



Jinmailang Beverage Co., Ltd.

## Chairman and Corporate Culture Overview



Fan Xianguo, born in 1960, from Longyao, Hebei Province, is a senior economist without party affiliation. He is a deputy to the National People's Congress, president of the Chinese branch of the World Instant Noodle Association, and chairman and president of Jinmailang Noodle Products Co., Ltd. In 2003, he was elected as a deputy to the 10<sup>th</sup> National People's Congress. In 2013, he was elected as a deputy to the 12<sup>th</sup> National People's Congress.

### 企业文化 Corporate culture

#### —— 企业使命 ——

我们要精打细算节省每一分钱，  
集中起来办大事，  
就是利他惠及消费者。

#### —— 企业愿景 ——

成为一家受尊敬的食品企业。

#### —— 企业精神 ——

爱家 敬业 诚信 贡献

#### —— 价值观 ——

老老实实做人 认认真真做事



### Industry Positioning

Jinmailang will develop into a large-scale comprehensive food company focusing on instant noodles and beverages, supplemented by flour, dried noodles and snacks.



### Mission

A greater cause from care planning and cost saving and benefiting customers

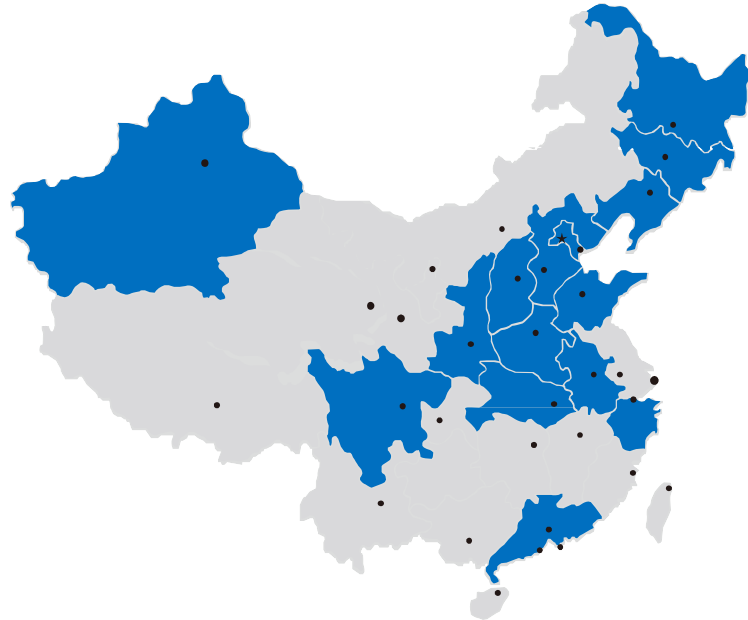


### Development Strategy

Implement category development strategy to promote the rapid growth of enterprises! Our category innovation is leading in the industry with products like: Mianguanmian instant noodle, Yicai Yimian, Cool Boiled Water, Mounnton Beverages, etc and creating precedents

