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CHINA SNACKS

2Q/1H early color: Konjac resilience for growth and cost benefits, though other products see short-term softness; Buy Yankershop and Weilong

Valerie Zhou
+852-2978-0820 | valerie.zhou@gs.com
Goldman Sachs (Asia) L.L.C.

Leaf Liu
+852-3966-4169 | leaf.liu@gs.com
Goldman Sachs (Asia) L.L.C.

Christina Liu
+852-2978-6983 | christina.liu@gs.com
Goldman Sachs (Asia) L.L.C.

Quarter to date, our covered China snack players have seen share price declines of up to 9% while 2Q is a traditionally an off-peak season for the industry. Following a robust Chinese New Year sell-in during 1Q26, we look for a mixed bag for 2Q26 early color, followed by a stronger recovery in the 2H26:

1) Channel Dynamics: Leading value retailers remain a primary growth engine with YTD gross store opens having reached at c.2,500+ for each system, tracking ahead of GSe full year store openings target of 4-5,000 for each system, or 34-41% average store count growth yoy. With Yanker and Weilong maintaining high-30s%/mid-30% sales exposure toward those value retailers, we believe both are well-positioned for the summer peak; **traditional channels/E-commerce** are varied with Yanker seeing narrowing decline in traditional unpackaged products in 2QTD while Weilong is softer mainly on short-term organization reform. We expect Weilong to see accelerating E-commerce in 1H26 vs 2H25 while Yanker is undergoing -30% yoy E-commerce drop in 2Q, but we expect it to turn to yoy growth in 2H26.

2) Product development: Konjac continues its strong trajectory. We expect Yankershop/Weilong are on track to deliver konjac growth of 30%+/c.20% yoy in 2Q/1H26. And we are yet to see rising competition and channel checks suggest Weilong/Yanker offline market shares continue to gain share as of April-26 at 52.9%/11.0% vs last year's 51.9%/8.3% (see Exhibit 1). However, seasoned flour within Weilong and un-packaged products within Yankershop that are linked to their traditional channel remain weak at yoy decline.

3) Raw material trend: we expect both companies could enjoy cost tailwind from the idiosyncratic konjac raw material downward trend as we see 25% cost reduction from the peak already (see Exhibit 2) and ongoing trajectory into 2H26, leading to a more favourable margin profile, for 2H26 in particular vs staple universe. In addition, Yanker has locked-in majority of the key raw materials for the full year.

Within the note, we slightly cut Yanker/Weilong's earnings by 0-2%, but we remain positive for 2H26 for them to deliver 27%/12% yoy NI given strong emerging channel growth, less disruption from their own business restructure, and resilient margin profit from input cost tailwind and ongoing product mix enhancement. Now Yankershop is trading at 18x 2026E and Weilong at 11x 2026E PE with 5% dividend yield on 60% payout. Reiterate Buy for both.

Relevant reads:

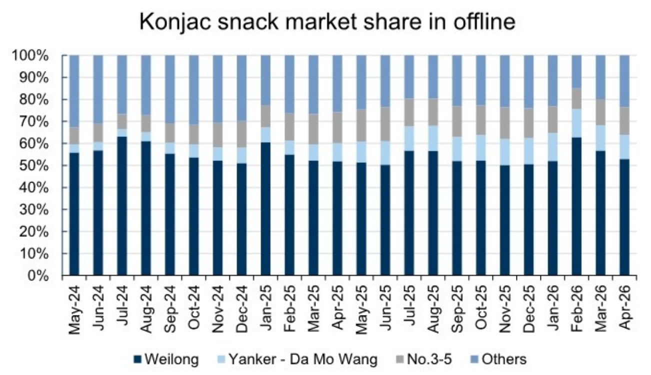
Yankershop Food (002847.SZ): Earnings review: 1Q26 beat on margins; On track for offline development and full year margin enhancement; Buy

China Consumer Staples: Snacks: Solid 1Q26 start to set the stage for full-year growth; Buy Yankershop and Weilong

China Consumer Staples: Snacks: Better-than-feared konjac margin against channels and competition; Buy Weilong and Yankershop

