APAC/ ZJLD etc). Brewers' volume run-rates in 4Q were unexciting (except Tsingtao lapping an easier base) amid channel destocking, while trending mildly better in 1Q25 (except Bud amid channel mix overhang). Dairy, especially UHT milk, continued to decline in 4Q/2H24 due to weak demand and lower pricing under oversupply, but raw milk S/D gradually improved in 2H24. Snacks faced tailwinds from an early LNY with early shipment benefiting Dec 2024/4Q24. Beverage **ASP trends** were more normalized across beverage players e.g Nongfu/CR Bev amid normalizing competition; however, ASP was under pressure in 4Q24 for brewers/ spirits companies as premiumization slowed down amid unfavorable channel/ product mix in the near-term as well as deflation. Meanwhile, the upward ASP trend was still observed for F&B players like Tingyi, which focused on pricing strategy throughout the past two years, and the promotion level was also reduced across Tingyi/UPC products.

## Potential exposures to tariff changes; Implications for coverage

### **Very limited exposure to US tariff hike to China exports; still applying practical strategies to "Going Global"**

Except for the Pet Foods segment (US exports sales exposure at c.17%~70%, China exports to US exposure is at c.6%~12% in 2024), we see very limited impact on US tariff hikes to China given very limited US exports exposure (zero to LSD%) for our staple coverage.

As we discussed in our 2025 outlook report, white space with overseas expansion is emerging as a new TAM and F&B names are stepping up on exports/supply chain/M&A potential, mostly starting with the SEA market. In the March results season, we have observed more companies discussing active strategies of going global. For example, Mengniu also highlighted their overseas expansion strategies exemplified by its solid progress in Aice in SEA. Eastroc filed for HK listing on 3 Apr and it also announced it will establish overseas footprints in Indonesia (dated Mar 2025). Feihe intends to explore market opportunities in countries with higher birth rates (e.g SEA), and has also been building its factory and overseas brand in Canada to support future IMF business in North America (entered Wal-Mart stores in Canada).

In short, we see staples companies are allocating more resources towards overseas exploration, and this time we note the business model is more L-T growth oriented, incl. building local teams, setting up factories and supply chains, and securing local distributors, vs. traditionally exporting products only.

Exhibit 16: Apparel/footwear OEM and home appliances have the highest exposure to the US market



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 17: Summary of overseas footprints of select covered staples companies

|           | Overseas Revenue %          | Exports | Supply Chain build up | M&A       | Comments   |
|-----------|-----------------------------|---------|-----------------------|-----------|--|
| Yihai     | c.5%                        | Y       | Y                     |           | Thailand factory with 15k tons capacity in hot-pot condiments and compound condiments combined   |
| Mengniu   | c.50% of ice cream in 2024E |         | Y                     | Y         | Aice in South East Asia retains strong momentum with top 1 market shares in Indonesia and top 2 in the Philippines.  |
| Yili      | c.5%                        | Y       | Y                     | Y         | Sales grew at DD% yoy in 2023, operating in markets incl. Southeast Asia, Africa and North America, incl ice-cream, milk, butter, etc.                                     |
| Feihe     | n.a.                        | Y       | Y                     |           | Exploring market opportunities in countries with higher birth rates (e.g SEA), and also building its factory in Canada to support future IMF business in the North America |
| Eastroc   | n.a.                        |         | Y                     | Potential | Dec 2024, Eastroc announced the plan of setting up a subsidiary in Indonesia with total investment up to US\$200mn, previously mainly leveraged export distributors        |
| Wuliangye | n.a.                        | Y       |                       |           | 1) Develop region-specific products to align with local consumption preferences; 2) Establish subsidiaries in 5-6 key markets; 3) Set clear incremental targets            |
| Chacha    | 8.5% (1H24)                 | Y       | Y                     |           | Chacha still enjoys product/channel expansion potential, with 90%+ of its overseas sales generated from sunflower seeds (FY23)   |
| Want Want | HSD% (1HFY24)               | Y       | Y                     |           | Sales grew at mid-to-high DD% yoy in FY23; factory in Vietnam with capacity sufficient to support c. US\$100mn sales p.a., potentially expanding                           |

Overseas revenue estimate as of 2023/2024 unless otherwise specified. Data as of end-2024.

Source: Company data, Goldman Sachs Global Investment Research

## Potential exposures to import tariff changes from China to US

**Our lessons from previous trade tensions suggest that there are potential inflation risks** in soybean, nuts (mainly Almonds/Pistachio), and pork in China, which are key raw materials for select staples categories e.g soy sauce, frozen foods and snacks, indicating cost headwinds and inflation risks for relevant staples products. Looking back to the 2018-2019 period, the China government imposed multiple retaliatory tariffs for US goods, including but not limited to consumer/agricultural goods like **soybean, pork, corn** in response to the US' additional tariffs. We summarize key categories/products that have higher import reliance below ([Exhibit 18](#)). The heightened tariff rates for corn and soybean led to higher production costs for domestic suppliers, and based on our [cost tracker](#), the price of corn/ soybean rose by 34%/18% from 1Q18 to 4Q20. We also performed margin sensitivity test on soy sauce players in the case of soy bean price

inflation.

**On the tailwind side**, we note higher tariffs for imported products such as IMF, pet food, and whisky could also be favourable for domestic players in terms of their pricing edge, while the extent of it could be limited given low imports/US imports mix.

**Exhibit 18: Summary of China's reliance on US/ overall imports for selected Staples related categories**

| Selected staple related categories | % imported from US 2023/24 | % imported mix 2023/24 |
|------------------------------------|----------------------------|------------------------|
| <b>Imported products</b>           |                            |                        |
| Pet foods                          | c.80%                      | teens%                 |
| Whisky                             | 11%                        | 60%                    |
| Brandy                             | n.m.                       | >90%                   |
| Vermouth (Small pack)              | n.m.                       | n.m.                   |
| IMF                                | <1%                        | 20%                    |
| Wine                               | 4%                         | 60%                    |
| Beer                               | n.m.                       | c.2%                   |
| <b>Imported raw materials</b>      |                            |                        |
| Soybean                            | 24%                        | 83%                    |
| Barley                             | n.m.                       | 80-90%                 |
| Whey                               | 47%                        | >95%                   |
| Corn                               | 26%                        | <5%                    |
| Pork                               | ~7%                        | <10%                   |
| Almonds                            | 55%                        | c.90%                  |
| Pistachio                          | 87%                        | c.100%                 |

% imported from the US refers to the % of imports from the US vs. total imports; % imported mix refers to total imports as % of total consumption in China.

