

Global and China Food Service Market Study for Project Red

Date : November 27, 2025

For and on behalf of
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.


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Title: Executive Director

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1	Overview of Food Service Market in Chinese Mainland
2	Overview of Chinese Noodle Food Service Market in China
3	Overview of Chinese Fast-casual Dining Market in Chinese Mainland
4	Overview of Overseas Chinese Food Service Market
5	Competitive Landscape Analysis
6	Appendix

Scope

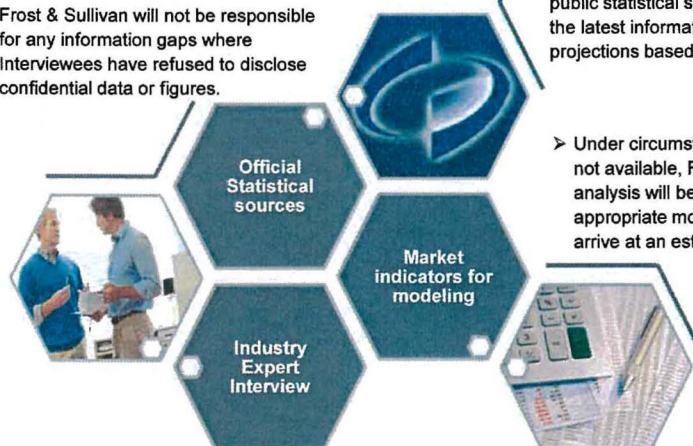
- The project scope is defined as follows:

Research period	• Historical Year: 2020-2024 • Base Year: 2024 • Forecast Year: 2025E-2029E
Geographic Scope	• China Market • Global Market
Industry Scope	• Food Service & QSR Market

Limitations

■ Source of Information

- Interviews with industry experts and competitors will be conducted on a best-effort basis to collect information in aiding in-depth analysis for this report.
- Frost & Sullivan will not be responsible for any information gaps where interviewees have refused to disclose confidential data or figures.



- The study took 2024 as the base year and 2025-2029 as the forecast period. However, as the point of this study being 2025, some of the figures of 2024 may not be available at the moment from public statistical sources. Frost & Sullivan will use the latest information available (e.g. 2023) or make projections based on historical trends.

- Under circumstances where information is not available, Frost & Sullivan in-house analysis will be leveraged using appropriate models and indicators to arrive at an estimate.

- Source of information will be stated in the right-hand corner at the bottom on each slide for easy reference.

Terms and Glossary

- **Chinese Noodle:** refers to a type of Chinese cuisine primarily made from noodles, rice noodles, vermicelli, or similar ingredients, prepared using simple and quick cooking methods to provide a fast, efficient dining experience. These meals are typically characterized by being convenient, quick, affordable, and flavorful, making them ideal for modern urban lifestyles where people have a high demand for fast, efficient dining options.
- **Full Service Restaurants (FSR):** referring to dining establishment with enhanced dining experience where customers are seated at tables and receive service from waitstaff who take orders and deliver food and beverages, which typically offer a comprehensive menu that includes appetizers, main courses, desserts, and a variety of beverages, often featuring alcoholic options.
- **Fast-casual Dining Restaurants (FCDR):** as a top-prioritized and crucial sub-segment of QSR, FCDRs usually represent a hybrid model combining the convenience and efficiency of QSRs and the quality in service. Distinguishing features include attention to ambiance, thoughtful menu design, and a holistic focus on the dining experience, which offers FCDRs the potential to obtain the market share of FSR. These restaurants are typically located in upscale malls, pedestrian streets, or transportation hubs, offering superior dining environments, higher service quality, and more digitalized operations to meet consumers' demands for both convenience and quality.
- **Frost & Sullivan (F&S):** Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company. It is referred to as the "Industry Consultant" in the IPO project, Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. Room 2504, Wheelock Square 1717 West Nanjing Road, Shanghai, China.
- **Frost & Sullivan Report (F&S Report):** the report prepared by Frost & Sullivan and commissioned by us (in the prospectus).
- **Gross Merchandise Value (GMV):** referring to the total value of goods sold via customer-to-customer (C2C) or e-commerce platforms.

Terms and Glossary

- **Quick Service Restaurants (QSR):** restaurants commonly known as fast-food restaurant, which is an establishment that offers swiftly prepared meals with minimal table service; QSR is a segment of the food service industry focused on providing food and beverages quickly, often at a lower price point, with limited table service.

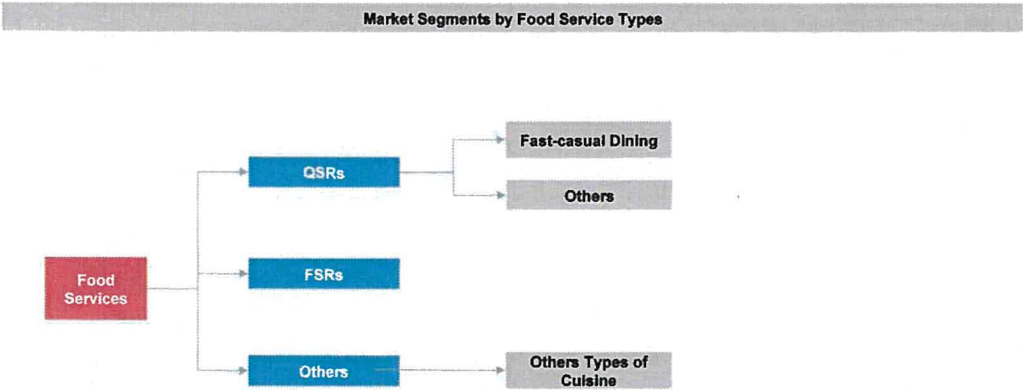
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Overview of China Food Service Market

China's Food Service Market Definition and Segmentation

- The food service market can be defined as the preparation, handling, packaging, and distribution of food, beverage, and related services by an establishment to individual consumers.
- The food service market in China can be categorized based on dining preferences or tastes (such as Chinese, Western, or other cuisines) or to be segmented by restaurant type into QSRs, FSRs and others, considering factors including but not limited to operating models, degree of chain integration, dining environment, and speed of service.



Source: National Bureau of Statistics of China, Frost & Sullivan

Overview of China Food Service Market

China's Food Service Market Segment Comparison

- Food service market can be segmented by restaurant type into QSR, FSR and others. Within the QSR category, it can be further classified into Chinese QSR (Chinese noodle QSR, Chinese rice-based QSR), western QSR and other QSR.

Dimension	Chinese QSR		Western QSR	Other QSR	FSR	
	Chinese Noodle QSR	Chinese Rice-based QSR			FSR – Fine Dining	FSR – Casual Dining
Product Type	Noodle-based meals, with light side dishes or soup	Rice-based meals, stir-fried dishes with rice or soup	Burgers, fried chicken, pizza	Beverages (bubble tea, coffee), snacks	Gourmet meals, multi-course cuisine	Diverse menu with balanced meals
Service Speed	Fast (5-10mins)	Fast (5-7 mins)	Fast (3-7 mins)	Fast (2-5 mins for drinks, 5-8 mins for snacks)	Slow (30-60 mins)	Moderate (15-30 mins)
Consumption Scene (Dining Preference)	Dine-in + takeaway + delivery	Dine-in + takeaway + delivery	Dine-in + takeaway + delivery	Mostly takeaway + limited dine-in	Dine-in only, formal atmosphere	Dine-in focused, casual environment
Standardization	High, suitable for chain operations	High, suitable for chain operations	High, strong process management	High, product and process standardization	Low, focus on chef's creativity	Moderate, semi-standardized processes
Average Ticket Size	Medium (RMB 20-40 per meal)	Medium (RMB 20-40 per meal)	Medium (RMB 20-40 per meal)	Medium-low (RMB 15-30 per drink/snack)	High (RMB 200+ per person)	Medium (RMB 50-100 per person)
Purchase Frequency	Medium-high (suitable for regular meals)	Medium-high (suitable for regular meals)	Medium-high (frequent, especially for fast meals)	Medium-high (frequent beverage consumption)	Low (occasional, for special events)	Medium (frequent, family or casual gatherings)
Market size in 2024 Growth potential (Billion RMB) in the Chinese Mainland	286.6	296.4	832.4	334.3	715	2,520
Growth potential (CAGR 2025E-2029E) in the Chinese Mainland	11.0%	9.6%	8.9%	3.8%	2.6%	4.3%

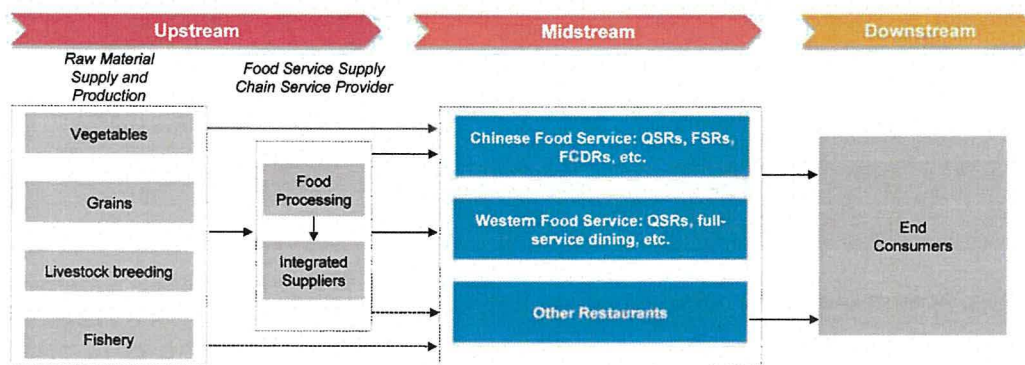
Source: National Bureau of Statistics of China, Frost & Sullivan

Overview of China Food Service Market

China's Food Service Market Industry Chain Analysis

• Food service market value chain consists of:

- **Upstream:** raw material supply and production providing ingredients and food product, food processing (i.e., semi-finished and finished food products) and . This includes agricultural production, food processing, and packaging stages, which can be supplied by integrated suppliers and food processing companies in the restaurant supply chain.
- **Midstream:** the core of the food service industry, encompassing various dining formats such as Chinese fast food, Chinese full-service dining, hot pot, as well as Western fast food, and Western full-service dining. Restaurant businesses convert upstream raw materials into dining products and serve consumers through different channels.
- **Downstream:** the downstream segment directly interacts with consumers and represents the final service and consumption scenarios for dining products, whereas downstream consumer base in the food service industry can be segmented into dine-in consumers, takeaway consumers, as well as group dining and corporate clients.

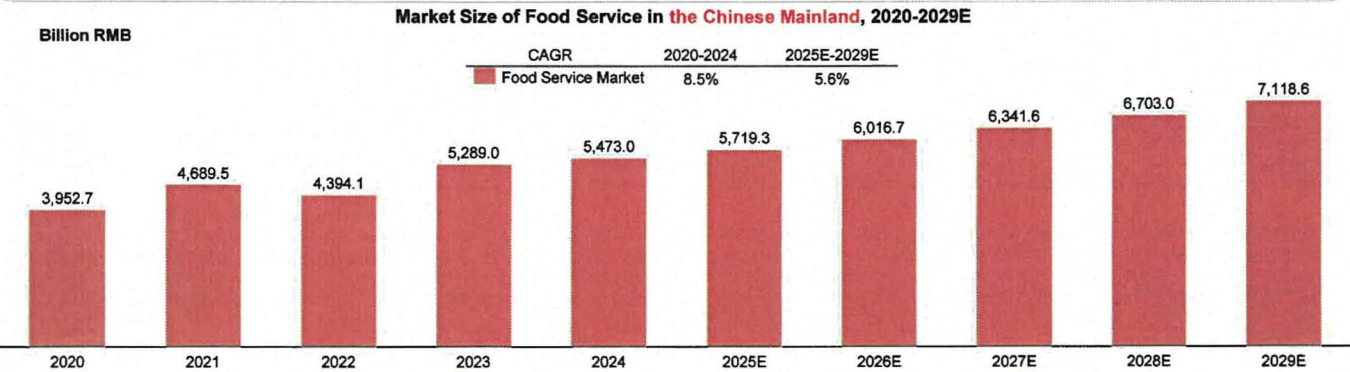


Source: Frost & Sullivan

Overview of China Food Service Market

Market Size of Food Service in the Chinese Mainland

- The food service industry is a key sector in promoting consumption, improving livelihoods, and stabilizing employment. Between 2020 and 2024, the food service industry nacheived a CAGR of 8.5%, showcasing its significant growth momentum. Upon recovering from severe impact of the COVID-19 pandemic, food service restaurants have experienced a full recovery. In 2023, the total retail sales of consumer goods in the Chinese mainland exceeded RMB47,149.5 billion, marking a 7.2% increase from 2022 and setting a new historical record. As a critical component of the consumption sector, the food service industry achieved total revenues of RMB5,289.0 billion in 2023 and further increased to RMB5,473.0 billion by 2024.
- Further with the orderly resumption of production and daily activities, coupled with the implementation of various policies to boost consumption and expand domestic demand, numerous provinces and cities launched diverse consumption promotion initiatives. Activities such as "culture and tourism + gastronomy," nighttime economy campaigns, and "exhibitions + dining" events significantly accelerated the food service industry's recovery. These efforts not only restored confidence in the sector but also highlighted its strong resilience, and as a result, the food service industry has emerged as a vital driver of consumption growth and an essential pillar of economic recovery. The food service industry in the Chinese mainland is expected to show a rapid recovery trend and reach RMB7,118.6 billion in 2029, representing a CAGR of 5.6% from 2025 to 2029.

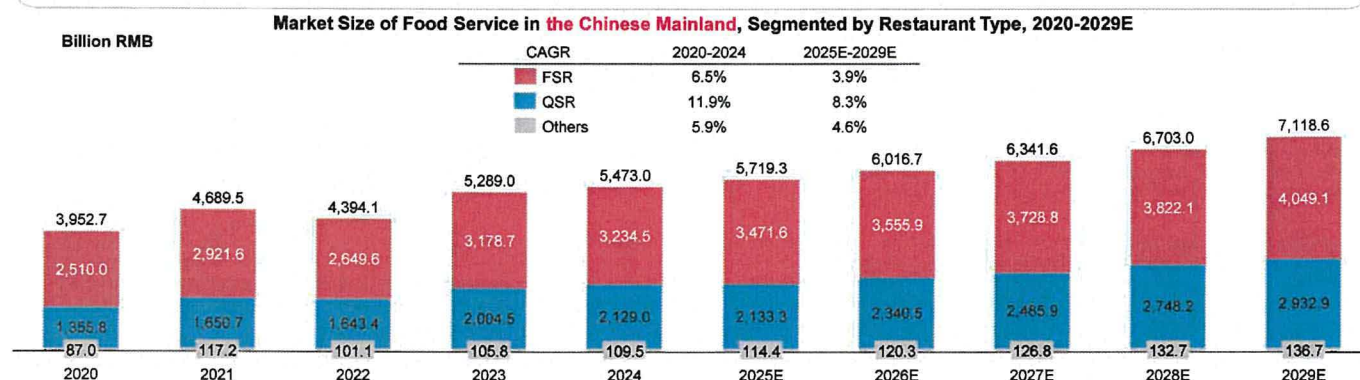


Source: National Bureau of Statistics of China, CHCDIA, Frost & Sullivan

Overview of China Food Service Market

Market Size of Food Service in the Chinese Mainland

- The food service market in the Chinese mainland has reached an enormous scale, underpinned by rapid growth and transformation across all segments. Among these, the Chinese QSR segment stands out as the leading driver of growth, propelled by strong local consumer demand for traditional flavors and convenience. This segment has benefited from continuous innovation in menu offerings, streamlined service operations, and extensive geographic penetration across urban and emerging markets. As consumer preferences evolve and urbanization accelerates, Chinese QSR is expected to further solidify its pivotal role, catalyzing sustained expansion and reinforcing the overall dynamism of the Chinese food service market.
- In 2024, the QSR market in the Chinese mainland reached RMB 2,129.0 billion in GMV, marking a significant milestone in its evolution. From 2020 to 2024, the market expanded from RMB 1,355.8 billion to RMB 2,129.0 billion, achieving a CAGR of 13.9%. During this period, the proportion of QSR GMV within the broader food service market in the Chinese mainland rapidly increased, underscoring its growing influence. Looking ahead, the market is projected to reach RMB 2,932.9 billion by 2029 with an anticipated CAGR of 11.6% from 2025 to 2029, as continued menu innovation, enhanced service delivery, and further adoption of digital ordering and delivery solutions propel sustained growth.



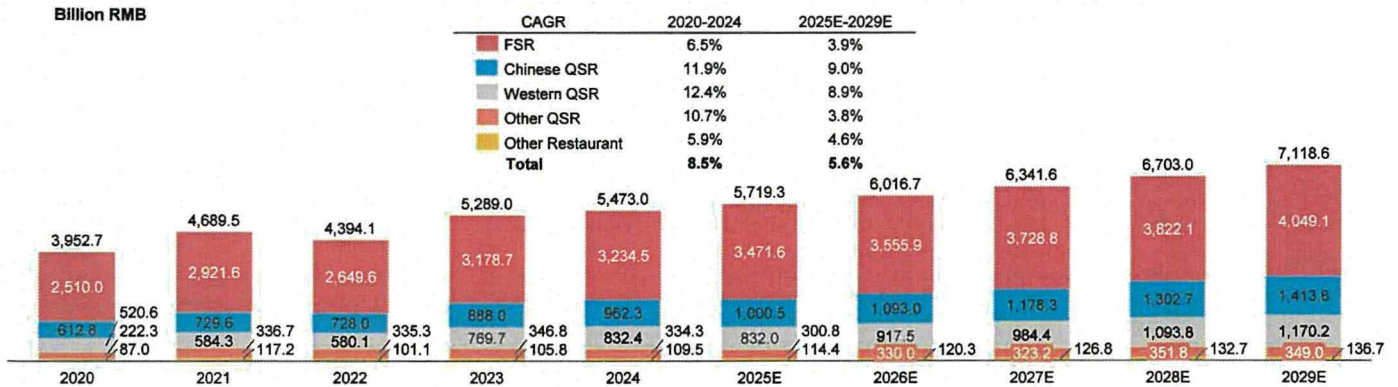
Source: National Bureau of Statistics of China, CHCDIA, Frost & Sullivan

Overview of China Food Service Market

Market Size of Food Service in the Chinese Mainland

- The food service industry is a key sector in promoting consumption, improving livelihoods, and stabilizing employment. Between 2020 and 2024, the food service industry market in the Chinese mainland achieved a CAGR of 8.5%, showcasing its significant growth momentum. The food service industry in the Chinese mainland can be segmented by restaurant type into FSR, QSR and others. Among all segments, the overall QSR represents that of the greatest growth potential, increasing from RMB 1,355.8 billion in 2020 to RMB 2,129 billion in 2024 at a CAGR of 13.9% from 2020 to 2024. In comparison, the FSR sector has witness growth but slow in acceleration, reaching a CAGR of 6.5% from 2020 to 2024.
- Further with the orderly resumption of production and daily activities, coupled with the implementation of various policies to boost consumption and expand domestic demand, China food service industry is expected to show a rapid recovery trend and reach RMB7,118.6 billion in 2029, representing a CAGR of 5.6% from 2025 to 2029. Among which, the QSR sector will be anticipated to witness high growth rate at a CAGR of 11.6%, while it is benefited by the speed of new store opening, consumer demand toward dining speed, standardized procedure as well as food and service quality.

Market Size of Food Service in the Chinese Mainland, Segmented by Restaurant Type, 2020-2029E

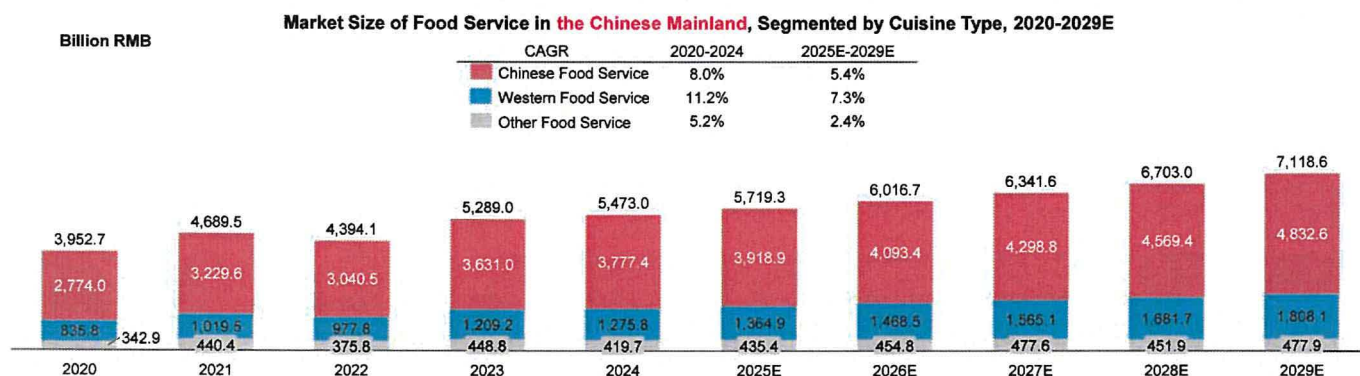


Source: National Bureau of Statistics of China, CHCDIA, Frost & Sullivan

Overview of China Food Service Market

Market Size of Food Service in the Chinese Mainland Segmented by Cuisine Type

- From 2020 to 2024, the food service market in the Chinese mainland for Chinese cuisine demonstrated significant growth, with revenue increasing from RMB2,774.0 billion in 2020 to RMB3,777.4 billion in 2024. This represents a CAGR that underscores its dominant role in the domestic food service market. Similarly, the Western cuisine segment grew from RMB835.8 billion in 2020 to RMB1,275.8 billion in 2024, reflecting increasing diversification in consumer dining preferences, with the remaining to be other cuisine.
- Looking ahead to the predicted period, both segments are projected to maintain robust growth momentum. By 2029, revenue from the Chinese cuisine segment is expected to reach RMB4,832.6 billion, while the Western cuisine segment is forecasted to grow to RMB1,808.1 billion. This represents continued expansion, driven by urbanization, rising disposable incomes, and the increasing influence of digital and innovative dining solutions. These represent the resilience and adaptability of market size of food service market in the Chinese mainland, with Chinese cuisine cementing its position as a market leader and Western cuisine capturing growing market share as consumer tastes diversify. As the industry evolves, investments in digital transformation, supply chain efficiency, and customer experience enhancement will likely further bolster growth in both segments.

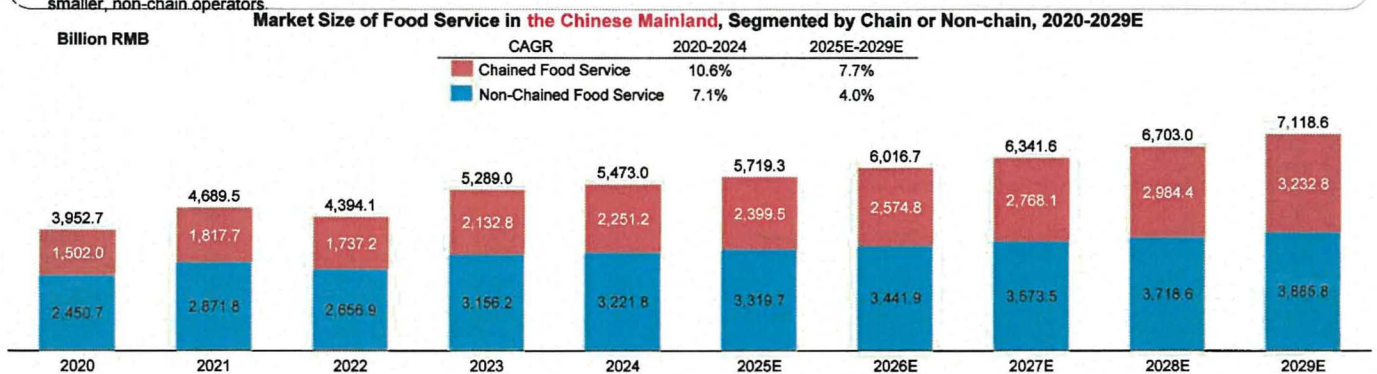


Source: National Bureau of Statistics of China, CHCDIA, Frost & Sullivan

Overview of China Food Service Market

Market Size of Food Service in the Chinese Mainland Segmented by Chain Penetration Level

- The food service market in the Chinese mainland has experienced robust growth across both chain and non-chain segments, driven by economic recovery, evolving consumer preferences, and advancements in operational efficiency. The chained food service market has demonstrated remarkable growth, reflecting the industry's increasing emphasis on standardization, efficiency, and scalability, which had grown to RMB2,251.2 billion by 2024, achieving a CAGR of 10.6%. This growth has been fueled by the recovery of dining-out trends post-pandemic, innovations in digitalization, and chain restaurants' ability to replicate efficient business models across multiple regions. Meanwhile, the non-chain food service market has remained a significant contributor to the broader food service landscape. In 2020, the market was valued at RMB2,450.7 billion, increasing to RMB3,221.8 billion in 2024, with a CAGR of 7.1% over this period. This growth highlights the resilience of independent food service operators and the recovery of smaller businesses in the aftermath of the pandemic.
- Looking ahead, the chain food service market in the Chinese mainland is expected to maintain its upward momentum, growing from RMB2,399.5 billion in 2025 to RMB3,232.8 billion in 2029. This reflects a CAGR of 7.7%, driven by continuous geographic expansion, product innovation, and growing consumer trust in standardized dining experiences. However, the forecast suggests a comparatively moderate growth trajectory for non-chain restaurants, with the market projected to rise from RMB3,319.7 billion in 2025 to RMB3,885.8 billion in 2029 at a CAGR of 4.0%, as rising competition from chain establishments and increasing operational pressures pose challenges to smaller, non-chain operators.

