Global Innovation Institute

CRE Model Portfolio™ Construction Paper

Inaugural Founding Document · Testing Beta Inception 2026-08-01 · CRE Quarterly Edition 2 publishes 2026-09-01 · Reference prices frozen on July 25, 2026, using documented prices through the July 24 information cutoff (mixed-source for 5 of 10 holdings; see DataBook Tab 08 provenance notes).

A simulated concentrated portfolio testing whether the operating frameworks in China Restaurant Empire™ (中國餐飲帝國™) can identify restaurant businesses that conventional valuation screens misunderstand.

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1 · The Portfolio Begins

What happens when the ideas in China Restaurant Empire™ are forced to make an actual investment decision? It is easy to rank restaurant companies. It is harder to choose ten, assign real weights, live with the disagreements, and publish the result before knowing whether it will work.

The inaugural CRE Model Portfolio™ does exactly that. It places a simulated US$5 million behind ten restaurant companies across the United States and Greater China. The portfolio holds global incumbents, digital challengers, franchise systems, supply-chain platforms, and company-operated chains — five different ways a restaurant company can create economic power. Reference prices were frozen on July 25, 2026, using documented prices through the July 24 Friday information cutoff — an exact July 24 close where verified, the most recent documented reference price otherwise (5 of 10 holdings; see DataBook Tab 08 provenance notes). Testing Beta begins on August 1.

This is not a prediction that all ten stocks will rise. It is a public test of a larger proposition: can the operating frameworks developed in China Restaurant Empire™ identify durable competitive power that price alone does not show? The next four CRE Quarterly editions will report what moved, which theses strengthened, and which assumptions weakened; no holding is protected from reconsideration. A central goal is **to determine whether any outperformance reflects the framework rather than market direction, currency movement, or sector tailwinds**, so performance will be measured against the externally maintained, publicly verifiable benchmark structure detailed in §8. Four quarterly periods—approximately one year—should reveal whether scores, unit economics, and early share-price performance move as predicted. One year cannot prove durable competitive advantage or international replication, which remain three-to-five-year propositions. Testing Beta is therefore the early-signal phase of a longer evaluation, not the final test.

The paper you are reading is the founding document — the record of what was built, why each company was chosen, and where the strongest disagreements sit. It will not be republished in full. Subsequent CRE Quarterly editions will refer back to this founding methodology.

2 · The Ten Companies and the Role Each Plays

The portfolio holds ten companies, each selected for its score and architecture. Exhibit 1 presents the allocation, Exhibit 2 the underlying scores, and Exhibit 3 the strategic question each position tests. Of the US$5.0 million notional portfolio, 95.0%—US$4,750,094—is invested and 5.0%—US$249,906—is held as a permanent cash reserve. For performance reporting, the reserve earns zero return and is mirrored in the primary benchmark; it is not an opportunistic balance awaiting deployment. Exhibit 1 uses theoretical whole-share allocations that may not satisfy Hong Kong or mainland China board-lot conventions. The DataBook separately records inception exchange rates, local-currency book costs, and an executable board-lot version.

Exhibit 1 | Inaugural Portfolio — Ten Positions — US$4,750,094 Invested

#	Ticker	Company	Tier	Weight	USD Price	Shares	Book Cost
1	DPZ	Domino's Pizza	Highest	15.00%	$332.97	2,140	$712,556
2	MCD	McDonald's	Highest	15.00%	$264.76	2,691	$712,469
3	SBUX	Starbucks	Highest*	12.00%	$104.45	5,457	$569,984
4	WEN	Wendy's	Highest*	6.00%	$6.99	40,773	$285,003
5	DRI	Darden Restaurants	Highest*	6.00%	$196.31	1,452	$285,042
6	LKNCY	Luckin Coffee (瑞幸咖啡)	Core	8.00%	$30.00	12,667	$380,010
7	2097.HK	Mixue Group (蜜雪冰城)	Core	15.00%	$27.43	25,971	$712,509
8	YUMC	Yum China (百勝中國)	Core	15.00%	$43.55	16,361	$712,522
9	6862.HK	Haidilao (海底撈)	Core	6.00%	$1.41	202,099	$285,000
10	605338.SS	Zhongyin Babi (中飲巴比食品)	Emerging	2.00%	$2.49	38,209	$94,999

Asterisks mark analytical Highest-tier positions held below the standard 15% Highest-tier allocation—the mechanism used to raise Greater China exposure to 46%. See §3. USD Price is rounded to $0.01 for readability. Book Cost uses the full-precision, FX-converted price in the DataBook Inception Ledger; for the three Greater China positions priced in HKD or RMB (2097.HK, 6862.HK, 605338.SS), rounded USD Price × Shares will not exactly equal Book Cost. This is a display-rounding artifact, not a pricing error. Position weights are percentages of invested capital and therefore sum to 100%; the separate 5% cash reserve is measured against the total US$5 million notional portfolio.

