

INDUSTRY OVERVIEW

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CHINA’S CATERING INDUSTRY

China’s catering industry refers to the commercial activities of providing consumers with prepared foods, as well as venues for dining and drinking. The size of China’s catering industry, as measured by revenue, increased from RMB3,579.9 billion in 2016 to RMB4,672.1 billion in 2019 at a CAGR of 9.3%. The size of China’s catering industry declined in 2020 to RMB3,952.7 billion due to the impact of the COVID-19 pandemic, but recovered to RMB4,689.5 billion in 2021. China’s catering industry is expected to resume its rapid and steady growth and reach RMB8,279.9 billion in 2026, representing a CAGR of 12.0% from 2021 to 2026. The growth of China’s catering industry is primarily driven by increases in disposable income, urbanization rates and the penetration rate of dine-out and delivery, as well as improvements in food safety and a favorable regulatory environment.

Key features of China’s catering industry

China’s catering industry may be further subcategorized by cuisine type, dining mode, and operational model. Each of these subcategories is described in more detail below.

Western cuisine is a fast-growing segment

In terms of cuisine type, China’s catering industry comprises three segments, namely (i) Chinese cuisine, (ii) Western cuisine and (iii) other cuisines. In 2021, Chinese cuisine was the largest category in China’s catering market, accounting for 78.3% of China’s total catering market, followed by Western cuisine at 15.8% and other cuisines at 5.9%. The typical average spending per guest at Chinese cuisine restaurants and Western cuisine restaurants ranged from RMB15 to RMB150, and RMB30 to RMB200, respectively.

Western cuisine and other cuisines have historically grown faster than Chinese cuisine. From 2016 to 2019, the size of the Western cuisine segment grew at a CAGR of 11.7%, outpacing the growth of Chinese cuisine, which grew at a CAGR of 8.5% in the same period. In 2020, the size of the Western cuisine segment decreased due to the impact of the COVID-19 pandemic, but is expected to recover and grow at a CAGR of 13.5% from 2021 to 2026, driven by consumers seeking consumption upgrades, as well as by the increasing acceptance of western-style food by consumers.

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Food delivery is growing rapidly

The size of the food delivery industry in China has grown rapidly, increasing from RMB231.3 billion in 2016 to RMB596.8 billion in 2019, representing a CAGR of 37.2%. In 2020, China’s food delivery industry continued to grow, reaching RMB715.4 billion, even as the overall China catering market contracted. In terms of penetration of the China’s overall catering industry, food delivery increased from 6.5% in 2016 to 20.7% in 2021. Looking ahead, the growth of food delivery is expected to maintain its momentum. From 2021 to 2026, the size of the food delivery industry is expected to grow at a CAGR of 16.6% to reach RMB2,091.2 billion, at which time the penetration of food delivery is expected to reach 25.3%.

This growth will be driven by the increasing popularity of food delivery, which has been accelerated by the COVID-19 pandemic, as well as increasing mobile penetration and growing demands for convenience arising from the busy lifestyles of Chinese consumers. Restaurants that are able to (i) serve foods that are highly suited for delivery, (ii) create synergies between dine-in and delivery, (iii) offer fast and convenient food delivery services that preserve the temperature and freshness of the food, and (iv) do so with high penetration across the Chinese market are expected to benefit from this trend.

Restaurant chains are expected to maintain their share of the Western cuisine market

In terms of operating models, restaurant chains accounted for 20.3% of the overall PRC catering industry in 2021. However, restaurant chains captured 48.6% of the western cuisine segment in 2021. Restaurant chains enjoy a number of advantages compared to independent restaurants, including (i) extensive store networks that accelerate the growth of brand awareness and increase sales volume per store, (ii) consistent quality and safety of dishes across the store network, which has been especially important during the COVID-19 pandemic, (iii) more resources to invest in product and technology development resulting in higher product and technological innovation, (iv) larger scale resulting in better access to capital and talent, as well as improved cost efficiency. These advantages are expected to enable restaurant chains to maintain their share in the Western cuisine market.