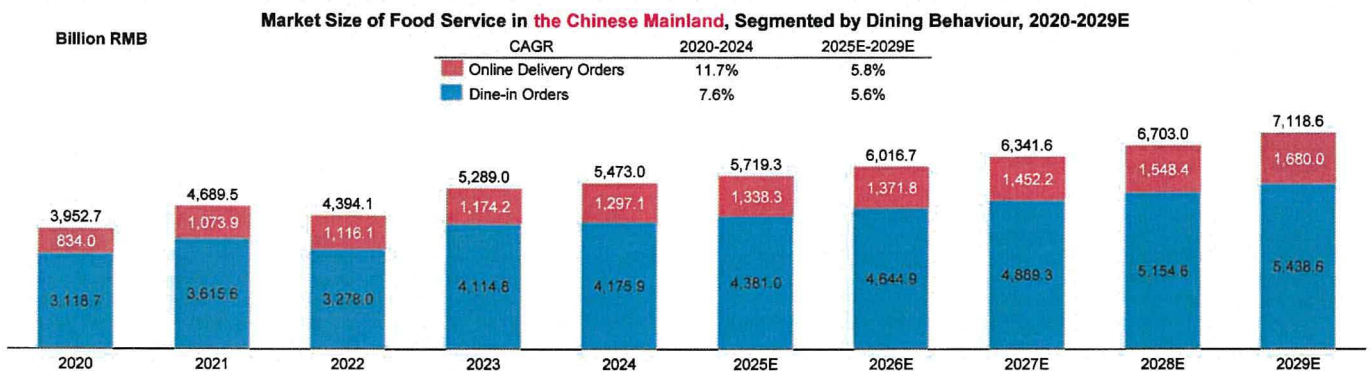


Source: National Bureau of Statistics of China, CHCDIA, Frost & Sullivan

Overview of China Food Service Market

Market Size of Food Service in the Chinese Mainland Segmented by Dining Behaviour Type

- The development of Internet infrastructure drives the overall digitalization and online transformation of food service operations. They provide data-driven solutions such as delivery order scheduling, online queue management, and intelligent restaurant management systems, helping food service chains enhance store operations and back-end efficiency. This digital infrastructure not only supports the growth of food delivery services but also strengthens the overall operational efficiency of the food service market. Between 2020 and 2024, the food service market demonstrated consistent growth in both online delivery and dine-in orders. Online delivery orders increased from RMB834.0 billion in 2020 to 1,297.1 billion in 2024, representing a CAGR of approximately 11.7%. During the same period, dine-in orders rose from RMB3,118.7 billion in 2020 to RMB4,175.9 billion in 2024, achieving a CAGR of around 7.6%.
- From 2025 to 2029, the market is predicted to maintain its upward trend. With the advancement of urbanization and the improvement of residents' living standards, the food delivery industry in the Chinese mainland is rapidly expanding into tier-three cities and below. In the competition for market share, platforms are increasing investment, improving service quality, and optimizing user experiences. Online delivery orders are forecasted to grow from RMB1,338.3 billion in 2025 to RMB1,680.0 billion in 2029, with an estimated CAGR of about 5.8%. Dine-in orders are projected to rise from RMB4,381.0 billion in 2025 to RMB5,438.6 billion in 2029, achieving a CAGR of approximately 5.6%. This growth reflects the evolving dining preferences of consumers and the sustained expansion of the food service market.

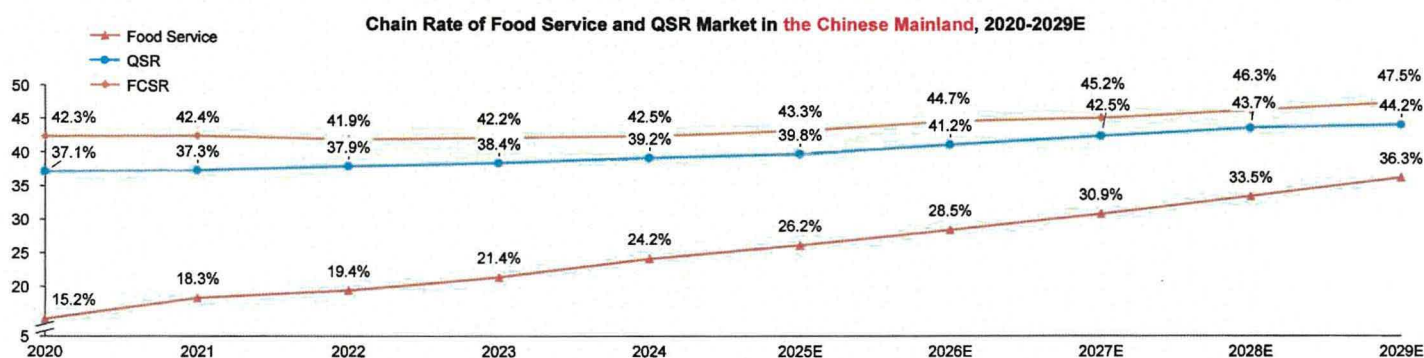


Source: National Bureau of Statistics of China, CHCDIA, Notice of the Ministry of Commerce, Frost & Sullivan

Overview of China Food Service Market

Chain Rate of Different Types of Food Service (1/2)

- The Chinese fast-casual dining industry, with its high level of product standardization, replicable operational models, significant supply chain advantages, and alignment with modern consumer needs, is inherently well-suited for chain operations. Chain management not only enhances operational efficiency and market competitiveness but also meets consumer expectations for fast, convenient, and consistent dining experiences. As a result, the fast-casual dining sector exhibits a relatively high chain rate, with substantial growth potential in the future.
- Moving on to that of 2020, several factors have jointly attributes significantly expanded management capability and enhanced the scalability of chain operation: such as the integration of front-end flow of customer acquisition, mid-tier internal management, and back-end supply systems driven by digitalization. This has further improved on the overall chain penetration of food service market in the Chinese mainland to increase from 15.2% to 24.2% from 2020 to 2024. In the near future, it is anticipated that the food service restaurants will be shortly recovered from the pandemic given the increasing market demand toward consumption, and the chain penetration will increase to 36.0% at a stable acceleration rate by end of 2029. In comparison, the chain rate of QSR dining is higher than that of the overall food service and reaching to 44.2% by 2029, as the QSR chain penetration was initially higher than that of the overall chain rate of food service industry.



Source: National Bureau of Statistics of China, CHCDIA, CCFA, Frost & Sullivan

Overview of China Food Service Market

Chain Rate of Different Types of Food Service (2/2)



Key Factors Driving the Acceleration of Chain Penetration of Food Service and QSRs

The chain penetration in the food service industry is accelerating, with industrialization and hybrid expansion becoming prominent trends:

① **The Increasing Industrialization of the Food Service Industry Is Driving the Rise in Overall Restaurant Chain Penetration.**

- This growth and acceleration of chain penetration in the overall food service industry is supported by more integrated supply chains and advanced digitalization, particularly with the standardization of products such as pre-prepared dishes, which create favorable conditions for chain expansion. The integration of digitalization with supply chain management plays a critical role. Digitalization enables visualization, which allows for optimization.
- The food service industry operates with a long and complex chain: the front end connects with consumers, the midstream involves internal operations management, and the back end relies on supply chain support. Before digital transformation, key critical points and links of the supply chain were difficult to quantify, the entire chain lacked visibility, and inefficiencies in operations and delayed feedback hindered the ability of restaurant brands to scale. With digital tools, brands can streamline front-end traffic acquisition, midstream internal management, and back-end supply systems, significantly broadening management capacity and enhancing the ability to replicate chain operations effectively.

② **Hybrid Expansion Model Accelerates Chain Penetration in the Food Service Industry.**

- The hybrid model, combining self-owned and franchise models, is driving higher chain penetration rates in the food service sector. The COVID-19 pandemic revealed pain points in traditional self-owned operations, including high operating and management costs, capital constraints, and supply chain inefficiencies. Leading food service brands are increasingly adopting a hybrid approach to expand their networks more rapidly while mitigating operational pressures. Franchise operations, supported by policy incentives and reduced labor costs, can lower operating expenses by an estimated 20%-30% compared to fully self-owned models.
- This hybrid strategy has proven particularly advantageous in cost-sensitive, efficiency-driven segments like tea and fast-casual dining. It also attracts small-scale entrepreneurs, who face financial and risk limitations in launching independent brands, by offering access to established supply chains, mature operational systems, and brand equity. As a result, franchise-based models are enabling faster expansion and scaling for mid-to-small-sized chain brands.
- Different franchise modes cater to varied brand strategies: fully-managed models for niche or regional brands with limited scale, regional agency models for highly standardized brands seeking national expansion, and joint ventures for brands with robust supply chains aiming for rapid yet controlled growth. For global brands lacking proprietary supply chains, the traditional franchise model remains dominant, with Western fast-food giants being the most prominent examples.

Source: Frost & Sullivan

Overview of China Food Service Market

Food Service Market Drivers and Trends (1/3)



Increasing Disposable Income Boosting Consumption Upgrade

Rising Disposable Income Driving Foodservice Market Expansion: The steady increase in disposable income is a key driver of growth in the foodservice industry, enabling consumers to allocate more spending towards dining out. As income levels rise, consumer expectations shift from basic sustenance to enhanced dining experiences that emphasize quality, convenience, and personalization. This has led to increased demand for diverse restaurant formats, ranging from premium full-service establishments to fast-casual dining concepts that balance efficiency with elevated food quality.

Evolving Consumer Preferences and Market Dynamics: Higher disposable income not only boosts overall foodservice expenditure but also influences consumer behavior, fostering a greater preference for high-quality ingredients, healthier meal options, and customized dining experiences. This shift has contributed to the expansion of premium restaurant segments, specialty cuisine offerings, and digitalized foodservice models. Additionally, in emerging markets, the growing middle class is accelerating industry growth as consumers seek elevated dining options beyond home-cooked meals.

Opportunities for Foodservice Operators: The impact of rising disposable income is particularly pronounced in urban centers, where higher living standards and busier lifestyles encourage frequent dining out. Foodservice brands that strategically align with income-driven consumer trends—by offering differentiated services, premium menu options, and enhanced customer experiences—are well-positioned to capture higher-value segments in the evolving market landscape. As income levels continue to rise, the demand for diverse, high-quality, and convenient dining solutions is expected to grow, sustaining long-term industry expansion.



Urbanization Level Providing Well-established Infrastructure and Market Demand Toward Foodservice

The continuous advancement of urbanization has been a significant driver of foodservice industry growth in recent years. As cities expand and rural populations migrate to urban centers, the concentration of consumers in metropolitan areas has created a strong demand for diverse dining options. This demographic shift has led to the proliferation of various foodservice formats, including quick-service restaurants, fast-casual dining, and premium full-service establishments, catering to the evolving needs of urban consumers.

Changing Consumer Behavior and Dining Patterns: Urbanization has reshaped dining habits, as busy lifestyles and higher population density increase the reliance on convenient, high-quality food solutions. In major cities, professionals and students seek efficient yet satisfying meal options that fit their fast-paced schedules, boosting demand for both on-premise dining and off-premise consumption channels such as takeout and delivery. Additionally, the rise of mixed-use developments, commercial hubs, and shopping districts has created new opportunities for foodservice operators to capture foot traffic and optimize location strategies.

Infrastructure Development and Market Expansion: The expansion of urban infrastructure, including improved transportation networks, commercial real estate growth, and digital connectivity, has further fueled the foodservice market. Enhanced logistics capabilities and smart city initiatives have supported the seamless integration of online and offline dining experiences, enabling food brands to scale efficiently.

Source: Frost & Sullivan

Overview of China Food Service Market

Food Service Market Drivers and Trends (2/3)



The Acceleration of On-the-Go Lifestyle Jointly Triggering Rising Demand for Food Delivery

The surge in demand for food delivery, fueled by evolving consumer behaviors and increasingly fast-paced lifestyles, has become a key growth driver for the food service industry. The increasing demand for food delivery, driven by evolving consumer habits and the acceleration of on-the-go lifestyles, has been a key factor in the expansion of the food service industry. In densely populated urban areas, particularly in first- and second-tier cities, the fast-paced nature of work and daily life has heightened consumer reliance on convenient dining solutions. Office workers, students, and busy professionals often face time constraints that limit their ability to prepare meals or dine out, making food delivery a preferred option. The proliferation of dual-income households and extended working hours has further reinforced this demand, as consumers prioritize accessibility and time efficiency when selecting meal options.

The rapid advancement of digital ordering platforms, contactless payment solutions, and last-mile logistics has significantly enhanced the food delivery ecosystem. The integration of AI-powered recommendations, real-time tracking, and efficient dispatch systems has enabled food service providers to optimize their operations while maintaining high service quality. Additionally, restaurants have adapted to the increasing volume of delivery orders by streamlining kitchen workflows, implementing cloud kitchens, and innovating packaging solutions to preserve food integrity. As consumers continue to seek seamless and time-saving dining experiences, the food delivery market is expected to maintain strong growth, positioning it as a critical pillar of the food service industry's future development.



Urbanization and Fast-paced Lifestyles Enriching Potential Consumers

The rising consumer expectations for dining quality, alongside improvements in standardized operations, are accelerating the development of the food service industry. The growing emphasis on dining quality, along with the increased standardization of QSR operations, has been instrumental in shaping the modern food service landscape. Consumers today are not only seeking convenience but also prioritizing food quality, consistency, and overall service excellence. This shift in expectations has prompted leading food service brands to invest in process optimization, supply chain enhancement, and technological integration to ensure a high standard of food safety, taste consistency, and efficient service. In urban centers, where competition among restaurants is fierce, the ability to deliver a premium yet efficient dining experience has become a key differentiator for brands looking to capture market share.

The adoption of standardized operations within chain restaurants has driven improvements across multiple facets of the industry. From ingredient sourcing and automated kitchen workflows to structured staff training and digital customer engagement, restaurant operators are leveraging data analytics and AI-driven solutions to enhance both product quality and operational efficiency. Digital ordering systems, predictive demand forecasting, and smart inventory management have streamlined service workflows, reducing wait times while ensuring consistency across locations. As consumers continue to seek high-quality, reliable, and efficient dining experiences, the role of standardization in improving food and service quality will remain a crucial driver of industry growth.

Source: Frost & Sullivan

Overview of China Food Service Market

Food Service Market Drivers and Trends (3/3)



Strengthening Food Safety Awareness and Health-conscious Consumption Driving Chain Restaurant Expansion

The increasing consumer emphasis on food safety, hygiene, and health-conscious consumption has emerged as a critical driver of food service industry growth. Consumers today are more aware of the importance of food safety and nutritional value, leading to heightened expectations for transparency in ingredient sourcing, standardized food preparation, and stringent hygiene protocols. This shift is particularly evident in urban markets, where rising disposable incomes and access to information have influenced purchasing decisions. Consumers are actively seeking dining options that align with their health and safety standards, favoring brands that demonstrate compliance with rigorous food safety regulations and promote healthy menu choices.

Leading restaurant chains have responded to this demand by implementing standardized food safety management systems, quality control measures, and traceable supply chains.

Digital monitoring technologies, such as AI-driven food safety tracking and automated kitchen sanitation processes, have further enhanced the ability of chain restaurants to ensure compliance with evolving regulatory requirements. Additionally, consumer preference for healthier meal options has encouraged restaurants to innovate their menus, incorporating fresh, organic, and low-calorie alternatives. As public awareness of food safety and health continues to rise, restaurant chains with well-established safety protocols and health-oriented offerings are well-positioned to capitalize on this growing market trend, reinforcing the importance of standardization and trust in the dining sector.



Policy Support and Regulatory Frameworks Accelerating Restaurant Chain Development

The implementation of supportive policies and regulatory frameworks has played a pivotal role in accelerating the expansion of restaurant chains. Government initiatives aimed at improving food safety standards, enhancing supply chain transparency, and fostering industry modernization have created a favorable environment for chain restaurant growth. Policies that encourage digitalization, standardization, and operational efficiency have enabled food service operators to scale more effectively while maintaining compliance with national food safety and business regulations. Additionally, financial incentives such as tax benefits, subsidies, and favorable leasing policies for franchised businesses have lowered entry barriers, encouraging more entrepreneurs to invest in chain restaurant models.

Regulatory oversight has reinforced consumer confidence in branded restaurant chains by ensuring consistency in food quality, hygiene, and service standards. Large-scale chains benefit from economies of scale in implementing standardized food safety measures, staff training programs, and supply chain optimization, allowing them to operate more efficiently than independent establishments. Moreover, government-backed initiatives promoting digital transformation, such as smart restaurant management systems and AI-powered compliance tracking, have further strengthened the ability of chain restaurants to adapt to evolving industry requirements. As regulatory support continues to evolve in favor of structured, compliant, and technology-driven restaurant operations, chain brands are expected to experience sustained growth, leveraging policy-driven advantages to expand their market presence.

Source: Frost & Sullivan

Overview of China Food Service Market

Industry Related Government Policies and Regulations (1/4)

Name of the Policy	Year	Published Institution	Content
Food Safety Risk Control Checklist 《食品安全风险管控清单》	2024	State Administration for Market Regulation	The checklist clarifies the food safety risk control points, hazards, risk descriptions, control measures, control objectives, control frequencies, and responsible personnel for businesses with different production and operation types and food categories, from aspects including food production, processing, storage, and sales.
General Rules for the Examination of Food Business Licenses 《食品经营许可证审查通则》	2024	State Administration for Market Regulation	The rules aim to standardize the review of food operation licenses. Based on relevant regulations and categorized by business entity type, project scope, and risk level, from aspects including management systems, personnel, premises, and equipment. Catering, food sales, and other food business entities are subject to specific licensing requirements and inspections according to their operations.
Regulations for the Implementation of the Nation's Law on the Protection of Consumer Rights and Interests 《消费者权益保护法实施条例》	2024	State Council	The regulations refined provisions regarding online consumption and stipulated operators' obligations concerning prepaid consumption, urging them to provide goods or services in accordance with the agreement made with consumers; Standardized consumer complaints and compensation claims, stipulating that complaints and reports must abide by laws, regulations and relevant provisions; Specified that governments at all levels should strengthen guidance on the protection of consumer rights and interests, increase supervision, inspection and law enforcement, and promptly investigate and deal with practices that infringe on consumers' legitimate rights and interests.
Guiding Opinions of 9 Departments Including the Ministry of Commerce on Bolstering the High-quality Development of China's Catering Sector 《商务部等9部门关于促进餐饮业高质量发展的指导意见》	2024	9 Departments ¹ Including the Ministry of Commerce	The regulation promotes the high-quality development of the catering industry from multiple dimensions, including improving the quality of catering services, innovating catering consumption scenarios, strengthen development momentum, promoting culinary culture, encouraging green development, and optimizing the business environment.

¹ Note: 9 Departments Including the Ministry of Commerce, National Development and Reform Commission, Ministry of Finance, Ministry of Human Resources and Social Security, Ministry of Housing and Urban-Rural Development, Ministry of Agriculture and Rural Affairs, Ministry of Culture and Tourism, National Health Commission, State Administration for Market Regulation

Source: State Administration for Market Regulation, State Council, Ministry of Commerce, Frost & Sullivan

Overview of China Food Service Market

Industry Related Government Policies and Regulations (2/4)

Name of the Policy	Year	Published Institution	Content
Guidelines on Preventing Take-out Food Waste and Regulating Marketing Behavior 《防范外卖餐饮浪费规范营销行为指引》	2024	State Administration for Market Regulation	In order to further regulate the marketing behavior of take-out businesses, implement the main responsibility of online catering platforms, prevent take-out catering waste, and create a social fashion of practicing economy and opposing waste.
Measures for the Administration of Catering Industry 《餐饮业经营管理办法》	2024	Ministry of Commerce	It is formulated in accordance with the relevant laws and regulations of the State in order to regulate the catering service business activities, guide and promote the healthy and orderly development of the catering industry, safeguard the legitimate rights and interests of consumers and operators.
The State Administration of Market Regulation and other six departments jointly issued the Notice on Strengthening the Safety Supervision of Prepared Vegetables and Promoting the High-quality Development of the Industry 《市场监管总局等六部门联合发布关于加强预制菜食品安全监管促进产业高质量发展的通知》	2024	The General Administration of Market Supervision and other six departments	For the first time, it clarified the definition and scope of prepared dishes, stipulated that no preservatives were added, and the use of food additives was strictly enforced, and it vigorously promoted the expression of catering links and strengthened the food safety supervision of prepared dishes.
Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Civil Disputes over Prepaid Consumption (Draft for Comment) 《最高人民法院关于审理预付式消费民事纠纷案件适用法律若干问题的解释（征求意见稿）》	2024	Supreme People's Court	This regulation applies to disputes arising in the areas of retail, accommodation, catering, fitness, travel, hairdressing, beauty, education and training, where operators collect prepayment for goods or provide services to consumers several times or continuously

Source: Ministry of Commerce, Standing Committee of the National People's Congress, National Development and Reform Commission, State Council, Frost & Sullivan

Overview of China Food Service Market

Industry Related Government Policies and Regulations (3/4)

Name of the Policy	Year	Published Institution	Content
Regulations for the Implementation of the Law on the Protection of Consumer Rights and Interests 《消费者权益保护法实施条例》	2024	Supreme People's Court	Business operators who provide goods or services in the form of prepayment, fail to provide goods or services in accordance with the agreement, business operators decide to suspend business or move the service site and other behaviors proposed solutions.
Provisions on the Supervision and Administration of the Main Responsibility of Enterprises in Implementing Food Safety 《企业落实食品安全主体责任监督管理规定》	2023	State Administration for Market Regulation	Further regulate the management of food additives by catering service providers. Catering service providers shall strictly implement the provisions, formulate and implement food additive procurement control requirements, and purchase food additives produced and operated by suppliers who have obtained qualifications according to law.
The General Office of the Provincial Government recently issued the Opinions on Accelerating the High-quality Development of the Prepared Vegetable Industry. 《湖南省政府办公厅近日出台关于加快推进预制菜产业高质量发展的意见》	2023	General office of provincial government	It is suggested that Hunan should speed up the cultivation and expansion of prefabricated vegetable industry, strive to build a large province of prefabricated vegetable industry, and provide elements for the development of prefabricated vegetable industry.
Notice of the General Offices of 11 Departments Including the Ministry of Commerce on Ensuring the Implementation of Supportive Policies to Promote the Recovery and Development of the Catering Sector 《商务部等11部门办公厅关于抓好促进餐饮业恢复发展扶持政策贯彻落实工作的通知》	2022	General Offices of 11 Departments ² Including the Ministry of Commerce	The notice strengthens policy promotion and implementation guarantee from multiple aspects, including defining supported entities, introducing subsidy measures, facilitating financing channels, and expanding senior meal services, to help catering enterprises relieve difficulties.

Source: Ministry of Commerce, Standing Committee of the National People's Congress, National Development and Reform Commission, State Council, Frost & Sullivan
F R O S T & S U L L I V A N

Overview of China Food Service Market

Industry Related Government Policies and Regulations (4/4)

Name of the Policy	Year	Published Institution	Content
Food Safety Law of the People's Republic of China (2021 Amendment) 《中华人民共和国食品安全法（2021年修订）》	2021	Standing Committee of the National People's Congress	The law stipulates the requirements for food production, processing, distribution, and catering services, from multiple aspects including food safety standards, the use of food additives, and food safety supervision and management; Furthermore, establish a sound full-process food safety supervision and management mechanism, and an information sharing mechanism.
Outline of the 14th Five-Year Plan for Economic and Social Development and Long-Range Objectives through the Year 2035 of the People's Republic of China 《国民经济和社会发展第十四个五年规划和2035年远景目标纲要》	2021	National Development and Reform Commission	The outline strengthens and improves the food and drug safety regulatory system, refine the legal framework and standards for food and drug safety; thoroughly implement the food safety strategy, and strengthen full-chain quality and safety supervision of food, to promote the healthy and sustainable development of catering industry.
Guide to Nutrition Labeling of Catering Food 《餐饮服务营养标识指南》	2020	National Health Commission	Guide the catering industry to continuously enhance the awareness of nutrition and health, and improve the level of nutrition and health services
Revised Regulation on Implementation of the Food Safety Law of the People's Republic of China 《中华人民共和国食品安全法实施条例》	2019	State Council	The regulation stipulates the requirements for catering enterprise registration and record-filing, food safety management systems, food safety supervision, and food safety risk monitoring; Establish a food safety risk monitoring system, requiring catering enterprises to cooperate with relevant departments in carrying out risk monitoring work, further clarifying the responsibilities and obligations of catering enterprises.

² Note: General Offices of 11 Departments Including the General Office of Ministry of Commerce, National Development and Reform Commission, Ministry of Finance, Ministry of Civil Affairs, Ministry of Human Resources and Social Security, People's Bank of China, State Taxation Administration, China Banking Regulatory Commission, State Administration for Market Regulation, China Securities Regulatory Commission
Source: National Health Commission, State Council, Frost & Sullivan

Overview of China Food Service Market

China's Food Service Market Pain Point Analysis (1/3)

Major Pain Points or Challenges Faced by Food Service Market

Intensive Market Competition

The food service market is highly competitive, with a fragmented market consisting of both large-scale chains and small independent operators. The low entry barriers, coupled with the rapid rise of new dining formats and brands, create fierce competition for market share, customer loyalty, and profitability. The intensive market competition further affect the following factors:

- **Market Saturation:** The rapid growth of the food service industry has led to market saturation in many urban areas. Large chains, independent restaurants, and emerging players are vying for the same customer base, making it increasingly difficult for businesses to differentiate themselves and secure sustainable market share.
- **Price Sensitivity and Discounts:** Price wars are common in the food service industry, especially with the proliferation of delivery platforms offering aggressive discounts. Restaurants often find themselves forced to participate in promotions to attract customers, which can erode profit margins and create dependency on external platforms.
- **Rising Operational Costs:** The food service industry is grappling with rising costs, including labor, ingredients, and rent. Coupled with narrow profit margins, this creates significant pressure on businesses to innovate and streamline operations without compromising on quality.

Food Safety and Hygiene Management

Ensuring food safety and hygiene remains a critical challenge. Regulatory compliance, frequent inspections, and maintaining consistent standards across all outlets—particularly in large-scale operations—require significant investment in systems, processes, and employee training. Any lapse in this area can lead to reputational damage and legal liabilities.

- **Stringent Regulatory Compliance:** Governments and regulatory bodies worldwide are continuously tightening food safety standards to protect public health. Businesses must adhere to extensive regulations, including food handling protocols, storage requirements, and hygiene standards. Ensuring compliance often demands significant investments in staff training, technology, and infrastructure. Non-compliance can result in penalties, license revocation, or irreparable damage to brand reputation.
- **Operational Challenges in Hygiene Management:** Maintaining high hygiene standards across multiple outlets and diverse operations is a constant challenge. Staff turnover, inconsistent training, and lack of awareness can lead to lapses in hygiene protocols. Ensuring that all employees adhere to proper practices requires continuous investment in education and monitoring.

Source: Frost & Sullivan

Overview of China Food Service Market

China's Food Service Market Pain Point Analysis (2/3)

Major Pain Points or Challenges Faced by Food Service Market



Rising Labor Costs and Operational Pressures

Labor-intensive by nature, the food service industry faces mounting challenges from rising wages, labor shortages, and high employee turnover rates. These issues are exacerbated by the need to maintain operational efficiency while controlling costs in a highly price-sensitive market. The food service industry faces significant challenges related to rising labor costs and increasing operational pressure. These factors have a direct impact on profitability, efficiency, and the ability to scale businesses in an increasingly competitive environment.