Exhibit 2 | Portfolio Scoring — Actual Points on the Framework

#	Ticker	REEF	TCM	EP	EP Ranking	Arch Gate	Valu-ation	Tier	Architecture Class
1	DPZ	76	84	160	#1	92	80	Highest	Mixed franchisor
2	MCD	73	77	150	#5	95	85	Highest	Mixed franchisor
3	SBUX	74	84	158	#2	77	83	Highest*	Hybrid platform
4	WEN	61	76	137	#12	88	89	Highest*	Royalty-led
5	DRI	64	75	139	#8	76	89	Highest*	Company-operated
6	YUMC	69	79	148	#6	73	73	Core	Hybrid platform
7	2097.HK	72	83	155	#4	93	62	Core	Supply-chain-led
8	LKNCY	72	86	158	#3	86	67	Core	Supply-chain-led
9	6862.HK	62	77	139	#9	66	69	Core	Company-operated
10	605338.SS	51	67	118	#23	74	58	Emerging	Supply-chain-led

REEF and TCM each score 0–100; Empire Power (EP) = REEF + TCM (0–200). Architecture Gate requires ≥60. Valuation tiers: Highest ≥80, Core 60-79, Emerging 40-59. Nine of ten portfolio holdings ranked in the Top 20 by EP. Zhongyin Babi at #23 is the deliberate Emerging-tier experiment (§4, §6).

Exhibit 3 | Portfolio Roles and the Question Each Position Tests

Company	Weight	Portfolio Role	Central Question
DPZ	15%	Global replication machine	Can its digital and supply-chain lead stay differentiated?
MCD	15%	Benchmark operating system	Does its franchise architecture and digital ordering sustain margin leadership?
SBUX	12%	Mature platform under reinvention	Does the turnaround restore US traffic and China unit economics?
WEN	6%	Royalty-led purist	Can royalty-based economics keep compounding without a return to faster unit growth?
DRI	6%	Company-operated benchmark	Can multi-brand discipline sustain Highest-tier returns through a slowdown?
YUMC	15%	Global-to-China execution bridge	Can operating scale and digital engagement defend unit economics through mainland consumer softness?
2097.HK	15%	Supply-chain-led challenger	Can extreme replication quality survive geographic saturation?
LKNCY	8%	Digital-native demand engine	Does the OTC listing discount close as the track record lengthens?
6862.HK	6%	Test of scalable service culture	Can labor-intensive service quality scale without margin erosion?
605338.SS	2%	Emerging-system experiment	Does the framework identify a useful signal beyond the mechanical Top 20?

United States 54%; Greater China 46%. The inaugural portfolio intentionally represents all five revenue architecture classes described in §5.

3 · The Big Bet: Why 46% Greater China

The scoring system initially produced a more United States-heavy portfolio. We deliberately increased Greater China exposure to 46% because this portfolio is designed to test the central investment thesis of China Restaurant Empire™: that China's digitally coordinated restaurant systems may create a different kind of long-term competitive advantage.

The mechanical output of the scoring pipeline was approximately 25% Greater China. The editorial portfolio is 46%. The twenty-one-point difference is **deliberate, disclosed, and testable**.

Should a China-centered restaurant thesis be tested with only 25% China exposure? We think not. Readers may disagree, and the coming editions will report whether the higher conviction was rewarded or challenged. If the framework is right that operating systems built in China compress replication cycles and consumer decision loops in ways U.S. operators have not yet matched, then a 46% weight is where the thesis becomes visible in returns. If the framework is wrong, the 46% weight is where the loss becomes visible.

The adjustment holds three U.S. positions below the standard 15% Highest-tier allocation: Starbucks at 12% and Wendy's and Darden at 6%. Their Highest-tier classifications remain unchanged in the DataBook; only their portfolio weights changed. This regional decision explains every material departure from tier-driven weighting, including the Core-tier 15% positions in Mixue and Yum China. No other discretionary override was made.

4 · How the Selection Funnel Works

Ten positions were selected from seventy-eight through a four-step filter. The steps run in order. Failure at any step excludes the company regardless of prior-step performance. One exception is disclosed throughout this paper: the Editor may add a single explicitly flagged Emerging-tier research position from outside the Top 20 after it independently clears both the Architecture Gate and the Valuation floor. Zhongyin Babi Food is that exception — see §6. Before the four steps, one composite score is worth understanding — because it determines who enters the funnel in the first place.

In plain terms, the four steps ask: Operating power — does the company possess system maturity and replication speed? Economic architecture — is the business model structurally durable? Valuation and confidence — is the security investable under current conditions? Portfolio judgment — how much weight should the idea receive? Exhibit 4 shows how the first of these, Empire Power, is built; full scoring bands for every sub-factor are documented in the Constitution.

Exhibit 4 | How Empire Power Is Constructed

Model	Major Dimension	Detailed Evaluation and Max Points	What It Measures
REEF (0–100)	Power Layer (max 35)	Restaurant (0–5), Chain (6–11), Platform (12–17), Restaurant Operating System (18–23), Consumer Operating System (24–29) and AI-Native Consumer Network (30–35)	Institutional maturity, from single restaurant to AI-native consumer network
	System Flywheel (max 35)	No meaningful flywheel (0–6), Linear linkage only (7–13), Partial multi-node linkage (14–21), Primary loop active (3+ nodes) (22–29), Complete loop, accelerating (8/8 nodes) (30–35)	Whether demand, data, AI, and franchisee economics reinforce each other
	Decision Proximity (max 30)	Seen (1–6), Recommended (7–12), Trusted (13–18), Chosen (19–24), Agent-led / AI auto-order (25–30)	How close the company sits to the consumer's final purchase decision
TCM (0–100)	Demand Acceleration (max 35)	Coverage (12), Delivery (12), Decision Gateway (11)	Coverage, delivery, and decision-gateway control
	Replication Acceleration (max 35)	Digitalization (12), Franchising (12), Supply Chain (11)	Digitalization, franchising, and supply-chain speed
	Infrastructure Readiness (max 30)	Talent (8), Urban Density (8), Digital Infrastructure (7), Capital Availability (7)	Talent, urban density, digital infrastructure, and capital availability
EMPIRE POWER		**0–200**	**= REEF + TCM**

Additive scoring form shown. The framework's conceptual model treats the factors as multiplicative — a zero on any factor sharply reduces the total — but the Selection Funnel uses additive scores to permit partial credit and produce a stable ranking. Full band definitions and evidence anchors appear in the Constitution.