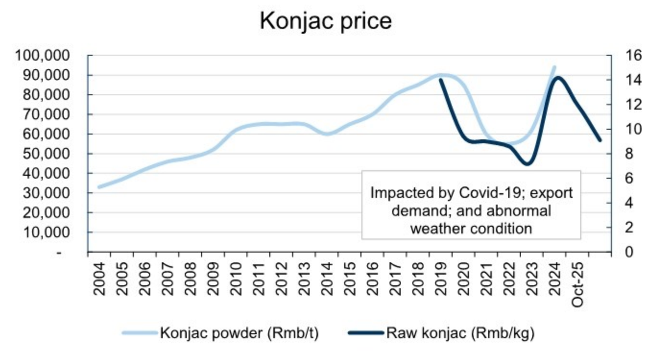
Busy Ming Group (1768.HK): FY25 Earnings Review: Confident in healthy store profitability with continued fast-scaling outlet network and improving per-store sales growth; Buy

Exhibit 1: Weilong/Yanker offline market share remain strong as of April-26 at 52.9%/11.0% vs last year's 51.9%/8.3%



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

Exhibit 2: Konjac raw material costs spiked in 2024 by 60% yoy and we now expect raw material costs to decline by 15% yoy in 2026E in our base case



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

Earnings revision

Yankershop Food

Valuation and TP: We maintain Yankershop's 2026E-27E NI and TP unchanged at Rmb87, still based on 24x 2027E P/E discounted back 1 year to end-2026E at a COE of 7.0%.

Key risks: 1) More intense competition in the snacking industry, especially from private labels; 2) Slower-than-expected snack discounters opening pace; 3) Higher-than-expected raw material cost.

Weilong

Valuation and TP changes: We slightly cut Weilong NI by 2% to reflect softer sales on traditional channel. Our 12-m TP of HK$14.0 is unchanged, based on 19x 2027E P/E discounted back to 2026E at a CoE of 8.6%.

Key risks: 1) higher-than-expected competition; 2) high channel development expenses; 3) slower-than-expected channel development including discounters, CVS/mom-pop coverage expansion; 4) unfavorable raw material costs.

Exhibit 3: Weilong earnings revision

Weilong Delicous (9633.HK)	New			Old			Change		
RMB mn	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**
Consolidated P&L									
Revenue									
Seasoned flour	2,477	2,403	2,331	2,551	2,475	2,400	(2.9%)	(2.9%)	(2.9%)
Vegetable	5,448	6,262	7,020	5,448	6,262	7,020	0.0%	0.0%	0.0%
Bean-based and other	181	199	219	181	199	219	0.0%	0.0%	0.0%
Total	**8,105**	**8,864**	**9,569**	**8,180**	**8,936**	**9,639**	**(0.9%)**	**(0.8%)**	**(0.7%)**
YOY Growth %									
Revenue									
Packaged drinking water product	-3%	-3%	-3%	0%	-3%	-3%			
Tea beverage products	21%	15%	12%	21%	15%	12%			
Functional beverage products	10%	10%	10%	10%	10%	10%			
Total	**12%**	**9%**	**8%**	**13%**	**9%**	**8%**			
Consolidated P&L	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**
Total Sales	**8,105**	**8,864**	**9,569**	**8,180**	**8,936**	**9,639**	**-0.9%**	**-0.8%**	**-0.7%**
COGS	-4,201	-4,569	-4,911	-4,222	-4,588	-4,930	-0.5%	-0.4%	-0.4%
Gross Profit	3,904	4,294	4,658	3,958	4,347	4,709	-1.4%	-1.2%	-1.1%
SG&A	-1,790	-1,899	-1,976	-1,804	-1,913	-1,990	-0.8%	-0.7%	-0.7%
Other operating income/(expense	-22	-22	-22	-22	-22	-22	0.0%	0.0%	0.0%
Depreciation	-184	-212	-245	-184	-212	-245	0.0%	0.0%	0.0%
Amortization	-3	-3	-3	-3	-3	-3	0.0%	0.0%	0.0%
EBITDA	**2,279**	**2,588**	**2,907**	**2,318**	**2,628**	**2,946**	**-1.7%**	**-1.5%**	**-1.3%**
Net finance costs	201	254	276	201	255	279	0.0%	-0.5%	-0.9%
Other non-op. rev/ (exp)	-	-	-	-	-	-			
Pretax income	**2,294**	**2,627**	**2,936**	**2,333**	**2,668**	**2,977**	**-1.7%**	**-1.5%**	**-1.4%**
Provisions for taxes	-725	-830	-927	-737	-843	-940	-1.7%	-1.5%	-1.4%
Minority interest (I/S item)	-2	-3	-3	-3	-3	-3			
Reported NPAT	**1,567**	**1,795**	**2,005**	**1,594**	**1,822**	**2,033**	**-1.7%**	**-1.5%**	**-1.4%**
Less: net one-off's	-	-	-	-	-	-			
EPS (Adj., diluted, RMB/Sh)	**0.64**	**0.74**	**0.82**	**0.66**	**0.75**	**0.84**	**-1.7%**	**-1.5%**	**-1.4%**