Market drivers of China’s catering industry

The key market drivers of China’s catering industry include:

- *Increasing disposable income and urbanization rate.* Over the past few years, spending on restaurant meals has experienced strong growth as urban residents seek to improve their lifestyles. This trend has been further bolstered by increasing disposable incomes and urbanization rates.
- *Growing penetration of delivery and dining out.* Instead of cooking at home, consumers increasingly prefer to order delivery, order carryout, or dine out. The penetration rate of delivery, carryout and dining out in China, which refers to the percentage of meals eaten that were not cooked at home, grew from 23.0% in 2016 to 23.8% in 2019, before falling to 20.0% in 2020 due to the adverse impact of the COVID-19 pandemic, but is expected to grow at an accelerated pace to 26.6% in 2026. This recovery will be driven by younger consumers that generally prefer not to cook at home, the growth of single-person households, growing household spending, increasing urbanization rate and the strong growth of delivery services. Restaurants that excel in delivery and provide a differentiated food delivery experience for consumers are expected to benefit from this trend in the future.

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- *Restaurant chains are expected to benefit from increased focus on food safety.* Large restaurant chains in China have more comprehensive food safety management systems and supply chains, enabling them to ensure quality consistency in the food that they serve. Additionally, the Chinese government has issued a series of policies and regulations to promote the standardization and development of the catering industry. Restaurant chains, which tend to be larger and have higher standards of food safety and quality, are expected to outperform independent restaurants in this food safety-focused regulatory environment.

The impact of the COVID-19 pandemic on China’s catering industry

The COVID-19 pandemic had a significant impact on China’s catering industry. In 2020, the COVID-19 pandemic resulted in quarantines, travel restrictions, limitations on social or public gatherings, and the temporary closure of business venues and facilities across China. Under these conditions, the size of China’s catering market declined from RMB4,672.1 million in 2019 to RMB3,952.7 million in 2020. Despite the overall contraction of China’s catering market, the COVID-19 pandemic accelerated the growth in demand for food delivery services. In particular, the restrictions on dine-in and grocery shopping options that were imposed to manage the pandemic accelerated the consumer adoption of food delivery as a regular dining habit. As a result, restaurants that are able to offer food delivery services were able to better weather the adverse effects COVID-19 pandemic.

THE CHINA PIZZA MARKET

Overview

The China pizza market is a sub-segment of the Western cuisine segment. China’s pizza restaurants typically serve a range of foods, including (i) pizzas, which are usually customizable in terms of crusts, sizes, sauces and toppings; (ii) staple foods, such as bread, sandwiches, rice and pasta; (iii) sides, such as fried chicken, fries, barbecued meats, desserts; and (iv) drinks, such as sodas, bottled beverages, tea and coffee. Amidst increasing disposable income, continual product innovation, the growing acceptance of Western cuisine among young consumers, and the growth of the pizza market in lower-tier cities, pizza restaurants have been popular in China for the last few decades and are expected to become increasingly popular in the future.