Step 1 · Rank by Empire Power. Every company in the universe receives two composite scores. REEF measures institutional maturity through Power Layer (0-35), System Flywheel (0-35), and Decision Proximity (0-30). TCM measures replication speed through Demand Acceleration (0-35), Replication Acceleration (0-35), and Infrastructure Readiness (0-30). Adding the two produces Empire Power on a 0-to-200 scale. The top twenty companies advance to Step 2. Exhibit 5 shows this ranking.

Exhibit 5 | Top 20 by Empire Power — The Full Selection Universe After Step 1

Rank	Ticker	Company	Reg	REEF	TCM	EP	Arch	Val	Gate	In Portfolio
1	DPZ	Domino's Pizza	USA	76	84	**160**	92	80	PASS	✓
2	SBUX	Starbucks	USA	74	84	**158**	77	83	PASS	✓
3	LKNCY	Luckin Coffee (瑞幸咖啡)	GC	72	86	**158**	86	67	PASS	✓
4	2097.HK	Mixue Group (蜜雪冰城)	GC	72	83	**155**	93	62	PASS	✓
5	MCD	McDonald's	USA	73	77	**150**	95	85	PASS	✓
6	YUMC	Yum China (百勝中國)	GC	69	79	**148**	73	73	PASS	✓
7	1364.HK	Guming (古茗控股)	GC	63	82	**145**	85	62	PASS	
8	DRI	Darden Restaurants	USA	64	75	**139**	76	89	PASS	✓
9	6862.HK	Haidilao (海底撈)	GC	62	77	**139**	66	69	PASS	✓
10	PZZA	Papa John's	USA	64	74	**138**	81	78	PASS	
11	2589.HK	Auntea Jenny (滬上阿姨)	GC	61	77	**138**	77	62	PASS	
12	WEN	Wendy's	USA	61	76	**137**	88	89	PASS	✓
13	2555.HK	Chabaidao (茶百道)	GC	60	77	**137**	77	60	PASS	
14	JACK	Jack in the Box	USA	63	72	**135**	82	84	PASS	
15	1405.HK	DPC Dash (達勢股份)	GC	60	74	**134**	58	54	FAIL	
16	CHA	Chagee (霸王茶姬)	GC	57	74	**131**	81	57	PASS	
17	DIN	Dine Brands	USA	58	70	**128**	82	86	PASS	
18	2150.HK	Nayuki (奈雪的茶)	GC	52	71	**123**	41	47	FAIL	
18	THCH	Tims China (天好中國)	GC	52	71	**123**	62	50	PASS	
20	TXRH	Texas Roadhouse	USA	56	63	**119**	68	75	PASS	

Portfolio companies are highlighted in blue. Nine of ten holdings ranked in the Top 20 by Empire Power; Zhongyin Babi Food (rank #23, not shown) is the disclosed Emerging-tier exception in §4. Nayuki and DPC Dash fail the ≥60 Architecture Gate outright. Guming, Auntea Jenny, Chabaidao, and Chagee are Beverage-category duplicates of Mixue; Papa John's is a Pizza-category duplicate of Domino's; Dine Brands and Texas Roadhouse are Full-Service duplicates of Darden. Tims China (THCH) falls below the Core valuation floor. Jack in the Box is the closest cut—a U.S. Mixed franchisor with an all-PASS profile, excluded only to preserve the 46% Greater China weighting. Category duplication is an editorial judgment, not a mechanical gate: companies are compared by primary category and architecture. Starbucks, Luckin, and Mixue remain because their architectures and portfolio roles differ.

Step 2 · Apply the Architecture Gate. The Architecture Gate tests whether a company's economic model is durable enough to support investment, regardless of how powerful or fast-growing its operating system appears. The top twenty must each score at least 60 on Economic Architecture—a hard test of business-model durability across seven sub-scores. Companies below the gate are rejected regardless of Empire Power. No editorial overlay can bypass it.

This is the step that removed Nayuki (2150.HK, rank #18, Arch 41) and DPC Dash (1405.HK, rank #15, Arch 58) from consideration in the July 2026 build. It is also the step that removed Juewei Food (絕味食品, 603517.SS) — a Chinese braised-meats chain that ranked #10 on Empire Power despite an approximately 80% stock decline that would have caught many value screens. Using data through July 2026 — after a September 2025 regulatory penalty affecting franchisee economics had already been publicly disclosed — the Architecture module classifies Juewei's Franchisee Economics as a system failure. Because the regulatory penalty and franchisee-system weakness were already public, this was not an early prediction. It was the framework's first documented exclusion of an apparently inexpensive but structurally impaired company, illustrating the distinction between cheap-because-the-market-is-wrong and cheap-because-the-business-is-broken.