Source: Company data, Goldman Sachs Global Investment Research

Valuation

Exhibit 4: Global Snack Brands Comp Sheet

Ticker	Company	Rating	Mkt cap	Ccy	Price	12-m TP	+/-	P/E			25-27E	25-27E	Div yield%
			US$ mn		5/29/2026			2026E	2027E	2028E	Rev CAGR	NP CAGR	2026E
Global grocery retailers													
DG	Dollar General Corp.	Neutral	27,549	USD	110.61	130.00	18%	15X	15X	14X	4%	11%	2%
DLTR	Dollar Tree Stores Inc.	Sell	23,265	USD	116.44	105.00	-10%	16X	17X	15X	8%	9%	0%
WMT	Walmart Inc.	Buy	920,600	USD	115.75	154.00	33%	38X	39X	34X	5%	8%	1%
7453.T	Ryohin Keikaku	Buy	12,223	JPY	3883.00	4300.00	11%	31X	27X	23X	12%	20%	1%
7532.T	Pan Pacific International Holdings	Buy	15,429	JPY	878.20	1100.00	25%	23X	21X	20X	4%	7%	1%
Avg.								**25X**	**24X**	**21X**	**7%**	**11%**	**1%**
Global snacks brands													
MDLZ	Mondelez International Inc.	Buy	82,885	USD	61.17	65.00	6%	20X	19X	17X	4%	6%	3%
HSY	Hershey Co.	Buy	39,389	USD	194.03	240.00	24%	23X	19X	18X	4%	26%	3%
GIS	General Mills Inc.	Neutral	19,285	USD	33.81	40.00	18%	10X	10X	10X	-3%	-13%	7%
KHC	Kraft Heinz Co.	Neutral	29,148	USD	24.01	23.00	-4%	12X	11X	11X	0%	-10%	7%
2229.T	Calbee Inc	Sell	2,320	JPY	2904.00	2800.00	-4%	21X	20X	19X	6%	4%	2%
Avg.								**17X**	**16X**	**15X**	**2%**	**3%**	**5%**
China snack retailers													
1768.HK	Busy Ming Group	Buy	10,012	HKD	332.40	550.00	65%	17X	13X	11X	26%	37%	1%
300972.SZ	Fujian Wanchen Food	Buy	5,431	CNY	181.69	319.00	76%	14X	12X	11X	26%	51%	1%
Avg.								**15X**	**13X**	**11X**	**26%**	**44%**	**1%**
China snack brands													
002847.SZ	Yankershop Food	Buy	2,459	CNY	59.03	87.00	47%	18X	15X	13X	13%	20%	3%
9985.HK	Weilong Delicious Global Holdings	Buy	2,593	HKD	8.16	14.00	72%	11X	10X	9X	11%	13%	5%
002557.SZ	Chacha Food Co.	Sell	1,685	CNY	21.95	20.90	-5%	16X	14X	13X	9%	57%	4%
0151.HK	Want Want China	Sell	6,368	HKD	4.16	4.00	-4%	10X	10X	10X	3%	3%	4%
300783.SZ	Three Squirrels	Neutral	1,094	CNY	18.21	22.10	21%	19X	16X	15X	4%	70%	2%
Avg.								**15X**	**13X**	**12X**	**8%**	**33%**	**4%**

As of 29 May, 2026.

Source: Eikon Datastream, Goldman Sachs Global Investment Research

Price Target Risks and Methodology - Yankershop

We are Buy rated on Yankershop. Our 12-m TP of Rmb87 is based on 24x 2027E P/E, discounted back 1 year to end-2026E at a COE of 7.0%. Key downside risks: 1) More intense competition in the snacking industry, especially from private labels; 2) Slower-than-expected snack discounters' opening pace; 3) Higher-than-expected raw material cost.

Price Target, Risks, and Methodology - Weilong Delicious Global Holdings

Our 12-m TP of HK$14.0 is based on 19x 2027E P/E discounted back to 2026E at a CoE of 8.6%. P/E of 19x is benchmarked to the company's average P/E in 6M23 (listed in Dec 2022). Key risks: 1) higher-than-expected competition; 2) high channel development expenses; 3) slower-than-expected channel development including discounters, CVS/mom-pop coverage expansion; 4) unfavorable raw material costs.