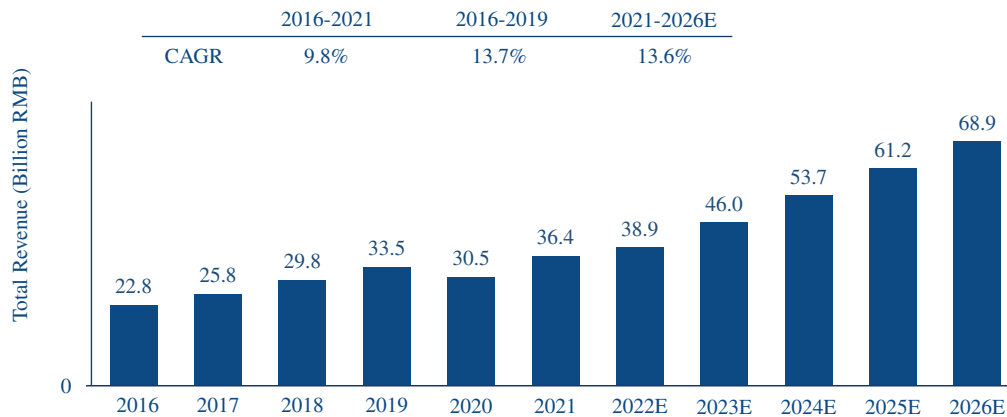
Size of the China pizza market

From 2016 to 2019, the size of the China pizza market, as measured by revenue, grew from RMB22.8 billion to RMB33.5 billion at a CAGR of 13.7%. From 2021 to 2026, the size of the China pizza market is expected to grow at a CAGR of 13.6% and reach RMB68.9 billion in 2026. The growth of the China pizza market is driven by China’s increasing urbanization, the growing disposable income of Chinese consumers and the rising consumer acceptance of western cuisine, especially among the younger generation of Chinese consumers. According to Frost & Sullivan, although pizza is not a new type of food in China, the pizza market still has tremendous potential in China given its low penetration. For example, in 2021, there were approximately 24 pizza stores per million people in Tier 1 and New Tier 1 cities, while there were approximately 14 and 6 pizza stores per million people in Tier 2 and Tier 3 (or lower) cities. This compares to approximately 28.1 and 28.3 stores per million people in Japan and South Korea during the same period. In recent years, the pizza market in China has recorded significant growth before the onslaught of COVID-19 in 2020, with a CAGR of 13.7% from

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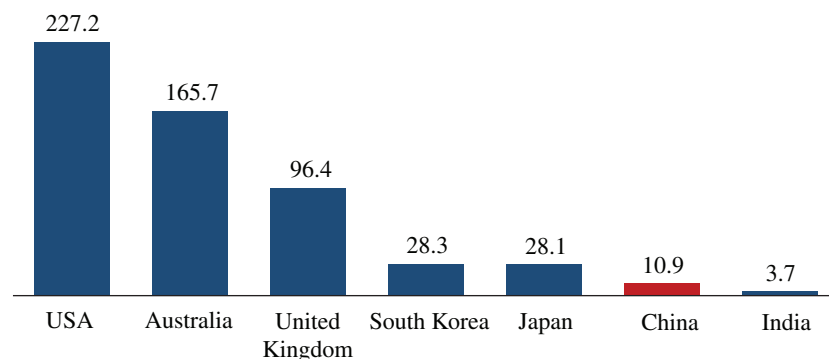
2016 to 2019. In 2020, the outbreak of COVID-19 has dragged down economic sentiment and activities related to on-site public gathering and consumption in China. Due to the strict quarantine measures implemented by the PRC government to restrain the further spread of COVID-19, the revenue of China’s pizza restaurant markets declined from RMB33.5 billion in 2019 to RMB30.5 billion in 2020. Looking forward, the total revenue of China’s pizza restaurant market is expected to increase from 2021 to 2026 with a 13.6% CAGR, which is similar to the rate before the COVID-19 pandemic. The chart below sets forth the market size of the China pizza market, in terms of revenue, from 2016 to 2026.

Market size of China’s pizza restaurant market, 2016 - 2026E



Looking ahead, the increasing penetration of pizza restaurants in both higher and lower tier cities, development of food delivery and growing popularity of western cuisine – including pizza – will contribute to the sustained growth of the China pizza market. In particular, the China pizza market is currently underserved compared to other East Asian countries, which have similar food cultures to China. According to Frost & Sullivan, East Asian countries, including China, Japan and South Korea, share similar dining cultures where rice and noodles play important roles in their residents’ diet. As a result, even though the number of western cuisine restaurants in China has not reached the level in western countries, pizza restaurants, as a part of western cuisine restaurants, is likely to have a sustained development to get closer to the store density in terms of pizza stores per million population in Japan and South Korea in the future. The table below compares the number of pizza stores per million population of China with those of other countries around the world in 2021:

Pizza stores per million population in 2021



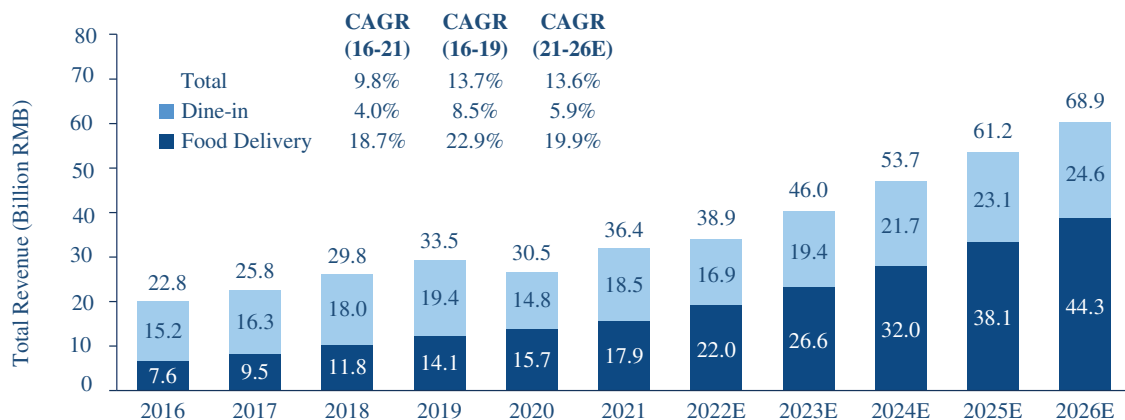
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Food delivery outpaces dine-in in the China pizza market

Within the China pizza market, food delivery sales have grown rapidly and are expected to account for the majority of revenue in the China pizza market within the next five years. From 2016 to 2019, the size of the food delivery segment within the China pizza market, as measured by revenue, grew from RMB7.6 billion to RMB14.1 billion at a CAGR of 22.9%. In 2020, although the overall China pizza market experienced a contraction due to the adverse effects of the COVID-19 pandemic, the pizza delivery market showed strong resilience and reached RMB15.7 billion in size. From 2021 to 2026, the size of the food delivery segment within the China pizza market is expected to grow at a CAGR of 19.9% and reach RMB44.3 billion in 2026, at which time the size of the food delivery segment is expected to represent 64.3% of the China pizza market.

The fast growth of food delivery within the China pizza market is primarily attributable to pizza’s high suitability for food delivery, the development of China’s food delivery platforms and the growing number of mobile internet users in China. The chart below sets forth the market size of the China pizza market, in terms of revenue and broken down by food delivery and dine-in, from 2016 to 2026.

**Market size of China’s pizza restaurant market,
breakdown by food delivery and dine-in, 2016 - 2026E**

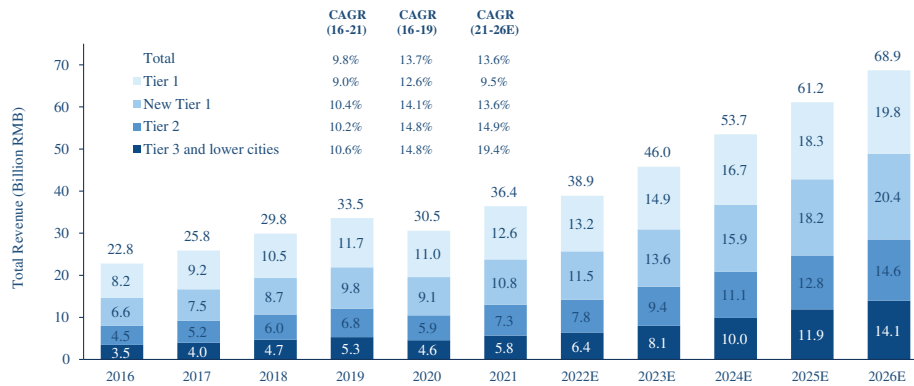


The China pizza market is concentrated in Tier 1 and New Tier 1 Cities, with lower-tier cities catching up quickly

In 2021, Tier 1 and New Tier 1 cities generated 64.3% of the revenue of the China pizza market. Looking forward, the China pizza market is expected to remain concentrated in Tier 1 and New Tier 1 cities, which are expected to account for 58.3% of the total China pizza market in 2026. Nevertheless, Tier 2, Tier 3 and lower tier cities are expected to have greater market potential and grow at a higher CAGR than Tier 1 and New Tier 1 cities from 2021 to 2026. The chart below sets forth the market size of the China pizza market, in terms of revenue and broken down by city tiers, from 2016 to 2026.

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Market size of China’s pizza restaurant market, breakdown by city tiers, 2016 - 2026E



Restaurant chains are expected to maintain their significant share of the China pizza market

The China pizza market is dominated by restaurant chains. In 2021, restaurant chains represented 89.3% of the total China pizza market in terms of market size. The dominance of restaurant chains within the China pizza market is expected to continue. By 2026, the market size of restaurant chains within the China pizza market is expected to reach RMB63.7 billion, or 92.5%, of the total China pizza market.