- **Complexity in Management:** Managing diverse teams, meeting customer expectations, and ensuring operational efficiency require significant time and resources. The pressure to maintain service quality and consistency across multiple locations further complicates management.
- **Long Working Hours:** The demanding nature of the industry, including long hours and unpredictable schedules, adds to operational pressure for both staff and management.
- **Automation and Digitization:** While automation and digital tools help reduce dependency on human labor, they also require upfront investments and training. Small businesses often struggle to balance these costs with the benefits of long-term savings.



Rapidly Changing Consumer Preferences

Shifting consumer tastes and preferences, driven by evolving lifestyles, health consciousness, and cultural trends, present a constant challenge for restaurants. Businesses must innovate and adapt quickly to meet new demands, such as plant-based menus, regional specialties, and personalized dining experiences, to stay competitive and relevant. The change in consumer preference including diverse dietary preference, demand for customization, adventurous eating habits, sustainability awareness, etc. These all propose a raising challenges to food service providers, such as:

- **Short Product Life Cycles:** Trends in the food and beverage industry can be fleeting, making it difficult for businesses to predict and capitalize on emerging preferences.
- **Resource Allocation:** Constant innovation requires investments in product development, staff training, and marketing, which can strain resources.
- **Menu Balancing:** Offering trendy options without alienating loyal customers or compromising operational efficiency is a delicate balance.
- **Market Saturation:** As competitors also chase emerging trends, differentiating offerings becomes increasingly challenging.

Source: Frost & Sullivan

Overview of China Food Service Market

China's Food Service Market Pain Point Analysis (3/3)

Major Pain Points or Challenges Faced by Food Service Market



Increasing Complexity in Supply Chain and Logistics Management

The growing trend of chain expansion and menu diversification has heightened the demand for efficient and reliable supply chain and logistics systems. Restaurants need to ensure timely delivery, inventory management, and cost optimization while navigating the complexities of sourcing high-quality, sustainable ingredients across vast geographic regions.

- As restaurant chains expand and diversify their offerings, the complexity of managing supply chains and logistics continues to grow. High efficiency, stability, and adaptability in supply chain systems have become critical for sustaining operations and ensuring customer satisfaction.
- **Rising Demand for Coordination:** The growth of restaurant chains increases the need for centralized and well-coordinated supply chain systems. Multi-location operations require seamless procurement, inventory management, and delivery schedules.
 - **Diverse Product Offerings:** As menus become more varied to meet evolving consumer preferences, the need for sourcing a wide range of ingredients and materials grows. This often involves managing perishable goods with stringent quality and freshness standards.
 - **Volatility in Raw Material Prices:** Fluctuations in commodity prices due to market dynamics, weather conditions, or geopolitical events add unpredictability to cost structures.
 - **Cold Chain Requirements:** The need for refrigerated storage and transportation for perishable goods adds complexity and cost to the logistics process. Maintaining the integrity of the cold chain is critical for food safety and quality.
 - **Supplier Reliability:** Dependence on third-party suppliers introduces risks related to delays, quality issues, or disruptions in the supply chain.
 - **Regulatory Compliance:** Ensuring compliance with food safety and transportation regulations across different regions adds administrative and operational burden.
 - **Logistics Challenges:**
 - **Last-Mile Delivery Efficiency:** The growing demand for delivery services, fueled by online ordering and food delivery platforms, has made last-mile logistics a key operational focus. Timely and accurate delivery is essential for customer satisfaction but remains a logistical challenge.
 - **Technological Integration:** The adoption of digital tools for real-time tracking, demand forecasting, and inventory management requires significant investment and expertise.

Source: Frost & Sullivan

Overview of China Food Service Market

China's QSR Market Definition and Segmentation

- Chinese QSR refers to a segment of the food service market that focuses on traditional Chinese dishes and flavors, simplifying the preparation process while emphasizing standardization and quick service. Typical dishes include popular, home-style meals presented in a set-meal format, with convenient ordering and dining systems designed to meet customers' needs for enjoying Chinese cuisine within a short timeframe. Chinese fast-food establishments are commonly located in urban commercial centers, office building areas, shopping malls, and residential communities, catering to office workers, students, and families.
- Predominant features: Chinese fast-food outlets are commonly located in urban commercial centers, office areas, shopping malls, and residential communities, providing convenient dining options for office workers, students, and families.



Overview of China Food Service Market

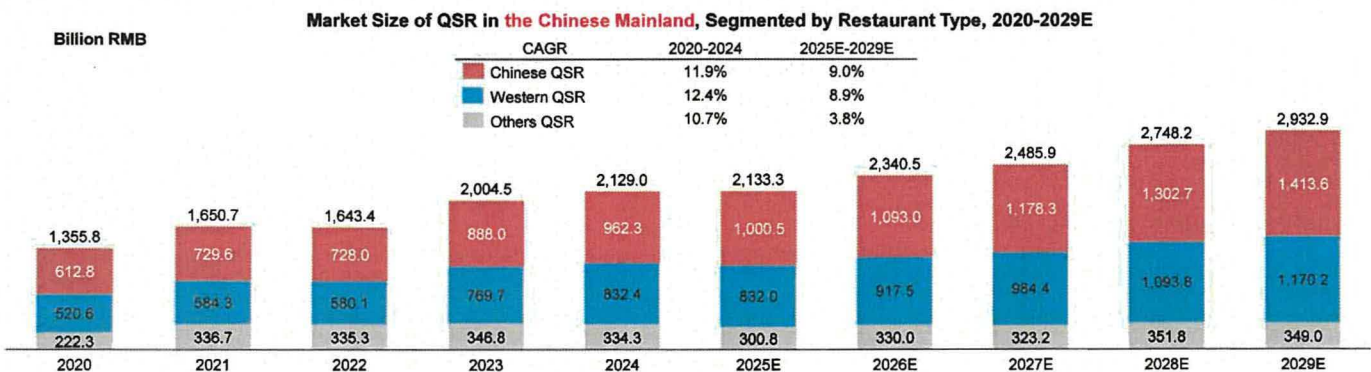
Market Size of QSRs in the Chinese Mainland

- China's food service market has reached substantial scale, driven by rapid growth and transformation across all key segments. Among them, the Chinese QSR segment has emerged as a major engine of expansion, fueled by robust consumer demand for traditional flavors and convenient dining experiences. By offering culturally resonant cuisine alongside modern culinary innovation, QSR operators have successfully captured a broad consumer base. Continuous product upgrades, such as the fusion of traditional dishes with contemporary tastes, have ensured that menus remain relevant to evolving consumer preferences. Operational efficiency has also played a critical role in the sector's success. The widespread implementation of digital ordering platforms and efficient delivery networks has enabled QSRs to serve densely populated urban markets with speed and consistency. At the same time, strategic geographic expansion—into both established urban centers and fast-growing emerging cities—has significantly broadened market penetration. The integration of advanced technologies has further enhanced scalability, enabling consistent product quality across locations and agility in responding to market shifts. As disposable income levels rise, urbanization accelerates, and demand for convenient, high-quality meals increases, Chinese QSR brands are well-positioned to sustain growth momentum. This segment is expected to remain a key pillar of the broader food service industry, catalyzing ongoing expansion.
- In 2024, the QSR market in China achieved a GMV of RMB 2,129.0 billion, reflecting a strong growth trajectory. From 2020 to 2024, the market expanded from RMB 1,355.8 billion to RMB 2,129.0 billion, representing a CAGR of 11.9%. During this period, QSR's share of total food service GMV rose notably, highlighting its expanding role in the industry. Looking ahead, the market is projected to reach RMB 2,932.9 billion by 2029, with a forecasted CAGR of 8.3% from 2025 to 2029. This continued growth will be driven by menu innovation, enhanced service efficiency, and broader adoption of digital technologies.

Overview of China Food Service Market

Market Size of QSRs in the Chinese Mainland

- The food service market in the Chinese mainland has reached an enormous scale, underpinned by rapid growth and transformation across all segments. Among these, the Chinese QSR segment in the Chinese mainland stands out as the leading driver of growth, propelled by strong local consumer demand for traditional flavors and convenience. This segment has benefited from continuous innovation in menu offerings, streamlined service operations, and extensive geographic penetration across urban and emerging markets. As consumer preferences evolve and urbanization accelerates, Chinese QSR is expected to further solidify its pivotal role, catalyzing sustained expansion and reinforcing the overall dynamism of the Chinese food service market.
- In 2024, the QSR market in China reached RMB 2,129.0 billion in GMV, marking a significant milestone in its evolution. From 2020 to 2024, the market expanded from RMB 1,355.8 billion to RMB 2,129.0 billion, achieving a CAGR of 11.9%. Among all, Chinese QSR has accounted for 45.2% of the overall QSR market size in the Chinese mainland. During this period, the proportion of QSR GMV within the broader Chinese food service market rapidly increased, underscoring its growing influence. Looking ahead, the market is projected to reach RMB 2,932.9 billion by 2029 with an anticipated CAGR of 8.3% from 2025 to 2029, as continued menu innovation, enhanced service delivery, and further adoption of digital ordering and delivery solutions propel sustained growth.



Source: National Bureau of Statistics of China, CHCDIA, Frost & Sullivan

Overview of China Food Service Market

Chinese QSR Market Segmentation in the Chinese Mainland

- The Chinese QSR market has experienced significant growth from 2020 to 2024, with its market size increasing from RMB 612.8 billion in 2020 to RMB 962.3 billion in 2024, achieving a CAGR of approximately 11.9% in the Chinese mainland. The proportion of QSRs within the overall food service market in the Chinese mainland has also risen steadily, from 15.5% in 2020 to 17.6% in 2024. The rapid growth was fueled by factors such as higher disposable incomes, accelerated urbanization, and a growing appetite for convenient and high-quality dining experiences, further supported by advancements in digitalization and operational innovations within the industry.
- Projections indicate further expansion, reaching RMB 1,413.6 billion by 2029 with a CAGR of 19.9%, whereas the proportion of QSRs within the overall food service market in the Chinese mainland is expected to reach 19.9% by 2029. This robust growth is driven by factors such as urbanization, rising disposable incomes, shifting consumer preferences toward convenience, and advancements in technology, including mobile ordering and delivery platforms. The market has also benefited from menu innovation, localized offerings, and the expansion of food delivery services, enabling greater accessibility for consumers. Additionally, the proliferation of the franchise model has facilitated the rapid growth of QSR chains across cities, ensuring consistent branding and operational efficiency. As demand for fast, affordable dining options continues to grow, the QSR sector is poised to play an increasingly important role within the broader food service industry, offering lucrative opportunities for operators and investors.

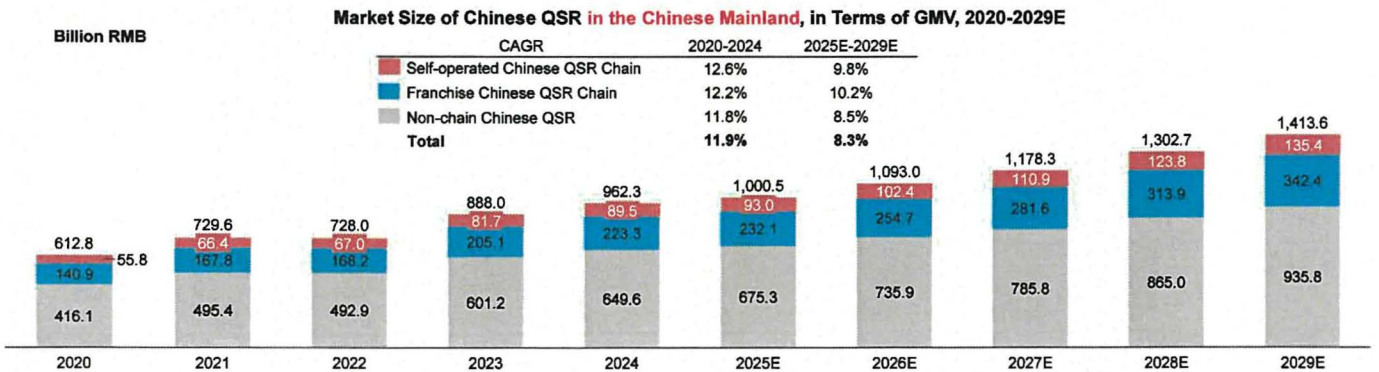


*Note: market share refers to the proportion of Chinese QSR in the overall food service market size. Source: National Bureau of Statistics of China, CHCDIA, Frost & Sullivan

Overview of China Food Service Market

Chinese QSR Market Segmentation in China

- Currently, the Chinese QSR market in the Chinese mainland is primarily composed of non-chain operations, with a chain penetration rate of only 32.5% in 2024. Within the chain QSR segment, self-operated Chinese QSR chains and franchised Chinese QSR chains account for 9.3% and 23.2% of the total Chinese QSR market GMV in 2024 in the Chinese mainland, respectively.
- However, with advancements in supply chain management, operational standardization, and digitalization, the growth of chain QSRs is expected to accelerate. By 2028, the market size of chain Chinese QSRs is projected to reach RMB 477.8 billion, while non-chain Chinese QSRs will expand to RMB 935.8 billion, though at a slowing pace in the Chinese mainland. The CAGR for self-operated and franchised Chinese QSR chains is estimated at 9.8% and 10.2% in the Chinese mainland, respectively, with overall chain penetration anticipated to increase to 33.8% by 2028. Enhanced standardization and digitalization will strengthen quality control, improve store replicability, and drive the expansion of Chinese QSRs, catering to consumers' growing expectations for food quality and dining experiences



Source: National Bureau of Statistics of China, CHCDIA, Frost & Sullivan

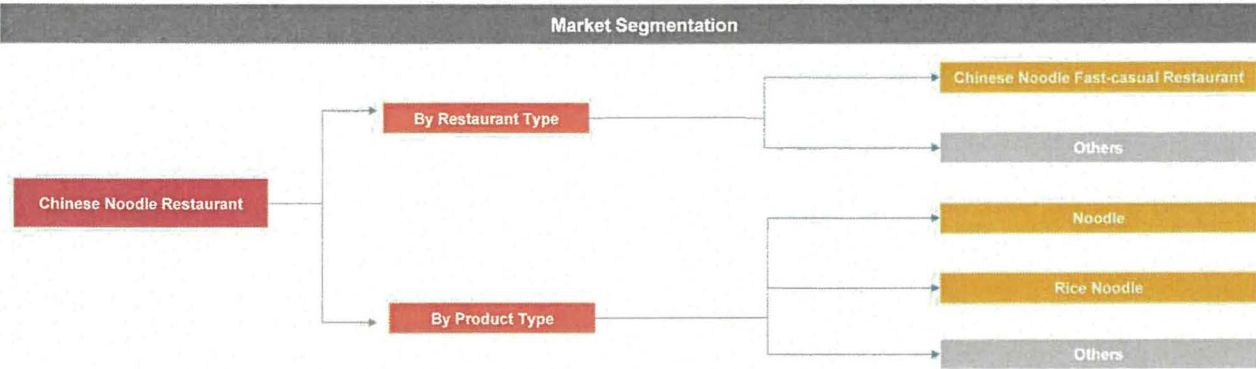
Agenda

0	Introduction of the Research
1	Overview of Food Service Market in Chinese Mainland
2	Overview of Chinese Noodle Food Service Market in China
3	Overview of Chinese Fast-casual Dining Market in Chinese Mainland
4	Overview of Overseas Chinese Food Service Market
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Overview of Chinese Noodle Food Service Market in China

Chinese Noodle Food Service Market Definition and Segmentation

- The Chinese noodle food service market refers to the industry encompassing the preparation, sale, and distribution of noodle-based dishes through various food service outlets. This market includes fast-casual dining restaurants, street vendors, takeout services, and delivery platforms offering Chinese noodle dishes. These dishes range from traditional varieties like noodles, rice noodles, and stir-fried noodles to modern interpretations and fusion cuisine.
- The Chinese noodle food service has emerged as a high-growth market, fueled by its diverse flavors and flexible combinations that cater to the varied tastes and dietary preferences of consumers across different regions, age groups, and lifestyles. In recent years, food service brands have gained significant traction, especially among younger generations, by standardizing processes and innovating with regional noodles, unique broths, and distinctive noodle toppings. Furthermore, these meals are well-suited for both dine-in and delivery, capitalizing on the expanding food delivery market, which has accelerated brand development and chain expansion. Looking ahead, as consumers increasingly prioritize health-conscious choices, innovations in ingredient quality and nutritional balance will be crucial competitive factors, further propelling the rapid growth of this segment.

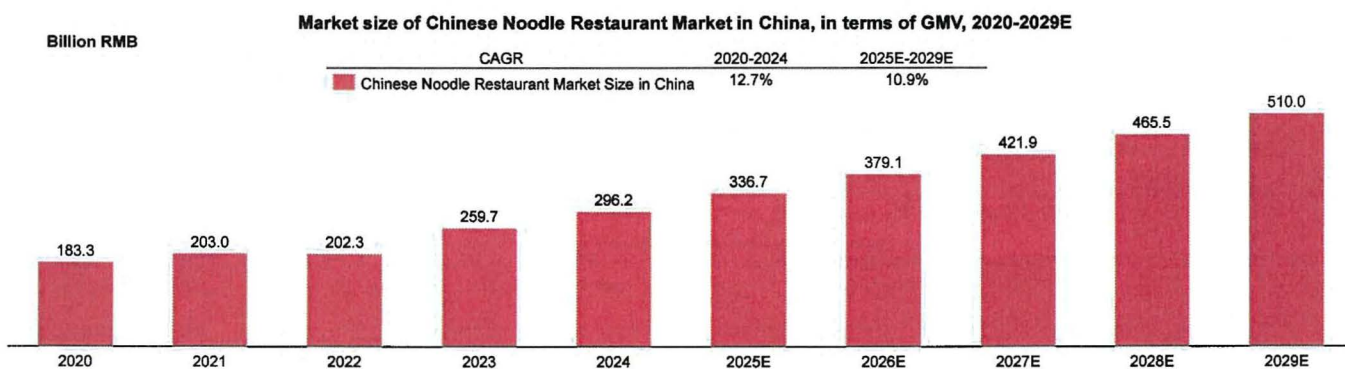


Source: Frost & Sullivan

Overview of Chinese Noodle Food Service Market

Chinese Noodle Market Size and Segmentation in China

- The Chinese noodle restaurant segment is the dominant sector within the overall noodle food service market in China, accounting for more than 95% of the market share. The total GMV of the Chinese noodle restaurant market in China (including the Chinese mainland, Hong Kong SAR, Macau Special Administrative Region and Taiwan province) had expanded from RMB183.3 billion in 2020 to RMB296.2 billion in 2024, at a CAGR of 12.7%. Looking forward, the growth of the Chinese noodle restaurant market is expected to accelerate further to reach the total GMV of RMB510.0 billion by 2029, at a CAGR of 10.9% from 2025 to 2029, based on further urbanization, increase in disposable income and increase in the proportion of consumers dining out in China.



Overview of Chinese Noodle Food Service Market

Chinese Noodle Market Size and Segmentation in the Chinese Mainland

- The Chinese noodle restaurant market is rapidly developing into a dynamic and growing segment within the broader QSR landscape, driven by the enduring appeal of traditional noodle dishes and the demand for fast, convenient dining experiences. This market is characterized by a fusion of classic culinary traditions and innovative service models, spurred by trends such as urbanization, rising disposable incomes, and a strong shift toward digital ordering and delivery platforms. As consumer preferences continue to evolve, noodle QSR establishments are leveraging menu innovation and operational efficiency to capture market share and drive growth.
- The Chinese noodle restaurant segment is the dominant sector within the overall noodle food service market, accounting for more than 95% of the market share in the Chinese mainland. In 2024, the Chinese noodle restaurant market reached RMB 286.6 billion in GMV in Chinese mainland. From 2020 to 2024, this segment experienced substantial growth, expanding from RMB 177.5 billion to RMB 286.6 billion and achieving a CAGR of 12.7%. Looking ahead, the market is projected to further accelerate, with an anticipated GMV of RMB 495.6 billion by 2029, reflecting a projected CAGR of 11.0% from 2025 to 2029 at a CAGR of 11.0% from 2025 to 2029, based on further urbanization, increase in disposable income and increase in the proportion of consumers dining out in China. Among all, Chinese noodle restaurants market in tier two and lower tier cities in the Chinese mainland grew at a CAGR of 14.0% from RMB120.9 billion in 2020 to RMB204.0 billion in 2024 in terms of GMV, and it is anticipated to be increasing from RMB 238.6 billion in 2025 to RMB 386.1 billion in 2029 at a CAGR of 12.8%. The chart below presents the market size, measured by GMV, of China's Chinese noodle restaurant market and its penetration rate within the entire Chinese QSR market from 2020 to 2029.



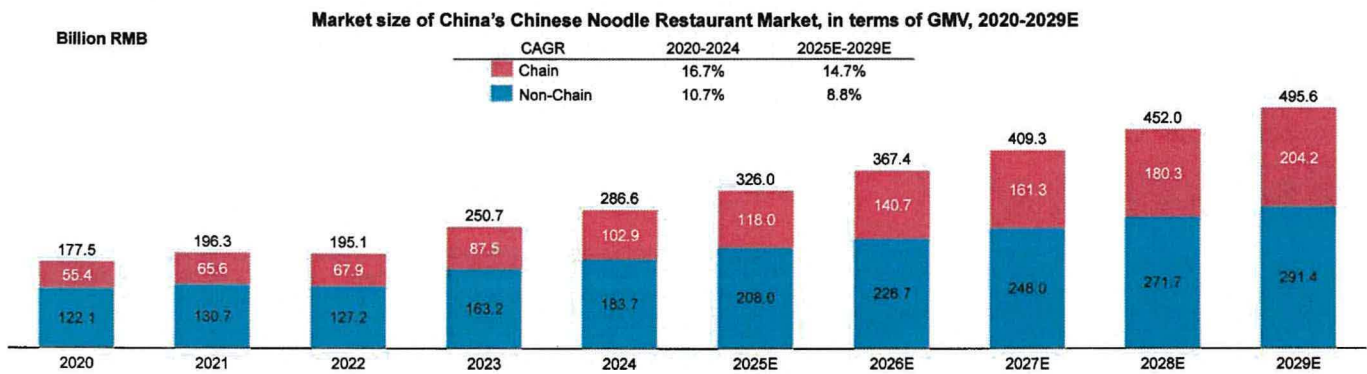
*Note: market share refers to the proportion of Chinese noodle restaurant in the Chinese QSR market size.

Source: National Bureau of Statistics of China, Frost & Sullivan

Overview of Chinese Noodle Food Service Market

Chinese Noodle Market Size and Segmentation

- Chinese noodle restaurant market is highly fragmented and is currently dominated by non-chain operations, which account for approximately 64.1% of the total GMV, while chain operations represent 35.9% in 2024. Despite their smaller current share, chain operations have exhibited a faster growth trajectory, driven by their ability to implement standardized processes and achieve operational efficiencies. Looking ahead, the market of chain operation is projected to expand further, with an anticipated GMV of RMB 204.2 billion by 2029 and a projected CAGR of 14.7% from 2025 to 2029, as the dynamic shift towards chain models continues to reshape the competitive landscape.
- The chart below sets forth the breakdown of the market size, measured by GMV, of China's Chinese noodle restaurant market by chain and non-chain from 2020 to 2029.

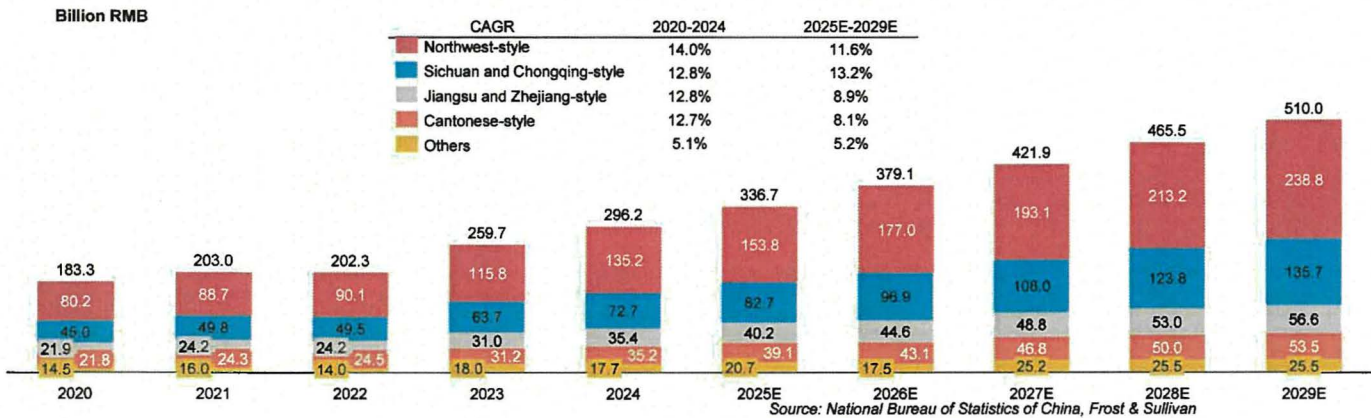


Source: National Bureau of Statistics of China, Frost & Sullivan

Overview of Chinese Noodle Food Service Market
Chinese Noodle Market Size and Segmentation in China

- Within the Chinese noodle restaurant market, the total GMV of market of Chinese noodle restaurants specializing in Sichuan and Chongqing-style in China had expanded from RMB45.0 billion in 2020 to RMB72.7 billion in 2024, at a CAGR of 12.8%, and is expected to reach the total GMV of RMB135.7 billion by 2029, at a CAGR of 13.2% from 2025 to 2029.

