The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by CIC (the "CIC Report"). We engaged CIC to prepare the CIC Report in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by us, any of the Joint Sponsors, or any of our or their respective directors and advisers, or any other persons involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

OVERVIEW OF CHINA'S FOOD AND BEVERAGE RETAIL MARKET

Market Overview

The food and beverage retail business encompasses multiple sub-categories that meet consumers' daily dietary needs, including segments such as snack and beverage, fresh food, 3R (ready-to-cook, ready-to-heat, and ready-to-eat) food, grains & oils, and condiments.

Market Size

In terms of GMV, China's food and beverage retail market size (as we defined above) has grown from RMB8,852.0 billion in 2020 to RMB11,168.9 billion in 2025, with a CAGR of 4.8% from 2020 to 2025. With continuous evolution in Chinese consumer demand and ongoing innovation in sub-categories and products, the market is expected to reach RMB13,456.8 billion by 2030, with an anticipated CAGR of 3.8% from 2025 to 2030.

OVERVIEW OF CHINA'S SNACK AND BEVERAGE RETAIL MARKET

Market Overview

Snack and beverage are key categories of the food and beverage industry, encompassing a wide range of categories and characterized by frequent consumption in consumers' daily lives. Snacks include nuts and roasted seeds, crispy snacks and biscuits, meat snacks, baked snacks, confectionery and chocolates, fruit snacks, vegetarian delicacies, and others. Beverages consist of RTD (Ready-to-drink) soft beverages, powdered and instant drinks, alcoholic beverages, and drinking dairy products.

Value Chain

China's snack and beverage retail industry chain covers upstream manufacturers and brand owners who are responsible for research and development, manufacturing, and brand operations. The midstream sales channels distribute snack and beverage products through various channels, including hypermarkets, supermarkets, convenience stores, grocery stores, e-commerce, specialty retailers, and other channels. The downstream consists of end consumers, including individuals and households.

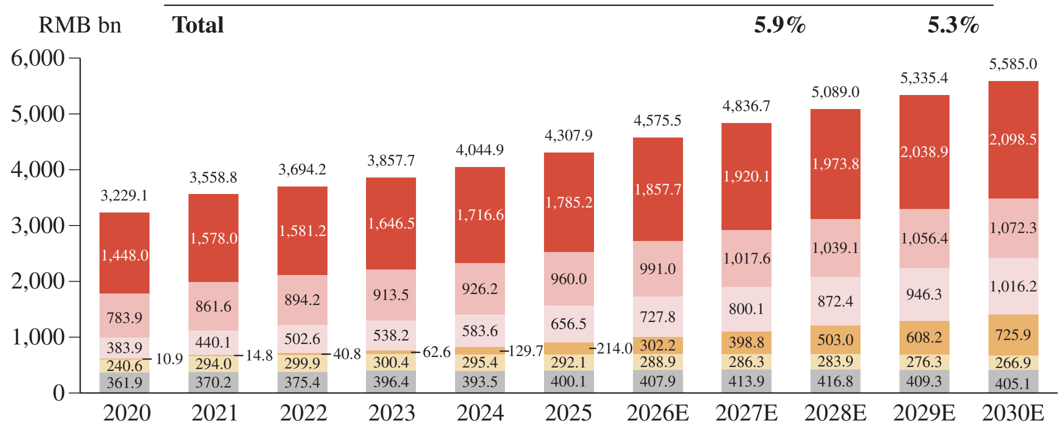
Market Size

In terms of GMV, China's snack and beverage retail market has grown from RMB3,229.1 billion in 2020 to RMB4,307.9 billion in 2025, with a CAGR of 5.9% from 2020 to 2025. Driven by increasing consumer demands for diverse and affordable products, rising high-frequent and small-ticket purchases, and continuing penetration and expansion of value retail for snack and beverage, the market is expected to reach RMB5,585.0 billion by 2030, with an anticipated CAGR of 5.3% from 2025 to 2030.