Consumer survey

From November 2021 to December 2021, we commissioned Frost & Sullivan to conduct a consumer survey that comprised online interviews and questionnaires. This survey was conducted with approximately 600 participants in Beijing and Shanghai. We commissioned this survey to better understand consumers’ preferences and the China pizza market in China’s leading cities. Set forth below are the key findings from the consumer survey that Frost & Sullivan conducted:

- *Taste.* Our pizza was rated highest on taste by respondents.
- *Product innovativeness.* Our pizza was rated highest on innovativeness by respondents.
- *Brand innovativeness.* Our brand was the pizza brand that respondents rated highest brand innovativeness.
- *Value for money.* We were rated highest on value for money among pizza brands.
- *Excellent delivery service.* We were rated highest on excellence in delivery among pizza brands.
- *Net Promoter Score.* We had the highest net promoter score among the pizza brands. Net promoter score is a measure of brand loyalty.

THE COMPETITIVE LANDSCAPE OF THE CHINA PIZZA MARKET

Overall competitive landscape

The China pizza market is highly concentrated, with the top five players accounting for 51.6% of the market share in terms of revenue in 2021. The Company was the third largest pizza restaurant company in the China pizza market in terms of revenue in 2021, with a 4.4% market share. This followed a steady increase across 2017, 2018, 2019 and 2020, in which the Company’s market share was 1.6%, 2.0%, 2.4% and 3.6%, respectively. The table below sets forth the top five brands in the overall China pizza market in 2021.

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Ranking and market share of leading players in the China pizza market in terms of revenue, 2021

Ranking	Company	Revenue (RMB Billion)	Market Share (%)	Number of Restaurants in China
1	Company A ⁽¹⁾	13.6	37.4%	~2,590
2	Company B ⁽²⁾	2.2	6.0%	~2,150
3	The Company	1.6	4.4%	468
4	Company C ⁽³⁾	0.7	1.9%	~220
5	Company D ⁽⁴⁾	0.7	1.9%	~140
	Top 5	18.8	51.6%	
	Others	17.6	48.4%	
	Total	36.4	100.0%	

Notes:

- (1) Company A is a multinational brand that entered China in the 1990s that mainly focuses on pizza.
- (2) Company B is a domestic brand established in 1998 that mainly focuses on pizza.
- (3) Company C is a multinational brand that entered China in the 2000s that mainly focuses on pizza.
- (4) Company D is a domestic brand established in 2010 that mainly focuses on pizza.

Food delivery competitive landscape

As a sub-segment of the China pizza market, the pizza delivery market is also highly concentrated, with the top five players accounting for 47.5% of all food delivery sales within the China pizza market. In 2021, the Company was the third largest pizza restaurant company in the China pizza market in terms of food delivery revenue, with a 6.7% market share in 2021. The table below sets forth the top five brands in terms of food delivery revenue within China pizza market in 2021.

Ranking and market share of leading players in the China pizza Market in terms of food delivery revenue, 2021

Ranking	Company	Food Delivery Revenue (RMB Billion)	Market Share (%)
1	Company A	4.8	26.8%
2	Company B	1.5	8.4%
3	The Company	1.2	6.7%
4	Company C	0.5	2.8%
5	Company D	0.5	2.8%
	Top 5	8.5	47.5%
	Others	9.4	52.5%
	Total	17.9	100.0%

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Tier 1 Cities competitive landscape

Tier 1 cities accounted for 34.6% of the China pizza market in 2021. Within Tier 1 cities, the Company was the second largest pizza company in terms of revenue in 2021. The table below sets forth the top five players in the overall China pizza market for 2021 in Tier 1 cities.