Source: Euromonitor, Goldman Sachs Global Investment Research

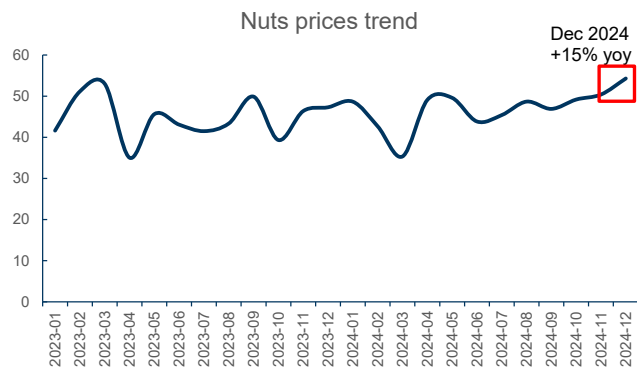
**Exhibit 19: Almonds and Pistachios are more reliant on US imports vs. others**

| Category       | Global supply (metric tons) | China supply (metric tons) | China supply % global | China supply growth yoy | Import price (Rmb/kg) | Export price | Import vs. export | Comments on Three squirrels supply chain   | US % of total import   |
|----------------|-----------------------------|----------------------------|-----------------------|-------------------------|-----------------------|--------------|-------------------|--|--|
| Walnuts        | 1,139,080                   | 594,000                    | 52%                   | -4%                     | 58.8                  | 28.5         | 107%              | Directly sourced from Xinjiang   | Largest importer but small quantity only to supply niche domestic markets                      |
| Almonds        | 1,541,821                   | 15,000                     | 1%                    | -14%                    | 37.8                  | 36.3         | 4%                |  | 55%  |
| Cashews        | 1,095,030                   | n.a.                       | n.a.                  | n.a.                    | 39.4                  | 44.6         | -12%              |  | 90% from Vietnam   |
| Pistachio      | 741,360                     | 600                        | 0%                    | -50%                    | 45.2                  | 88.5         | -49%              | Collaboration with Wonderful (US supplier)   | 87%  |
| Pecan          | 164,656                     | 2,100                      | 1%                    | 5%                      |                       |              |                   | Collaboration with Easterlin (US supplier); also directly source from Anhui, Jiangsu | Sharp value decline post geopolitical tensions by 82% yoy, small export value left at US\$10mn |
| Macadamia nuts | 78,415                      | 15,600                     | 20%                   | n.a.                    | 57.8                  | 85.9         | -33%              | Collaboration with Golden, also directly source from Guangxi/Yunnan                  | 3%   |

All kernel basis except for Pistachio (in shell). Data as of 2024 (Macadamia/Pecan as of 2023).

Source: INC, Wind, Goldman Sachs Global Investment Research

Exhibit 20: Nuts prices up 15% yoy in Dec 2024



Nut prices is the average of 5 selected nuts category import prices.

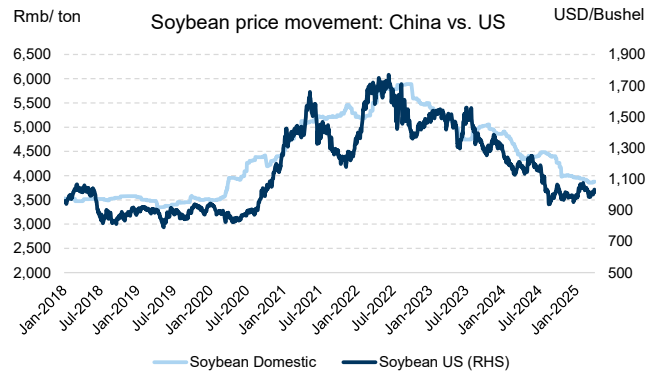
Source: Wind, Goldman Sachs Global Investment Research

Exhibit 22: US and Brazilian soybean prices diverged when China announced a 25% tariff on US soybean in 2018



Source: Bloomberg

Exhibit 21: Overall the domestic soybean price trend follows that quoted in the US



Source: Wind

Exhibit 23: Tariff scenarios on soybean cost could lead to up to a 13pp GPM impact on Jonjee for 2025E, assuming no changes in Jonjee ASP

| Soy bean tariff impact on soy sauce players' GPM | Soy bean price changes yoy | Raw material price changes on 2025E GPM yoy | Jonjee   |
|--|----------------------------|---|----------|
| Current YTD avg. vs. 2024 avg                    | -6%                        |   | 1.7pp    |
| Additional tariff of 20%                         | 13%                        |   | (1.2pp)  |
| Additional tariff of 34%                         | 26%                        |   | (3.2pp)  |
| Additional tariff of 50%                         | 41%                        |   | (5.5pp)  |
| Additional tariff of 84%                         | 73%                        |   | (10.4pp) |
| Additional tariff of 104%                        | 92%                        |   | (13.3pp) |
| vs. 2024 GPM                                     |                            |   | 37.3%    |
| Soybean as % of COGS                             |                            |   | 24.5%    |

Source: Goldman Sachs Global Investment Research

Monthly Tracker by Sub Sector

Exhibit 24: Monthly volume table 2024-2025 based on GSe

| Beer           | 2024E Beer companies' volume change yoy                                      |                          |   |           |                       |                       |               |             |                 |                       |                         |                | 2025E          |                 |                 |
|----------------|--|--------------------------|---|-----------|-----------------------|-----------------------|---------------|-------------|-----------------|-----------------------|-------------------------|----------------|----------------|-----------------|-----------------|
|                | Jan  | Feb                      | Mar   | Apr       | May                   | Jun                   | Jul           | Aug         | Sep             | Oct                   | Nov                     | Dec            | Jan            | Feb             | March           |
| CRB            | up c.9%  | roughly flatish          | 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 |
| 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 teens~%        | down DD%       | Bud APAC China | down MSD%       | decline         |
| 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 DD%          |
| 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%         |
| 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%          |                 |