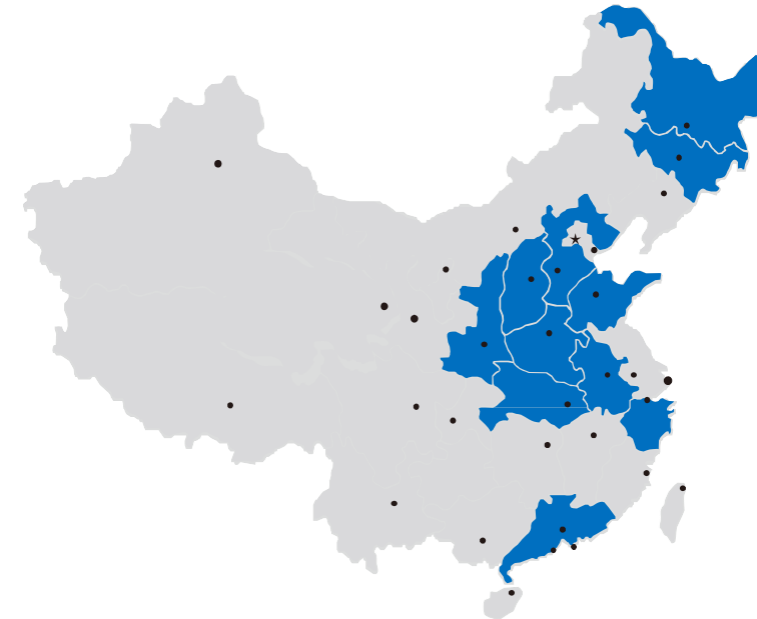
## Company Landscape

### Subsidiaries of Jinmailang Noodles Co., Ltd.



Jinmailang Noodles Co., Ltd. has 19 subsidiaries, with 100% shareholding ratio respectively. Among them, 18 noodle and flour manufacturing enterprises are located in Shenyang, Yanzhou, Baoji (2), Tianchang, Harbin, Pingjiang, Chengdu, Xinjiang, Yuncheng, Suiping, Longyao, Jining, Anyang (2), Handan, Heyuan (under construction), and Qujing (under construction); one trading company is located in Anyang.

### Subsidiaries of Jinmailang Beverage Co., Ltd.



Jinmailang Beverage Co., Ltd. has 26 subsidiaries, 25 of which hold 100% of the shares. There are 23 manufacturing enterprises, located in Suiping (Henan), Zhengzhou, Luohe, Tangyin, Yanzhou, Baoji, Tianchang, Harbin, Changchun, Tangshan, Jinzhong, Hangzhou, Xianning, Longyao, Meishan (under construction), Heyuan (under construction), Qujing (under construction), and 1 trading company located in Anyang.

## Jinmailang Noodle



- Jinmailang Noodles Co., Ltd. has six major divisions: Noodles Making Division, Flour Division, Comprehensive Division, Fine Dried Noodles Division, Beverage Division and Industrial Development Division (omitted)

## Jinmailang Beverage



- Jinmailang Beverage Co., Ltd. has a business department for fine dried noodles. Currently, there are 14 production bases, and 3 production bases are under construction in beverage sector, which basically radiates most of the country except the Northwest China.

Manufacturing of noodle products

- 11 production bases and 83 production lines, with a total annual output of 7.386 billion packs (natural packs)
- Brands involved include Fan's Instant Noodle, Yicai Yimian, Dajinye, Yitongban, Yidaiban, Xiangguo, Shangpin, etc.

Flour

- The Company has 7 flour factories (production bases) and 19 production lines, with a daily processing capacity of 9,700 tons of wheat.
- Main products: Hualong Farm Toudao Powder, Noodle Powder, Dumpling Powder, etc.

Fine dried noodles

- The Company has 4 factories (production bases) under the fine dried noodles sector in Longyao, Yanzhou, Tianchang and Suiping (expected to be put into production in July this year), with a cumulative production capacity of 330,000 tons.
- Main products: Hand-made dried noodles, hand-made sliced noodles

Others

- 8 production lines for bean vermicelli, with an annual output of 8,732t finished products; four production lines for vermicelli, with an annual output of 4,554t finished products; the annual output of condiments is 14607.53 tons of various sauces. The annual output of egg products is 300 million pieces..
- Main products: sliced wide noodles, pure sweet potato vermicelli, etc.