Step 3 · Assign a Valuation Tier. The Valuation score tests whether a strong business is investable at its current price and risk profile. It combines absolute and relative valuation, free-cash-flow yield, liquidity, governance, disclosure quality, and country or listing-venue risk. Survivors enter Highest (Val ≥80), Core (60–79), or Emerging

(40–59); scores below 40 are excluded. Because the score blends valuation with investability and risk, equal scores can reflect different strengths or constraints. It is not a pure cheapness signal; §6 identifies the main drivers for each company. Separating Valuation from Investability and Risk is a candidate refinement for a future Constitution revision.

Step 4 · Apply Portfolio Judgment. The Editor selects four to ten companies that passed the operating-power, Architecture, and Valuation tests, then assigns weights by conviction tier: Highest receives the largest weights, Core medium weights, and Emerging the smallest. Any departure must be explicit, quantified, and explained.

In the inaugural portfolio, the 46% Greater China allocation described in §3 is the sole source of every material departure from tier-driven weighting. Beyond that override, each specific weight within a tier reflects the Editor's judgment across score strength, valuation attractiveness, liquidity, single-name risk, and the architecture and regional constraints described above — not a single formula.

This edition applies the following sequence at each formal rebalance: positions are first assigned under the Constitution's permitted tier bands (Highest 15–25%, Core 5–15% for 8–10 holdings, Emerging 2–8% for 8–10 holdings); the Editor then applies the inaugural operating discipline and any disclosed regional, liquidity, or single-name-risk adjustment, in order — a regional adjustment (the §3 override), a liquidity adjustment (reducing weight for OTC or thin-float names such as Luckin), and a single-name risk adjustment (reducing weight for elevated regulatory, governance, or concentration risk). Highest-tier positions ordinarily receive 15%; disclosed Category 1 overlays reduce Starbucks to 12%, Wendy's to 6%, and Darden to 6% — there is no Highest-tier operating range narrower than the full observed 6–15% (v2.6 correction; "12–15%" excluded two of the five Highest-tier holdings). Core positions operate in a 6–15% range and Emerging in 2–4%, with any departure from the constitutional tier bands disclosed as an editorial overlay; every position is capped at 15% and floored at 2% once included; and weights are rounded to the nearest whole percentage point.

Why the Selection Funnel Matters. The sequence prevents selection on quality or valuation alone: a company must demonstrate operating strength, pass the Architecture Gate, and offer an acceptable valuation and risk profile. It separates durable businesses that may be mispriced from weak businesses that merely look cheap.

REEF, TCM, and Architecture partly overlap in evidence such as replication, franchisee economics, and system durability. They answer different questions, but may reinforce some qualities more than once. Valuation is the most independent check; future methodology reviews will test whether each module continues to add distinct information.

5 · Five Business Architectures, One Portfolio

Restaurant companies do not all make money the same way. The framework identifies five economic architectures, each with its own logic:

Exhibit 6 | Five Architectures Represented in the Inaugural Portfolio

Architecture Class	Primary Economic Engine	Portfolio Positions	Weight
Royalty-led franchisor	Fees on franchisee sales; revenue net of unit cost	WEN	6%
Mixed franchisor	Royalty stream plus a distribution business	DPZ, MCD	30%
Hybrid platform	Company-store and franchise revenue blended	SBUX, YUMC	27%
Supply-chain-led	Gross product sales to franchisees; revenue includes cost of goods sold	Mixue, LKNCY, Zhongyin Babi	25%
Company-operated	Restaurant-level sales and operating margin	DRI, Haidilao	12%

The inaugural portfolio intentionally represents all five architecture classes.

These architectures should not be compared on headline multiples alone because they recognize revenue and costs differently. Royalty-led franchisors record fees while franchisees absorb unit costs, producing higher reported margins. Supply-chain-led firms record product sales including COGS, creating a larger revenue base and lower percentage margins. Company-operated chains record full store economics and carry greater capital intensity.

Resilience also differs by form: royalty-led models are relatively insulated from food and labor inflation; mixed and hybrid models pair franchise income with system growth; supply-chain-led models benefit when sourcing scale and franchisee expansion reinforce each other; and company-operated models retain the greatest execution control when operations are strong.

Representing all five is more than diversification: it reflects the framework's view that no model is inherently superior and each must be judged within its own structure. The portfolio therefore tests whether architecture classification has predictive value across regimes, while reducing dependence on any single business model.

6 · Ten Companies in Depth

This section develops the investment case for each position using the framework scores and the underlying company and operating evidence.

Which Top-20 Companies Did Not Make the Portfolio

Exhibit 5 explains why the eleven other Top-20 companies were excluded. The pattern is simple: gate failures are rejected outright; category duplicates lose to the highest-Architecture name in their class; and Jack in the Box was the closest cut, excluded only to preserve the 46% Greater China weighting.

1) Domino's Pizza (DPZ) · 15% · Highest · Global Replication Machine

Why it is here. Domino's holds the highest Empire Power score in the 78-company universe, combining a mature operating system near the Restaurant OS boundary with near-peak replication speed — Luckin Coffee scores higher on replication speed alone, but no company matches Domino's blend of maturity and speed. As of 2025 the brand operates roughly 21,500 stores across more than 90 international markets, with international units (about 14,500) outnumbering U.S. units (about 7,000) every year since 2012. About 99% of stores are franchisee-owned; the remaining 1%, U.S.-based, serve as training and testing sites for new systems before chain-wide rollout. Architecture and Valuation both sit at the top of the Highest tier (Exhibit 2), reflecting disciplined capital return and an asset-light, cash-generative profile.