Market size of Chinese Noodle Restaurant Market in China, in terms of GMV, 2020-2029E

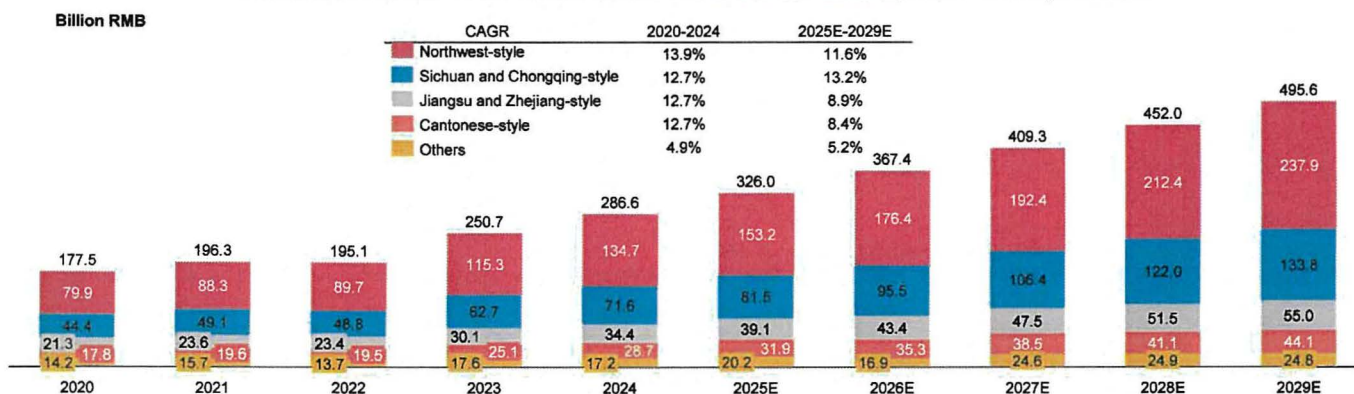


Overview of Chinese Noodle Food Service Market

Chinese Noodle Market Size and Segmentation in the Chinese Mainland

- The Chinese noodle restaurant market is segmented by regional cuisine types, each offering distinct flavor profiles and dining experiences that cater to diverse consumer preferences. Key segments include Northwest-style noodles, Cantonese-style noodles, Jiangsu-Zhejiang style noodles, and Sichuan-Chongqing style noodles. Notably, the popularity of Sichuan-Chongqing style noodles is increasing, driven by their bold, spicy flavors and the growing trend among urban consumers for both traditional and innovative dining options. This rising consumer interest is spurring significant innovation and expansion within the Sichuan-Chongqing segment, positioning it as a major growth driver within the overall Chinese noodle QSR landscape.
- Within the Chinese noodle restaurant market in Chinese mainland, the total GMV of market of Chinese noodle restaurants specializing in Sichuan and Chongqing-style had expanded from RMB44.4 billion in 2020 to RMB71.6 billion in 2024, at a CAGR of 12.7%, and is expected to reach the total GMV of RMB133.8 billion by 2029, at a CAGR of 13.2% from 2025 to 2029. The chart below sets forth the breakdown of the market size, measured by GMV, of China's Chinese noodle restaurant market in Chinese mainland by different cuisine types from 2020 to 2029:

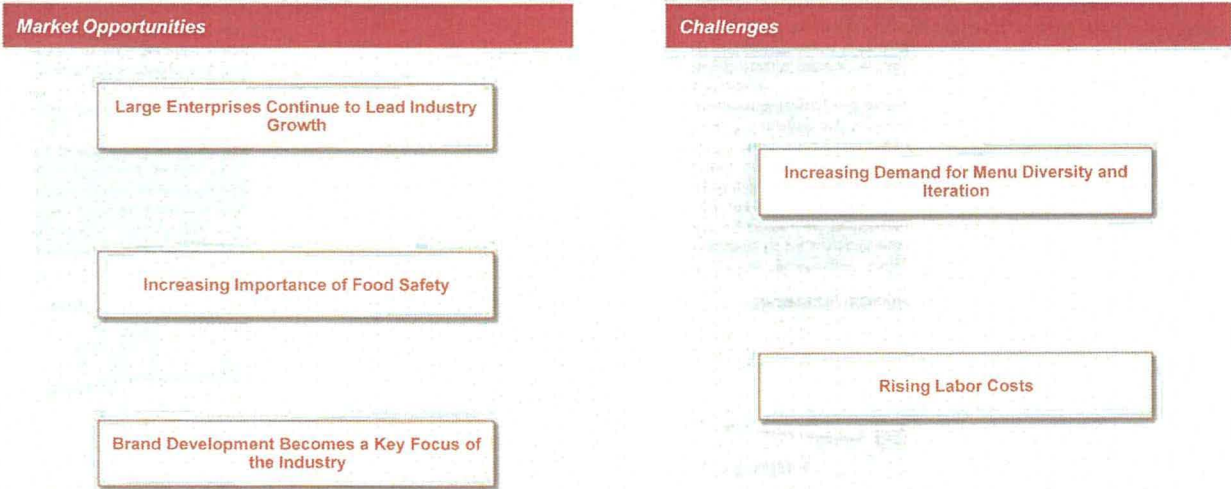
Market size of Chinese Noodle Restaurant Market in the Chinese Mainland, in terms of GMV, 2020-2029E



Source: National Bureau of Statistics of China, Frost & Sullivan

Overview of Chinese Noodle Food Service Market in China

Chinese Noodle Food Service Market Opportunities and Challenges(1/4)



Source: Frost & Sullivan

Overview of Chinese Noodle Food Service Market in China

Chinese Noodle Food Service Market Opportunities and Challenges(2/4)

Market Opportunities and Challenges Analysis



Large Enterprises Continue to Lead Industry Growth

As the Chinese food service industry matures, large enterprises have increasingly dominated the noodle segment, becoming key drivers of market growth. These companies use their capital, technological innovation, and brand power to expand market share. Standardized operations, efficient supply chain management, and digital transformation—such as online ordering and data-driven insights—allow them to deliver consistent quality and meet the needs of tech-savvy, on-the-go consumers.

Large chains also capitalize on growing demand for quick, ready-to-eat meals. Their ability to expand rapidly across regions and build brand loyalty gives them a competitive edge. As the industry consolidates, larger players are expected to strengthen their positions through regional expansion and deeper brand development.

For smaller enterprises, this presents challenges in keeping up with innovation and competition. However, niche offerings, product innovation, and stronger digital strategies can help them differentiate themselves. Smaller brands can also focus on building personal connections with customers, providing unique food options and a tailored experience.



Increasing Importance of Food Safety

Food safety has become an increasingly critical concern for consumers and is essential for the sustainable development of the industry. As consumers become more health-conscious and knowledgeable about the nutritional value of their food, food safety has evolved into one of the most significant trends in the noodle market. Companies must prioritize strict quality control and implement robust food safety management systems to ensure product safety and compliance with regulatory standards. This includes maintaining strict oversight across all stages, from raw material sourcing and production processing to distribution and meal preparation.

The strengthening of national food safety regulations, coupled with the growing consumer demand for transparency and high standards, is pushing the industry to elevate its practices. With consumers becoming more discerning about the safety and integrity of the food they consume, brands must maintain high-quality sourcing and operational practices to build trust. Companies are now expected to not only meet legal requirements but also exceed them, demonstrating a commitment to consumer health and product integrity.

Source: Frost & Sullivan

Overview of Chinese Noodle Food Service Market in China

Chinese Noodle Food Service Market Opportunities and Challenges(3/4)

Market Opportunities and Challenges Analysis

Brand Development Becomes a Key Focus of the Industry

As consumer perceptions evolve and market competition intensifies, there is a growing consumer preference for dining brands that offer strong brand recognition, consistent service standards, and reliable product quality. In this context, branding and chain expansion have emerged as key strategic pillars for food service enterprises. Chain restaurants leverage standardized operations, consistent product offerings, and well-defined brand identities to build consumer trust and improve brand recall. Moreover, chain models benefit from economies of scale, allowing operators to optimize costs across procurement and supply chain processes. These advantages collectively enhance operational efficiency and competitiveness, reinforcing the long-term growth potential of branded chain restaurants in the increasingly sophisticated food service market. By creating a unique brand image, businesses can differentiate themselves, foster consumer loyalty, and drive long-term growth. Strong branding enhances market recognition, making it easier for consumers to trust and choose a brand, thus contributing to higher sales and sustained revenue.

Increasing Demand for Menu Diversity and Iteration

As consumer preferences continue to evolve, the demand for menu diversity has become a significant trend in the noodle market. Today's consumers are no longer satisfied with standard offerings; they are increasingly seeking innovation in flavors, ingredients, and product formats. There is a growing desire for products that cater to health-conscious consumers, such as low-fat, low-sugar, additive-free, and nutrient-packed options. This trend reflects a broader shift toward personalized food experiences, with consumers expecting products that align not only with their tastes but also with their dietary goals and preferences. Moreover, consumer expectations for product innovation have increased. Today's customers are more engaged with brands through social media and online platforms, which has accelerated the demand for new products and faster iteration. Consumers now expect brands to regularly refresh their menus, introduce seasonal specials, or offer limited-time products. This quick turnover helps brands stay relevant and maintain excitement around their offerings. The ability to rapidly respond to changing tastes is becoming a critical factor in staying competitive.

Source: Frost & Sullivan

Overview of Chinese Noodle Food Service Market in China

Chinese Noodle Food Service Market Opportunities and Challenges(4/4)

Market Opportunities and Challenges Analysis



Rising Labor Costs

As labor costs continue to rise, they have become a significant long-term challenge for the food service industry, particularly within the Chinese noodle service market. In this highly competitive sector, companies are under pressure to maintain profitability while managing the increasing expense of labor. This issue is especially pronounced in standardized and chain operations, where businesses rely heavily on a large workforce to handle tasks such as service, food preparation, production, and management. However, with wages rising and the global labor market tightening, companies are facing a growing burden to balance labor costs with operational efficiency. The increasing cost of labor requires businesses to not only find ways to maintain profitability but also to innovate their operations. As labor costs rise, businesses must improve their operational efficiency and reduce reliance on human labor without compromising the customer experience or product quality. This has led many companies in the sector to seek out technological solutions that can streamline operations and cut down on labor expenses. Automation is rapidly becoming a key solution to this challenge.

Many companies are embracing automation and smart technologies, including self-ordering kiosks, robotic kitchen assistants, AI-driven food production, and delivery robots. These technologies can help reduce the need for human staff in various operational areas, such as order-taking, food preparation, and delivery, allowing businesses to lower labor costs significantly. For example, self-ordering kiosks enable customers to place orders without needing cashier assistance, while smart kitchen equipment can automate cooking and food prep processes, reducing the need for labor-intensive tasks in the kitchen.

By adopting these technologies, businesses can not only reduce their dependence on human labor but also improve overall operational efficiency, speed, and consistency. Automation allows for faster service, fewer errors, and more precise control over production, which can lead to greater customer satisfaction and lower operating costs. As a result, companies that invest in automation are better positioned to maintain their profitability in a competitive market while keeping labor costs under control.

However, the adoption of automation comes with its own set of challenges, including the initial investment required for technology, ongoing maintenance, and the need to retrain employees for new roles. Despite these challenges, automation is seen as a crucial step for many businesses looking to sustain growth, improve efficiency, and reduce labor-related costs in the long term.

Source: Frost & Sullivan

Agenda

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1	Overview of Food Service Market in Chinese Mainland
2	Overview of Chinese Noodle Food Service Market in China
3	Overview of Chinese Fast-casual Dining Market in Chinese Mainland
4	Overview of Overseas Chinese Food Service Market
5	Competitive Landscape Analysis
6	Appendix

Overview of Chinese Fast-casual Dining Market

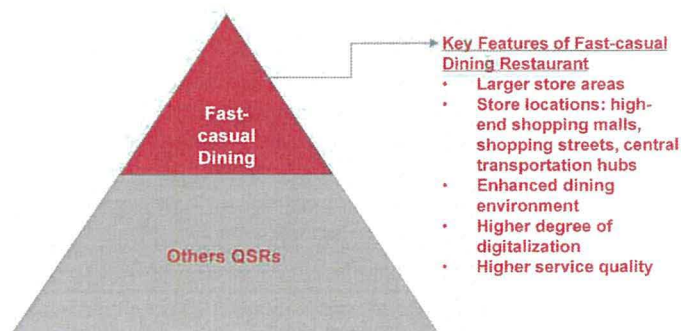
Chinese QSR and Fast Casual Dining Comparison Analysis

- Fast-food restaurant or QSRs refers to a dining format centered around traditional Chinese dishes and flavors, characterized by simplified menu items, streamlined cooking processes, and an emphasis on standardization and quick service. In contrast, other types of food service restaurant includes full-service dining (or fine dining), hot pot, and others.
- Fast-casual Dining Restaurants: usually representing a hybrid model combining the convenience and efficiency of QSRs and the quality in service. Distinguishing features include attention to ambiance, thoughtful menu design, and a holistic focus on the dining experience. These restaurants are typically located in upscale malls, pedestrian streets, or transportation hubs, offering superior dining environments, higher service quality, and more digitalized operations to meet consumers' demands for both convenience and quality.
- Chinese fast casual dining, as a top-prioritized and crucial sub-segment of QSR, has emerged as an important and rapidly growing segment within the broader food service industry, offering a step-up from traditional QSR by combining the convenience and speed of fast food with a higher quality of food, more diverse menu offerings, and an enhanced dining experience. These establishments focus on providing consumers with a casual yet premium dining environment, catering to the increasing demand for both efficiency and quality.

Fast-casual Dining

- This segments mainly represents the following types of restaurant:
 - The Chinese fast-casual dining industry is inherently well-suited for chain operations due to its high degree of product standardization, replicable business models, significant supply chain advantages, and alignment with modern consumer needs. Chain operations not only enhance operational efficiency and market competitiveness for enterprises but also cater to consumers' expectations for quick, convenient, and consistent dining experiences. Consequently, the fast-casual dining sector boasts a relatively high rate of chain penetration, with ample room for growth in the future.
 - Furthermore, the continued evolution of urbanization, digitalization, and consumer lifestyles will likely drive the sector's expansion. Urban areas are witnessing a growing demand for dining options that balance quality with speed, while advancements in technology, such as digital ordering platforms and automated kitchen operations, enable greater efficiency and scalability. Moreover, the younger generation's preference for consistent and branded dining experiences supports the increasing adoption of chain models. As sustainability and health-consciousness become pivotal, brands that innovate within these parameters will further solidify their market positions, paving the way for long-term growth in the fast-casual dining industry.

Segmentation of QSR



Source: Frost & Sullivan

Overview of Chinese Fast-casual Dining Market

Chinese Fast Casual Dining: An Upgrade to the Traditional QSR Model

- Chinese fast casual dining has emerged as an important and rapidly growing segment within the broader food service industry, offering a step-up from traditional QSR by combining the convenience and speed of fast food with a higher quality of food, more diverse menu offerings, and an enhanced dining experience. These establishments focus on providing consumers with a casual yet premium dining environment, catering to the increasing demand for both efficiency and quality.
- The development of Chinese fast casual dining has been driven by the rapid changes in the Chinese food service industry in recent years. In the 1990s and early 2000s, traditional Chinese dining was dominated by full-service restaurants and street food. However, with urbanization and changing lifestyles, particularly in the 2010s, there was growing demand for faster, more convenient, and cost-effective dining options, paving the way for the rise of Chinese fast casual dining. Around 2010, some brands began to emerge, blending traditional Chinese flavors with modern, convenient service models. From 2015 onwards, several Chinese QSR brands, [including our Company], gained prominence, marking the rapid growth of the sector. These brands, characterized by fast service and standardized menus, offered higher-quality food with a focus on convenience, attracting a broad consumer base. As consumption patterns continued to evolve, the expansion of fast casual dining brands accelerated. These brands succeeded through flexible business models, innovative dining experiences, and a focus on customer service.
- The rise of Chinese fast casual dining reflects a shift towards quick, healthy, and high-quality dining options, making it a key growth driver in the food service market. With continued business model optimization and technological advancements, this segment is expected to maintain strong growth in the coming years.
- The table below sets forth the comparison between fast casual dining and other QSR, highlighting key features that demonstrate how fast casual dining represents an upgrade from the traditional QSR model:

	Chinese Fast Casual Dining Restaurants	Other Chinese QSR
Branding	Strong focus on brand differentiation and unique positioning	Limited branding flexibility
Technology Integration	Technology integration with a focus on IT development, standardized operations, and operational efficiency	Basic digital integration (e.g., ordering apps, delivery platforms)
Store Size	Larger, typically 100-200 sqm, with an emphasis on comfortable dining spaces	Smaller, typically around 50 sqm
Dining Environment	Focused on creating a pleasant dining environment with comfortable seating and a welcoming atmosphere	Simple, with minimal attention to dining experience

Source: Frost & Sullivan

Overview of Chinese Fast-casual Dining Market

Chinese Fast-casual Dining Market Drivers and Trends (1/4)



Consumption Upgrade and Diversified Demand of Residents

Updated and Diversified Demand toward Dining: The Chinese fast-casual dining industry is inherently well-suited for chain operations due to its high degree of product standardization, replicable business models, significant supply chain advantages, and alignment with modern consumer needs. Chain operations not only enhance operational efficiency and market competitiveness for enterprises but also cater to consumers' expectations for quick, convenient, and consistent dining experiences. Consequently, the fast-casual dining sector boasts a relatively high rate of chain penetration, with noticeable potential for growth in the future. The rise of the experience economy is also reshaping consumer expectations, with dining evolving from a purely functional activity to a multifaceted social and cultural experience. Younger generations, driven by curiosity and a desire for novelty, are gravitating toward fast-casual restaurants that offer creative menus, thematic interiors, and interactive dining environments.

Urbanization and Digitalization Driving Industrial Development: Expanding further, the continued evolution of urbanization, digitalization, and consumer lifestyles will likely drive the sector's expansion. Urban areas are witnessing a growing demand for dining options that balance quality with speed, while advancements in technology, such as digital ordering platforms and automated kitchen operations, enable greater efficiency and scalability. Moreover, the younger generation's preference for consistent and branded dining experiences supports the increasing adoption of chain models. As sustainability and health-consciousness become pivotal, brands that innovate within these parameters will further solidify their market positions, paving the way for long-term growth in the fast-casual dining industry.



Urbanization and Fast-paced Lifestyles Enriching Potential Consumers

Urbanization and Fast-paced Lifestyles Enabling Dining Demand: Urbanization and the fast-paced lifestyle are driving forces behind the growth of the food service industry. Urbanization has led to densely populated consumer groups, particularly in first- and second-tier cities, including office workers and students. These groups have a strong demand for convenient, efficient, and high-quality dining services. Expanding on this, the rapid urbanization process has not only increased population density but also transformed consumer habits. In bustling urban centers, time has become a precious commodity, prompting a shift towards quick and reliable dining options. For office workers, fast-casual dining offers a practical solution during lunch breaks or after work, balancing speed with quality. Similarly, students in urban campuses often seek affordable yet satisfying meals that cater to their fast-paced academic schedules.

Advancement of Infrastructure, Technologies, and Integrated Services: In addition, urbanization has spurred the development of infrastructure such as transportation and commercial centers, further fueling the growth of accessible dining establishments. The rise of food delivery services has complemented this trend, enabling consumers to enjoy high-quality meals without sacrificing convenience. Brands that can align their offerings with these urban dynamics—through menu optimization, operational efficiency, and strategic location choices—are well-positioned to capture the growing market share in urban areas. As cities continue to expand and lifestyles accelerate, the demand for fast, efficient, and high-quality dining options is expected to remain robust.

Source: Frost & Sullivan

Overview of Chinese Fast-casual Dining Market

Chinese Fast-casual Dining Market Drivers and Trends (2/4)



Accelerated Digital Transformation: The Rise of Smart Commerce and Precision Operations

The digital transformation in the food service industry is accelerating, with smart commerce and refined operations becoming prominent trends. This transformation is occurring across multiple dimensions:

- ① **Supply-Side Digitalization:** Local life service platforms are revolutionizing the industry by providing SaaS tools and big data platforms. These innovations promote the digitalization and online integration of restaurant operations, offering solutions like delivery order scheduling, online queue management, and intelligent restaurant management systems. By leveraging these tools, food service chains can enhance store performance and back-end operational efficiency while benefiting from intelligent decision-making support. For example, platforms enable restaurants to analyze sales trends, optimize inventory, and streamline logistics, all of which drive profitability and scalability.
- ② **Smart Commerce:** The integration of smart commerce simplifies consumer experiences and digitalizes restaurant operations. With the support of local life platforms, consumers can enjoy seamless dining experiences through online payment systems, advance reservations, and pre-ordering options. These innovations allow diners to skip wait times and enjoy their meals promptly. Group-buying deals on such platforms also enhance value for money, while food delivery services save customers valuable time. Furthermore, technologies like digital menus that connect directly from the point of sale to the kitchen improve operational efficiency and service quality, ensuring streamlined workflows and quicker meal preparation.
- ③ **Precision Operations:** The internet has forged new links between restaurant operators and consumers, enabling unprecedented levels of interaction. Through online social media, customers can conveniently place orders and share reviews, fostering trust and transparency. The rapid development of social media has also given rise to a "fan economy," where restaurants can build large, loyal followings online. By engaging with customers via digital platforms, restaurants can not only promote their offerings but also gather consumer feedback to continuously improve their services and products.

Moreover, the integration of data analytics enables precision marketing, where restaurants can target specific consumer segments with promotions and campaigns, ensuring a higher return on investment. Advanced tools such as predictive analytics and demand forecasting also allow businesses to optimize staffing, reduce food waste, and align supply with fluctuating demand patterns. As digital transformation continues to evolve, restaurants that successfully adopt these technologies will gain a competitive edge, offering enhanced experiences to customers while achieving operational excellence.

Source: Frost & Sullivan

Overview of Chinese Fast-casual Dining Market

Chinese Fast-casual Dining Market Drivers and Trends (3/4)



Policy Support and Food Safety Standardization Driving Industry Growth

Translating Policy into Growth: Government policy support and stricter regulations on food safety are playing a crucial role in shaping the growth and modernization of the food service industry. Enhanced oversight and standardization are not only improving the overall quality of the dining market but also fostering the development of chain-based and standardized operations.

Food Safety Standardization: The government's commitment to ensuring food safety has led to the implementation of rigorous standards and inspection mechanisms. These measures aim to safeguard public health while enhancing consumer confidence in dining establishments. For instance, regular audits, traceability systems for ingredients, and mandatory compliance certifications are becoming the norm. This drives businesses to adopt transparent practices and adhere to strict quality controls, ultimately raising the bar for the entire industry.

Encouraging Chain Operations: Policies promoting the formalization of the food service sector encourage businesses to expand through chain operations. Fast-casual dining restaurants, with their standardized processes and consistent quality, are better positioned to comply with food safety regulations. This incentivizes more traditional or independent operators to transition toward chain models, aligning with government priorities for a more structured and reliable market. Furthermore, chain operations benefit from economies of scale, which can reduce costs while maintaining high standards.

The related industry policies also benefit overall market growth with extend implications for fast-casual dining market, in terms of **higher consumer trust, boost to international expansion and improved brand reputation.**



The Rise of Branding and Chain Operations in the Fast-casual Dining Industry

As consumer preferences evolve and market competition intensifies, there is a growing inclination toward dining at well-established brands known for consistent service and quality. This shift has made branding and chain operations a cornerstone growth strategy for most fast-casual dining restaurants. Due to the fact that consumers today prioritize trust and reliability when selecting dining options, a recognizable brand that conveys consistent quality and a clear identity stands out in a crowded market.

By investing in branding, businesses can foster customer loyalty and attract repeat business. Strong branding also helps differentiate a company from competitors, making it easier to gain market share in a highly fragmented industry.

Standardized Operations: Similar to QSRs, fast-casual dining restaurants implement streamlined and standardized processes that ensure consistent product quality and service across all locations. This consistency builds consumer trust and reinforces brand reliability, essential factors for long-term success.

Cost Efficiency Through Scale: Chains benefit from economies of scale, particularly in areas such as ingredient procurement, supply chain management, and operational efficiency. Centralized sourcing and logistics allow chain brands to negotiate better deals with suppliers, reduce costs, and improve profit margins.

Enhanced Market Recognition: With clear branding and widespread visibility, chain restaurants are better positioned to capture a larger share of the market. Their reputation for quality and reliability enables them to compete effectively in both urban and suburban markets.

Source: Frost & Sullivan

Overview of Chinese Fast-casual Dining Market

Chinese Fast-casual Dining Market Drivers and Trends (4/4)



Optimizing Supply Chains and Leveraging Economies of Scale

Supply chain optimization has become a critical driver of success in the Chinese fast-casual dining sector. By continuously optimizing supply chains and leveraging the benefits of chain and scale operations, fast-casual dining enterprises are well-positioned to meet modern consumer demands for affordability, quality, and convenience through the following practices:

Strengthened Supply Chain Management: Fast-casual dining enterprises are focusing on creating integrated and efficient supply chains that reduce waste, streamline operations, and ensure timely delivery of fresh ingredients. This approach not only supports cost-effective production but also maintains high-quality standards in food preparation. Investments in technology, such as predictive analytics and inventory management systems, further enable businesses to anticipate demand and minimize disruptions.

Centralized Procurement: By consolidating purchasing activities, chain restaurants can negotiate better terms with suppliers, securing bulk discounts and consistent quality. Centralized procurement also simplifies inventory management across multiple locations, reducing overhead costs.

Standardized Processes: Standardization of preparation methods, recipes, and operational procedures ensures uniformity across all outlets. This not only enhances brand reliability but also allows for faster employee training and more efficient resource allocation.

Optimized Logistics: Streamlined logistics networks, supported by data-driven route planning and real-time tracking, enable faster and more reliable deliveries. This ensures that restaurants can maintain the freshness of ingredients while minimizing transportation costs.



Rise of Young Consumer Groups and the Profound Impact of Social Media

The emergence of younger consumer groups is reshaping the Chinese fast-casual dining industry. These consumers prioritize convenience and quality in their dining experiences, while also demonstrating a strong receptiveness to innovative elements in fast-casual Chinese cuisine. Social media platforms, especially short-video apps, have become powerful tools for brand discovery and experience sharing, enabling restaurants to connect with this dynamic demographic effectively.

The Preferences of Younger Consumers toward Convenience and Quality: Young consumers favor dining options that balance speed and quality. They seek meals that align with their busy lifestyles while delivering taste, nutritional value, and aesthetic appeal.

Openness to Innovation: This demographic embraces creativity in food offerings, including fusion dishes, unique presentation styles, and customizable options. Innovations that reflect cultural authenticity while catering to modern tastes often resonate deeply with these consumers.

The Role of Social Media in Consumer Behavior in Brand Discovery and Engagement: Platforms like TikTok and Xiaohongshu allow young consumers to explore new dining experiences through engaging video content, reviews, and recommendations. Restaurants that leverage these platforms effectively can attract significant attention from their target audience.

Experience Sharing: Social media encourages consumers to document and share their dining experiences, creating organic word-of-mouth marketing. High-quality visuals and compelling narratives amplify the visibility of fast-casual dining brands.