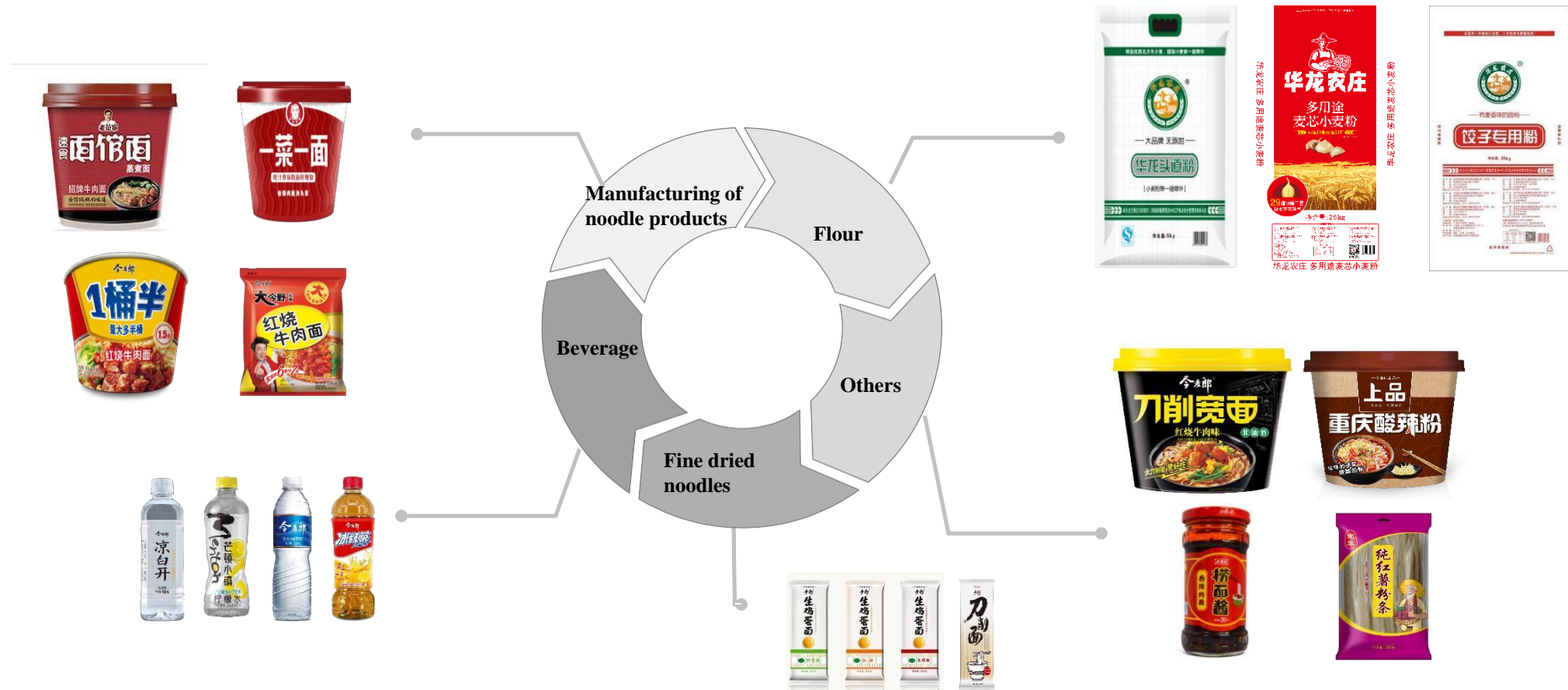
Beverage

- 82 beverage production lines with an annual output of more than 20 billion bottles.
- Main products: Cool Boiled Water, Mountton, Chake, etc.



# Product Portfolio

Jinmailang's main products cover a wide range, involving instant noodles, fine dried noodles, flour, vermicelli and drinks.





# Product Positioning



Low-end water  
(Mineral water)

Mid-to-low end water  
Purified water & natural  
water

Mid-end water

High-end Water

Jinmailang



Softened  
Water



Cool Boiled  
Water

The  
Market



Ice Dew



Ice Dew Chunyue



Master Kong



Nongfu Spring



C'estbon



Ganten



Youyue



Nongfu spring water for  
mother and baby



Evian



## Competitive Advantages

**Brand Effect:** The Company is a **leading enterprise** in food industry in China and the **top brand** in the mainland instant noodle industry. It has been recognized as a key leading enterprise in national agricultural industrialization by eight ministries including the Ministry of Agriculture. "Hualong" and "Jinmailang" series brand are the most important and valuable intangible assets

**Excellent R&D capability:** The Company has set up a central research institute, and has a professional R&D team composed of hundreds of talents, which administers 12 R&D departments including seasoning, noodle making, packaging materials, natural spices and indirect materials R&D, high-end product project R&D, etc., and has also established Hebei Instant Foods Engineering Technology Center.

**Perfect procurement and sales network channels:** The Company is headquartered in Xingtai City, Hebei Province, and located in the Huang-Huai-Hai wheat belt. Furthermore, the Company has built 7 flour production bases in Hebei, Henan, Shandong, Shaanxi and other regions, ensuring wheat procurement and flour supply required for production. The Company has a nationwide sales network, with about 3,000 distributors, covering nearly 2.7 million outlets.