What the market may be missing. The market treats Domino's as a mature pizza chain; the framework treats it as the highest Empire Power score in the universe, built on a technology and supply-chain stack peers haven't replicated at the same speed. AnyWare, its ordering platform, lets customers order through more than a dozen channels — including smart TVs, voice assistants, and text — beyond its app and website. A franchisee-facing logistics system, aided by purpose-built delivery vehicles, converts that volume into store-level execution, though the technology and master-franchise structure carry more of the advantage than the vehicles. The international model adds replication power: country-level master franchise partners — including publicly listed Domino's Pizza Enterprises across Australia, New Zealand, Japan, and Europe, and Jubilant FoodWorks in India, Domino's largest market outside the U.S. with more than 3,100 stores — build local networks and sub-franchise systems while Domino's keeps the brand, technology, standards, and economics, scaling without the full capital burden of ownership.

What could prove us wrong. Sustained U.S. system-sales decline for four consecutive quarters — set high enough to avoid mistaking a temporary slowdown for structural weakness — broad-based weakness among major international partners such as Domino's Pizza Enterprises or Jubilant FoodWorks tied to the master-franchise model itself (not one partner's execution issues), or a TCM replication-speed score that slips as delivery-aggregator competition erodes Domino's coverage and delivery advantage, would be the falsifier.

2) McDonald's (MCD) · 15% · Highest · Benchmark Operating System

Why it is here. McDonald’s holds the highest Architecture score in the 78-company universe, the framework’s strongest reading of institutional durability. At year-end 2025 the system included 45,356 restaurants worldwide, including 13,706 in the U.S., generating more than US$139 billion in systemwide sales. Corporate revenue was about US$26.9 billion — far below system sales since roughly 95% of restaurants are franchised. Its flywheel combines restaurant density, customer frequency, real estate, purchasing power, digital data, franchisee economics, and global replication. Franchisees and developmental licensees supply local capital and expertise, while McDonald’s retains the brand, technology, standards, data, and economic participation — the portfolio’s benchmark operating system.

What the market may be missing. Investors often price McDonald’s as a mature, slow-growth blue chip, but the framework sees a global system still learning from its most competitive markets. McDonald’s controlled mainland China and Hong Kong before transferring the business in 2017 to a CITIC–Carlyle partnership, initially retaining 20%; the deal created its largest franchisee outside the U.S. in a market McDonald’s viewed as a leader in delivery, digitalization, and personalized dining. McDonald’s later acquired Carlyle’s 28% stake, raising ownership to 48%, while Trustar/CITIC kept 52% control. China’s intense competition gave McDonald’s direct experience in app ordering, delivery integration, and digital loyalty, reinforcing its broader digital roadmap — though the paper does not claim U.S. initiatives originated there. The franchise model leaves most unit-level risk with local operators while McDonald’s keeps control of the brand, technology, and economics.

What could prove us wrong. Material franchisee-margin compression across major markets, weakening returns for developmental licensees, failure of digital loyalty to lift frequency and transaction value, or evidence that local franchise structures are slowing rather than accelerating innovation would invalidate the thesis.

3) Starbucks (SBUX) · 12% · Highest, held below standard allocation · Mature Consumer Platform Under Reinvention

Why it is here. Starbucks combines near-peak replication speed with one of the portfolio's strongest consumer decision-proximity advantages: its app, rewards ecosystem, stored-value balances, and purchase data create a direct customer relationship beyond the café. Its Architecture score sits above the gate but is the lowest among the portfolio's Highest-tier holdings, reflecting U.S. traffic softness, reinvention capital needs, and competitive pressure in mainland China. The 12% weight sits three points below the standard 15% Highest-tier allocation, to support the portfolio's higher Greater China conviction.

What the market may be missing. The market focuses on near-term traffic weakness and turnaround costs; the framework sees a global consumer platform with brand trust, digital membership, and habit-forming frequency embedded at scale. In April 2026, Starbucks completed its China joint venture with Boyu Capital: Boyu-managed funds hold 60% of Starbucks China's retail operations, Starbucks retains 40%, and Starbucks continues to own and license the brand and IP while retaining non-retail assets including the Kunshan Coffee Innovation Park and Yunnan Farmer Support Center. At closing, the venture covered approximately 8,000 coffeehouses; the aspiration to reach up to 20,000 locations is a management ambition, not a forecast. Boyu gains operating control and local responsiveness, while Starbucks remains exposed to China's growth with less direct capital. If U.S. throughput and China unit economics recover, Starbucks could emerge with a stronger global architecture, not merely a repaired café business. Because most China operations move off Starbucks's consolidated income statement, post-closing revenue, margins, and store counts will reflect the new ownership structure; comparisons with pre-venture figures should await at least two full quarters of pro forma reporting.

What could prove us wrong. Negative U.S. comparable sales for three consecutive quarters once the reinvention is substantially deployed, continued deterioration in China unit economics, failure of the Boyu partnership to improve store productivity, or rewards engagement no longer translating into traffic growth would invalidate the thesis.