Source: Frost & Sullivan

Overview of Chinese Fast-casual Dining Market

Chinese Fast-casual Dining Market Segmentation

- From 2020 to 2024, the Chinese fast-casual dining market (中式快简餐) in the Chinese mainland demonstrated significant growth, with its market size increasing from RMB 134.8 billion in 2020 to RMB 221.3 billion in 2024, representing a steady CAGR of 13.2%. During this period, the segment maintained a relatively stable market share within the broader Chinese QSR sector in the Chinese mainland, accounting for approximately 22.0% in 2020 and rising to 23.0% by 2024. The growth of FCSR market in the Chinese mainland is mainly driven by those located in tier two and lower cities at a CAGR 14.5% from RMB 91.8 billion in 2020 to RMB 106.6 billion in 2024.
- Looking ahead to the forecast period from 2025 to 2028, this ongoing expansion of the fast-casual dining segment, driven by consumer preferences for more varied, nutritious, and high-quality quick meals, positions it as a significant force in the broader Chinese QSR market. Thus, the Chinese fast-casual dining segment is expected to continue its growth at a slightly decelerating speed in comparison to the drastic growth in the past four years, reaching RMB 367.5 billion by 2028 at a CAGR of 11.2%. The market share of fast-casual dining within the overall Chinese QSR market in the Chinese mainland is projected to increase from 24.0% in 2025 to 26.0% in 2028, highlighting the segment's growing importance and consumer preference for higher-quality, more diverse dining options.

Billion RMB

Market Share of Chinese Fast-casual Dining in the Chinese Mainland by GMV, 2020-2029E



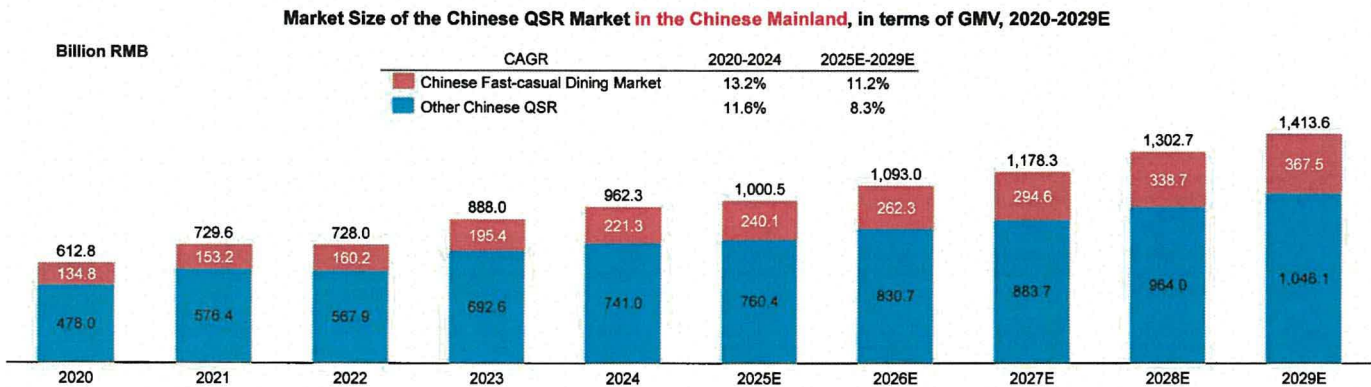
*Note: market share refers to the proportion of Chinese fast-casual dining market size in the overall Chinese QSR market size.

Source: National Bureau of Statistics of China, CHCDIA, Frost & Sullivan

Overview of Chinese Fast-casual Dining Market

Chinese Fast-casual Dining Market

- In 2024, the Chinese fast casual dining market reached RMB 221.3 billion in GMV, demonstrating substantial growth from RMB 134.8 billion in 2020, achieving a CAGR of 13.2%. The market's expansion reflects a shift towards higher-quality dining experiences, with consumers increasingly favoring fast casual concepts that offer both convenience and a more premium menu. As the proportion of fast casual dining within the broader QSR segment continues to rise, this market is poised for further growth. Looking ahead, the market is projected to reach RMB 367.5 billion by 2029, with an anticipated CAGR of 11.2% from 2025 to 2029, driven by ongoing urbanization, rising disposable incomes, and the increasing demand for quality and efficiency in dining experiences.



Source: National Bureau of Statistics of China, CHCDIA, Frost & Sullivan

Overview of Chinese Fast-casual Dining Market

Chinese Fast-casual Dining Market Opportunities and Challenges



Opportunities

- ❑ **Large Enterprises Driving Industry Growth:** major companies with established brands and resources continue to lead the market, leveraging economies of scale, advanced supply chain management, and innovative marketing strategies. Their ability to expand rapidly and invest in new technologies fosters growth across the sector. For smaller businesses in the noodle segment, this trend presents an opportunity to innovate and partner with larger players or adopt similar growth strategies.
- ❑ **Increasing Importance of Food Safety:** as consumers become more health-conscious, food safety has emerged as a critical concern. Strict regulatory measures and higher consumer expectations for transparency in sourcing, preparation, and hygiene standards provide opportunities for noodle brands to differentiate themselves by emphasizing their commitment to food safety and quality assurance.
- ❑ **Brand Development as a Focus Area:** consumers are increasingly gravitating toward well-recognized and trusted brands that promise consistent quality and reliability. Noodle chains can capitalize on this trend by developing strong brand identities through standardized offerings, high-quality ingredients, and consistent service. Enhanced branding can lead to greater customer loyalty and higher market penetration.
- ❑ **Diverse and Evolving Consumer Preferences:** consumer tastes become more diverse, there is growing demand for an expanded range of menu items that cater to different dietary preferences and regional palates. In the noodle segment, this translates to an opportunity to introduce innovative flavors, fusion dishes, and healthy options that appeal to a wide demographic. The frequent iteration of menu items can keep consumers engaged and excited about the brand.



Challenges

- ✓ **Rising Labor Costs:** labor costs in China continue to rise, creating pressure on profit margins for fast casual dining businesses. The noodle segment, with its labor-intensive preparation processes, faces particular challenges in maintaining efficiency and controlling costs. Businesses must explore automation and optimized staffing strategies to mitigate this impact.
- ✓ **Complexity in Standardization:** compared to other segments in the fast casual dining market, Chinese QSRs, especially noodles, has a broader SKU range and more intricate preparation procedures. Achieving standardization across locations can be difficult, as the dishes often involve diverse ingredients and regionally specific flavors. This complexity requires investment in training, centralized production systems, and advanced kitchen technologies to ensure consistency.
- ✓ **Multifaceted Flavor Profiles and Preparation Methods:** the diversity of noodle dishes in Chinese cuisine, with their rich variety of broths, toppings, and preparation styles, makes standardization particularly challenging. While this diversity appeals to consumers, it demands higher operational precision and agility, adding to the operational complexity of fast casual noodle chains.

Source: Frost & Sullivan

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Overview of Overseas Chinese Food Service Market

Overseas Chinese Food Service Market

- More and more Chinese food brands are successfully entering international markets by adopting standardized management practices and embracing digital marketing strategies that resonate with global consumers. At the same time, these brands are incorporating health and sustainability concepts into their business models, aligning with the evolving preferences of consumers who increasingly prioritize wellness, nutrition, and environmental impact. By promoting dishes made from fresh, high-quality ingredients and offering options tailored to local tastes, these brands are establishing themselves as competitive players in diverse global markets.
- These Chinese food brands often start by catering to Chinese and other Asian communities abroad, building a loyal customer base in these regions. Once established, they expand regionally, gradually broadening their appeal to mainstream markets. This strategic approach is helping to transform Chinese cuisine from a regional specialty to a global dining phenomenon. As these brands continue to grow and innovate, Chinese cuisine is becoming more recognized worldwide not just for its rich culinary heritage but also for its adaptability and relevance in contemporary dining trends. This shift is helping to reshape the global food landscape, positioning Chinese cuisine as a prominent and influential player on the world stage.

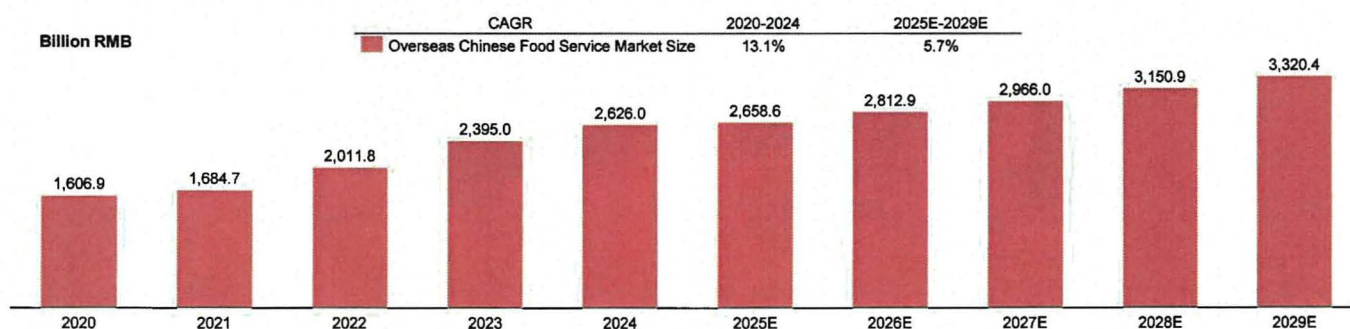
Southeast Asia	East Asia	Western Countries
• Southeast Asia is a key market for Chinese cuisine's global expansion. With large Chinese communities in countries like Singapore, Malaysia, Thailand, and Indonesia, many consumers have an inherent familiarity with and affinity for Chinese food. The culinary cultures of Southeast Asia share many similarities with Chinese food, making it easier for Chinese food service brands to gain recognition in these markets. Additionally, Southeast Asia's rapidly growing economy and expanding middle class are fueling increasing demand for dining options, offering significant market potential for Chinese cuisine. However, the competition is fierce, with both local brands and other international players entering the market, requiring Chinese food service brands to localize their flavors and services to meet consumer needs.	• The outlook for Chinese cuisine in East Asia is also promising. With growing demand for fast food and convenient dining options among younger generations, Chinese food has increasingly become a popular choice in these countries. The rising demand for takeout, in particular, has driven the expansion of Chinese fast-food brands in Japan and Korea. Both markets place high importance on healthy eating, and Chinese fast-food brands can attract consumers by offering healthier, low-fat menu options. Furthermore, Japan and Korea have high expectations for brand development and digital operations, requiring Chinese food service brands to adapt their marketing strategies to leverage these trends and stand out in a competitive environment.	• Europe and the U.S. have become the focal points for Chinese cuisine expansion in recent years, especially in the U.S. and Europe. With an increase in Chinese immigration and growing demand for diverse dining options among local consumers, Chinese cuisine has steadily gained a foothold in these markets. The multicultural backgrounds of Europe and the U.S. make these markets more accepting of international food brands, particularly in larger cities where Chinese food has become recognized as a viable dining choice. Additionally, consumers in these markets are becoming more health-conscious and environmentally aware. Chinese food brands that introduce low-calorie, vegetarian, or additive-free dishes can meet this demand and attract a broader customer base.
 Singapore  Malaysia  Thailand  Indonesia	 Japan  Korea	 U.S.  Australia  U.K.  Canada

Overview of Overseas Chinese Food Service Market

Overseas Chinese Food Service Market Size (1/2)

- The overseas Chinese food service market is projected to grow from 1606.9 billion RMB in 2020 to 2626.0 billion RMB in 2024, with a compound annual growth rate (CAGR) of 13.1%. This growth is primarily driven by the increasing global interest in Chinese cuisine, enhanced international accessibility, and the expanding Chinese diaspora abroad. Looking ahead to 2025-2029, the market is expected to accelerate, reaching 2658.6 billion RMB in 2025 and projected to hit 3320.4 billion RMB by 2029, with a CAGR of 5.7%. This accelerated growth may be attributed to deeper market penetration of Chinese food services in untapped regions, closer integration into local food cultures, and a more diversified offering to cater to varying consumer tastes globally.
- The growing Chinese communities worldwide have significantly expanded the customer base for Chinese food service industry, with these communities maintaining a deep emotional and cultural connection to its flavors. In addition, the diversity and distinctiveness of Chinese food have attracted a global audience, making it one of the most popular cuisines worldwide. The successful international expansion of several Chinese restaurant chains highlights the industry's vast potential, encouraging further global growth. In 2024, the global Chinese food market reached a value of RMB 8099.0 billion, with overseas markets contributing RMB 2626.0 billion, or 32.4%. As a core element of Chinese cuisine, Chinese noodles have become a popular choice on international menus, with strong growth prospects in global markets.

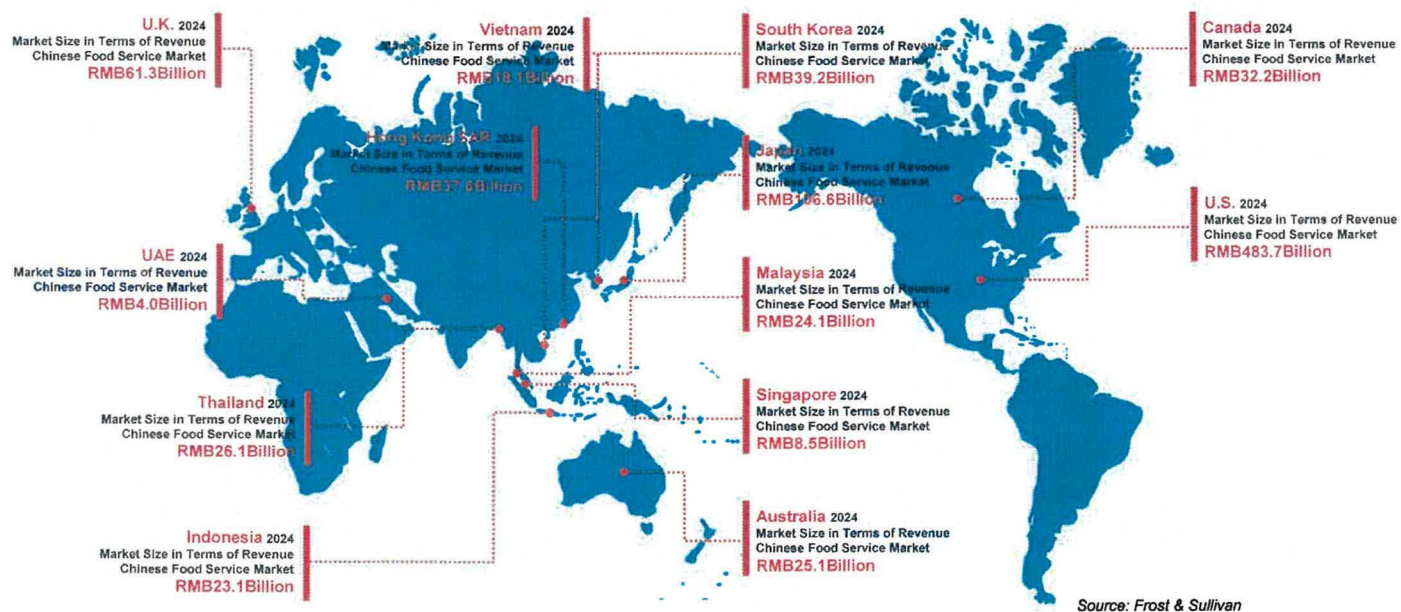
Overseas Chinese Food Service Market, 2020-2029E



Source: Frost & Sullivan

Overview of Overseas Chinese Food Service Market

Overseas Chinese Food Service Market Size (2/2)

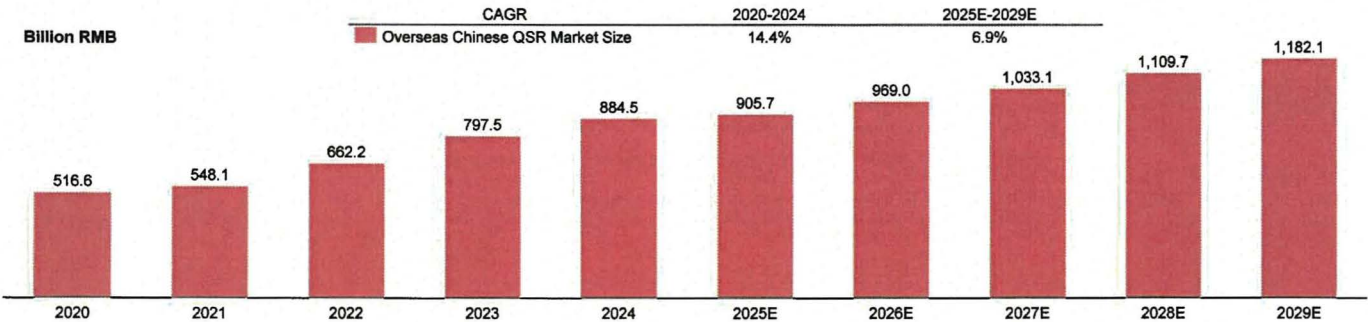


Overview of Overseas Chinese Food Service Market

Overseas Chinese QSR Market Size

- From 2020 to 2024, the overseas Chinese QSR market experienced substantial growth, increasing from 516.6 billion RMB to 884.5 billion RMB, reflecting an annual growth rate of 14.4%. This growth has been driven by several key factors, including the global rise in demand for ready-to-eat meals, the increasing reliance on digital marketing strategies, and the expanding overseas Chinese community. As more people around the world embrace the convenience of fast-food service, Chinese cuisine has increasingly captured the attention of a broader global audience. Additionally, the rise of digital platforms has enabled brands to reach consumers directly, promoting awareness and driving demand for Chinese food.
- Looking ahead to the period between 2025 and 2029, the market is projected to continue expanding, with its size growing from 905.7 billion RMB to 1182.1 billion RMB, representing an annual growth rate of 6.9%. This slower growth compared to the previous period may be attributed to market maturation, but the overall expansion remains robust. Key factors contributing to this growth include the deeper penetration of Chinese QSR brands into previously underserved regions, which will help to introduce Chinese cuisine to new markets. Additionally, these brands are increasingly adapting to local food cultures, offering menu items that cater to the specific tastes and preferences of diverse consumer segments. Furthermore, product diversification—such as healthier options, vegan alternatives, and fusion dishes—will play a significant role in attracting a wider range of global consumers.

Overseas Chinese QSR Market, 2020-2029E



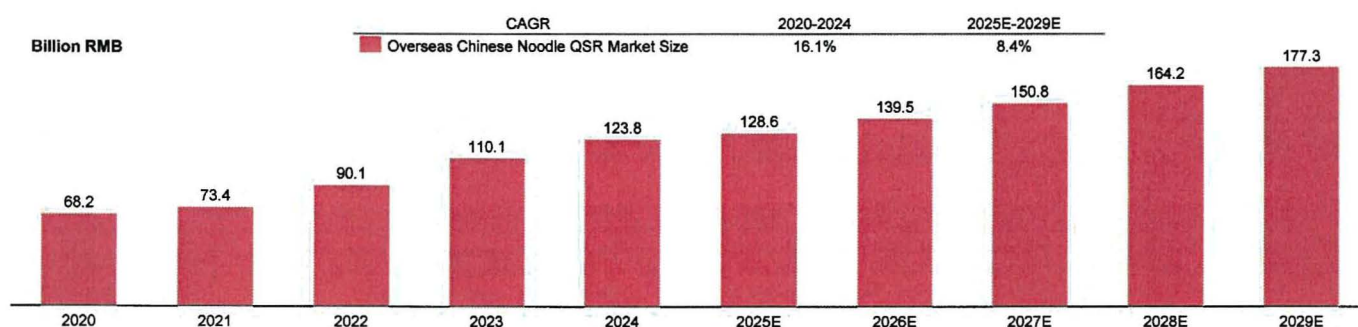
Source: Frost & Sullivan

Overview of Overseas Chinese Food Service Market

Overseas Chinese Noodle QSR Market Size

- The overall global Chinese noodle QSR has witnessed stable growth from RMB 250.0 billion in 2020 to RMB363.8 billion in 2024 at a CAGR of 9.8%. The overseas Chinese noodle QSR market experienced strong growth between 2020 and 2024, with the market size increasing from 68.2 billion RMB in 2020 to 123.8 billion RMB in 2024, achieving a CAGR of 16.1%. This growth was primarily driven by the rising demand for fast and convenient dining, greater cultural acceptance of Chinese cuisine in overseas markets, and the adoption of innovative dining models. As the acceptance of noodle and rice vermicelli fast food gradually increases in international markets, this category has demonstrated significant advantages in meeting both convenience and local flavor demands, fueling the rapid development of the market.
- From 2025 to 2029, the market growth rate is expected to slow down, with the CAGR decreasing to 8.4%. However, the market size will continue to expand steadily, reaching 177.3 billion RMB by 2029. While the growth rate slightly decreases, competition will intensify, and brands will need to attract consumers by offering more localized and customized dishes, flexible service models, and innovative dining experiences to remain competitive. During this period, the overseas Chinese noodle QSR market will continue to grow and further solidify its position in the global QSR industry.

Overseas Chinese Noodle QSR Market, 2020-2029E



Overview of Overseas Chinese Food Service Market

Chinese QSR Market Size in Hong Kong SAR

- From 2020 to 2024, the Chinese QSR Market in Hong Kong SAR showed steady growth. The market size grew from 7.4 billion RMB in 2020 to 10.0 billion RMB in 2024, with an average annual growth rate (CAGR) of 7.6%. This growth can be attributed to several factors, including the increasing demand for quick, affordable dining options, as well as a shift in consumer preferences toward more convenient yet quality meals. The steady recovery from the pandemic and rising disposable income among consumers further fueled the demand for QSRs, especially among busy urban populations seeking fast yet healthy meal options.
- The Chinese QSR market in Hong Kong SAR is expected to reach RMB 14.7 billion by 2029, with a CAGR of 7.8% from 2025 to 2029.



Overview of Overseas Chinese Food Service Market

Chinese QSR Market Size in Singapore

- From 2020 to 2024, the Chinese QSR market in Singapore is projected to grow at a robust CAGR of 15.7%, with the market size increasing from 0.7 billion RMB in 2020 to 1.3 billion RMB in 2024. This growth is driven by the rising demand for convenient, affordable dining options, especially among busy professionals and younger consumers. As consumer preferences shift towards healthier and quicker meals, the QSR segment benefits from its ability to provide high-quality food at a faster pace. Additionally, the post-pandemic recovery and the rise of food delivery services are further fueling the growth of this market.
- The Chinese QSR market in Singapore is expected to reach RMB2.3 billion by 2029, with a CAGR of 12.9% from 2025 to 2029.



Overview of Overseas Chinese Food Service Market

Overseas Chinese Food Service Market Drivers and Trends(1/2)



Increasing Global Interest and Demand for Chinese Cuisine

Rising Recognition of Chinese Food Culture: Chinese cuisine, renowned as one of the world's three major culinary traditions, enjoys global recognition for its rich heritage and variety. Increasingly diverse global tastes have amplified interest in regional Chinese cuisines like hotpot, Sichuan, and Cantonese dishes. Hotpot's interactive style, Sichuan's bold, spicy flavors, and Cantonese cuisine's light and healthy preparation methods appeal to different consumer preferences.

Additionally, Chinese cuisine's health-conscious approach—emphasizing fresh, natural ingredients and cooking methods like steaming and stir-frying—aligns with modern dietary trends, attracting health-conscious diners worldwide.

Expanding Influence of Chinese Culture: As China's global cultural influence continues to grow, Chinese cuisine has become a key medium for sharing and experiencing Chinese traditions. Through films, documentaries, and festivals, Chinese food frequently takes center stage in international cultural exchanges. For instance, the documentary series *A Bite of China* has captivated global audiences by showcasing the artistry, traditions, and cultural depth behind Chinese dishes. Additionally, the celebration of Chinese festivals like the Lunar New Year increasingly incorporates food as a cultural bridge, offering international consumers a taste of authentic Chinese traditions.

Chinese cuisine also serves as a vehicle for storytelling, connecting diners with China's history and culture. Signature dishes like Peking duck are not only celebrated for their culinary excellence but also revered for their cultural significance, bridging the gap between food and heritage. As more Chinese brands and restaurants integrate cultural narratives into their offerings, they enhance the dining experience, making it both flavorful and educational.



Improvements in Standardization and Chain Operations for Chinese QSR

Progress in Branding and Standardization: Chinese QSR brands have significantly enhanced their levels of standardization and chain operations, creating replicable models that support rapid expansion. These improvements are seen in consistent store designs, standardized menus, and streamlined service processes, enabling brands to expand efficiently across regions while maintaining quality. Many brands successfully balance localizing offerings for international markets with preserving their core identity, appealing to diverse consumer bases. Additionally, strong branding efforts have increased recognition in global markets. By emphasizing values like "authentic Chinese flavors" and "healthy, fast dining," brands have positioned themselves as high-quality providers, laying the foundation for further international growth.

Enhanced Supply Chain and Quality Control: Advancements in supply chain management and food quality control have strengthened the competitiveness of Chinese QSR brands. Modern cold-chain logistics and global ingredient sourcing ensure consistent flavors and quality, even across borders. Intelligent supply chain systems further enhance efficiency, enabling brands to maintain high standards in international operations.

Adopting global food safety standards such as HACCP and ISO 22000 has built consumer trust and facilitated entry into regulated markets like Europe and North America. Innovations in preparation methods also combine standardized processes with traditional techniques, ensuring efficiency without compromising authenticity.

These advancements in standardization, branding, and quality control have paved the way for the successful globalization of Chinese QSR, enabling these brands to meet international demands and thrive in competitive markets.

Overview of Overseas Chinese Food Service Market

Overseas Chinese Food Service Market Drivers and Trends(2/2)



Support from Digital Marketing and Overseas Digital Channels

By leveraging digital marketing and global delivery platforms, Chinese QSR brands can efficiently reach international audiences, build strong consumer connections, and overcome traditional entry barriers in competitive markets. These digital tools are instrumental in supporting the global growth and sustained success of the industry.

Brand Digital Promotion: Digital marketing has become a vital tool for Chinese QSR brands seeking global expansion. Through platforms such as Instagram, Facebook, TikTok, and YouTube, these brands can effectively communicate their stories, showcase signature dishes, and highlight their unique cultural heritage. By using high-quality images, engaging videos, and interactive content, brands can create a memorable online presence that resonates with international audiences.

For instance, short videos demonstrating the preparation of popular Chinese dishes, such as dumplings, fried rice, or hotpot, not only attract viewers but also emphasize the authenticity and craftsmanship of the cuisine. Influencer collaborations and customer reviews further enhance credibility and broaden reach, particularly among younger, tech-savvy consumers.