China's snack and beverage retail market can be categorized by sales channel into (i) hypermarkets, supermarkets and convenience stores, (ii) grocery stores, including local mom-and-pop stores, (iii) e-commerce, (iv) specialty retailers, and (v) other channels. Among these, specialty retailers refer to those who primarily focus on the retail of snack and beverage products, including value retailers for snack and beverage, and other specialty retailers which offer products of single brand or single category. Compared to other traditional offline channels, value retailers for snack and beverage, usually respond swiftly to market changes through meticulous product selection, optimized operation and efficient supply chain, effectively meeting consumer demands for affordable and diversified products. The market size of value retail for snack and beverage in China has experienced the fastest growth in the snack and beverage retail industry in the past five years, with a CAGR of 81.5%. It is expected that in the next five years, as consumer demands for diversified and affordable products deepen, the market size of value retail for snack and beverage will reach RMB725.9 billion by 2030, with an anticipated CAGR of 27.7% from 2025 to 2030.

Market size of China's snack and beverage retail market, by sales channel, in terms of GMV, 2020-2030E

CAGR	2020-2025	2025-2030E
Hypermarkets, supermarkets and convenience stores	4.3%	3.3%
Grocery stores	4.1%	2.2%
E-commerce	11.3%	9.1%
Specialty retailer	15.0%	14.4%
Value retailer for snack and beverage	81.5%	27.7%
Other specialty retailer	4.0%	-1.8%
Other channels	2.0%	0.2%
Total	**5.9%**	**5.3%**



Source: National Bureau of Statistics, China Beverage Industry Association, China Non-staple Food Circulation Association, International Monetary Fund, CIC

Below is a comparison of different sales channels of China's snack and beverage retail industry:

	Value retailer for snack and beverage	Hypermarkets, supermarkets and convenience stores	Grocery stores	E-commerce	Other specialty retailer
Positioning	Retailers that offer a wide range of multi-brand, multi-category, and high value-for-money snack and beverage products at competitive prices through a streamlined supply chain	Retail outlets that offer a wide range of everyday products with a focus on broad market appeal	Small, locally-operated retail shops that are often tailored to the immediate needs of the local community	Online retail platforms where consumers can purchase a wide variety of goods with the convenience of home delivery	A type of retailer that offers products of single brand or single category, including candy shops, roasted nuts and seeds shops, snack stores for specific snack brands, catering to specific consumer groups
Snack and beverage product diversity	●	◑	◔	●	◕
Value-for-money	●	◑	◔	◕	◑
Accessibility and shopping experience	●	◔	◔	◑	◑
Logistics efficiency and digitalization	●	◑	◔	◕	◑