Source: Channel checks, Goldman Sachs Global Investment Research



## Exhibit 25: Beverage Monthly Tracker

|         |                                | 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          |
|---------|--------------------------------|---------|---------|---------|-------------|-------------|-----------|-----------------|---------------------|-------------------|----------------------------|-----------------|---------|-----------------------|------------------------|-----------------|
| Nongfu  | Water yoy %                    | 19%     |         |         | down DD%    | down DD%    | down DD%  | down strong DD% | down 41%            |                   | down DD%                   |                 |         | down DD%              | positive growth up DD% | teens%+         |
|         | Beverage yoy % (Oriental Leaf) |         |         |         |             |             |           |                 | down 5.3% (OL flat) |                   | OL up 60%+                 |                 |         |                       |                        |                 |
|         | Water : green water portion %  |         |         |         |             |             |           | c.50%           |                     | down to below 50% | down to 20%+               |                 |         |                       |                        |                 |
|         | Water AC Nielsen market        |         |         |         |             |             |           |                 |                     | 30.20%            | 31.20%                     |                 |         |                       |                        |                 |
|         | Overall yoy %                  |         |         |         |             |             |           | down DD%        | down 18%            | up nearly 10%     | up 13%                     |                 | decline | down DD%              |                        | up teens%       |
| CR Bev  | Water yoy %                    |         |         |         |             |             |           |                 |                     |                   |                            |                 |         | up 12%                |                        |                 |
|         | Beverage yoy %                 |         |         |         |             |             |           |                 |                     |                   |                            |                 |         | up 50%                |                        |                 |
| Tingyi  | Beverage sales yoy %           |         |         |         |             |             |           | down SD%        | down SD%            | positive growth   | positive (better than Sep) | positive growth |         | minor positive growth |                        | SD% decline     |
|         | Noodles sales yoy %            |         |         |         |             |             |           | down LSD%       | down LSD%           | down LSD%         | positive growth            | positive growth |         | minor positive growth |                        | SD% 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 |
|         | Noodles sales yoy %            | up SD%  | up SD%  |         | down SD%    | down SD%    | down LSD% | flattish        | up LSD%             | up LSD%           | up MSD-HSD%                | up DD%          |         | up DD%                |                        | positive growth |
| 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        |

Source: Channel Checks, Goldman Sachs Global Investment Research

## Exhibit 26: Snacks e-commerce tracker

| Company (Brand) GMV yoy growth | Mar-25 | 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 | Douyin | Tmall+taobao | Tmall+taobao | Tmall+taobao | Tmall+taobao |
| Yankershop                     | -4%    | 53%    | -12%            | -17%   | 4%     | 70%    | 18%    | 57%    | 81%    | 137%   | -2%          | 41%          | 82%          | 96%          |
| Chacha                         | 136%   | -37%   | 115%            | 133%   | 59%    | 14%    | 23%    | -48%   | -13%   | 123%   | -29%         | 11%          | 24%          | -18%         |
| 3 Squirrels                    | 110%   | 65%    | 26%             | 4%     | 128%   | 132%   | 73%    | 39%    | 173%   | 357%   | -32%         | -8%          | -23%         | -50%         |
| Ganyuan                        | 376%   | 728%   | -30%            | -57%   | 191%   | 38%    | 96%    | -21%   | -7%    | 50%    | -28%         | 18%          | 20%          | -32%         |
| Jinzai                         | 61%    | 109%   | -17%            | -30%   | 17%    | -13%   | -19%   | -25%   | -22%   | 18%    | -11%         | 15%          | 7%           | 7%           |
| Bestore                        | -14%   | -49%   | 17%             | 48%    | -33%   | 29%    | -15%   | -6%    | 92%    | 115%   | -48%         | -20%         | -29%         | -31%         |

Source: Chanmama, Moojing

## Exhibit 27: Frozen food monthly tracker by GSE

| Company        | Jan-24  | Feb-24         | Mar-24                            | Jul-24   | Aug-24                    | Sep-24  | Oct-24                                      | Nov-24                  | Dec-24                       | Jan-25                  | Mar-25           |
|----------------|---------|----------------|-----------------------------------|--|---------------------------|---|---|-------------------------|------------------------------|-------------------------|------------------|
| Ligao          | High DD | Jan + Feb 20%+ | Slowdown MoM, 1Q high teens - 20% | Similar to 2Q trend, slight improvement mom                | Broadly similar as before | Broadly similar as before                                   | Encouraging recovery and look for DD% in 4Q |                         |                              | Flattish; +10% post LNY | Double digit yoy |
| Qianweiyangchu | 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 |                         | Still soft       |

Source: Channel checks, Goldman Sachs Global Investment Research

## TP and estimate changes

**Eastroc:** Reported 1Q25 results, and we factor in the latest results. We revise up 2025-27E earnings estimates by c.3% on avg on better-than-expected electrolyte water sales momentum and better GPM. We are Buy rated with a 12-month TP of Rmb293 (vs. Rmb286 prior on higher earnings estimates), based on 30X 2026E P/E (unchanged) discounted back to end-2025E at 8.9% COE (unchanged).

**Fen Wine:** We factor in some more selling expenses in 2025E/26E amid the ramp-up of Fenxiangliyu, with reference to management's expectation on channel investments. We trim net profit by c.2% in 2025-26E, and our 12m TP is updated to Rmb234 (from Rmb238), with no other assumption changes. Maintain Buy.

**King's Luck:** We trimmed the sales volume to reflect the overall industry demand in Jiangsu, and topline/NP are lowered by up to c.2% in 2025-26E. Our 12m TP is updated to Rmb43.5 (from Rmb44.5) on our estimate revisions. Valuation multiple/COE and methodology unchanged. Maintain Neutral.

**Mengniu:** With reference to the YTD supply/demand trends observed by management,

we factored in higher raw milk powder impairment losses for 2025, and updated dairy farm subsidiaries' performance expectation accordingly, and therefore we lower the headline NP by 1-5% in 2025E-27E. We lowered our 12m TP to HK\$23.0 (from HK\$24.0) with the above revisions (valuation multiple/COE and methodology unchanged). Maintain Buy.

**Yili:** We fine-tuned our GPM assumptions to incorporate continued raw milk price benefits, while also factored in higher raw milk powder inventory impairment losses in 2025E and updated subsidiaries' full-year results. Net-net, we revised up net profit by up to 2% in 2025E-27E, and our 12m TP is updated to Rmb32.3 (from Rmb31.9) with the estimate revisions (valuation multiple/COE and methodology unchanged). Maintain Buy.