4) Wendy's (WEN) · 6% · Highest, held below standard allocation · Royalty-Led Purist

Why it is here. Wendy's carries the portfolio's highest Valuation score, tied with Darden, via a royalty-led model where the company earns fees on franchisee sales while franchisees bear most restaurant-level costs — one of the portfolio's cleanest, most resilient architectures. The system numbers roughly 7,000 restaurants worldwide; as of mid-2025 management targeted 8,100–8,300 locations by 2028 — a stated goal, not an assured outcome — with about 70% of that growth expected outside the United States. In 2025 the company opened more than 260 restaurants while closing 111 underperforming locations, and international systemwide sales grew more than 8%. Its Empire Power rank trails the global leaders, reflecting a smaller system and less digital scale, but franchise economics remain strong enough for Highest-tier classification. The thesis is a royalty-quality and cash-generation case, not a unit-growth case: Wendy's economics are structurally attractive at the current price; international unit growth is upside, not the reason for it.

What the market may be missing. The market often treats Wendy's as a value-tier QSR laggard. The framework sees a durable legacy brand that has competed credibly for decades against peers like Burger King, KFC, and Jack in the Box. Wendy's differentiates through fresh-beef branding, a breakfast platform management describes as an ambition — a path toward roughly US$1 billion in incremental system sales — franchise-led economics, and an underpenetrated domestic and international footprint. New development agreements in Italy, Armenia, Romania, and the U.K., plus a newer format built around self-order kiosks and digital menu boards, extend the brand into new geographies and formats. Its royalty-heavy structure also insulates it from food and labor inflation better than company-operated peers, with upside if unit growth and franchisee returns improve under the 2025 turnaround plan.

What could prove us wrong. Material acceleration in franchisee closures, sustained deterioration in franchisee profitability, weakening share against major U.S. QSR peers, or development agreements failing to convert into open restaurants would invalidate the thesis. A Valuation score decline is a review trigger under §7, not a thesis breaker.

5) Darden Restaurants (DRI) · 6% · Highest, held below standard allocation · Company-Operated Benchmark

Why it is here. Darden ties Wendy’s for the portfolio’s highest Valuation score despite being the only Company-operated holding in the Highest tier — an architecture bearing the full burden of restaurant labor, rent, capital, and operating volatility. Its advantage is a portfolio of distinctive full-service brands, not interchangeable concepts. Olive Garden and LongHorn Steakhouse provide scale and recurring demand, while Ruth's Chris, The Capital Grille, Eddie V's, Yard House, Cheddar's Scratch Kitchen, Chuy's, and Seasons 52 extend it across occasions, price points, and segments. Darden owns and operates more than 2,100 restaurants and employs approximately 200,000 team members, giving it deep operating, training, purchasing, and talent-management infrastructure.

What the market may be missing. The market often prices Darden as blended casual-dining exposure, obscuring its individual brand strength and shared infrastructure. Olive Garden alone generated more than US$5.2 billion in fiscal 2025 sales, LongHorn approximately US$3.0 billion — evidence Darden owns two scaled national brands with different demand occasions. The framework views Darden's brand discipline, direct execution control, purchasing scale, management pipeline, and successful Ruth's Chris integration as evidence a company-operated model can overcome its usual capital disadvantage. Separately, Darden's recognizable brands and operating system create optionality for selective international franchising — a potential future lever, not part of the core case today.

What could prove us wrong. Sustained operating-margin compression across two or more major brands, weakening traffic at Olive Garden and LongHorn, or deterioration in employee retention or execution would invalidate the thesis. International expansion diluting brand standards without attractive franchise economics would forfeit the optionality above, not the core thesis.

6) Yum China (YUMC) · 15% · Core · Bridge Between Global Systems and Chinese Execution

Why it is here. Yum China is the portfolio's clearest bridge between a proven global system and localized Chinese execution. It holds exclusive rights to operate and sublicense KFC, Pizza Hut, and — subject to agreed terms — Taco Bell in mainland China. KFC alone had nearly 13,000 restaurants across more than 2,500 Chinese cities at year-end 2025, mostly company-operated, giving Yum China direct control over labor, localization, ordering, delivery, and standards nationally. It also serves as the portfolio's closest proxy for Yum! Brands, absent from the inaugural portfolio, via a separately listed operator combining global IP with a predominantly company-operated network. Versus Yum! Brands' franchised structure, Yum China assumes greater capital intensity but gains deeper execution control.

What the market may be missing. The market often prices Yum China mainly as a proxy for mainland consumer softness and geopolitical risk. The framework sees China's largest restaurant company by system sales, with 18,101 restaurants at year-end 2025, a massive operating platform, supply-chain capability, and member-first digital channels spanning KFC and Pizza Hut. Its balanced Architecture and Valuation scores suggest the discount may understate this infrastructure and its ability to keep penetrating lower-tier cities. Its Core-tier placement reflects Greater China operating risk, not a listing-venue penalty, since YUMC is dual-primary listed on the NYSE and HKEX. It receives the portfolio's maximum weight for combining the largest regional platform, stronger disclosure and liquidity than most peers, and lower governance risk than Luckin or Haidilao — not the highest scores among Greater China holdings.

What could prove us wrong. Sustained deterioration in KFC or Pizza Hut unit economics, unsuccessful lower-tier-city expansion, material regulatory intervention, or delivery-platform and promotional costs overwhelming digital-scale benefits would invalidate the thesis.