Source: CIC

● *Superior*

○ *Inferior*

OVERVIEW OF THE MARKET OF VALUE RETAIL FOR SNACK AND BEVERAGE IN CHINA

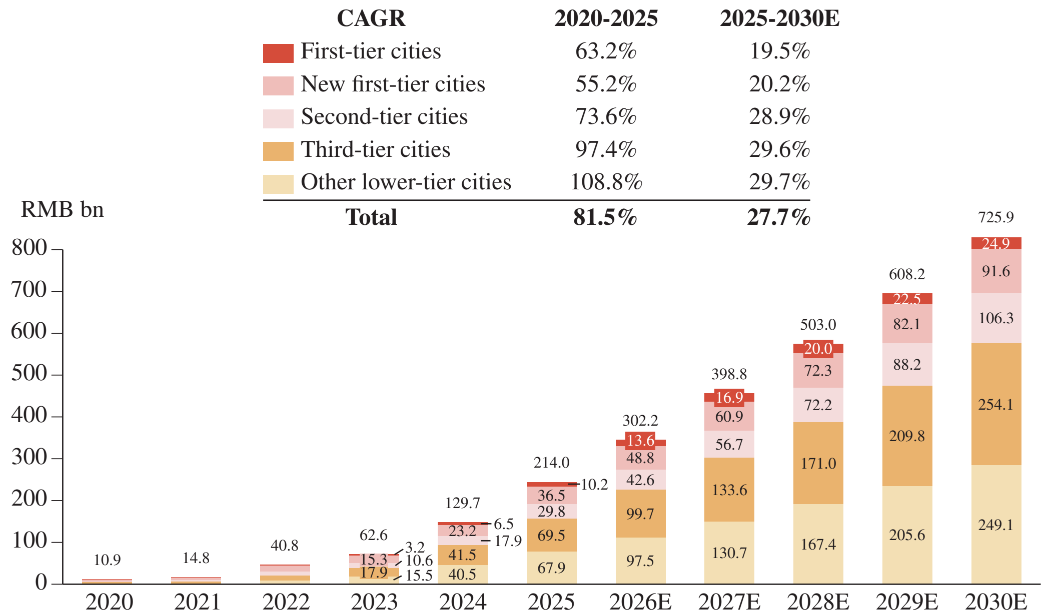
Market Overview

Value retail for snack and beverage is the fastest-growing channel in China's snack and beverage retail market. This channel offers competitive prices and a wide range of products through centralized procurement, low operational costs, and streamlined, efficient supply chain, attracting a broad consumer base. With rising consumer demands for affordable products and growing acceptance of this retail model, the market of value retail for snack and beverage in China has experienced rapid growth in recent years.

Market Size

From 2020 to 2025, the market size of China's value retail of snack and beverage in terms of GMV grew from RMB10.9 billion to RMB214.0 billion. As consumer demands for affordable products continue to rise, the market is expected to keep growing at a high speed, with an estimated market size of RMB725.9 billion by 2030. In particular, second-tier and lower-tier cities are becoming increasingly important due to rising disposable incomes and large population base. However, these cities still lack comprehensive retail channels for snack and beverage purchases compared to first-tier and new first-tier cities. This presents an opportunity for value retailers for snack and beverage to expand. Additionally, consumers in these cities are typically more price-sensitive, making value retail for snack and beverage an attractive option. This price sensitivity, combined with the growing purchasing power, indicates strong potential for value retailers for snack and beverage to capture market share by offering affordable yet quality options tailored to local preferences. As a result, second-tier and lower-tier cities are the main battlefields for value retail for snack and beverage.

Market size of China's value retail for snack and beverage, by city tier, in terms of GMV[1], 2020-2030E



Source: National Bureau of Statistics, CIC

Note 1: GMV does not include that of non-snack and non-beverage products.

Market Drivers

- *Trend towards frequent, small-ticket purchases*: Snack and beverage, as convenient and easily accessible products with low transaction value, have become high-frequency purchase categories for households and individuals. At the same time, snack and beverage offer a consumption experience that conveys emotional value for consumers. As consumers' willingness to spend continues to rise, per capita annual spending on snack and beverage increased from RMB2,287 in 2020 to RMB3,066 in 2025. The trend toward frequent, small-ticket purchases of snack and beverage supports the rapid growth of value retail for snack and beverage. Declining family size in China has resulted in smaller households that tend to have more flexible consumption patterns, driving the growth of frequent, low-value consumption. Additionally, consumers' increasing focus on emotional value means that their purchasing decisions are driven not only by functional needs but also by emotional fulfillment. By opting for affordable products that provide immediate satisfaction, such as snack and beverage, consumers enhance their emotional well-being, thereby accelerating the trend of frequent, small-ticket purchases. Value retailers for snack and beverage are positioned to capitalize on this trend, offering consumers easy access to affordable products. These stores cater to consumers' demands for both diversification, quality and affordability, making them the preferred choice for purchasing snack and beverage.

- *Mass-market penetration*: The large population and their increasing purchasing power in the mass market unleashed potential for consumption and offered greater growth opportunities compared to higher-tier markets. From 2020 to 2025, per capita consumption expenditure in China's second-tier and lower-tier cities grew at a CAGR of 7.3%, surpassing the CAGR of 4.3% in first-tier and new first-tier cities over the same period. As economy develops and urbanization rate rises in the mass market, snack and beverage retailers are accelerating their store expansion. Retail formats in mass market are gradually maturing and upgrading, with consumers' acceptance and demands for diversified and afforable products continue to increase. Especially, the positioning of value retailers for snack and beverage as diversified and affordable, and their accessible store network that meets the consumer demands for convenient shopping in mass-market, are driving rapid growth of this market.