Top 5 players in Tier 1 Cities, 2021

Ranking	Company	Overall revenue in Tier 1 cities (RMB Billion)	Overall market share in Tier 1 Cities (%)	Delivery revenue in Tier 1 cities (RMB Billion)	Delivery market share in Tier 1 Cities (%)
1	Company A	3.2	25.4%	1.2	17.4%
2	The Company	1.3	10.3%	1.0	14.5%
3	Company B	1.1	8.7%	0.8	11.6%
4	Company D	0.6	4.8%	0.4	5.8%
5	Company C	0.4	3.2%	0.3	4.3%
	Top 5	6.6	52.4%	3.7	53.6%
	Others	6.0	47.6%	3.2	46.4%
	Total	12.6	100.0%	6.9	100.0%

MARKET DRIVERS AND TRENDS OF THE CHINA PIZZA MARKET

The following are the key market drivers and trends of the China pizza market:

- *Increasing disposable income.* Per capita disposable income in China has been growing rapidly in tandem with the growth of China’s economy. As consumers’ disposable income have grown, they have increased their expenditure on food. Moreover, growing incomes have also led consumers to seek out higher food quality, more customization options, better service, and quicker delivery, driving the development of the China pizza market.
- *Development of food delivery.* Consumers’ demand for food delivery has continually grown across China’s catering industry. Pizza restaurants will benefit from this trend, as pizza is highly suited for food delivery. Pizza restaurants that are able to create synergies between dine-in and delivery and offer fast and convenient food delivery services across China are expected to perform well.
- *Growing acceptance of Western cuisine among younger consumers.* China’s younger consumers are more willing to try Western cuisine, including pizza, as they are more exposed to Western lifestyles and culture. As the younger generation has become the major consumption group, western style restaurants are expected to be more popular among consumers, which in turn will drive the growth of the China pizza market.
- *Continual product innovation.* Continual product innovation is a driving force for the China pizza market. Driven by an overall trend of consumption upgrades, there is growing demand for diverse pizza flavors among Chinese consumers. To meet this demand, pizza restaurants must regularly update their menus by introducing new products that integrate local flavors.
- *Growth potential from lower-tier city markets.* Third-tier and lower cities have a large consumer base and steadily growing income, which is expected to drive the consumption of pizza in those cities. In addition, although most pizza restaurants are currently located in Tier 1, New Tier 1 and Tier 2 cities, the growth of pizza restaurants in lower-tier cities is expected to be faster, driving the growth of the China pizza market.

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- *Food safety and quality control.* Large restaurant chains in China have more comprehensive food safety management systems and supply chains, enabling them to ensure quality consistency in the food they serve. Pizza restaurant chains, which are larger in scale and hold themselves to higher standards, are able to offer better food safety and quality control, which will drive the market.
- *Innovation of technology and digitalization.* The adoption of new technologies that enable restaurants to improve their business performance and operations are expected to be a major driver for the China pizza market. These new technologies make it possible to track information about purchases, which enable restaurants to launch targeted, bespoke marketing campaigns that can increase customer stickiness and enhance brand loyalty. For example, pizza restaurants that leverage new technologies to track the popularity of different pizzas to offer customized promotions to customers.

CHALLENGES AND ENTRY BARRIERS OF THE CHINA PIZZA MARKET

Although there may not be significant entry barriers in operating and managing a single pizza restaurant, there are significant entry barriers in becoming a large-scale pizza restaurant chain with multiple restaurant locations. There are also challenges inherent to operating a business in the China pizza market. The challenges and principal entry barriers to doing so include the following:

- *Brand awareness.* A pizza restaurant with a high brand awareness is more likely to be welcomed by customers. Generally, a brand’s reputation is highly related to the taste, safety and quality of that brand’s food and drink, as well as the brand’s quality of service and premises. High brand awareness also helps brands negotiate with suppliers and landlords, resulting in more favorable economics for the brand. For new entrants, it is hard for them to establish brand awareness in the short term.
- *Ability to effectively manage supply chains.* Newer entrants to the China pizza market may not be able to manage their supply chain to ensure that fresh and high quality food ingredients and other raw materials are purchased at favorable prices, readily available from qualified suppliers and delivered at the time and in the amounts necessary across all of its restaurants. Similarly, newer entrants may also experience difficulties with maintaining high levels of food safety throughout their supply chains, particularly if they have not developed a network of central kitchens to centralize and standardize food processing. Extensive experience in supply chain management for large-scale operations and maintaining cost efficiency are key entry barriers for new market players.
- *Ability to offer a seamless delivery experience.* New entrants to the China pizza market may find it difficult to offer a seamless delivery experience to their customers. By contrast, experienced players in the China pizza market typically have business models that are more optimized for delivery in terms of store design, in-kitchen procedures, online ordering platforms the use of a dedicated rider fleet, and other features that work together to create a seamless, timely and reliable delivery experience for consumers.