7) Mixue Group (2097.HK) · 15% · Core · Supply-Chain-Led Challenger

Why it is here. Mixue posts the second-highest Architecture score in the 78-company universe, trailing only McDonald's, because its vertically integrated production, warehousing, logistics, and franchise-support system converts scale into strong franchisee economics. It remains in the Core tier because its Valuation score is only 62 — just above the Core floor of 60 — so the framework treats it as an exceptional operating system, not yet a Highest-tier investment at the reference price. Rapid expansion, high market expectations, concentration in value-priced beverages, and dependence on franchisee growth leave less valuation protection than the Architecture score alone suggests. Mixue nonetheless receives the portfolio's maximum weight because its Architecture and TCM scores are among the highest in the universe — a deliberate judgment within the Core tier despite limited valuation cushion.

What the market may be missing. Mixue is often viewed less as a brand franchisor than as a large supply-chain company selling ingredients, packaging, equipment, and materials to franchisees. In 2025, goods and equipment sales generated about RMB32.77 billion of its RMB33.56 billion in reported revenue — roughly 98% — while franchise and service revenue contributed only about RMB794 million. Reported revenue thus captures only supply-chain sales, not total consumer spending. In 2024, system GMV of about RMB58.3 billion was roughly 2.35 times revenue of RMB24.83 billion; applying that ratio mechanically implies roughly RMB75–80 billion of 2025 GMV — an analyst estimate, not disclosed, illustrative only. The framework sees Mixue's brand and supply chain as inseparable: Snow King, value pricing, standardized products, and a vast store network generate demand, while purchasing volume lowers costs and strengthens unit economics — both a consumer brand and an industrial-scale supply platform, with the supply chain itself the moat.

What could prove us wrong. Franchisee payback extending materially beyond benchmark, slowing net store growth, rising raw-material costs that can't pass through to franchisees, or evidence franchisees buy supplies from contractual dependence rather than attractive economics would weaken the thesis. The Core classification would be validated, not upgraded, if strong growth fails to produce sufficient shareholder returns at entry valuation.

8) Luckin Coffee (LKNCY) · 8% · Core · Digital-Native Demand Engine

Why it is here. Luckin holds the highest replication-speed score in the 78-company universe. Its app-first ordering model, high-frequency membership base, compact store formats, rapid product innovation, and data-driven pricing push both Demand and Replication Acceleration close to maximum scores. Luckin also represents one of the most powerful operating turnarounds in modern restaurant history: after the 2020 fabricated-sales scandal, Nasdaq delisting, regulatory penalties, provisional liquidation, and debt restructuring, it completed financial restructuring, emerged from bankruptcy in 2022, and rebuilt growth, profitability, audited reporting, and consumer confidence. By March 31, 2026, Luckin had expanded to 33,596 stores globally — 21,807 self-operated and 11,789 partnership stores — serving 93.1 million average monthly transacting customers that quarter.

What the market may be missing. The market still prices Luckin partly through its 2020 accounting history and OTC listing, while the framework sees a rebuilt digital operating system increasingly visible both inside and outside China. Luckin remains anchored in China, including Hong Kong, but has extended into Singapore and Malaysia and entered the U.S. in July 2025 with two Manhattan stores. It reported nine U.S. openings by year-end 2025 and three more in Q1 2026, implying about twelve U.S. locations by March 31, 2026. The rollout remains small and experimental, testing whether Luckin's app-led convenience and rapid product development can travel beyond Asia. Its Core-tier classification reflects listing-venue, governance-history, and execution risk, not operating weakness — on operating scores alone Luckin would qualify Highest-tier; the open question is whether restored credibility and international expansion can close the OTC discount. The core case rests on China scale and digital economics; U.S. and Southeast Asia expansion is a call option on re-rating, not load-bearing.

What could prove us wrong. Renewed reporting or internal-control failures, OTC delisting or market-access disruption, a sustained China price war weakening store economics, deteriorating cohort quality or frequency, or governance weakness in partnership-store economics would invalidate the thesis. Failure of Singapore, Malaysia, or U.S. expansion to gain traction would forfeit optionality without invalidating the core China thesis.

9) Haidilao (6862.HK) · 6% · Core · Test of Scalable Service Culture

Why it is here. Haidilao registers the closest Architecture Gate margin in the portfolio: its score of 66 sits above the ≥60 threshold but is the lowest clearance among the ten holdings, reflecting the tension between service culture and capital-intensive hotpot operations. Haidilao is the portfolio’s Greater China comparison to Darden — both predominantly company-operated full-service systems retaining direct control over food quality, labor, and economics while bearing the full burden of wages, rent, and volatility. Darden spreads that risk across multiple brands; Haidilao concentrates it in one globally recognized hotpot brand built around high-touch service. Haidilao International covers mainland China plus a smaller Hong Kong, Macau, and Taiwan presence, while separately listed Super Hi operates outside Greater China. The score captures both brand and operating discipline and the difficulty of scaling a labor-intensive model without weakening margins.

What the market may be missing. The market largely evaluates Haidilao through mainland same-store performance. In FY2025 vs. 2024, average spending per guest held at RMB95.7, but same-store table turnover fell from 4.1 to 3.9 times daily and average daily sales fell from RMB85,200 to RMB79,500. Restaurant revenue fell 7.1% and system sales 3.7%, pointing to weaker traffic, not a lower check. Preliminary Q1 2026 commentary indicated a mid-single-digit recovery in turnover — commentary, not audited disclosure, with detailed data not yet published as of July 2026. The framework still sees value in its operating control, service culture, and adaptability through franchising and new formats. Versus Darden’s diversified portfolio, Haidilao carries greater concentration and retains evidence value for whether a Chinese service-intensive model can travel, though Super Hi's separate listing means the evidence isn't yet conclusive.