**Teway:** We raised our 2025E-2027E NP estimates by 1.5%~4.0% mainly on in-line sales and better-than-expected GPM from cost benefits; our TP is now Rmb10.6/sh vs. Rmb10.2/sh prior (up 4%, on higher earnings estimates), still based on 16x 2026E P/E (unchanged), discounted back to 2025 at 9.5% COE (unchanged).

**Fuling:** We fine-tuned our 2025E-2027E NP estimates by down 2.9% ~up 1.4%; on better sales outlook but pricing pressure on margins with more promotions; as well as factoring more admin expenses. Our TP is now Rmb11.9 vs. Rmb12 prior (down 1% on lowered earnings estimates), still based on 16x 2026E P/E discounted back to 2025 at 7.5% COE.

We also fine-tuned our estimates for Moutai for 2025-2027 factoring in 4Q results and 2025 outlook (while maintaining its TP unchanged), and adjusted quarterly growth rates for 2025 for Shanghai Bairun (while maintaining its full-year estimates and TP unchanged).

#### Exhibit 28: Summary of TP changes

| Company          | Ticker    | Old Rating | Rating  | Market Cap | Ccy | Share Price |        |        |        |            | Trading P/E |       |       | TP Implied P/E |       |       | 2024e-26e CAGR |       | 2024e-26e CAGR (Old) |       | Div yield 2025E |
|------------------|-----------|------------|---------|------------|-----|-------------|--------|--------|--------|------------|-------------|-------|-------|----------------|-------|-------|----------------|-------|----------------------|-------|-----------------|
|                  |           |            |         | (US\$m)    |     | 04/11/25    | Old TP | New TP | TP Chg | +/- new TP | 2024e       | 2025e | 2026e | 2024e          | 2025e | 2026e | Sales          | NP    | Sales                | NP    |                 |
| China Spirits    |           |            |         |            |     |             |        |        |        |            |             |       |       |                |       |       |                |       |                      |       |                 |
| Fen Wine         | 600809.SS | Buy        | Buy     | 35,925     | CNY | 220.99      | 238.00 | 234.00 | -2%    | 6%         | 22X         | 21X   | 19X   | 23X            | 22X   | 20X   | 9.3%           | 9.0%  | 9.3%                 | 9.9%  | 2.5%            |
| King's Luck      | 603369.SS | Neutral    | Neutral | 8,744      | CNY | 51.74       | 44.50  | 43.50  | -2%    | -16%       | 18X         | 17X   | 15X   | 15X            | 14X   | 13X   | 9.2%           | 9.4%  | 10.1%                | 10.4% | 2.5%            |
| China Dairy      |           |            |         |            |     |             |        |        |        |            |             |       |       |                |       |       |                |       |                      |       |                 |
| Mengniu Dairy    | 2319.HK   | Buy        | Buy     | 10,137     | HKD | 19.68       | 24.00  | 23.00  | -4%    | 17%        | n.m.        | 14X   | 12X   | n.m.           | 17X   | 14X   | 2.6%           | 6.7%  | 2.6%                 | 7.5%  | 2.8%            |
| Yili Industrial  | 600887.SS | Buy        | Buy     | 25,707     | CNY | 29.25       | 31.90  | 32.30  | 1%     | 10%        | 19X         | 17X   | 16X   | 21X            | 19X   | 17X   | 2.8%           | 10.0% | 2.8%                 | 8.2%  | 4.2%            |
| China Condiments |           |            |         |            |     |             |        |        |        |            |             |       |       |                |       |       |                |       |                      |       |                 |
| Fuling Zhacai    | 002507.SZ | Neutral    | Neutral | 2,152      | CNY | 13.31       | 12.00  | 11.90  | -1%    | -11%       | 19X         | 18X   | 17X   | 17X            | 16X   | 15X   | 6.1%           | 7.3%  | 5.2%                 | 6.2%  | 3.3%            |
| Sichuan Teway    | 603317.SS | Sell       | Sell    | 2,112      | CNY | 14.06       | 10.20  | 10.60  | 4%     | -25%       | 24X         | 22X   | 19X   | 18X            | 16X   | 15X   | 7.1%           | 11.2% | 7.1%                 | 9.0%  | 3.2%            |
| China F&B        |           |            |         |            |     |             |        |        |        |            |             |       |       |                |       |       |                |       |                      |       |                 |
| Eastroc Beverage | 605499.SS | Buy        | Buy     | 19,024     | CNY | 255.22      | 286.00 | 293.00 | 2%     | 15%        | 40X         | 30X   | 24X   | 46X            | 34X   | 28X   | 24.5%          | 28.9% | 24.3%                | 27.3% | 2.2%            |

Source: Company data, Goldman Sachs Global Investment Research

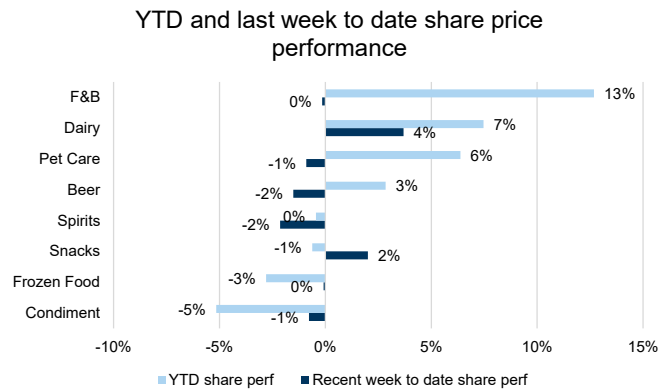
#### Exhibit 29: Summary of earnings estimate changes