- *Continuous innovation in product subcategories and packaging*: As one of the most innovation-driven categories of fast-moving consumer goods, snack and beverage have shown a clear trend toward category innovation in recent years. Brands continue to launch new products in terms of flavor, formula, and nutritional benefits to strengthen user engagement. Meanwhile, packaging sizes and formats are increasingly diverse, ranging from single serve packs and family-sharing packs to on-the-go combo packs and gift boxes, covering broader consumption occasions such as travel, commuting, leisure, and gifting.

Future Trends

- *Trend of value retail for all fast-moving consumer goods*: Value retail refers to a business model that offers a focused range of high turnover products at consistently low prices. It is typically characterized by simplified store format, high operational efficiency, strict cost control, and a streamlined shopping experience that appeals to consumers with diversification and affordability consciousness. Consumers nowadays are becoming increasingly value-oriented, seeking high quality snacks at affordable prices. Value retail model meets this demand by using large-scale procurement and enhanced supply chain management to achieve cost efficiency and offers diversified and affordable products. The model not only enhances the competitiveness of retailers but also attracts a broader customer base by offering diversified quality products at lower price. This has become an inevitable development trend not only for snack and beverage, but also for all fast-moving consumer goods as well. The overall market size of value retail in terms of GMV in China reached RMB375.6 billion in 2025, and is expected to grow to RMB1,145.7 billion by 2030, at a CAGR of 25.0%, demonstrating strong market potential of the value retail model.

- *Wider application of digital capabilities*: Value retailers for snack and beverage are increasingly leveraging digital tools in areas such as product and site selection, store management, inventory scheduling, membership systems, and marketing activities. They establish transaction data systems and business analysis models to support key business decisions such as site and product selection, intelligent product replenishment, and franchisee management. This significantly enhances overall operational efficiency and market responsiveness, while providing valuable data for optimization of the digital systems and supporting store expansion and brand building. Digital capabilities are gradually becoming a critical factor in helping companies establish a long-term competitive advantage.

- *Development of private-label products*: As consumers place greater emphasis on quality and affordability, private-label products have quickly gained market recognition. Compared to traditional brands, private-label products provide distinct advantages in pricing flexibility, cost control, and product design, effectively meeting consumers' demands for both price and quality. Additionally, private-label products help retailers achieve differentiation, enhance brand recognition and customer loyalty, and improve overall profitability through higher gross margin. Private-label has become a key strategy for retailers to establish competitive barriers. Retailers in China, including value retailers for snack and beverage, are steadily increasing their investments in private-label products. By 2024, the average number of new private-label products developed annually by each retailer has exceeded 100, with a CAGR of over 30% from 2022 to 2024. Through private-label products, retailers continue to strengthen consumer engagement, fostering opportunities for loyalty and word-of-mouth marketing.

- *Collaborations with IP-related products that empower retailers to enhance brand building*: Snack and beverage, which appeal to consumers through emotional value and social attributes, are increasingly leveraging collaborations with IP partners. Leading brands are creating their own IPs, selling IP-related products, partnering with popular IPs, launching novel store formats such as IP-themed stores to offer enhanced consumer experience. With a gradual increase of disposable income and emergence of popular new IPs in China, consumers' willingness to purchase IP-related products has risen. By collaborating with well-known IPs, snack and beverage retailers can also enhance their brand value and deepen emotional connections with consumers, ultimately building a sustainable competitive advantage.