Moreover, targeted advertising campaigns on digital platforms enable brands to tailor their marketing efforts to specific regional and cultural preferences. By engaging directly with consumers through interactive features, live streaming, or user-generated content, Chinese QSR brands can build stronger connections with their audience and foster brand loyalty, ensuring long-term success in international markets.

Proliferation of Overseas Delivery Platforms: The rapid growth and widespread adoption of global food delivery platforms such as Uber Eats, DoorDash, and Deliveroo have transformed the way Chinese QSR brands approach international expansion. These platforms provide ready-made, efficient online sales channels, allowing brands to reach local consumers without the need to establish complex delivery networks.

By partnering with these platforms, Chinese brands gain immediate access to a broad customer base and can establish a presence in new markets with minimal upfront investment. Delivery platforms also offer a suite of tools, such as data analytics, customer reviews, and promotional features, that help brands optimize their offerings, refine their marketing strategies, and adapt to local preferences.

Promotions like discounts and special offers on these platforms encourage first-time orders and drive customer engagement, while real-time order tracking and seamless payment options enhance the overall consumer experience. These platforms not only lower the logistical and financial barriers to entry but also enable brands to focus on delivering quality food and maintaining cultural authenticity.

Source: Frost & Sullivan

Agenda

0	Introduction of the Research
1	Overview of Food Service Market in Chinese Mainland
2	Overview of Chinese Noodle Food Service Market in China
3	Overview of Chinese Fast-casual Dining Market in Chinese Mainland
4	Overview of Overseas Chinese Food Service Market
5	Competitive Landscape Analysis
6	Appendix

Competitive Landscape Analysis

Competitive Landscape of Chinese Noodle Restaurant Market in China

- The Chinese noodle QSR market is a significant segment of Chinese cuisine and fast-food service market, playing a crucial role in the country's broader QSR and foodservice industry. In recent years, the market has become increasingly competitive, with many Chinese noodle restaurant chains achieving rapid growth. The Chinese noodle restaurants market is highly fragmented, with the top five players accounting for 3.0% market share in terms of GMV in 2024. This fragmentation presents significant opportunities for market consolidation. With the current landscape offering ample opportunities for strategic mergers, acquisitions, and organic chain expansion, established players can leverage economies of scale, streamline operations, and enhance supply chain efficiencies. Notably, Xiao Noodles ranked as the fourth-largest Chinese noodle restaurant operator in China by GMV in 2024, holding a market share of 0.5%. Moreover, Xiao Noodles stands out as the fastest-growing operator in the Chinese noodle restaurant sector, achieving an impressive CAGR of 58.6% from 2022 to 2024.

Ranking of Chinese Noodle Restaurant Operators in China, by GMV in 2024

Ranking	Brand	Introduction	GMV (RMB in millions)			Market Share in 2024 (%)	2022-2024 CAGR of GMV	Average Spending Per Order in 2024 (RMB)
			2022	2023	2024			
1	HEFU Noodles	Founded in 2012 and headquartered in Jiangsu, focuses on providing Chinese noodle dishes	1,650.0	2,155.0	2,530.0	0.9%	23.8%	~33.0
2	Mr. Lee	Founded in 1987 and headquartered in Beijing, specializes in Chinese-style beef noodle dishes.	1,570.0	2,033.0	2,060.0	0.7%	14.5%	~30.0
3	Laowanhui	Founded in 2014 and headquartered in Shenzhen, specializes in Northwestern Chinese noodle dishes	650.0	860.0	1,420.0	0.5%	47.8%	~36.0
4	Xiao Noodles	Founded in 2014 and headquartered in Guangzhou, operated the Xiao Noodles brand in Chinese mainland and overseas	536.2	971.3	1,348.4	0.5%	58.6%	~32.0
5	Maijiyong	Founded in 2019 and headquartered in Shanghai, focuses on Lanzhou-style beef noodles	760.0	1050.0	1,250.0	0.4%	28.2%	~34.0
Top 5 as a total			5166.2	7069.3	8608.4	3.0%	29.1%	
Total			219,780.0	250,743.7	286,560.6	100%		

Source: Expert Interviews, Company Websites, Frost & Sullivan

Competitive Landscape Analysis

Competitive Landscape of Chinese Noodle Restaurant Market in China

- Xiao Noodles was the fastest growing player among the top 10 Chinese noodle restaurants in China, recording the highest CAGR of GMV from 2022 to 2024.

Ranking of Chinese Noodle Restaurant Operators in China, by CAGR of GMV from 2022 to 2024

Ranking	Brand	Introduction	2022-2024 CAGR of GMV
1	Xiao Noodles	Founded in 2014 and headquartered in Guangzhou, operated the Xiao Noodles brand in Chinese mainland and overseas	58.4%
2	Zui Noodles	Founded in 2014 and headquartered in Beijing, provides traditional Chinese noodle dishes, emphasizing broths and toppings	52.4%
3	Laowanhui	Founded in 2014 and headquartered in Shenzhen, specializes in Northwestern Chinese noodle dishes	47.8%
4	Majiyong	Founded in 2019 and headquartered in Shanghai, focuses on Lanzhou-style beef noodles	28.2%
5	HEFU Noodles	Founded in 2012 and headquartered in Jiangsu, focuses on providing Chinese noodle dishes	23.8%
6	Chen Xiang Gui	Founded in 2020 and headquartered in Shanghai, offers Lanzhou-style beef noodles	19.6%
7	Lai De Kuai Hot and Sour Potato Noodles	Founded in 2007 and headquartered in Chongqing, focuses on hot and potato noodles	15.1%
8	Mr. Lee	Founded in 1987 and headquartered in Beijing, specializes in Chinese-style beef noodle dishes	14.5%
9	Ali Tomato Noodles	Founded in 2012 and headquartered in Zhengzhou, serves tomato-based noodles, a variation of traditional Chinese noodle dishes	0.5%
10	Wu Ye Noodles	Founded in 2018 and headquartered in Shanghai, specializes in mixed noodles, a popular dish in northern China.	-1.5%

Source: Expert Interviews, Company Websites, Frost & Sullivan

Competitive Landscape Analysis

Competitive Landscape of Sichuan and Chongqing-Style Noodle Restaurant Market in China

- Sichuan-Chongqing style noodles, renowned for their bold flavors and rich cultural heritage, have become a cornerstone of China's culinary landscape. The market for these noodles has experienced significant growth, fueled by rising consumer demand for regional specialties and convenient dining options.
- Xiao Noodles was the largest Sichuan-Chongqing style noodle restaurants operator in China in terms of GMV in 2024.

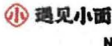
Ranking of Sichuan and Chongqing-Style Noodle Restaurant Operators in China, by GMV in 2024

Ranking	Brand	Introduction	2024 GMV (RMB in millions)
1	Xiao Noodles	Founded in 2014 and headquartered in Guangzhou, operated the Xiao Noodles brand in Chinese mainland and overseas	1,345.9
2	Lai De Kuai Hot and Sour Potato Noodles	Founded in 2007 and headquartered in Chongqing, focuses on hot and potato noodles	729.8
3	Modu Three Brothers	Founded in 2015 and headquartered in Shanghai, specializes in Sichuan-style noodle dishes	586.3

Source: Expert Interviews, Company Websites, Frost & Sullivan

Competitive Landscape Analysis

Competitive Landscape of Chinese Noodle QSR Market in China

Company profile of peers in China									
Ranking	Brand	Introduction	Year of Establishment	Publicly Listed	Headquarters Location	Primary Target Market	Business Model	Price Range per Order (RMB)	stores operated (by 2024)
1	 HEFU Noodles	Founded in 2012 and headquartered in Jiangsu, focuses on providing high-quality Chinese noodle dishes in a fast-casual dining format.	2012	Unlisted	Nanjing, Jiangsu Province, China	In first-tier and new first-tier cities	Direct operation	30-50	~590
2	 Mr. Lee	Founded in 1987 and headquartered in Beijing, specializes in beef noodle dishes.	1987	Unlisted	Beijing, China	In first-tier, second-tier and third-tier cities	Direct operation and franchising	20-40	~1000
3	 Laowanhui	Founded in 2014 and headquartered in Shenzhen, specializes in Northwestern Chinese cuisine	2014	Unlisted	Shenzhen, Guangdong Province, China	In first-tier and new first-tier cities	Direct operation	30-50	~390
4	 Xiao Noodles	To be aligned with business section	2014	Unlisted	Guangzhou, Guangdong Province, China	In first-tier and new first-tier cities	Direct operation	30-50	360
5	 Majiyong	Founded in 2019 and headquartered in Shanghai, focuses on Lanzhou-style beef noodles, offering a modern twist on traditional flavors in a fast-casual dining setting.	2019	Unlisted	Shanghai, China	In first-tier and new first-tier cities	Direct operation	30-50	~320
6	 Chenxian ggul	Founded in 2020 and headquartered in Shanghai, specializes in Lanzhou beef noodles.	2014	Unlisted	Shanghai, China	In first-tier and new first-tier cities	Direct operation and franchising	30-50	~270

Source: Expert Interviews, Company Websites, Frost & Sullivan

Competitive Landscape Analysis

Competitive Landscape of Chinese Noodle QSR Market in China

- The number of stores in operation is one of the core performance indicators for chain restaurant brands, as it directly reflects their market reach and operational capacity. Brands with a larger number of stores are better positioned to achieve economies of scale, benefiting from lower procurement costs, streamlined logistics, and improved brand recognition. In the Chinese noodle market, Xiao Noodles ranks as the fourth-largest operator by store count, with 362 stores in operation.

Ranking of Chinese Noodle Restaurant Operators, by number of stores in operation by the end of 2024

Ranking	Brand	Introduction	Number of Stores In Operation
1	Mr. Lee	Founded in 1987 and headquartered in Beijing, specializes in beef noodle dishes.	1006
2	HEFU Noodles	Founded in 2012 and headquartered in Jiangsu, focuses on providing high-quality Chinese noodle dishes in a fast-casual dining format.	594
3	Laowanhui	Founded in 2014 and headquartered in Shenzhen, specializes in Northwestern Chinese cuisine	385
4	Xiao Noodles	To be aligned with business section	362
5	Majiyong	Founded in 2019 and headquartered in Shanghai, focuses on Lanzhou-style beef noodles, offering a modern twist on traditional flavors in a fast-casual dining setting.	321
6	Chenxianggui	Founded in 2020 and headquartered in Shanghai, specializes in Lanzhou beef noodles.	272

Source: Expert Interviews, Company Annual Report, Frost & Sullivan

Competitive Landscape Analysis

Growth Rate Comparison Among Leading Chinese QSR Operators

- Xiao Noodles is the fastest-growing brand among the top 15 players in the Chinese QSR market. Xiao Noodles achieved CAGR of 58.7% from 2022 to 2024, the highest among all listed brands.

Ranking	Brand	GMV in 2022 (RMB in 100 millions)	GMV in 2023 (RMB in 100 millions)	GMV in 2024 (RMB in 100 millions)	Year-on-year growth rate in 2024 (%)	CAGR from 2022 to 2024
1	Xiao Noodles	5.36	9.7	13.5	39.2%	58.7%
2	Laowanhui	6.5	8.6	14.2	65.1%	47.8%
3	Fish With You	27	38.3	49.7	29.8%	35.7%
4	Micun	46.2	62.5	79.4	27.0%	31.1%
5	Majiyong	7.6	10.5	12.5	19.0%	28.2%
6	HEFU Noodles	16.5	21.55	25	16.0%	23.1%
7	ZhangLiang MaLaTang	36	46.7	50.4	7.9%	18.3%
8	LXJ	45.3	56.5	62.4	10.4%	17.4%
9	Mr. Lee	15.7	20.3	20.6	1.5%	14.5%
10	YGF Malatang	43	51.8	55.9	7.9%	14.0%
11	XiJiaDe Dumplings	29	32	34.3	7.2%	8.8%
12	DMXS	42	45	47	4.4%	5.8%
13	Country Style Cooking	40	42	43	2.4%	3.7%
14	Chenxianggui	10.2	10.7	10.9	1.9%	3.4%
15	Kungfu	17	16.7	16	-4.2%	-3.0%

Source: Expert Interviews, Company Annual Report, Frost & Sullivan

Competitive Landscape Analysis

Competitive Landscape of Sichuan-Chongqing Style Noodles Market in China

- Sichuan-Chongqing style noodles include Chinese Chongqing noodles, Chinese noodles with peas and meat sauce and Chinese hot and sour potato noodles. **Xiao Noodles** ranked the first among all restaurant chains in China in terms of offline sales volume of Chongqing noodles, noodles with peas and meat sauce (豌雜麵) and hot and sour potato noodles (酸辣粉) from 2022 to 2024 for three consecutive years.

Ranking of Sichuan-Chongqing Style Noodles Sales in China, Million Bowls, 2022-2024

Ranking 2022	Brand	Sales in 2022 (Million Bowls)	Ranking 2023	Brand	Sales in 2023 (Million Bowls)	Ranking 2024	Brand	Sales in 2024 (Million Bowls)
1	Xiao Noodles	17.1	1	Xiao Noodles	32.2	1	Xiao Noodles	44.5
2	Modu Three Brothers	10.3	2	Modu Three Brothers	16.2	2	Modu Three Brothers	33.3
3	Yu Wei Chongqing Noodles	6.4	3	Yu Wei Chongqing Noodles	10.2	3	Qin Yun Old Lady Noodles	25.9
4	Qin Yun Old Lady Noodles	6.0	4	Qin Yun Old Lady Noodles	9.6	4	Yu Wei Chongqing Noodles	20.9
5	Lai De Kuai Hot and Sour Noodles	5.5	5	Lai De Kuai Hot and Sour Noodles	8.7	5	Lai De Kuai Hot and Sour Noodles	20.3
6	Shu Shu's Noodles	5.0	6	Shu Shu's Noodles	8.0	6	Old Town Street Noodles	14.5
7	Hou Zhiwei Handmade Sour and Spicy Noodles	4.2	7	Hou Zhiwei Pure Handmade Sour and Spicy Noodles	6.8	7	Ba Ge Sour and Spicy Noodles	9.2
8	Ma La Su Di Sour and Spicy Noodles	3.8	8	Ma La Su Di Sour and Spicy Noodles	6.1	8	Shu Shu's Noodles	7.2
9	Old Town Street Noodles	3.3	9	Old Town Street Noodles	5.3	9	Ma La Su Di Sour and Spicy Noodles	6.5
10	Jin Po Po Chong Qing Noodles	2.4	10	Jin Po Po Chong Qing Noodles	3.7	10	Hou Zhiwei Pure Handmade Sour and Spicy Noodles	5.8
11	Yi Men Bai Jia Sour and Spicy Noodles	2.1	11	Yi Men Bai Jia Sour and Spicy Noodles	3.3	11	Yi Men Bai Jia Sour and Spicy Noodles	5.4
12	Ba Ge Sour and Spicy Noodles	1.3	12	Ba Ge Sour and Spicy Noodles	2.0	12	Jin Po Po Chong Qing Noodles	3.3

Source: Expert Interviews, Company Annual Report, Frost & Sullivan
F R O S T & S U L L I V A N

Competitive Landscape Analysis

Competitive Landscape of Chinese Chongqing Noodles Market in China

Ranking of Chinese Chongqing Noodles Sales in China, Million Bowls, 2022-2024

Ranking 2022	Brand	Sales in 2022 (Million Bowls)	Ranking 2023	Brand	Sales in 2023 (Million Bowls)	Ranking 2024	Brand	Sales in 2024 (Million Bowls)
1	Xiao Noodles	11.4	1	Xiao Noodles	22.3	1	Xiao Noodles	31.3
2	Modu Three Brothers	6.8	2	Modu Three Brothers	11.2	2	Modu Three Brothers	23.4
3	Yu Wei Chongqing Noodles	4.2	3	Yu Wei Chongqing Noodles	7.1	3	Qin Yun Old Lady Noodles	18.2
4	Qin Yun Old Lady Noodles	4.0	4	Qin Yun Old Lady Noodles	6.6	4	Yu Wei Chongqing Noodles	14.7
5	Lai De Kuai Hot and Sour Noodles	3.6	5	Lai De Kuai Hot and Sour Noodles	6.0	5	Lai De Kuai Hot and Sour Noodles	14.2
6	Shu Shu's Noodles	3.3	6	Shu Shu's Noodles	5.5	6	Old Town Street Noodles	10.2
7	Hou Zhiwei Handmade Sour and Spicy Noodles	2.8	7	Hou Zhiwei Pure Handmade Sour and Spicy Noodles	4.7	7	Ba Ge Sour and Spicy Noodles	6.5
8	Ma La Su Di Sour and Spicy Noodles	2.5	8	Ma La Su Di Sour and Spicy Noodles	4.2	8	Shu Shu's Noodles	5.0
9	Old Town Street Noodles	2.2	9	Old Town Street Noodles	3.7	9	Ma La Su Di Sour and Spicy Noodles	4.6
10	Jin Po Po Chong Qing Noodles	1.6	10	Jin Po Po Chong Qing Noodles	2.6	10	Hou Zhiwei Pure Handmade Sour and Spicy Noodles	4.1
11	Yi Men Bai Jia Sour and Spicy Noodles	1.4	11	Yi Men Bai Jia Sour and Spicy Noodles	2.3	11	Yi Men Bai Jia Sour and Spicy Noodles	3.8
12	Ba Ge Sour and Spicy Noodles	0.8	12	Ba Ge Sour and Spicy Noodles	1.4	12	Jin Po Po Chong Qing Noodles	2.3

Source: Expert Interviews, Company Annual Report, Frost & Sullivan

Competitive Landscape Analysis

Competitive Landscape of Chinese Noodles with Peas and Meat Sauce Market in China

Ranking of Chinese Noodles with Peas and Meat Sauce Sales in China, Million Bowls, 2022-2024

Ranking 2022	Brand	Sales in 2022 (Million Bowls)	Ranking 2023	Brand	Sales in 2023 (Million Bowls)	Ranking 2024	Brand	Sales in 2024 (Million Bowls)
1	Xiao Noodles	3.6	1	Xiao Noodles	6.3	1	Xiao Noodles	9.1
2	Modu Three Brothers	2.2	2	Modu Three Brothers	3.2	2	Modu Three Brothers	6.8
3	Yu Wei Chongqing Noodles	1.4	3	Yu Wei Chongqing Noodles	2.0	3	Qin Yun Old Lady Noodles	5.3
4	Qin Yun Old Lady Noodles	1.3	4	Qin Yun Old Lady Noodles	1.9	4	Yu Wei Chongqing Noodles	4.3
5	Lai De Kuai Hot and Sour Noodles	1.2	5	Lai De Kuai Hot and Sour Noodles	1.7	5	Lai De Kuai Hot and Sour Noodles	4.2
6	Shu Shu's Noodles	1.1	6	Shu Shu's Noodles	1.6	6	Old Town Street Noodles	3.0
7	Hou Zhiwei Handmade Sour and Spicy Noodles	0.9	7	Hou Zhiwei Pure Handmade Sour and Spicy Noodles	1.3	7	Ba Ge Sour and Spicy Noodles	1.9
8	Ma La Su Di Sour and Spicy Noodles	0.8	8	Ma La Su Di Sour and Spicy Noodles	1.2	8	Shu Shu's Noodles	1.5
9	Old Town Street Noodles	0.7	9	Old Town Street Noodles	1.0	9	Ma La Su Di Sour and Spicy Noodles	1.3
10	Jin Po Po Chong Qing Noodles	0.5	10	Jin Po Po Chong Qing Noodles	0.7	10	Hou Zhiwei Pure Handmade Sour and Spicy Noodles	1.2
11	Yi Men Bai Jia Sour and Spicy Noodles	0.4	11	Yi Men Bai Jia Sour and Spicy Noodles	0.6	11	Yi Men Bai Jia Sour and Spicy Noodles	1.1
12	Ba Ge Sour and Spicy Noodles	0.3	12	Ba Ge Sour and Spicy Noodles	0.4	12	Jin Po Po Chong Qing Noodles	0.7

Source: Expert Interviews, Company Annual Report, Frost & Sullivan

Competitive Landscape Analysis

Competitive Landscape of Chinese Hot and Sour Potato Noodles Market in China

Ranking of Chinese Hot and Sour Potato Noodles Sales in China, Million Bowls, 2022-2024

Ranking 2022	Brand	Sales in 2022 (Million Bowls)	Ranking 2023	Brand	Sales in 2023 (Million Bowls)	Ranking 2024	Brand	Sales in 2024 (Million Bowls)
1	Xiao Noodles	2.1	1	Xiao Noodles	3.6	1	Xiao Noodles	4.1
2	Modu Three Brothers	1.3	2	Modu Three Brothers	1.8	2	Modu Three Brothers	3.1
3	Yu Wei Chongqing Noodles	0.8	3	Yu Wei Chongqing Noodles	1.1	3	Qin Yun Old Lady Noodles	2.4
4	Qin Yun Old Lady Noodles	0.7	4	Qin Yun Old Lady Noodles	1.1	4	Yu Wei Chongqing Noodles	1.9
5	Lai De Kuai Hot and Sour Noodles	0.7	5	Lai De Kuai Hot and Sour Noodles	1.0	5	Lai De Kuai Hot and Sour Noodles	1.9
6	Shu Shu's Noodles	0.6	6	Shu Shu's Noodles	0.9	6	Old Town Street Noodles	1.3
7	Hou Zhiwei Handmade Sour and Spicy Noodles	0.5	7	Hou Zhiwei Pure Handmade Sour and Spicy Noodles	0.8	7	Ba Ge Sour and Spicy Noodles	0.8
8	Ma La Su Di Sour and Spicy Noodles	0.5	8	Ma La Su Di Sour and Spicy Noodles	0.7	8	Shu Shu's Noodles	0.7
9	Old Town Street Noodles	0.4	9	Old Town Street Noodles	0.6	9	Ma La Su Di Sour and Spicy Noodles	0.6
10	Jin Po Po Chong Qing Noodles	0.3	10	Jin Po Po Chong Qing Noodles	0.4	10	Hou Zhiwei Pure Handmade Sour and Spicy Noodles	0.5
11	Yi Men Bai Jia Sour and Spicy Noodles	0.3	11	Yi Men Bai Jia Sour and Spicy Noodles	0.4	11	Yi Men Bai Jia Sour and Spicy Noodles	0.5
12	Ba Ge Sour and Spicy Noodles	0.2	12	Ba Ge Sour and Spicy Noodles	0.2	12	Jin Po Po Chong Qing Noodles	0.3

Source: Expert Interviews, Company Annual Report, Frost & Sullivan

Competitive Landscape Analysis

Entry Barriers of Chinese Noodle Food Service Market

Entry Barriers of China Noodle Food Service Market

Capabilities and Experience in Achieving Standardization. The standardized development of the Chinese fast casual dining industry is mainly reflected in the stability of dish flavors, the reproducibility of technological processes, and the consistency of the supply chain. Due to the rich variety of ingredients and diverse cooking methods in Chinese cuisine, it is difficult to achieve unified standards nationwide. Moreover, the reliance on cooking skills and regional taste differences also increase the difficulty of standardization. In addition, establishing an efficient central kitchen, modern equipment, and a stable supply chain system requires a large amount of capital investment and rich operational experience, which poses a relatively high barrier for new entrants.

Analysis of Key Points

Technology Innovation & application

- **Difficulty in standardizing taste due to ingredients and cooking:** The rich variety of ingredients means that different processing methods need to be formulated according to the characteristics of various ingredients to ensure stable taste, which is quite difficult. The diverse cooking methods and the precise requirements for heat - control and cooking time make it hard to form a unified and fixed taste standard. New entrants need to invest a great deal of research and development efforts and costs to explore solutions.
- **New Technology Application and Digital Transformation :** The standardized and chain development of Chinese fast food has a relatively high dependence on digital technology, including online ordering, takeout management, membership systems, and supply chain systems. New entrants need to invest a large amount of capital and technical resources to build and maintain digital systems in order to effectively meet the operational needs of the modern catering market.
- **Obstacles to process standardization:** Traditional Chinese cuisine cooking is highly subjective, and the personal experience of chefs plays a key role. It is difficult to completely transform it into precise and replicable quantitative standards. This requires the industry to change its cooking concepts and introduce scientific methods and technical means. For new entrants, it is a double - challenge both in concept and practice.
- **High threshold for central kitchen construction:** The purchase of advanced equipment requires a large amount of capital, and the reasonable planning of layout and processes depends on rich operational experience. If new entrants lack sufficient funds or experience, it may lead to low operational efficiency and out - of - control costs in the central kitchen, affecting the standardized production and market competitiveness of the entire enterprise. It is an important obstacle for entering the industry.

Source: Frost & Sullivan

Competitive Landscape Analysis

Entry Barriers of Chinese Noodle Food Service Market

Entry Barriers of China Noodle Food Service Market

Barriers of Capital and Operating Costs. Chinese fast food has relatively high initial costs, including store location selection, decoration, equipment procurement, and staff training. In addition, a large amount of funds need to be invested in brand promotion and marketing to effectively attract consumers. It also requires a systematic talent training and management capability. Chinese fast food has high requirements in aspects such as fast-food delivery, standardized processes, store management, and a systematic talent training system. If new entrants lack relevant management experience, it will be difficult to effectively control the consistency of product quality and service standards, affecting customer satisfaction.

Analysis of Key Points

Capital Investment

- **High initial costs:** The various upfront investments for opening a store are a significant expense for new entrants. This may exceed their financial capacity, affecting the startup and development of the business.
- **Employee training costs:** The industry has high requirements for employees' capabilities. Systematic training is essential, but it also increases the company's operating costs. New entrants may find it difficult to provide comprehensive training due to limited funds.
- **Brand promotion costs:** In a highly competitive market, brand promotion is crucial for attracting consumers. However, it requires a large amount of capital. New entrants may not be able to carry out effective promotional activities due to tight cash flow, thus affecting their market share.
- **High requirements for industry talents:** The characteristics of the industry determine the high demands for employees' skills and qualities. Employees need to possess a wide range of capabilities to meet the operational needs of the enterprise.
- **Cruciality of the talent training system:** Establishing a complete talent training system requires the accumulation of experience and resources. Due to the lack of relevant experience, new entrants find it difficult to build an effective training system in a short time, which affects the improvement of employees' capabilities and the development of the enterprise.
- **Difficulty in attracting talents:** Mature brands are more attractive in the talent market. New entrants may struggle to compete with mature brands in terms of salary, career prospects, etc., leading to an increased risk of talent loss.