| Company          | Revenue changes |       |       |       | NI changes |       |       |       | Revenue (mn, new) |         |         |         | Net Income (mn, new) |        |         |         | Revenue (mn, old) |         |         |         | Net Income (Rmb mn, old) |        |         |         |
|------------------|-----------------|-------|-------|-------|------------|-------|-------|-------|-------------------|---------|---------|---------|----------------------|--------|---------|---------|-------------------|---------|---------|---------|--------------------------|--------|---------|---------|
|                  | 2024e           | 2025e | 2026e | 2027e | 2024e      | 2025e | 2026e | 2027e | 2024e             | 2025e   | 2026e   | 2027e   | 2024e                | 2025e  | 2026e   | 2027e   | 2024e             | 2025e   | 2026e   | 2027e   | 2024e                    | 2025e  | 2026e   | 2027e   |
| China Spirits    |                 |       |       |       |            |       |       |       |                   |         |         |         |                      |        |         |         |                   |         |         |         |                          |        |         |         |
| Kweichow Moutai  | 0.0%            | 0.2%  | 0.2%  | 0.4%  | 0.0%       | -0.2% | 0.0%  | 0.1%  | 174,144           | 189,458 | 206,702 | 226,326 | 86,228               | 94,978 | 104,681 | 116,414 | 174,144           | 189,102 | 206,213 | 225,457 | 86,228                   | 95,139 | 104,704 | 116,321 |
| Fen Wine         | 0.0%            | 0.0%  | 0.0%  | 0.0%  | 0.0%       | -2.1% | -1.7% | -1.4% | 36,134            | 39,123  | 43,138  | 46,606  | 12,159               | 12,949 | 14,441  | 15,832  | 36,134            | 39,123  | 43,138  | 46,606  | 12,159                   | 13,227 | 14,684  | 16,060  |
| King's Luck      | -0.6%           | -2.3% | -2.4% | -2.4% | -0.6%      | -2.2% | -2.3% | -2.3% | 11,784            | 12,786  | 14,039  | 15,247  | 3,600                | 3,933  | 4,311   | 4,705   | 11,856            | 13,093  | 14,378  | 15,616  | 3,620                    | 4,022  | 4,410   | 4,814   |
| China Dairy      |                 |       |       |       |            |       |       |       |                   |         |         |         |                      |        |         |         |                   |         |         |         |                          |        |         |         |
| Mengniu Dairy    | 0.0%            | 0.0%  | 0.0%  | 0.0%  | 0.0%       | -1.4% | -1.0% | -1.0% | 88,675            | 89,934  | 93,315  | 96,763  | 5,602                | 5,844  | 6,380   | 7,098   | 88,675            | 89,934  | 93,315  | 96,763  | 5,602                    | 5,843  | 6,473   | 7,169   |
| Yili Industrial  | -0.5%           | -0.4% | -0.4% | -0.3% | -2.0%      | 0.3%  | 1.3%  | 2.0%  | 116,452           | 119,998 | 123,084 | 126,787 | 9,777                | 10,845 | 11,838  | 12,755  | 117,089           | 120,503 | 123,632 | 127,146 | 9,976                    | 10,814 | 11,685  | 12,507  |
| China Condiments |                 |       |       |       |            |       |       |       |                   |         |         |         |                      |        |         |         |                   |         |         |         |                          |        |         |         |
| Fuling Zhacai    | -0.9%           | 0.3%  | 0.7%  | 1.3%  | -3.0%      | -2.8% | -1.0% | 1.4%  | 2,387             | 2,539   | 2,686   | 2,858   | 799                  | 864    | 920     | 983     | 2,408             | 2,531   | 2,667   | 2,821   | 824                      | 889    | 930     | 970     |
| Sichuan Teway    | 0.0%            | 0.0%  | -0.1% | -0.1% | -0.2%      | 1.5%  | 3.9%  | 4.0%  | 3,476             | 3,736   | 3,986   | 4,253   | 625                  | 693    | 772     | 841     | 3,476             | 3,738   | 3,989   | 4,257   | 626                      | 683    | 743     | 808     |
| China F&B        |                 |       |       |       |            |       |       |       |                   |         |         |         |                      |        |         |         |                   |         |         |         |                          |        |         |         |
| Eastroc          | 0.0%            | 0.3%  | 0.3%  | 0.3%  | 0.0%       | 2.7%  | 2.6%  | 2.6%  | 15,839            | 20,350  | 24,556  | 28,993  | 3,327                | 4,459  | 5,531   | 6,636   | 15,839            | 20,298  | 24,487  | 28,904  | 3,327                    | 4,344  | 5,391   | 6,470   |

Source: Company data, Goldman Sachs Global Investment Research

Valuation Analysis

Exhibit 30: Share price performance: Last week to date (Apr 4 - Apr 11) vs. YTD by consumer staples category