Regional Market Analysis

The Yangtze River Delta is one of the world's largest city clusters and one of the regions with high income level in China. This region covered 4% of the country's total land area, and contributed 24.7% of the nation's GDP in 2025. Consumers in this region have strong purchasing power, and demand for snack and beverage remains robust. In 2025, average per capita disposable income in the Yangtze River Delta reached RMB64,738, higher than the national per capita disposable income of RMB43,377. Value retail for snack and beverage can effectively meet this high consumption demand through extensive market coverage and efficient supply chain management. In addition to the Yangtze River Delta, the growth in Shanhe Four Provinces is also significant. The region had a population of approximately 310 million by the end of 2024, among which, Shandong, Henan, and Hebei are the second, third, and sixth most populous provinces in China, each with populations of over 70 million by the end of 2024. In recent years, driven by shifts in consumer habits and lifestyles, demand for value retail for snack and beverage in this region has also been steadily growing.

COMPETITIVE LANDSCAPE

Competitive Landscape of China's Food and Beverage Retail Market

China's food and beverage retail industry is highly fragmented, with top five retailers accounting for approximately 3.6% market share in terms of GMV of food and beverage in 2025.

In terms of the GMV of food and beverage in 2025, our Group is the fourth largest food and beverage retailer in China, with a 0.6% market share.

Competitive Landscape of China's Snack and Beverage Retail Market

China's snack and beverage retail industry is highly fragmented with more than six million stores, including hypermarkets, supermarkets, convenience stores, grocery stores, value retailers for snack and beverage, etc. In terms of the GMV of snack and beverage in 2025, our Group is the second largest snack and beverage chain retailer in China; and our brand *Haoxianglai* is the largest snack and beverage retail brand in China, recording the highest CAGR from 2023 to 2025 among the top five snack and beverage retailers and the top five snack and beverage retail brands, respectively.

Top five retailers in China's snack and beverage retail industry, in terms of GMV, 2025

Rank	Company name	GMV[2] of snack and beverage, 2025	Market share, 2025	CAGR of GMV from 2023 to 2025
		RMB bn	*%*	*%*
1 . . .	Company A	92.3	2.1%	96.9%
2 . . .	**Our Group**	**71.2**	**1.7%**	**138.0%**
3 . . .	Company B	47.7	1.1%	32.3%
4 . . .	Company C	32.7	0.8%	-0.9%
5 . . .	Company D	26.3	0.6%	33.4%

Source: CIC

Notes:

1. Company A is a Hong Kong-listed company founded in 2019 and headquartered in Hunan Province.

   Company B is a subsidiary of a NASDAQ-listed company founded in 1962 and headquartered in the U.S.

   Company C is a Hong Kong-listed company founded in 2000 and headquartered in Shanghai.

   Company D is a subsidiary of a NASDAQ and Hong Kong-listed company founded in 1999 and headquartered in Zhejiang Province.

2. GMV represents the total value of orders placed by consumers of snack and beverage retail business, unless otherwise stated. The value of relevant discounts and products returned is removed from the calculation of GMV. GMV here does not include that of non-snack and non-beverage products. For comparability, our Group's GMV represents the total GMV of all brands currently under our Group (excluding non-snack and non-beverage products). Our Group's GMV in 2023 includes the GMV of *Laopo Daren* for the full year, notwithstanding that the brand was acquired by our Group in September 2023.

Top five retail brands in China's snack and beverage retail industry, in terms of GMV, 2025

Rank	Brand name[1]	GMV[2] of snack and beverage, 2025	Market share, 2025	CAGR of GMV from 2023 to 2025
		RMB bn	*%*	*%*
1 . . .	***Haoxianglai***	**65.8**	**1.5%**	**157.6%**
2 . . .	Brand A	51.1	1.2%	135.4%
3 . . .	Brand B	41.3	1.0%	46.5%
4 . . .	Brand C	41.2	1.0%	68.2%
5 . . .	Brand D	32.7	0.8%	-0.9%

Source: CIC

Notes:

1. Brand A is a chain retail brand established in 2019. It is operated by a Hong Kong-listed company founded in 2019 and headquartered in Hunan Province.

   Brand B is a chain retail brand established in 1983. It is operated by a subsidiary of a NASDAQ-listed company founded in 1962 and headquartered in the U.S.

   Brand C is a chain retail brand established in 2017. It is operated by a Hong Kong-listed company founded in 2019 and headquartered in Hunan Province.