**Refined cost management:** The Company is earnestly implementing the principle of "a greater cause from care planning and cost saving and benefiting customers", and carry out refined management of daily production and operation budgets

**Advanced production and operation management system:** The Company has many fully automated intelligent production lines, with **world-leading** production equipment and technology. It has established a modern four-in-one marketing mode (sales volume, online shop, terminal and personnel) to realize intelligent marketing and control the whole process from production to terminal sales.

## Core advantages





Mianguanmian



Cool Boiled Water

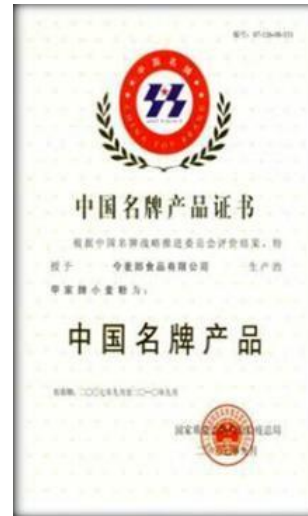


## Brand advantage

Founded in 1994 and after more than 20 years of development, Jinmailang Instant Noodle Industry has a domestic market share of products ranking third in the industry and first in the domestic industry. It is a leading enterprise in the national food industry and has been recognized as a key leading enterprise in national agricultural industrialization by eight ministries such as the Ministry of Agriculture.

"Hualong" and "Jinmailang" series have gained a high brand awareness among consumers.

Relying on existing brand effect, the Company attaches great importance to brand image; so it continuously expands the brand awareness through high-quality products and services, as well as the promotion of CCTV, provincial and municipal satellite TV stations, local TV stations and well-known network media.



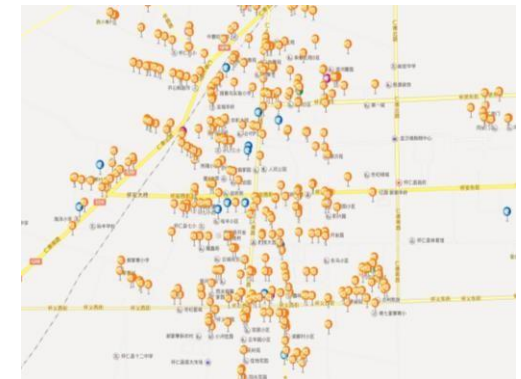
## Manufacturing and Innovation

### Advanced production equipment

- Beverage Division has recently introduced 12 German Krones bottling lines (81,000 bottles/hour, the fastest bottling line among the world's most advanced technologies)
- Fine dried noodle production project (based in Longyao) covers an area of 135,000 square meters. At present, 10 new high-speed production lines are installed, and 20 new production lines are planned.
- The most advanced production equipment in the industry is adopted to build a noodle factory with the highest production capacity in the world.
- Flour Production Project (Phase III), covers an area of 40,000 square meters, and mainly 200,000t raw grain silo is built; the world's most advanced Swiss Buhler processing equipment is adopted, and can process 3,200t wheat per day.