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- *Technology investment.* Pizza restaurant companies that invest in technology infrastructure and adopt new technologies generally are able to provide a unique consumer experiences for both dine-in and delivery, improve convenience for guests and streamline operations to reduce costs and achieve economies of scale. In particular, new entrants to the China pizza market may find it difficult to optimize their technology for a delivery focused business model.
- *Ability to maintain standardization and regulatory compliance.* As a relatively smaller and newer entrant to the China pizza market grows in size, it becomes more difficult to ensure that all of its restaurant units carry out standardized operations, especially with respect to food quality, hygiene and service quality. It is also challenging for new entrants to the China pizza market to manage a large pizza restaurant network, as it becomes more challenging to ensure that all restaurant units and staff comply with the laws and regulations of multiple jurisdictions.
- *Ability to maintain growth and attractive economics.* As a new entrant to the China pizza market opens more units and grows in size, it becomes more difficult to maintain its pace of growth and achieve attractive overall economics. Opening new pizza restaurants requires capital investment, management oversight and human resources. Moreover, pizza restaurant companies may also find it hard to successfully prevent cannibalization among its existing restaurants. Due to the initial capital expenditure requirements and potentially long ramp-up periods to achieving breakeven or cash investment payback, new pizza restaurant companies may find it challenging to maintain a healthy cash flow from operations while growing rapidly.

COST OF RAW MATERIALS AND LABOR

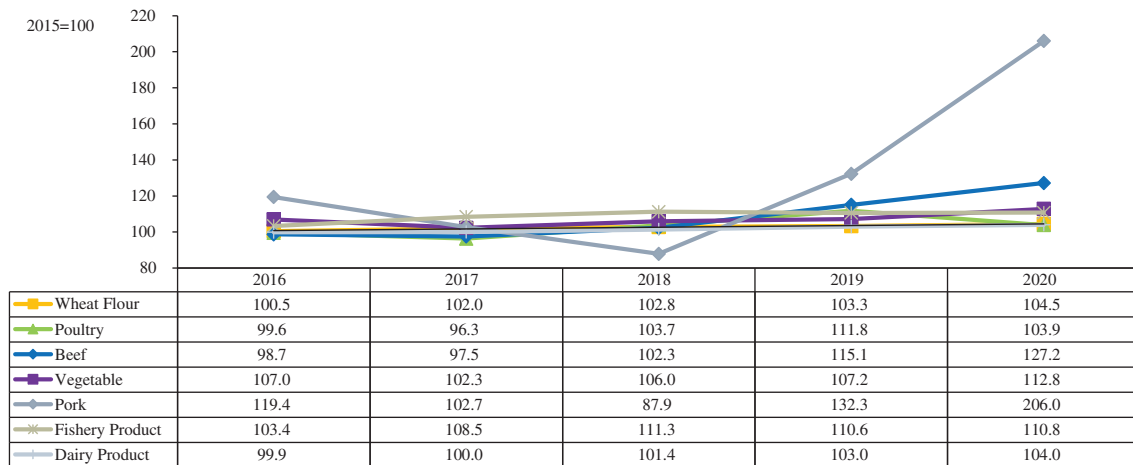
Cost of raw materials

The cost of raw materials, such as food ingredients, represents a key cost item for restaurants in China. For pizza restaurants, the main raw materials include cheese, wheat flour, chicken, beef, pork and vegetables.

The prices of these ingredients, as like most food materials, have increased during recent years, accompanied by significant price volatility. For example, beef has steadily grown more expensive. The consumer price index of beef increased from 98.7 in 2016 to 127.2 in 2020, primarily due to the growing demand of China’s consumers. On the other hand, the consumer price index of pork has been volatile for several years, decreasing from 119.4 to 87.9 from 2016 to 2018 due to an increase in the global supply of pigs, before increasing from 87.9 to 206.0 from 2018 to 2020 due to the outbreak of African Swine Fever and COVID-19. Looking ahead, it is expected that consumer price index of raw food materials will continue to grow at a moderate rate, driven by growing income levels, the developing macroeconomy and rising personal health awareness among Chinese consumers. The chart below sets forth the consumer price index trends of major raw materials used by pizza restaurants in China for the years indicated.