   Brand D is a chain retail brand established in 1996. Its parent company is a Hong Kong-listed company founded in 2000 and headquartered in Shanghai.

2. GMV represents the total value of orders placed by consumers of snack and beverage retail business, unless otherwise stated. The value of relevant discounts and products returned is removed from the calculation of GMV. GMV does not include that of non-snack and non-beverage products.

Competitive Landscape of the Market of Value Retail for Snack and Beverage in China

The market of value retail for snack and beverage in China is growing rapidly, with nearly 60,000 stores nationwide by the end of 2025. In terms of the GMV of snack and beverage in 2025, our Group is the second largest value retailer for snack and beverage in China, with a market share of 32.9%, and our flagship brand *Haoxianglai* is the largest brand of value retail for snack and beverage in China, with a market share of 30.3%. Our brand *Laopo Daren* ranked as the sixth largest brand of value retail for snack and beverage in China during the same period, with a market share of 2.5%.

Top five value retailers for snack and beverage in China, in terms of GMV, 2025

Rank	Company name[1]	GMV[2] of snack and beverage, 2025	Market share, 2025
		RMB bn	*%*
1 . . .	Company A	92.3	42.6%
2 . . .	**Our Group**	**71.2**	**32.9%**
3 . . .	Company E	16.8	7.7%
4 . . .	Company F	11.0	5.1%
5 . . .	Company G	5.1	2.4%

Source: CIC

Notes:

1. Company E is a private company founded in 2019 and headquartered in Sichuan Province.

   Company F is a private company founded in 2011 and headquartered in Fujian Province.

   Company G is a private company founded in 1996 and headquartered in Hunan Province.

2. GMV represents the total value of orders placed by consumers of snack and beverage retail business, unless otherwise stated. The value of relevant discounts and products returned is removed from the calculation of GMV. GMV here does not include that of non-snack and non-beverage products.

Top five brands of value retail for snack and beverage in China, in terms of GMV, 2025

Rank	Brand name[1]	GMV[2] of snack and beverage, 2025	Market share, 2025
		RMB bn	*%*
1 . . .	***Haoxianglai***	**65.8**	**30.3%**
2 . . .	Brand A	51.1	23.6%
3 . . .	Brand C	41.2	19.0%
4 . . .	Brand E	16.8	7.7%
5 . . .	Brand F	11.0	5.1%

Source: CIC

Notes:

1. Brand E is a brand of value retail for snack and beverage established in 2019. It is operated by a private company founded in 2019 and headquartered in Sichuan Province.

   Brand F is a brand of value retail for snack and beverage established in 2011. It is operated by a private company founded in 2011 and headquartered in Fujian Province.

2. GMV represents the total value of orders placed by consumers of snack and beverage retail business, unless otherwise stated. The value of relevant discounts and products returned is removed from the calculation of GMV. GMV here does not include that of non-snack and non-beverage products.

The Yangtze River Delta offers favorable conditions for value retail for snack and beverage to develop, backed by its dense population, robust consumer spending and well-established supply chains. Over the past years, value retail for snack and beverage in the Yangtze River Delta has experienced rapid development and become one of the most active regions of industry growth. In 2025, our Group was the largest value retailer for snack and beverage in the Yangtze River Delta with a market share of approximately 63% and GMV of 2.3 times that of the second-largest competitor.

Shanhe Four Provinces has a large population and is one of the key areas for continued expansion of value retail for snack and beverage. Compared to more saturated markets in Central China and South China regions, the market of value retail for snack and beverage in Shanhe Four Provinces still has significant growth potential. In terms of GMV of snack and beverage in 2025, our Group was the largest value retailer for snack and beverage in Shanhe Four Provinces, with a market share of around 55%. Its GMV of snack and beverage in 2025 was 1.6 times that of the second-largest competitor in the region, and it also surpassed the combined GMV of snack and beverage of the second to fifth-largest competitors in the region.