Source: Refinitiv Eikon

Exhibit 31: Valuation comp sheet for China consumer staples

|             | Company                         | Rating  | Mkt cap<br>US\$ mn | Ccy | Price<br>4/15/2025 | 12-m TP | ±1-  | PE    |       |       | TP Implied PE |       |       | 24-26E<br>Rev CAGR | 24-26E<br>NP CAGR | EV/EBITDA |       |       | ROE   | Div yield | YTD perf | LST week |
|-------------|---------------------------------|---------|--------------------|-----|--------------------|---------|------|-------|-------|-------|---------------|-------|-------|--------------------|-------------------|-----------|-------|-------|-------|-----------|----------|----------|
|             |                                 |         |                    |     |                    |         |      | 2024E | 2025E | 2026E | 2024E         | 2025E | 2026E |                    |                   | 2024E     | 2025E | 2026E | 2025E | 2025E     | %        | perf     |
| Spirits     |                                 |         |                    |     |                    |         |      |       |       |       |               |       |       |                    |                   |           |       |       |       |           |          |          |
| 600519.SS   | Kweichow Moutai                 | Buy     | 267,590            | CNY | 1558.00            | 2017.00 | 29%  | 23X   | 21X   | 19X   | 29X           | 27X   | 24X   | 9%                 | 10%               | 15X       | 13X   | 12X   | 37%   | 3.7%      | 2%       | 1%       |
| 000858.SZ   | Wuliangye Yibin                 | Buy     | 69,709             | CNY | 131.35             | 166.00  | 26%  | 16X   | 15X   | 14X   | 21X           | 19X   | 18X   | 7%                 | 8%                | 9X        | 9X    | 8X    | 22%   | 4.6%      | -6%      | 0%       |
| 6979.HK     | ZILD                            | Buy     | 2,719              | HKD | 6.77               | 8.08    | 19%  | 12X   | 13X   | 12X   | 15X           | 15X   | 14X   | 2%                 | 5%                | 7X        | 7X    | 6X    | 11%   | 2.8%      | 0%       | -2%      |
| 600809.SS   | Shanxi Xinghuacun Fen Wine      | Buy     | 35,925             | CNY | 215.36             | 234.00  | 9%   | 22X   | 20X   | 18X   | 23X           | 22X   | 20X   | 9%                 | 9%                | 16X       | 15X   | 13X   | 35%   | 2.5%      | 17%      | -1%      |
| 000568.SZ   | Luzhou Laojiao                  | Buy     | 26,077             | CNY | 130.21             | 151.00  | 16%  | 14X   | 14X   | 12X   | 17X           | 16X   | 14X   | 5%                 | 7%                | 9X        | 9X    | 8X    | 28%   | 4.4%      | 4%       | 1%       |
| 002304.SZ   | Jiangsu Yanghe                  | Sell    | 15,134             | CNY | 73.45              | 60.00   | -18% | 14X   | 14X   | 14X   | 12X           | 12X   | 11X   | 1%                 | 2%                | 8X        | 8X    | 8X    | 15%   | 6.4%      | -12%     | -1%      |
| 000596.SZ   | Anhui Gajing Distillery Co.     | Neutral | 12,431             | CNY | 172.00             | 184.00  | 7%   | 16X   | 15X   | 13X   | 18X           | 16X   | 14X   | 9%                 | 11%               | 10X       | 8X    | 7X    | 22%   | 2.7%      | -1%      | 0%       |
| 000799.SZ   | Jiugu Liang                     | Sell    | 2,016              | CNY | 45.38              | 27.20   | -40% | n.m.  | 53X   | 28X   | n.m.          | 32X   | 17X   | 29%                | n.m.              | n.m.      | 36X   | 18X   | 6%    | 0.8%      | -18%     | 3%       |
| 600779.SS   | Sichuan Suiyuan Co.             | Sell    | 3,136              | CNY | 46.96              | 33.30   | -29% | 17X   | 16X   | 16X   | 12X           | 12X   | 11X   | 6%                 | 4%                | 10X       | 9X    | 8X    | 24%   | 2.1%      | -12%     | 2%       |
| 603369.SS   | Jiangsu King's Luck Brewery     | Neutral | 8,744              | CNY | 50.98              | 43.50   | -15% | 18X   | 16X   | 15X   | 14X           | 13X   | 9%    | 9%                 | 9%                | 12X       | 11X   | 10X   | 23%   | 2.5%      | 13%      | -6%      |
| Avg.        |                                 |         |                    |     |                    |         |      | 17X   | 20X   | 16X   | 18X           | 18X   | 16X   | 9%                 | 8%                | 11X       | 12X   | 10X   | 22.3% | 3.2%      | -1%      | 0%       |
| Beer        |                                 |         |                    |     |                    |         |      |       |       |       |               |       |       |                    |                   |           |       |       |       |           |          |          |
| 1876.HK     | Budweiser APAC                  | Buy     | 14,676             | HKD | 8.61               | 9.50    | 10%  | 20X   | 18X   | 16X   | 22X           | 20X   | 18X   | 4%                 | 13%               | 7X        | 6X    | 6X    | 8%    | 5.2%      | 15%      | 0%       |
| 0291.HK     | China Resources Beer            | Buy     | 11,502             | HKD | 27.50              | 33.50   | 22%  | 17X   | 16X   | 14X   | 21X           | 19X   | 18X   | 2%                 | 11%               | 10X       | 9X    | 8X    | 14%   | 3.5%      | 9%       | 7%       |
| 0168.HK     | Tsingtao Brewery (H)            | Buy     | 10,216             | HKD | 58.65              | 60.00   | 2%   | 17X   | 15X   | 14X   | 17X           | 16X   | 14X   | 4%                 | 11%               | 10X       | 9X    | 8X    | 16%   | 4.5%      | 3%       | 1%       |
| 600600.SS   | Tsingtao Brewery (A)            | Neutral | 14,496             | CNY | 78.48              | 68.00   | -13% | 25X   | 22X   | 20X   | 21X           | 19X   | 17X   | 4%                 | 11%               | 15X       | 13X   | 12X   | 16%   | 3.2%      | -3%      | -1%      |
| 600132.SS   | Chongqing Brewery               | Neutral | 3,903              | CNY | 58.98              | 51.50   | -13% | 26X   | 21X   | 20X   | 22X           | 19X   | 17X   | 3%                 | 14%               | 8X        | 7X    | 7X    | 43%   | 4.7%      | -6%      | 0%       |
| 002568.SZ   | Shanghai Bairun                 | Neutral | 3,661              | CNY | 25.50              | 17.70   | -31% | 39X   | 32X   | 28X   | 27X           | 22X   | 19X   | 13%                | 18%               | 26X       | 21X   | 18X   | 17%   | 1.6%      | -9%      | -1%      |
| Avg.        |                                 |         |                    |     |                    |         |      | 24X   | 21X   | 19X   | 22X           | 19X   | 17X   | 5%                 | 12%               | 13X       | 11X   | 10X   | 19%   | 3.8%      | 1%       | 1%       |
| Condiment   |                                 |         |                    |     |                    |         |      |       |       |       |               |       |       |                    |                   |           |       |       |       |           |          |          |
| 600872.SS   | Jonjee Hi-Tech                  | Neutral | 2,293              | CNY | 21.35              | 17.00   | -20% | 25X   | 21X   | 18X   | 20X           | 17X   | 14X   | 3%                 | 1%                | 14X       | 15X   | 13X   | 13%   | 1.6%      | -3%      | 7%       |
| 002507.SZ   | Fuling Zhacai                   | Neutral | 2,152              | CNY | 13.64              | 11.90   | -13% | 20X   | 18X   | 17X   | 17X           | 16X   | 15X   | 6%                 | 7%                | 14X       | 13X   | 12X   | 10%   | 3.3%      | -3%      | 3%       |
| 1579.HK     | Yihai International Holding     | Neutral | 1,674              | HKD | 13.38              | 14.20   | 6%   | 16X   | 14X   | 13X   | 17X           | 15X   | 14X   | 7%                 | 13%               | 9X        | 7X    | 6X    | 17%   | 6.2%      | -11%     | 5%       |
| 600305.SS   | Jiangsu Hengshun Vinegar        | Sell    | 1,175              | CNY | 7.72               | 5.70    | -26% | 58X   | 43X   | 35X   | 43X           | 32X   | 26X   | 10%                | 29%               | 36X       | 28X   | 23X   | 6%    | 2.1%      | -3%      | 4%       |
| 603027.SS   | Qianhe Condiment and Food       | Sell    | 1,599              | CNY | 11.38              | 8.50    | -25% | 24X   | 22X   | 19X   | 18X           | 16X   | 15X   | 8%                 | 10%               | 16X       | 15X   | 13X   | 15%   | 4.5%      | -6%      | 4%       |
| 603317.SS   | Sichuan Teway Food Group        | Sell    | 2,112              | CNY | 14.63              | 10.60   | -28% | 25X   | 22X   | 20X   | 18X           | 16X   | 15X   | 7%                 | 11%               | 20X       | 17X   | 16X   | 14%   | 3.2%      | 10%      | 0%       |