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2015-based consumer price index of raw food Material (China), 2016-2020

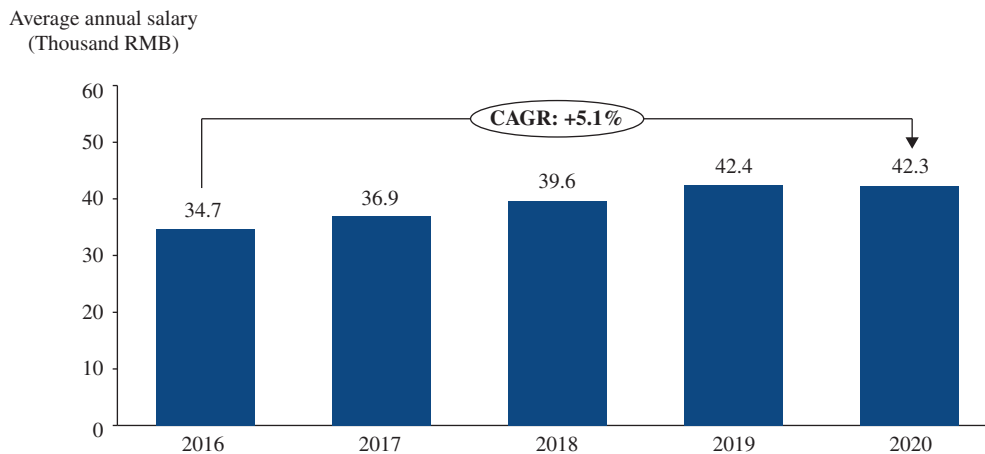


Source: National Bureau of Statistics of China

Cost of labor

In line with the rapid growth of China’s economy, the annual salary of employees in China’s catering industry increased at a CAGR of 5.1% from 2016 to 2020 and is expected to continue to increase in the coming years. Similarly, labor costs for restaurants are expected to continue to grow at a moderate rate, ranging from approximately 4% to 6%, driven by the growth of the overall economy, rising disposable income and inflation. The chart below sets forth the average annual salary of employees in China’s catering industry for the years indicated.

Average annual salary of employees (China), 2016-2020



Source: National Bureau of Statistics of China

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SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent third party, to conduct a study of the catering and pizza market in China. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. We agreed to pay Frost & Sullivan a fee of RMB1,150,000 for the preparation of the Frost & Sullivan Report. Unless otherwise stated, figures and statistics provided in this document and attributed to Frost & Sullivan have been extracted from the Frost & Sullivan Report and published with the consent of Frost & Sullivan. Our Directors confirm to the best of their knowledge, and after making reasonable enquiries, that there have been no adverse changes in the industry since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information set out in this section.

We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of China’s catering and pizza markets for prospective investors. The methodology used by Frost & Sullivan includes (i) detailed primary research which involves discussing the status of the industry with leading industry participants and industry experts, and (ii) secondary research which involves reviewing company reports, independent research reports and data based on Frost & Sullivan’s own research database.

Frost & Sullivan considers the source of information set out in the Industry Overview section as reliable because (i) it is general market practice to adopt official data and announcements from various PRC government agencies; and (ii) the information obtained from interviews is for reference only, and the findings in its report are not directly based on the results of those interviews. Frost & Sullivan has a proven track record in providing market research studies to government and private clients in the regions covered by the Frost & Sullivan Report covers.

In preparing and compiling the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) China’s economy is likely to maintain steady growth in the next decade; (ii) China’s social, economic, and political environment is likely to remain stable in the forecast period; (iii) market drivers like the increasing number of shopping malls, development of social media and growing group of pizza customers are likely to drive the prosperity of China’s catering and pizza markets; and (iv) given the strict quarantine and containment measures taken by the Chinese government, the COVID-19 pandemic will be effectively controlled and will not frustrate the long-term steady development of the Chinese economy.