Industry challenges

- *Stricter food safety regulations:* In recent years, the government has strengthened food safety regulations and enforcement, requiring companies to prioritize food safety management and compliance across all stages of their operations. At the same time, consumer awareness of food safety has risen, with growing expectations regarding the sourcing of raw materials, production processes, product quality and consistency. Companies need to reinforce their food safety control systems at critical stages, including raw material sourcing, production and distribution, while enhancing traceability, consistency, and risk mitigation throughout the entire supply chain.

- *Fast-changing consumer demand:* As consumer preferences become increasingly diverse, there is a growing emphasis on product quality, packaging design, frequent product iterations and unique experiences. The accelerating pace of product development demands that companies possess strong capabilities in trend analysis, as well as efficient product and supply chain management. Delayed responses can lead to product misalignment, inventory buildup and heightened operational pressure.

Entry Barriers and Key Success Factors

- *Product capabilities:* Consumers continuously seek novel and differentiated snack and beverage products. Therefore, it's crucial to a company's success to stay attuned to market trends, continuously launching products that meet evolving consumer needs. Additionally, snack and beverage products must meet consumers' expectations for both diversification and affordability. Through meticulous product selection, optimized procurement and product assortments, retailers can better cater to different consumer demands.

- *Brand awareness and consumer engagement:* Brand awareness is one of the key factors for a company to seize market share and achieve a long-term competitive advantage in the snack and beverage retail industry. Consumers tend to favor retail brands with high recognition, strong consumer confidence, and solid reputation. Through marketing and membership management, brands attract a large number of loyal customers and boost repurchases. As the market deepens segmentation, snack and beverage retail companies focus on enhancing brand differentiation and increasing brand awareness by developing unique brand images and driving innovation in product portfolios and store formats.

- *Supply chain capabilities:* Efficient supply chain capabilities, especially in warehousing and logistics, are crucial for success in the snack and beverage retail industry. Due to fast turnover of products and broad sales coverage, an optimized supply chain reduces operating costs and ensures timely product delivery to consumers. By streamlining supply chain processes and direct sourcing, retailers can improve operational efficiency and increase supply flexibility.

- *Dense and extensive store network:* A broad and dense store network is essential for the success of snack and beverage retail companies. By improving store coverage nationwide, companies can reach a broader consumer base, boost brand exposure, and increase market penetration. Store footprint should be closely aligned with the characteristics and needs of the target consumer groups, ensuring the brand can penetrate various regions and markets, thereby strengthening its competitiveness.

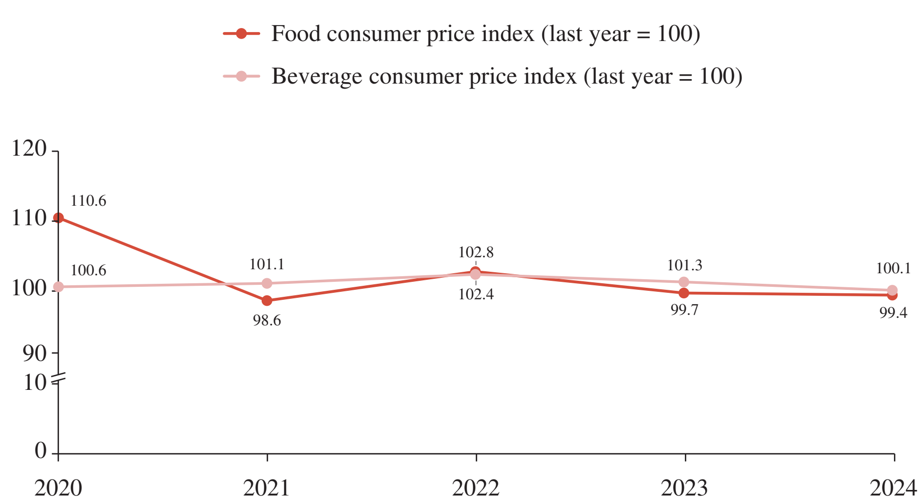
- *Store managerial capabilities and operational efficiency:* A highly efficient store management system and operational support are essential for ensuring smooth store operations and boosting sales performance. Through deep collaboration with franchisees, retailers can provide comprehensive supports for branding, procurement, warehousing and logistics, and product selection, thereby improving franchisees' operational efficiency and profitability. Effective franchisee management ensures consistent store operations and execution, while the company's optimized resource allocation maximizes store-level operational efficiency, leading to higher profits for franchisees and driving overall business growth.