| Avg.        |                                 |         |                    |     |                    |         |      | 28X   | 23X   | 20X   | 22X           | 19X   | 16X   | 7%                 | 12%               | 18X       | 16X   | 14X   | 12.5% | 3.5%      | -3%      | 4%       |
| Dairy       |                                 |         |                    |     |                    |         |      |       |       |       |               |       |       |                    |                   |           |       |       |       |           |          |          |
| 600887.SS   | Yili Industrial                 | Buy     | 25,707             | CNY | 29.38              | 32.30   | 10%  | 19X   | 17X   | 16X   | 21X           | 19X   | 17X   | 3%                 | 10%               | 14X       | 12X   | 11X   | 17%   | 4.2%      | -3%      | 2%       |
| 2319.HK     | Mengniu Dairy                   | Buy     | 10,137             | HKD | 19.98              | 23.00   | 15%  | n.m.  | 14X   | 12X   | n.m.          | 17X   | 14X   | 3%                 | 7%                | 21X       | 9X    | 8X    | 12%   | 2.8%      | 14%      | 6%       |
| 6186.HK     | China Feihe Ltd.                | Buy     | 7,355              | HKD | 6.38               | 7.40    | 16%  | 13X   | 12X   | 11X   | 15X           | 13X   | 12X   | 6%                 | 10%               | 7X        | 6X    | 6X    | 16%   | 5.7%      | 17%      | 10%      |
| Avg.        |                                 |         |                    |     |                    |         |      | 16X   | 14X   | 13X   | 18X           | 16X   | 15X   | 4%                 | 9%                | 14X       | 9X    | 8X    | 15.0% | 4.2%      | 9%       | 6%       |
| F&B         |                                 |         |                    |     |                    |         |      |       |       |       |               |       |       |                    |                   |           |       |       |       |           |          |          |
| 9633.HK     | Nongfu Spring                   | Buy     | 53,866             | HKD | 37.15              | 36.30   | -2%  | 32X   | 29X   | 26X   | 31X           | 28X   | 25X   | 14%                | 12%               | 22X       | 19X   | 16X   | 39%   | 2.5%      | 8%       | 13%      |
| 0322.HK     | Timmy                           | Buy     | 9,992              | HKD | 13.76              | 14.40   | 5%   | 18X   | 17X   | 15X   | 20X           | 18X   | 15X   | 3%                 | 15%               | 9X        | 8X    | 7X    | 24%   | 6.0%      | 36%      | 6%       |
| 0220.HK     | Uni-President China             | Neutral | 5,086              | HKD | 9.10               | 8.20    | -10% | 20X   | 17X   | 16X   | 18X           | 16X   | 14X   | 6%                 | 12%               | 10X       | 9X    | 8X    | 16%   | 5.7%      | 17%      | 4%       |
| 605499.SS   | Eastroc Beverage                | Buy     | 19,024             | CNY | 267.58             | 293.00  | 9%   | 42X   | 31X   | 25X   | 46X           | 34X   | 28X   | 25%                | 29%               | 34X       | 25X   | 20X   | 53%   | 2.2%      | 8%       | 5%       |
| 2460.HK     | China Resources Beverage        | Buy     | 4,444              | HKD | 14.68              | 19.00   | 29%  | 17X   | 16X   | 13X   | 22X           | 20X   | 17X   | 8%                 | 22%               | 8X        | 7X    | 6X    | 17%   | 2.9%      | 25%      | 5%       |
| Avg.        |                                 |         |                    |     |                    |         |      | 26X   | 22X   | 19X   | 27X           | 23X   | 20X   | 11%                | 18%               | 17X       | 13X   | 11X   | 28.7% | 3.8%      | 19%      | 7%       |
| Snacks      |                                 |         |                    |     |                    |         |      |       |       |       |               |       |       |                    |                   |           |       |       |       |           |          |          |
| 002557.SZ   | Chacha Food Co.                 | Sell    | 1,877              | CNY | 27.17              | 23.20   | -15% | 16X   | 16X   | 15X   | 14X           | 14X   | 12X   | 6%                 | 5%                | 10X       | 11X   | 9X    | 13%   | 3.7%      | -6%      | 6%       |
| 002847.SZ   | Yankershop Food                 | Buy     | 3,239              | CNY | 86.32              | 69.10   | -20% | 37X   | 29X   | 26X   | 29X           | 23X   | 21X   | 17%                | 19%               | 30X       | 24X   | 21X   | 43%   | 2.1%      | 38%      | 12%      |
| 0151.HK     | Want Want China                 | Sell    | 7,736              | HKD | 5.05               | 3.40    | -33% | 14X   | 14X   | 14X   | 9X            | 10X   | 10X   | 3%                 | 0%                | 8X        | 8X    | 8X    | 22%   | 5.6%      | 11%      | 4%       |
| 300783.SZ   | Three Squirrels                 | Neutral | 1,682              | CNY | 30.68              | 31.30   | 2%   | 30X   | 27X   | 20X   | 31X           | 28X   | 21X   | 30%                | 21%               | 22X       | 21X   | 15X   | 15%   | 2.6%      | -17%     | 16%      |
| Avg.        |                                 |         |                    |     |                    |         |      | 24X   | 22X   | 19X   | 21X           | 19X   | 16X   | 14%                | 11%               | 17X       | 16X   | 13X   | 23.3% | 2.6%      | -6%      | 10%      |
| Frozen Food |                                 |         |                    |     |                    |         |      |       |       |       |               |       |       |                    |                   |           |       |       |       |           |          |          |
| 001215.SZ   | Qianweiyangchu                  | Neutral | 338                | CNY | 28.54              | 23.20   | -19% | 22X   | 19X   | 17X   | 18X           | 16X   | 14X   | 7%                 | 13%               | 11X       | 10X   | 8X    | 9%    | 0.6%      | -7%      | 8%       |
| 300073.SZ   | Ligao Foods                     | Buy     | 1,027              | CNY | 44.37              | 39.60   | -11% | 27X   | 24X   | 17X   | 24X           | 21X   | 15X   | 15%                | 26%               | 15X       | 13X   | 10X   | 12%   | 2.6%      | 14%      | 3%       |
| 605089.SS   | Weizhiang                       | Sell    | 462                | CNY | 24.47              | 13.60   | -44% | 40X   | 37X   | 33X   | 22X           | 20X   | 18X   | 5%                 | 10%               | 26X       | 23X   | 21X   | 7%    | 2.0%      | -2%      | 7%       |
| 002216.SZ   | Sanquan Foods                   | Neutral | 1,458              | CNY | 12.13              | 8.50    | -30% | 21X   | 22X   | 20X   | 15X           | 15X   | 14X   | 2%                 | 2%                | 17X       | 17X   | 15X   | 10%   | 2.7%      | 1%       | 6%       |
| 600298.SS   | Angel Yeast                     | Buy     | 3,958              | CNY | 33.32              | 39.90   | 20%  | 21X   | 18X   | 15X   | 25X           | 21X   | 18X   | 10%                | 16%               | 14X       | 12X   | 10X   | 13%   | 1.4%      | -8%      | -3%      |
| Avg.        |                                 |         |                    |     |                    |         |      | 26X   | 24X   | 20X   | 21X           | 19X   | 16X   | 8%                 | 14%               | 16X       | 15X   | 13X   | 10.3% | 1.8%      | 0%       | 4%       |
| Pet Care    |                                 |         |                    |     |                    |         |      |       |       |       |               |       |       |                    |                   |           |       |       |       |           |          |          |
| 002891.SZ   | China Pet Foods                 | Buy     | 1,832              | CNY | 45.56              | 42.00   | -8%  | 35X   | 32X   | 24X   | 32X           | 29X   | 22X   | 14%                | 21%               | 23X       | 19X   | 14X   | 14%   | 1.0%      | 28%      | 15%      |
| 300673.SZ   | Petpal Pet Nutrition Technology | Neutral | 507                | CNY | 14.62              | 16.60   | 14%  | 20X   | 19X   | 15X   | 22X           | 21X   | 16X   | 19%                | 17%               | 11X       | 10X   | 8X    | 9%    | 1.1%      | -18%     | 8%       |
| 301488.SZ   | Gambol Pet Group Co.            | Buy     | 5,324              | CNY | 97.33              | 96.00   | -1%  | 63X   | 52X   | 41X   | 62X           | 51X   | 41X   | 20%                | 24%               | 44X       | 36X   | 28X   | 17%   | 0.3%      | 24%      | 10%      |
| Avg.        |                                 |         |                    |     |                    |         |      | 39X   | 34X   | 27X   | 39X           | 34X   | 26X   | 16%                | 21%               | 26X       | 21X   | 17X   | 13.4% | 0.8%      | 11%      | 11%      |