Source: Frost & Sullivan

Competitive Landscape Analysis

Entry Barriers of Chinese Noodle Food Service Market

Entry Barriers of China Noodle Food Service Market

Barriers of Supply Chain and Cost Control. Chinese fast food requires a diverse range of ingredients with high standards, especially in the process of chain expansion, which needs the support of a stable and high-quality supply chain. If new entrants cannot establish a solid supply chain system in ingredient procurement, inventory management, and logistics distribution, they will face greater cost pressures and operational risks. Large chain brands usually reduce costs through large-scale procurement and have obvious cost advantages. However, new entrants lack the scale effect and it is difficult for them to compete with mature brands in terms of price.

Analysis of Key Points

Supply Chain Management & Standardization

- **Challenges in food ingredient supply:** New entrants find it difficult to obtain a price advantage in the procurement process due to their small scale. Meanwhile, establishing stable cooperative relationships with suppliers requires time and effort, which increases operating costs and supply risks.
- **Inventory management challenges:** Scientific inventory management is crucial for cost control and operational efficiency. Due to a lack of experience and resources, new entrants are prone to inventory management problems, leading to increased costs and operational disruptions.
- **Disadvantages in logistics and distribution:** The large - scale operations and complete supply chain systems of large - chain brands give them a significant advantage in logistics and distribution costs. New entrants, lacking economies of scale, find it difficult to compete with them in terms of cost control.

Source: Frost & Sullivan

Competitive Landscape Analysis

Entry Barriers of Chinese Noodle Food Service Market

Entry Barriers of China Noodle Food Service Market

Barriers of Brand and Market Cognition. The fast-food industry has a relatively high dependence on brands. Well-known brands usually have higher market awareness and loyalty, which is also reflected in advantages such as site selection (such as core transportation hubs), lease negotiations, as well as aspects of customer retention and acquisition (stored value members, private domain members), etc. In the context of the gradual improvement of branding and chainization in Chinese fast food, new entrants, without brand awareness and customer base, will have difficulty in attracting a large number of customers.

Analysis of Key Points

Large and stable Customer Base

- **Brand - building advantages:** Through long - term market cultivation and brand promotion activities, well - known brands have established a solid image and a foundation of trust in the minds of consumers. New entrants find it difficult to reach the same level in a short period.
- **Location - selection advantages:** Prime store locations mean a larger potential customer flow. Well - known brands, relying on their brand strength, can take precedence in occupying these areas, further strengthening their brand influence. New entrants, due to their insufficient brand appeal, find it relatively difficult to obtain such locations.
- **Lease - negotiation advantages:** In business activities, brand influence is an important bargaining chip in negotiations. Well - known brands can use this advantage to reduce operating costs. In contrast, new entrants are often in a passive position during lease negotiations and have to bear higher costs.
- **Customer - retention and - acquisition advantages:** The membership system is an effective means for well - known brands to enhance customer stickiness. New entrants, lacking brand awareness and a customer base, find it difficult to attract and retain customers, thus being at a disadvantage in the competition.

Source: Frost & Sullivan

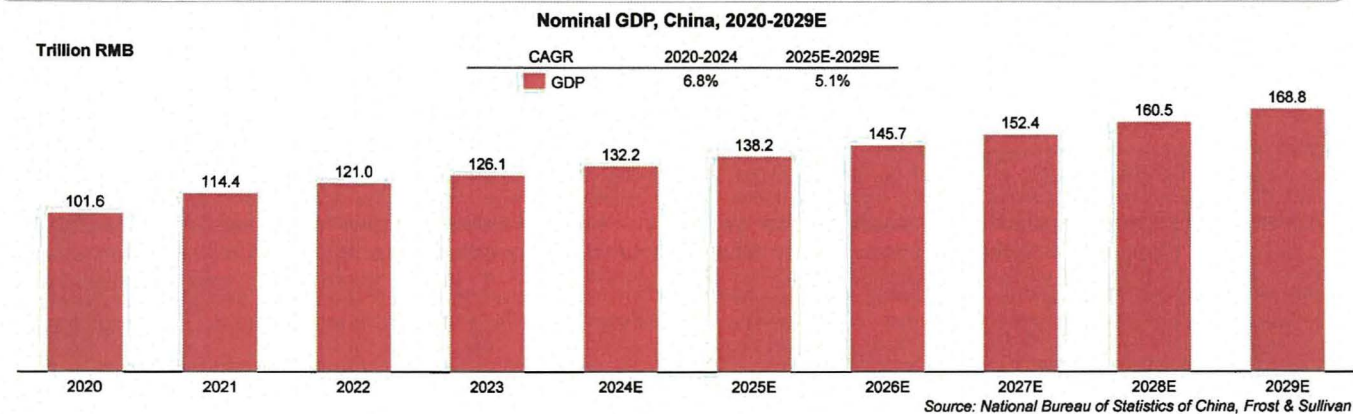
Agenda

0	Introduction of the Research
1	Overview of Food Service Market in Chinese Mainland
2	Overview of Chinese Noodle Food Service Market in China
3	Overview of Chinese Fast-casual Dining Market in Chinese Mainland
4	Overview of Overseas Chinese Food Service Market
5	Competitive Landscape Analysis
6	Appendix

Overview of China Macro Economy

China's Nominal GDP

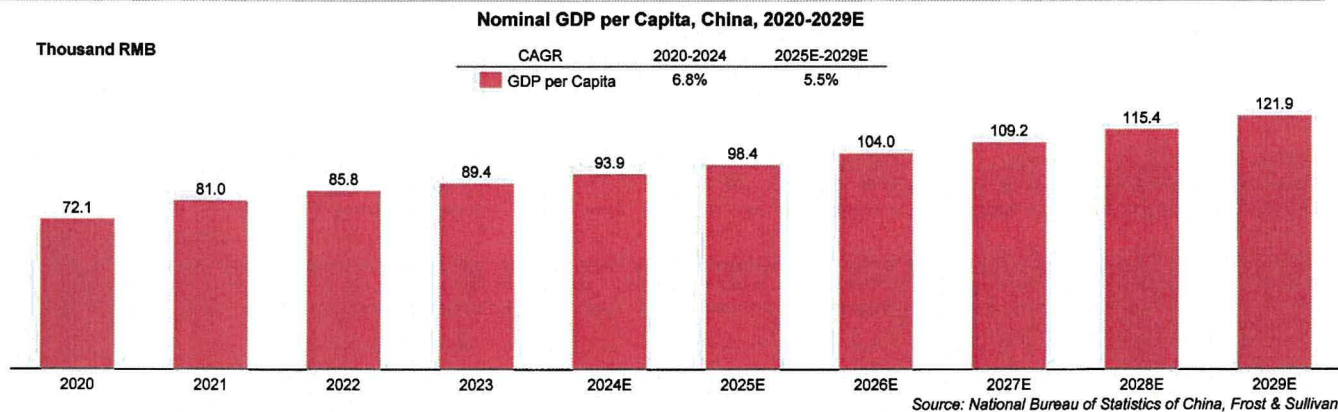
- China's GDP growth from 2020 to 2024 demonstrates a steady upward trajectory, increasing from RMB 101.6 trillion in 2020 to RMB 132.2 trillion in 2024, with a compound annual growth rate of 6.8%. This period reflects China's continued economic resilience, particularly following the challenges posed by the global pandemic in 2020. Government initiatives, such as fiscal stimulus, infrastructure investments, and efforts to stabilize domestic consumption, played significant roles in driving this growth.
- From 2025 to 2029, China's GDP is projected to maintain steady growth, rising from RMB 138.2 trillion in 2025 to RMB 168.8 trillion in 2029, with a CAGR of 5.1%. While the growth rate slows compared to the previous period, China is expected to transition toward high-quality development, focusing on innovation, green energy, and structural transformation. This phase of growth will likely be marked by a more mature economy, driven by advancements in technology, the digital economy, sustainable practices, and industrial upgrades, alongside domestic consumption.



Overview of China Macro Economy

China's Nominal GDP per Capita

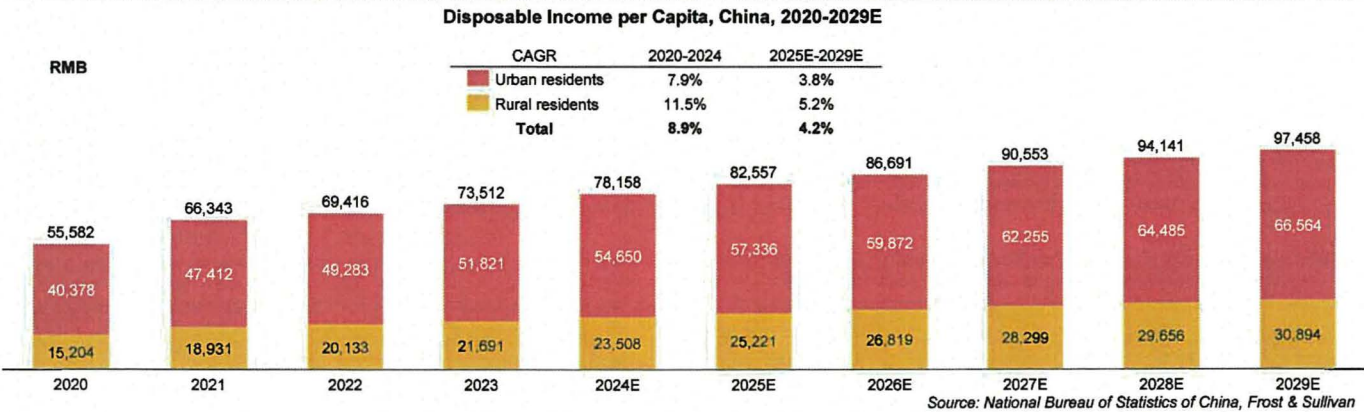
- From 2020 to 2024, China's per capita GDP is expected to grow significantly, increasing from RMB 72.1 thousand in 2020 to RMB 93.9 thousand in 2024, with a compound annual growth rate (CAGR) of 6.8%. This growth is driven by several factors, including China's critical role in global supply chains, particularly in manufacturing and services; a swift recovery from the COVID-19 pandemic through strict containment measures and economic stimulus policies; and strong domestic demand and technological innovation. This performance highlights the resilience of China's economy in the face of global challenges.
- Looking ahead to 2025-2029, the projected CAGR is expected to decrease to 5.5%, with per capita GDP rising from RMB 98.4 thousand in 2025 to RMB 121.9 thousand in 2029. While growth is slowing, the economy is expected to continue expanding steadily. Challenges during this period include rising global economic uncertainty, geopolitical tensions, and a transition from high-speed to high-quality growth, focusing on innovation and green development. Nevertheless, China's "dual circulation" strategy, urbanization, emerging industries, and the digital economy will continue to support GDP growth, ensuring the economic fundamentals remain strong despite a slight deceleration.



Overview of China Macro Economy

China's Disposable Income per Capita

- The increase of average disposable income of residents in China can be attributed to several drivers, including: 1) Economic growth: China has achieved rapid economic growth over the past few decades, which has resulted in increased job opportunities and higher wages. 2) Urbanization and industrialization: The urbanization rate and industrialization level in China has been increasing steadily, with more people moving from rural areas to cities for better employment opportunities and higher income. 3) Rising education levels: Education is highly valued in China, and the country has made significant investments in education, resulting in a more skilled workforce and higher-paying jobs. Furthermore, the gap between urban and rural disposable incomes has also narrowed over time due to government efforts to reduce income inequality.

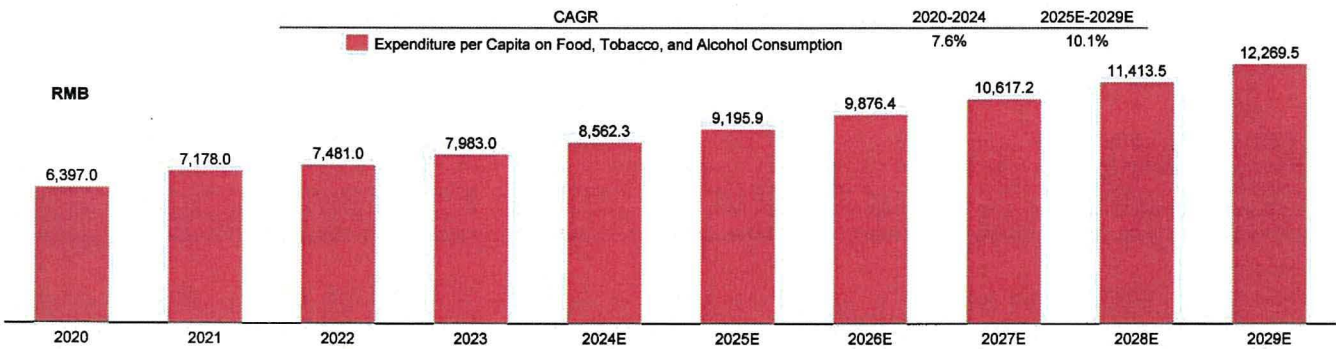


Overview of China Macro Economy

China's Expenditure per Capita on Food, Tobacco, and Alcohol Consumption

- From 2020 to 2024, China's national per capita expenditure on food, tobacco, and alcohol consumption demonstrated a steady growth trajectory, with a compound annual growth rate (CAGR) of 7.6%. In 2020, per capita expenditure was 6,397 RMB, and it increased to 8,562.3 RMB by 2024, reflecting a recovery from the pandemic-induced decline. This period highlights the growth in consumer spending across these categories, reflecting an ongoing economic recovery and improvements in living standards.
- Looking forward, the forecast suggests an accelerated CAGR of 10.1% from 2025 to 2029, with per capita expenditure expected to reach 12,269.5 RMB by 2029. As disposable incomes rise and consumption patterns evolve, spending on food, tobacco, and alcohol is anticipated to continue rising, with projections of 9,195.9 RMB by 2025 and surpassing 10,617.2 RMB by 2027. Although the growth rate shows a faster acceleration in the latter years, the market remains robust, highlighting the significant potential in China's consumer sector.

Expenditure per Capita on Food, Tobacco, and Alcohol Consumption, China, 2020-2029E

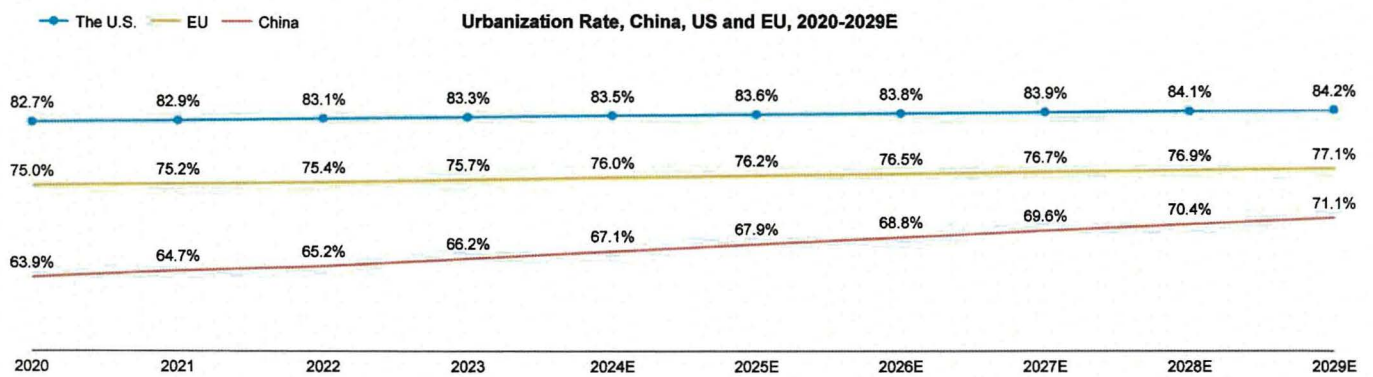


Source: National Bureau of Statistics of China, Frost & Sullivan

Overview of China Macro Economy

China's Urbanization Rate

- The urbanization rate refers to the proportion of urban population in the total population. Since 2012, China's urbanization process has entered a stage of high-quality urbanization development in the context of economic transformation and upgrading. China's urbanization rate has increased from 63.9% in 2020 to 67.1% in 2024, and is expected to further reach 71.1% in 2029.
- Compared with developed countries and economic regions, China's urbanization level still has great growth potential. In 2024, the urbanization rate in the United States was 83.5%, and the urbanization rate in the European Union was 76.0%.

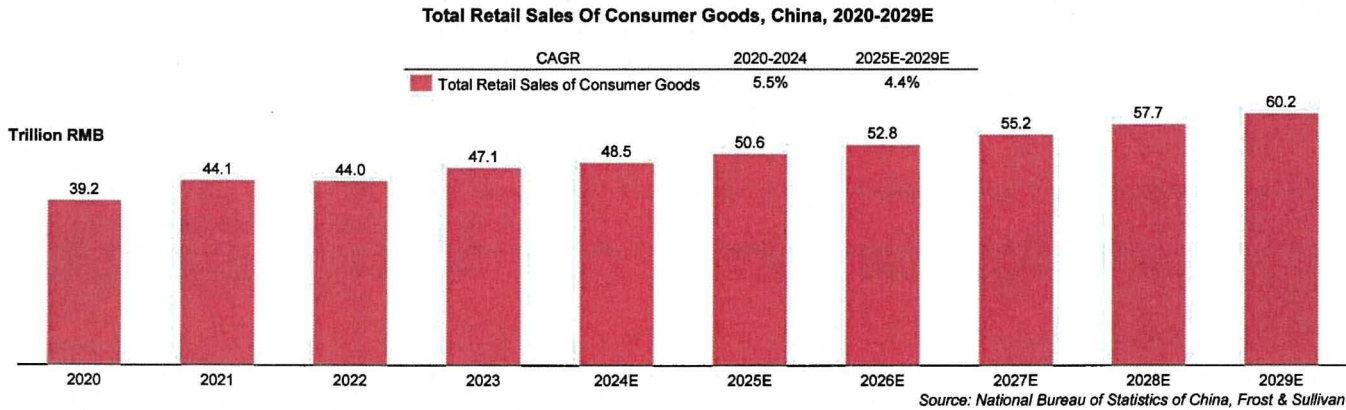


Source: National Bureau of Statistics of China, World Bank, Frost & Sullivan

Overview of China Macro Economy

China's Total Retail Sales of Consumer Goods

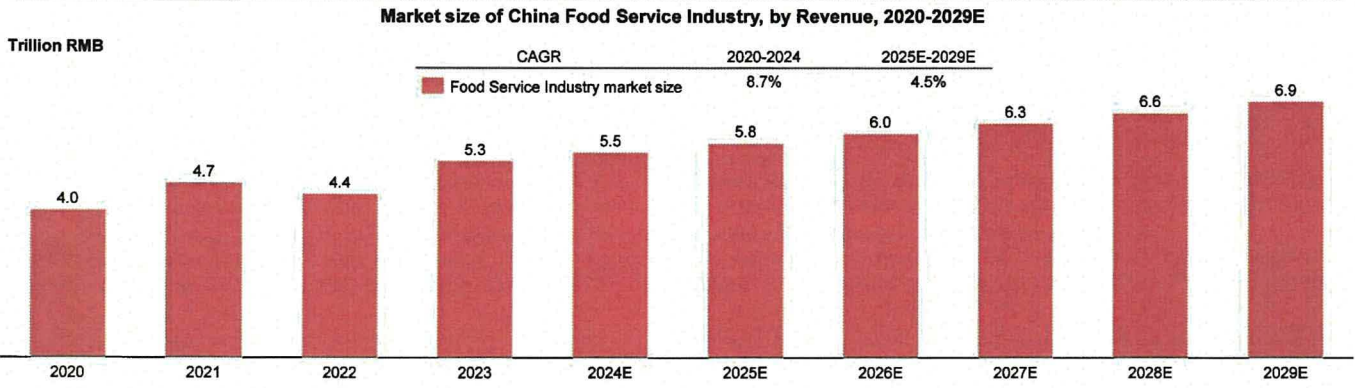
- From 2020 to 2024, China's total retail sales of consumer goods are expected to show steady growth, with a compound annual growth rate (CAGR) of 5.5%. After a dip in 2020 due to the pandemic, the market rebounded quickly, reaching RMB 44.1 trillion in 2021 and continuing to grow to RMB 48.5 trillion by 2024. This period reflects the resilience of China's consumer market, which recovered swiftly post-pandemic, supported by strong consumer confidence and rising domestic demand.
- Looking ahead, retail sales are projected to continue their upward trend, with a CAGR of 4.4%. By 2029, total retail sales are expected to reach RMB 60.2 trillion. Although the growth rate moderates compared to the previous period, factors such as consumption upgrading, the rapid growth of digital commerce, and supportive government policies will continue to drive the market. The increasing shift toward higher-quality products and the expansion of digital retail platforms will be key drivers of future growth.



Overview of China Macro Economy

China's Food Service Industry

- Drivers of the food service industry in China mainly include:1) Rising disposable income: As incomes rise, people in China are spending more on dining out and trying new foods. This has led to increased demand for restaurants and other food establishments. 2) Urbanization: China's rapid urbanization has created opportunities for new restaurants and food businesses to establish themselves in cities. The growing urban population also provides a larger customer base for existing food establishments.3) Changing lifestyles: Busy work schedules and changing social norms have led to an increase in demand for convenience foods and dining options, such as delivery services and fast-casual restaurants. 4) Tourism: China's growing tourism industry has contributed to the growth of the food service industry, as tourists look for local cuisine and dining experiences. 5) Government policies: The Chinese government has implemented policies to support the development of the food service industry, including tax incentives and subsidies for small and medium-sized enterprises (SMEs).
- From 2020 to 2024, China's food service industry revenue experienced significant fluctuations, gradually recovering after the pandemic, demonstrating strong market resilience. From 2025 to 2029, the revenue is expected to grow steadily, with economic recovery and increasing consumer demand driving sustained industry expansion.

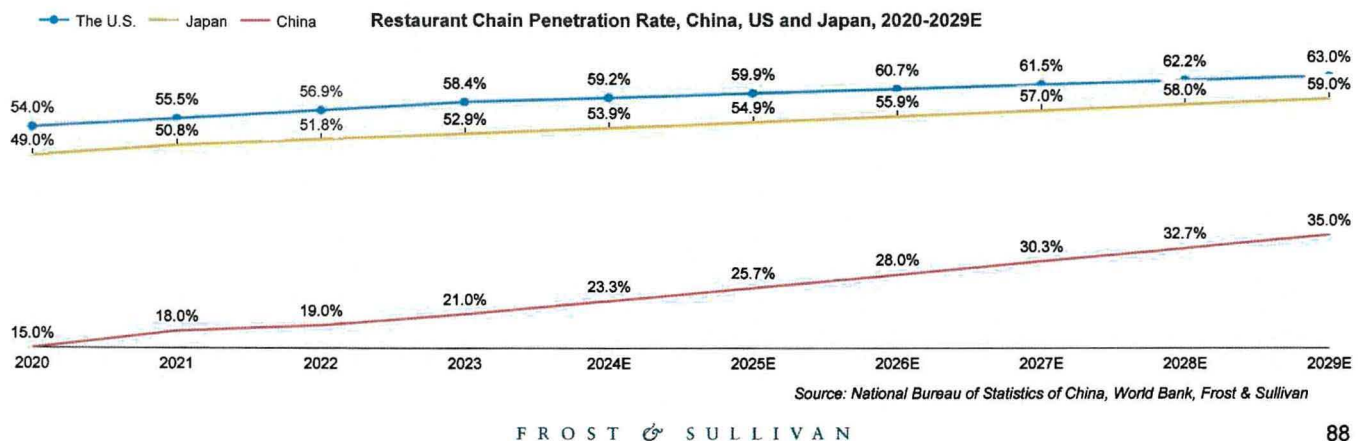


Source: National Bureau of Statistics of China, Frost & Sullivan

Overview of China Macro Economy

China's Restaurant Chain Penetration Rate

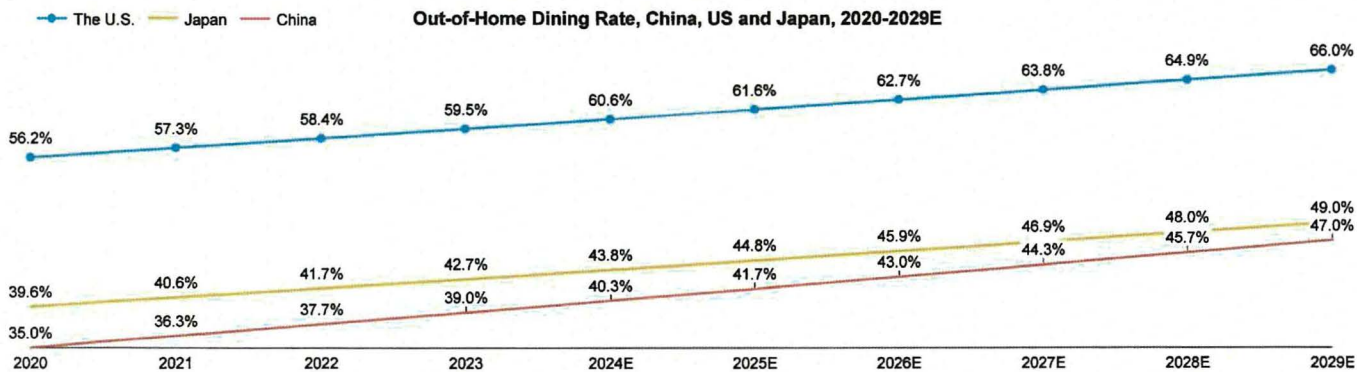
- China's rapid growth in restaurant chain penetration is driven by macroeconomic factors and market dynamics, including rising consumer spending, improved living standards, and an expanding food delivery sector. These factors have boosted demand for convenient, high-quality dining options. Additionally, China's large, urbanizing population offers significant market potential. By 2029, China's restaurant chain penetration rate is expected to reach 35.0%.
- When comparing China's penetration rate with that of the U.S. and Japan, the gap remains considerable. By 2029, the U.S. is projected to reach 63.0%, and Japan around 59.0%, while China's rate is forecasted to be 35.0%. This highlights substantial room for growth, with the potential for China's restaurant chain penetration to catch up in the coming years as market demand increases and brands expand.