- *Digitalization and intelligence capabilities:* Digitalization plays an increasingly important role in the modern retail industry. By implementing fully digitalized systems throughout the entire process, retailers can enable comprehensive data-driven management, spanning from supply chain operations to customer service. Digitalization boosts operational efficiency and provides insights into consumer shopping habits and preferences, driving more traffic and improving overall customer experience. Furthermore, it fosters efficient collaboration among brands, franchisees and suppliers, facilitating optimization across the value chain.

COST ANALYSIS

China's consumer price index for food and beverage remained relatively stable in the past five years, despite a decrease in the food index from 2020 to 2021 due to factors such as COVID-19. Following 2021, the overall market has rebounded as society returned to normal operations, restoring the consumer price index for food to a more balanced level. Looking ahead, the price of food and beverage is expected to remain stable, with moderate fluctuations in line with broader economic conditions.

Consumer price index of food and beverage, China, 2020-2024 (last year=100)



Source: National Bureau of Statistics, CIC

With the growth of China's economy, the average annual wage of employees in the urban private sector of the wholesale and retail industry has risen from RMB53,018 in 2020 to RMB67,059 in 2024. This upward trend is expected to continue, driven by ongoing economic development, reflecting both sustained economic development and improvements in workforce quality.

OVERVIEW OF CHINA'S EDIBLE FUNGI MARKET

Edible fungi refer to large fungi that are typically used for culinary and/or medicinal purposes. They come in a wide range of varieties. Currently, the types of edible fungi that can be cultivated artificially are primarily classified into two categories: wood-decay fungi and grass-decay fungi. This classification is based on the different nutritional sources and materials used for cultivation. Wood-decay fungi primarily use sawdust and similar materials as main nutrient sources, including enoki mushrooms, hypsizygus tessulatus, and velvet antler mushrooms. Grass-decay fungi mainly utilize straw and other herbaceous materials as nutrient sources, with representative species such as volvariella volvacea and portabella.

Driven by favorable policies and growing consumer demand, the development of the edible fungi market in China is progressing steadily. The total output value of edible fungi in China was RMB346.5 billion in 2020 and RMB442.7 billion in 2025, with a CAGR of 5.0% from 2020 to 2025. It is projected that the total output value will reach RMB545.6 billion by 2030, with a CAGR of 4.3% from 2025 to 2030. As the market continues to grow, China's edible fungi industry is expected to witness continued market demand growth, a shift towards increased standardization and intelligence, and advancements in technological innovation.

China's edible fungi industry constitutes a substantial yet fragmented market. The overall market concentration remains low, as companies focus on distinct regional markets and establish differentiated production strengths. Looking ahead, advancements in cultivation technology and innovation will be the primary drivers enhancing competitiveness and sustainable growth.

SOURCES OF THE INDUSTRY INFORMATION

We engaged CIC, an independent market research consultant, to conduct an analysis of, and to prepare a report on, the snack and beverage retail market and the market of value retail for snack and beverage in China for use in this document, which was commissioned by us for a fee of RMB1,258,644. CIC prepared its report based on data released by government institutions and non-government organizations and its primary and secondary research. CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviews with key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics of China, and the International Monetary Fund.

Forecasts and assumptions included in the CIC Report are inherently uncertain because of events or combinations of events that cannot be reasonably foreseen, including, without limitation, the actions of governments, consumers, competitors and other third parties. Specific factors that could cause actual results to differ materially include, among other things, inherent risks in the snack and beverage retail market and the market of value retail for snack and beverage, social and economic factors, supply risks, regulatory risks and environmental concerns, labor risks, financing risks, force majeure or unforeseen events. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report. Our Directors confirm that, after taking reasonable care, there is no material adverse change in the overall market information since the date of the CIC Report that would materially qualify, contradict or have an impact on such information.