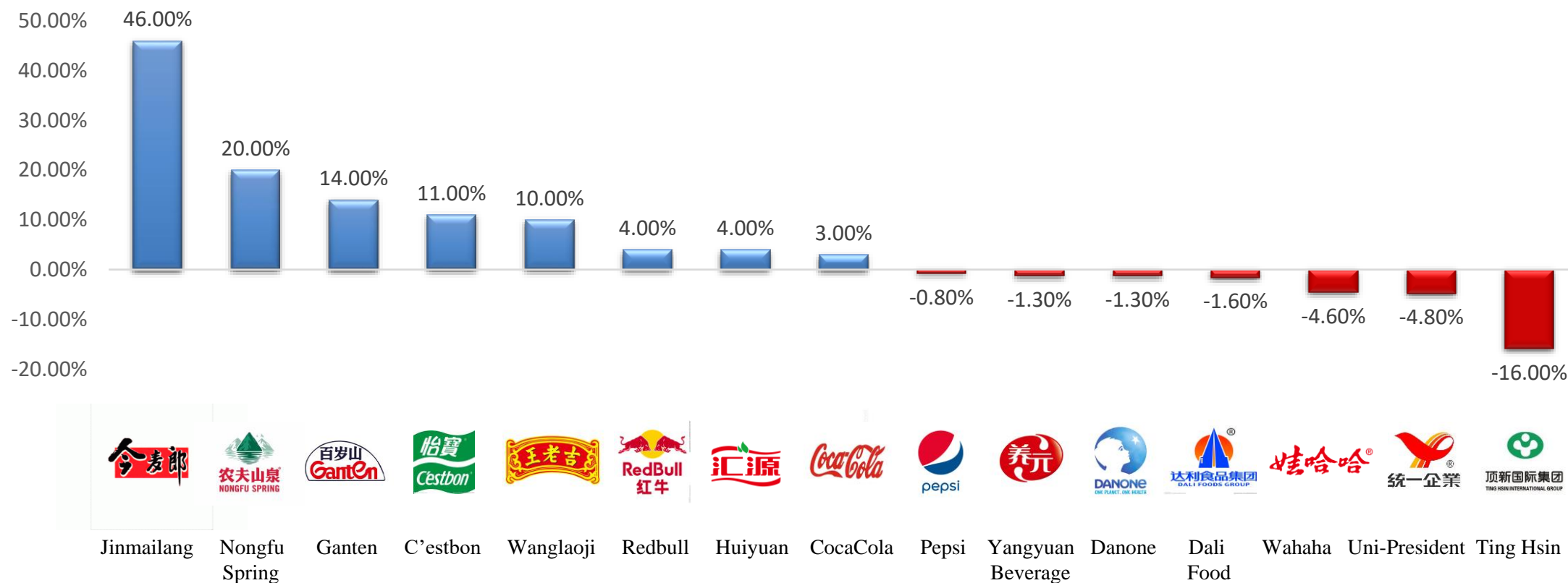
### Four-in-one marketing mode

- In the marketing process, the four elements of vehicles, terminal outlets, terminals and marketing personnel are analyzed uniformly through cloud big data, to realize intelligent sales management of the whole process from factory to terminal.
- Distributors are set up according to the sales areas divided by counties and districts.
- The Company exports management personnel and management mode, dividing distributor's sales area into several segments by population and outlets.
- The Company assists distributors in organizing sales personnel to carry out contract management in respective areas, make vehicle configuration, offer line visits and distribute sales commissions according to company requirements.
- The Company compresses the channel links through the four-in-one sales mode, making channels flatter and reducing logistics cost.
- By planning reasonable lines, the Company may control terminal outlets in real time, thus keep its advantages of the distribution channels





## Top 15 beverage player's performance



Source: AC Nielsen (2018)

## Industry Outlook

### The core driving force of China's beverage market growth

- The beverage industry is closely related to per capita consumption. The rapid growth of the disposable income of Chinese residents supported the rapid development of the market
- The consumption habits of mature markets such as Japan are gradually being transferred to first-tier cities, and lower-tier cities are gradually being radiated and affected.
- The rapid development of the logistics system and the distribution system has continuously increased the penetration rate of the company's products; at the same time, the sales of beverages are still highly dependent on traditional channels, and there are obstacles to the distribution system in some regions
- With a deeper understanding of consumer needs and control of channels, local companies have gradually gained share in multiple categories

### Macro trends that need attention in the future

- China's economic personal consumption will account for 50% of GDP growth
- Forming category leaders in major categories is the key to ensuring a leading market position
- **With the overflow of large cities and hollowing out of small and medium-sized villages, the second and third tier cities and "core towns" will become the focus of population inflow, especially for the young generation.**  
—Young consumers will be the core driving force with 54% of consumption
- **The "small fortress" type modern channel will further erode the traditional channel, the regional chains will be the main force for the development of convenience stores.**
- Consumers are getting tired of mainstream brands faster and faster. Online shoppers are moving from marginal to mainstream. Online channel share is becoming more and more important for brand building.

**Grasping the demographic trend of young consumers and controlling the minds of young consumers is the key to success; under the trend of overall population movement, Jinmailang will strengthen the layout of third- and fourth-tier cities and the surrounding areas of core cities. Jinmailang must become a category leader in the water category. The success of the water category is the foundation of strategic success. It will quickly highlight new categories such as Cool boiled Water, Mounnton town and other drinks, and creat new categories and new varieties in the industry.**

THANK YOU FOR YOUR ATTENTION