Source: Goldman Sachs Global Investment Research

Results Calendar

Exhibit 32: Earnings calendar - April

| 2025 APRIL  |  |  |                          |   |        |          |
|---|--|--|--------------------------|---|--------|----------|
| Sunday  | Monday   | Tuesday  | Wednesday                | Thursday  | Friday | Saturday |
|   |  | 01<br>Kweichow Moutai (FY24)<br>Chongqing Brewery (FY24)   | 02                       | 03  | 04     | 05       |
| 06  | 07   | 08<br>Jonjee (FY24)  | 09<br>Angel Yeast (FY24) | 10  | 11     | 12       |
| 13  | 14<br>Qianhe (FY24&1Q)<br>Eastroc (1Q)   | 15   | 16                       | 17<br>Petpal (FY24&1Q)  | 18     | 19       |
| 20<br>Gambol (FY24&1Q)<br>Sanquan (FY24&1Q)<br>Hengshun Vinegar (FY24&1Q) | 21<br>Yankershop Food (FY24&1Q)  | 22<br>Chacha Food (FY24&1Q)<br>China Pet Food (FY24&1Q)  | 23                       | 24<br>Qianweiyangchu (FY24&1Q)<br>Wuliangye Yibin (FY24&1Q)<br>Fuling Zhacai (1Q)<br>Angel Yeast (1Q) | 25     | 26       |
| Gujing (FY24&1Q)<br>Luzhou Laojiao (FY24&1Q)                              | 27<br>Weizhixiang (FY24&1Q)<br>Ligao Food (FY24&1Q)<br>Shanghai Bairun (FY24&1Q)<br>Jiugui Liquor (FY24&1Q)<br>Jiangsu Yanghe (FY24&1Q)<br>Sichuan Teway (1Q)<br>Three Squirrels (1Q)<br>Tsingtao Brewery (1Q) | 28<br>Yili (FY24&1Q)<br>Fen Wine (FY24&1Q)<br>Swellfun (FY24&1Q)<br>King's Luck (FY24&1Q)<br>Chongqing Brewery (1Q)<br>Jonjee Hi-Tech (1Q)<br>Kweichow Moutai (1Q) | 29                       | 30  |        |          |

Source: Company data, Goldman Sachs Global Investment Research

Valuation methodology and risks

Exhibit 33: 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 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.<br>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<br>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 34: Valuation Methodology and Key Risks- 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 35: 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) 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.   |

Source: Goldman Sachs Global Investment Research

**Exhibit 36: 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 37: Valuation Methodology and Key Risks - Prepared food, Snacks, Pet**

| Ticker               | Company         | Valuation Methodology  | Risks  |
|----------------------|-----------------|--|--|
| <b>Prepared food</b> |                 |  |  |
| 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.                         |
| <b>Snacks</b>        |                 |  |  |
| 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.   |
| <b>Pet food</b>      |                 |  |  |
| 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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