Disclosure Appendix

Reg AC

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Contributing Authors: Valerie Zhou Goldman Sachs (Asia) L.L.C., Leaf Liu Goldman Sachs (Asia) L.L.C., Christina Liu Goldman Sachs (Asia) L.L.C..

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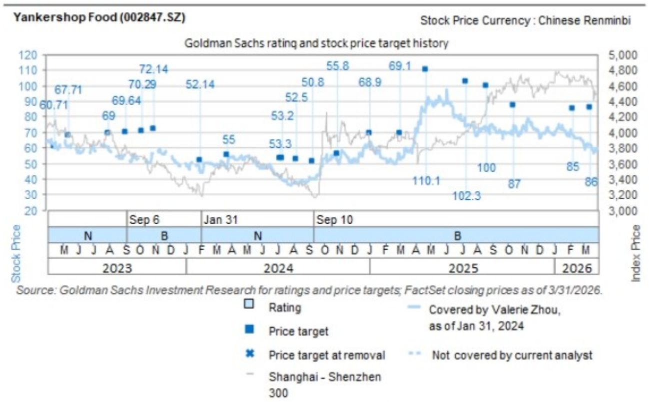

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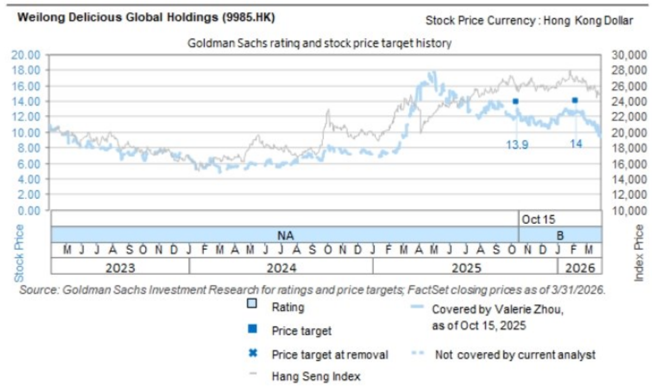

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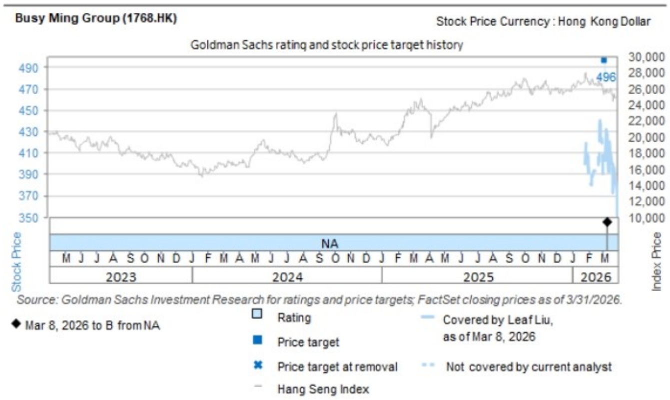

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Target price history table(s)

Busy Ming Group (1768.HK)

Date of report	Target price (HK$)	Closing price (HK$)
01-Apr-26	550.00	362.60
08-Mar-26	496.00	403.20

Yankershop Food (002847.SZ)

Date of report	Target price (Rmb)	Closing price (Rmb)
29-Apr-26	87.00	59.62
16-Mar-26	86.00	61.90
09-Feb-26	85.00	68.49
15-Oct-25	87.00	74.49
21-Aug-25	100.00	72.33
12-Jul-25	102.30	74.15
24-Apr-25	110.10	89.23
04-Mar-25	69.10	52.77
02-Jan-25	68.90	64.28
29-Oct-24	55.80	52.44
10-Sep-24	50.80	39.85
09-Aug-24	52.50	37.75
12-Jul-24	53.20	39.60

Busy Ming Group (1768.HK)

Date of report	Target price (HK$)	Closing price (HK$)

Yankershop Food (002847.SZ)

Date of report	Target price (Rmb)	Closing price (Rmb)
08-Jul-24	53.30	40.95
26-Mar-24	77.00	49.14
31-Jan-24	73.00	44.20
31-Oct-23	101.00	56.32
08-Oct-23	98.40	-
06-Sep-23	97.50	56.43
03-Aug-23	96.60	58.56

Weilong Delicious Global Holdings (9985.HK)

Date of report	Target price (HK$)	Closing price (HK$)
09-Feb-26	14.00	12.66
15-Oct-25	13.90	12.72

Price targets shown in table(s) are unadjusted for corporate actions.

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