Overview of China Macro Economy

China's Out-of-Home Dining Rate

- China's food service industry thrives due to rising incomes, changing lifestyles, and urbanization, which have increased demand for dining out. The rapid growth of food delivery and digital transformation has improved accessibility and service quality, supporting the expansion of restaurant chains. Additionally, the younger generation's preference for experiential dining further boosts the sector.
- Although China's out-of-home dining rate has been increasing, there remains a significant gap compared to developed countries. According to the data from 2020 to 2029, the U.S. is expected to reach an out-of-home dining rate of 66.0% by 2029, while China's rate is projected to be 47.0%. This indicates that China's out-of-home dining market still holds vast growth potential. As consumer demand for dining out rises and the quality of dining services improves, China's out-of-home dining rate is expected to continue to grow in the coming years, gradually narrowing the gap with developed countries.

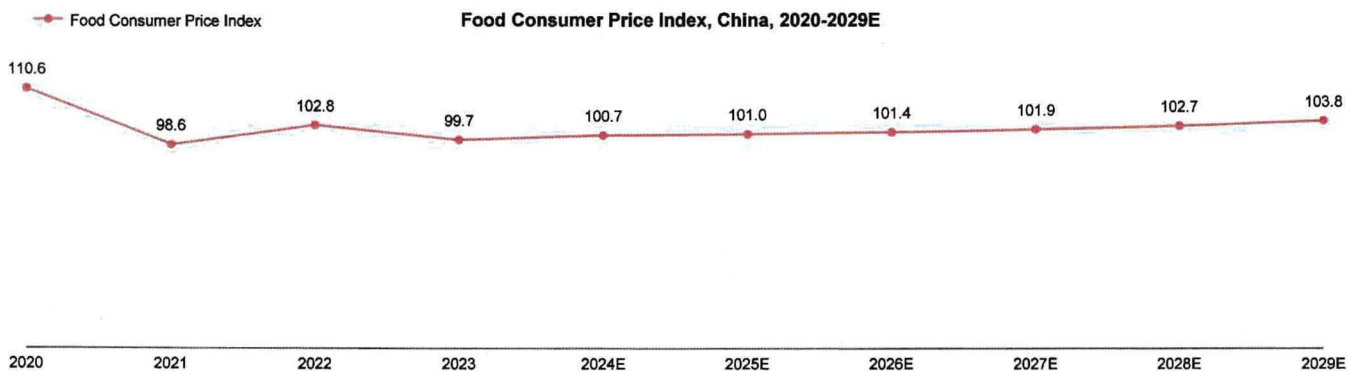


Source: National Bureau of Statistics of China, World Bank, Frost & Sullivan

Overview of China Macro Economy

China's Food Consumer Price Index

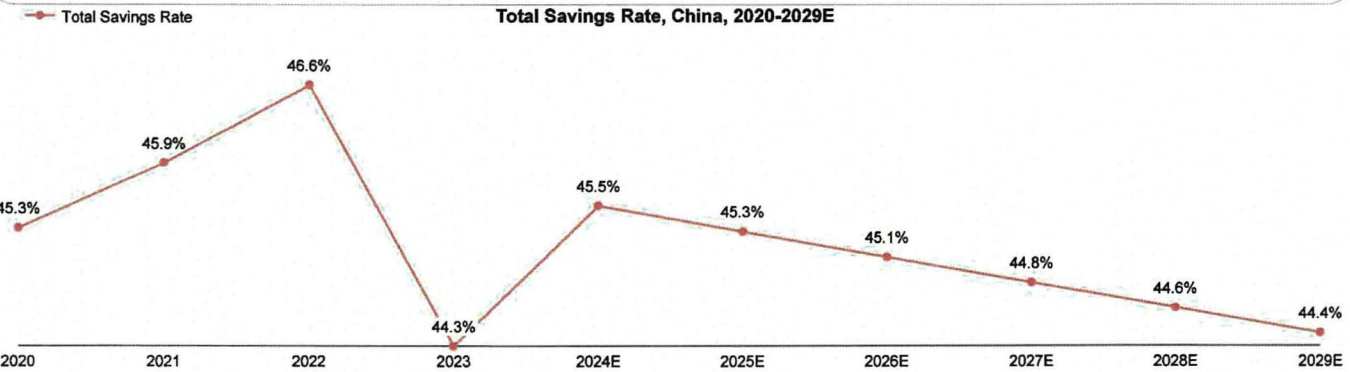
- From 2020 to 2024, China's Food CPI showed notable fluctuations. It spiked to 110.6 in 2020, then dropped to 98.6 in 2021, reflecting market adjustments. The CPI rebounded to 102.8 in 2022 and remained relatively stable in 2023 and 2024, at 99.7 and 100.7, respectively, influenced by factors like supply-demand balance and inflation. These changes were driven by pandemic disruptions and supply chain challenges.
- From 2025 to 2029, the Food CPI is expected to rise gradually, reaching 103.8 by 2029. This increase will be driven by economic recovery, higher demand for quality food, and rising production costs. While agricultural advancements may improve efficiency, external economic conditions will continue to impact the CPI, ensuring a moderate, sustained rise.



Overview of China Macro Economy

China's Total Savings Rate

- From 2020 to 2024, China's total savings rate experienced some fluctuations but remained generally stable. In 2020, due to the impact of the pandemic, many households reduced consumption, leading to an increase in the savings rate. As the pandemic gradually subsided, consumption rebounded, and the savings rate declined slightly in 2021-2022. However, with economic uncertainty and fluctuations in consumer confidence, particularly in the real estate and stock markets, savings behavior remained cautious, resulting in the savings rate staying relatively high. The economic recovery post-pandemic and consumers' conservative financial behaviors were the key driving factors.
- From 2025 to 2029, China's total savings rate is expected to show a downward trend, especially with stable economic growth and an upgrading of consumption patterns. As income levels rise and the social security system continues to improve, the need for savings for retirement and healthcare may decrease. At the same time, consumption upgrades and changes in the spending habits of younger generations may lead to more immediate consumption rather than long-term savings. Furthermore, macroeconomic policies, real estate market regulations, and government efforts to guide consumption and investment will also influence changes in the savings rate.

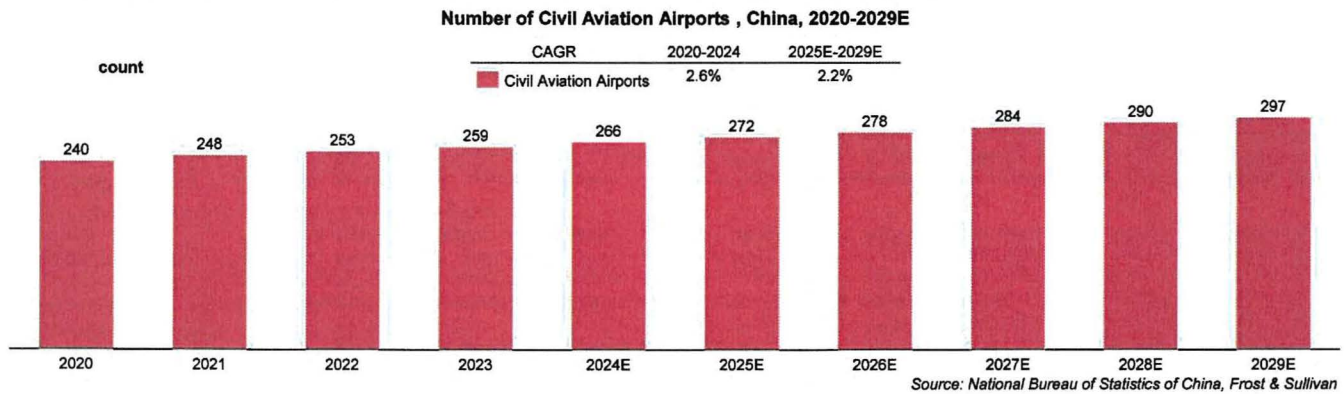


Source: National Bureau of Statistics of China, Frost & Sullivan

Overview of China Macro Economy

China's Number of Civil Aviation Airports

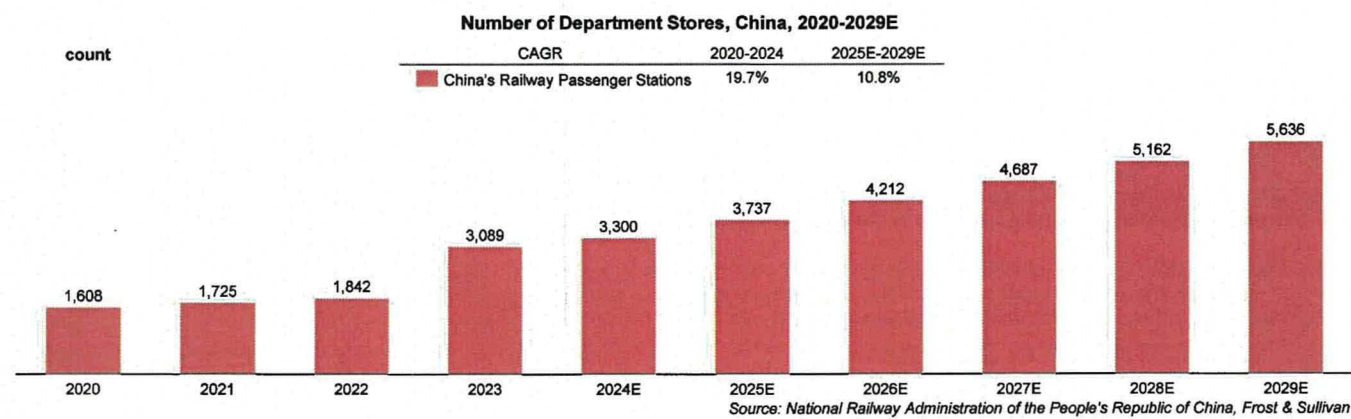
- From 2020 to 2024, the number of civil aviation airports in China has shown a steady upward trend, increasing from approximately 240 in 2020 to an estimated 266 in 2024, with a compound annual growth rate of 2.6%. This period reflects China's continuous investment and development in aviation infrastructure, with the government playing a significant role in promoting this growth through increased investment in infrastructure construction and the optimization of aviation network layouts.
- From 2025 to 2029, it is projected that the number of civil aviation airports in China will continue to grow steadily, rising from 272 in 2025 to 297 in 2029, with a CAGR of 2.2%. Although the growth rate slows compared to the previous period, it is expected that China will further enhance the quality and efficiency of aviation services, focusing on the optimization of the aviation network, the upgrading of airport facilities, and aviation safety management. This phase of growth is likely to be marked by a more mature and efficient aviation system, driven by technological advancements, digital transformation, green aviation, and service quality improvements, while meeting the increasing domestic demand for air travel.



Overview of China Macro Economy

China's Number of Railway Passenger Stations

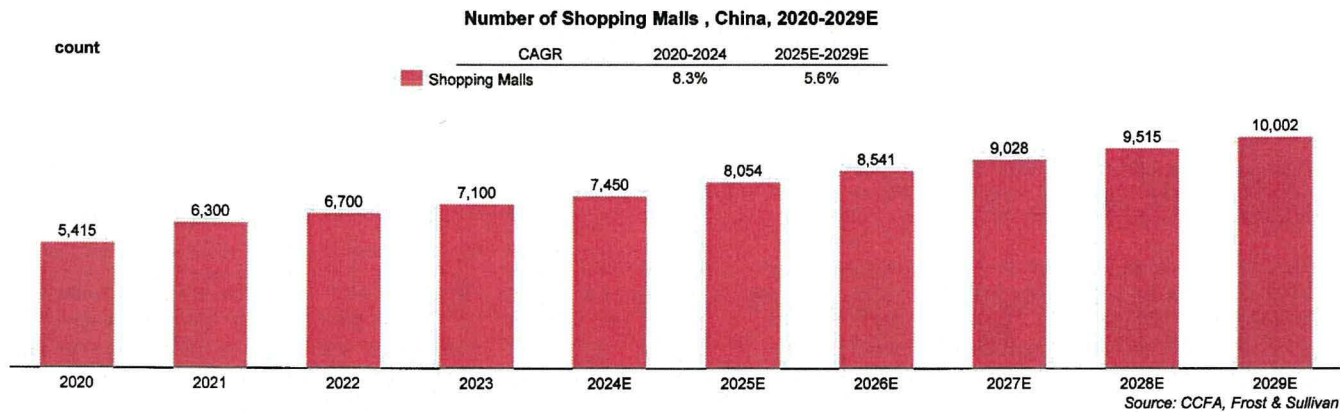
- From 2020 to 2024, the number of railway passenger stations in China has shown a significant upward trend, increasing from approximately 1,608 in 2020 to an estimated 3,300 in 2024, with a compound annual growth rate (CAGR) of 19.7%. This period reflects China's continuous investment and development in railway transportation infrastructure, with the government playing a significant role in promoting this growth through increased investment in railway network construction and the optimization of railway transportation services.
- From 2025 to 2029, it is projected that the number of railway passenger stations in China will continue to grow steadily, rising from 3,737 in 2025 to 5,636 in 2029, with a CAGR of 10.8%. Although the growth rate slows compared to the previous period, it is expected that China will further enhance the quality and efficiency of railway transportation services, focusing on the optimization of the railway network, the upgrading of station facilities, and the improvement of passenger services.



Overview of China Macro Economy

China's Number of Shopping Malls

- From 2020 to 2024, the number of shopping malls in China has shown a steady upward trend, increasing from approximately 5,415 in 2020 to an estimated 7,450 in 2024, with a compound annual growth rate of 8.3%. This period reflects China's continuous investment and development in retail infrastructure, with the government playing a significant role in promoting this growth through measures such as promoting consumption, supporting retail innovation, and optimizing the business environment.
- From 2025 to 2029, it is projected that the number of shopping malls in China will continue to grow steadily, rising from 8,054 in 2025 to 10,002 in 2029, with a CAGR of 5.6%. Although the growth rate slows compared to the previous period, it is expected that China will further enhance the quality and efficiency of retail services, focusing on the optimization of shopping malls, the upgrading of retail experiences, and the improvement of consumer services.



Cost Analysis

China's Average Annual Salary of Catering Industry Employees

- Aligned with the sustained economic growth of China, the average annual salary of employees in China food service industry steadily increased from 2018 to 2024. Over the next five years, labor costs are expected to rise as the economy continues to develop and disposable income improves. Looking ahead, the average annual compensation for food service industry employees is projected to rise in tandem with China nominal GDP growth.



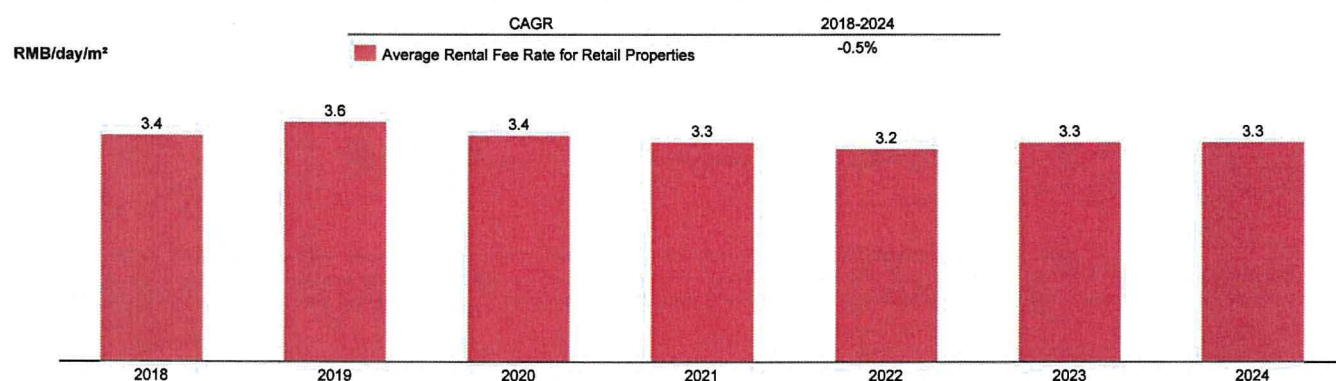
Source: National Bureau of Statistics of China, Frost & Sullivan

Cost Analysis

China's Average Rental Fee Rate for Retail Properties

- In China food service industry, rental expenses for retail properties represent a significant cost burden. Between 2018 and 2024, the average retail property rental rate in China fluctuated between RMB3.2 to RMB3.6 per square meter per day, and reached RMB3.3 per square meter per day in 2024, reflecting a CAGR of -0.5% since 2018. This fluctuation was primarily affected by a combination of factors, including the economic recovery after the pandemic and oversupply in the commercial real estate sector.

Average Rental Fee Rate for Retail Properties, China, 2018-2024

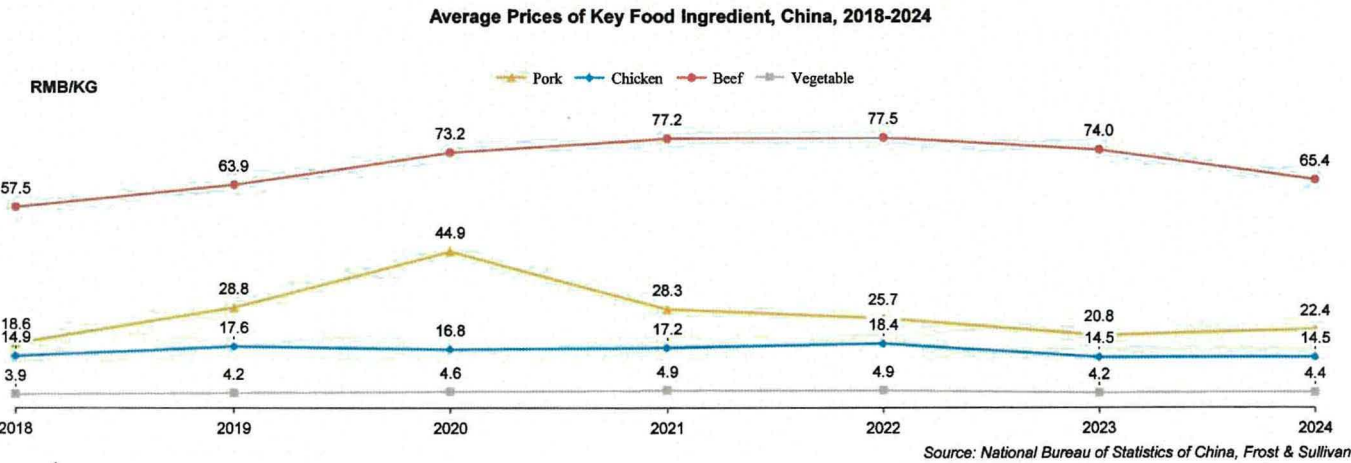


Source: National Bureau of Statistics of China, Frost & Sullivan

Cost Analysis

China's Average Prices of Key Food Ingredient

- Food service companies in China typically procure pork, beef, chicken, and vegetables as their main food ingredients. In recent years, some of these ingredients have seen a price fluctuation. For instance, the average price of beef rose from RMB57.5 per kilogram in 2018 to RMB65.4 per kilogram in 2024, primarily driven by growing consumer demand. While since 2022, the price of beef has shown a downward trend, peaking at RMB77.5 per kilogram before gradually declining to RMB65.4 per kilogram in 2024, reflecting adjustments in the supply and demand structure in the post-pandemic era.



China Food Service and Chinese Noodle Market

Additional Written Description

- It is industry common knowledge that the Chinese noodle restaurants industry is experiencing rapidly growing and everchanging customer demands. Noodles have long been one of the daily main dishes in the Chinese community.
- Among all, Xiao Noodles is a well-known modern Chinese noodle restaurants operator in China, with a menu offerings serve as an optimal choice for consumers' daily meals as well as a value-for-money dining experience to customers, as a testament to our popular appeal.
- Xiao Noodles ranked the first among all restaurant chains in the Chinese mainland in terms of offline sales volume of Chongqing noodles, noodles with peas and meat sauce (豌雜麵) and hot and sour **sweet** potato noodles (酸辣粉) **from 2022 to 2024 for three consecutive years.**
- The prosperity of Chinese noodle restaurants in China has been fueled by the accelerating urbanization process, rising disposable incomes and the popularity of digital ordering and takeaway platforms. As consumer preferences continue to evolve, Chinese noodle restaurants are expected to achieve sustained growth through menu innovation and improved operational efficiency.
- The base effect as a result of the rapid surge in spendings of consumers in catering market in the Chinese mainland during the first several months in 2023 following the gradual phasing-out of the COVID-19 pandemic, which was in line with the spending patterns in other consumer sectors.
- It is common practice for chain restaurants to engage third-party supply chain services.
- It is not uncommon for practitioners in Chinese QSR and Chinese noodle restaurant industry to engage former employees as franchisees.
- In general, the initial breakeven period for Chinese QSR or Chinese noodle restaurant typically ranges from 3 to 12 months. Established Chinese QSR chain brands may achieve breakeven within 3 to 6 months, while independently operated stores may take longer. The Company's average breakeven period is 2 months, ahead of the industry average.
- For the purpose of this prospectus, the service model in which customers place orders at a restaurant and have the option to either consume their meals at the restaurant or take their food away as takeout.
- In 2024, Xiao Noodles' stored value member payment rate was approximately 36.5% of our total GMV. The repurchase rate of these members reached approximately 44.5%. The industry average was about 29%.
- Franchisees may return defective products on the spot upon delivery. Xiao Noodles' return policy is generally in line with industry practice.

Source: National Bureau of Statistics of China, Frost & Sullivan

China Food Service and Chinese Noodle Market

Additional Written Description

- With the company's market leadership in the fast-growing Chinese noodle restaurant market in China, Xiao Noodles also plans to upgrade the visual recognition technologies of its current AI - empowered monitoring system to expand coverage over all menu items and operational activities in its restaurants. It has not identified or pursued any acquisition target. In 2024, there were approximately 5,000 target companies in the Chinese mainland that fulfilled the selection criteria, solidify the company's leading market position and become the optimal choice for customer's daily meal. Additionally, the company's stored value member payment rate is higher than the industry average. The company's return policy is generally in line with industry practice.
- The service fees charged by the Supply Chain Service Company were comparable to the prevailing market prices, and there are alternative suppliers of similar services available in the Chinese mainland which are able to provide services comparable to those provided by Supply Chain Service Company.
- The industry average range of overall seat turnover rate is 2.0-2.4 in the Chinese QSR market in 2024.
- Chinese noodle: a type of Chinese cuisine primarily made from noodles, rice noodles, vermicelli, or similar ingredients, prepared using simple and quick cooking methods.
- Chinese noodle restaurants: food service outlets that engage in the preparation, sale, and distribution of Chinese noodle-based dishes ranging from traditional varieties like noodles, rice noodles, and stir-fried noodles to modern interpretations and fusion cuisine
- Dine-in: for the purpose of this prospectus, the service model in which customers place orders at a restaurant and have the option to either consume their meals at the restaurant or take their food away as takeout.
- The growing sophistication of our multifaceted approach drives greater customer traffic and visiting frequency.
- The result of the rapid surge in spendings of consumers in catering market in the Chinese mainland during the first several months in 2023 following the gradual phasing-out the COVID-19 pandemic, which was in line with the spending patterns in other consumer sector.
- The franchise model has been widely adopted in the catering industry, offering key benefits such as (i) accelerated expansion of restaurant network and enhanced regional penetration, driving increased market share, and (ii) leveraging the entrepreneurial spirit, local connections and resources of franchisees.

Source: National Bureau of Statistics of China, Frost & Sullivan

China Food Service and Chinese Noodle Market

Additional Written Description

- The Chinese noodle restaurant market is not a niche sub-segment, but rather an integral and sizeable component of China's overall QSR industry. The current classification is fully aligned with industry practice and reflects the actual structure of the Chinese food service market. The Chinese QSR market, with a total size of approximately RMB962.3 billion in 2024, is a major segment of the food service industry. It consists of several core categories based on meal formats, including rice-based meals, noodle dishes, hot pot-style quick meals, and other traditional staples. According to the Frost & Sullivan Report, Chinese noodle restaurants accounted for approximately 29.8% of China's QSR market in 2024, making it the second-largest category following rice-based meals. This market share clearly demonstrates that the Chinese noodle restaurant segment is far from marginal, but rather a core part of the competitive landscape. In terms of growth, the Chinese noodle restaurant market recorded a CAGR of 12.7% from 2020 to 2024, outperforming the overall Chinese QSR market CAGR of 11.9% over the same period. This stronger-than-average performance highlights the segment's strategic value and its relevance to both consumers and operators. In addition, the Chinese noodle restaurant segment has demonstrated strong scalability and operational standardization, which are critical success factors in the Chinese QSR industry. The number of stores operated by the top five Chinese noodle brands grew from approximately 930 in 2021 to more than 2,600 in 2024, representing a CAGR of 41%, driven by replicable store models, supply chain maturity, and increasing consumer demand for convenient and familiar local flavors. Given its sizeable market share, superior growth, and alignment with key QSR characteristics such as standardization, scalability, and chain penetration, we believe it is appropriate and analytically valid to present the Chinese noodle restaurant market as a standalone segment within the broader QSR framework. We respectfully request that the current disclosure structure be retained, as it provides a focused, data-driven view of the Group's core competitive landscape, while remaining consistent with accepted industry classification methodologies.

Source: National Bureau of Statistics of China, Frost & Sullivan

China Food Service and Chinese Noodle Market

Additional Written Description

- Among overseas markets, both Hong Kong SAR and Singapore have demonstrated strong momentum in the development of the Chinese QSR sector. In Hong Kong SAR, the market has recorded steady growth in recent years, with the Chinese QSR sector expanding from RMB7.4 billion in 2020 to RMB10.0 billion in 2024, representing a CAGR of 7.6%. This upward trajectory is expected to continue, with the market projected to reach RMB14.7 billion by 2029, supported by a CAGR of 7.8% from 2025 to 2029. Meanwhile, Singapore has also witnessed robust growth in its Chinese QSR market, with market size increasing from RMB0.7 billion in 2020 to RMB1.3 billion in 2024, reflecting a high CAGR of 15.7%. Looking ahead, the market is expected to reach RMB2.3 billion by 2029, growing at a CAGR of 12.9% from 2025 to 2029. These trends underscore the growing international demand for Chinese QSR formats and the increasing acceptance of Chinese cuisine as a mainstream offering in global foodservice landscapes.
- Xiao Noodles generally have a term between four to six years, which are in line with the industry standard.
- It is an industry norm for restaurants operators in the catering industry in the Chinese mainland to operate restaurants in properties with usage defects.
- In March 2025, Mr. Wang Xiaolong (王小龍) was recognized as a 2025 Big Consumer Investment Figure of the Year (2025大消費年度投資人物) in China by Frost & Sullivan.
- Xiao Noodles ranked the thirteenth in the overall Chinese QSR market in terms of GMV in 2024 with a market share of 0.14%.

Source: National Bureau of Statistics of China, Frost & Sullivan