What could prove us wrong. A sustained decline in mainland table turnover, same-store sales staying below 2024 levels despite stable spending, deteriorating service quality as franchising expands, or new formats failing to offset weaker hotpot traffic would invalidate the thesis. Weakening growth at Super Hi would reduce international optionality.

10) Zhongyin Babi Food (605338.SS) · 2% · Emerging · Emerging-System Experiment

Why it is here. Zhongyin Babi is the portfolio's only bakery holding, only Emerging-tier position, and only company selected from outside the Top 20 Empire Power ranking. It ranked #23 but cleared the Architecture Gate at 74 and the Emerging-tier Valuation floor at 58. Its inclusion uses the single disclosed exception to the Selection Funnel: an Editor-added research position at the tier's minimum 2% weight. Its primary purpose is to test whether the framework can identify an overlooked system before institutional investors follow it; category exposure is a secondary benefit.

Zhongyin operates approximately 5,300 stores versus about 970 for listed peer Gourmet Master/85°C. Yet its market capitalization is only modestly larger—approximately US$618 million versus US$570 million—while capitalization per store is far lower at about US$0.12 million versus US$0.59 million. Reported revenue of approximately US$233 million implies about US$44,000 per store, but this is not restaurant AUV: Zhongyin is a supply-chain-led franchisor whose revenue mainly reflects products supplied to franchisees, not consumer sales. Verified retail AUV would require franchisee sell-through disclosure not provided here.

What the market may be missing. Zhongyin is easy to misread as a small food manufacturer rather than a restaurant platform. The framework instead sees a branded Chinese breakfast and baked-staple system built on centralized production, commissary economics, standardized products, and a broad franchise network. Its inclusion gives exposure to a category none of the other nine holdings represent, plus a smaller-company comparison with Mixue and Luckin, which also monetize franchise growth through supply-chain sales rather than royalties. Thin institutional coverage, a large footprint, and vertical integration may give Zhongyin greater margin discipline than outsourced-supply peers, while its low capitalization per store is consistent with — not proof of — the market assigning limited value to the network; differences from peers like Gourmet Master/85°C make the comparison suggestive, not definitive.

What could prove us wrong. The central risk is that store count overstates system quality. Weak franchisee economics, slowing supply revenue per store, excessive closures, food-safety failures, or a Juewei-style regulatory penalty failing the Architecture score would invalidate the thesis. Because sell-through and unit profitability are less transparent than for the portfolio’s larger companies, Zhongyin carries the highest information and regulatory-surprise risk in the portfolio.

7 · What Could Prove Us Wrong

A concentrated portfolio requires an explicit account of what would falsify each part of the thesis. The tests below cover four distinct areas: observable business facts, valuation and entry conditions, scoring mechanics, and portfolio exposure limits. They are review triggers, not automatic sale rules; a breach requires explicit analysis and disclosure in the next quarterly edition.

Business thesis breakers. Domino's: sustained weakness across major international master-franchise partners such as Domino's Pizza Enterprises or Jubilant FoodWorks, or four consecutive quarters of U.S. system-sales decline. McDonald's: a meaningful, sustained squeeze on franchisee-level margins across several major markets. Starbucks: the reinvention failing to restore U.S. transaction growth, or China unit economics failing to improve following completion of the Boyu venture. Wendy's: franchisee closures accelerating, or franchisee-level profitability deteriorating. Darden: traffic weakening at both Olive Garden and LongHorn at the same time, or restaurant-level margin compression across two or more major brands. Yum China: sustained deterioration in KFC or Pizza Hut same-store performance, or failed penetration into lower-tier cities. Mixue: franchisee payback lengthening materially, or net store growth slowing. Luckin: renewed reporting or internal-control failures, or a sustained China price war compressing store-level economics. Haidilao: mainland table turnover or daily sales failing to recover toward 2024 levels. Zhongyin Babi: excessive closures, food-safety failures, or a Juewei-style regulatory penalty affecting franchisee economics.

Valuation and entry-price review triggers. These test whether the entry price remains attractive, not whether the business thesis is wrong; a trigger here calls for a valuation review, not a sale. More than 20% multiple compression within twelve months for Domino's or McDonald's, without a corresponding deterioration in earnings or operating scores, signals entry-price timing risk, not framework failure. A Valuation score falling below 80 for Wendy's, or below 60 for Mixue or Luckin, likewise signals that the price, fundamentals, or investability profile has changed sufficiently to require review, not that the operating thesis has necessarily been disproven.

Framework-validation failures. The regional thesis assumes much of the apparent “China discount” reflects architecture, growth, profitability, and disclosure quality rather than listing venue alone. If architecture-controlled comparisons continue to show a persistent U.S. premium, the 46% Greater China allocation must be reconsidered. The Architecture Gate is the main defense against value traps, illustrated by Juewei's failure despite an apparently cheap stock; a comparable undetected failure in a portfolio holding would call the gate itself into question. At the company level, Architecture falling materially below 77 for Starbucks, below 70 for Darden or Yum China, or toward 60 for Haidilao would require review.

Portfolio risk-limit breaches. This edition adopts two formal risk limits, measured at each quarterly rebalance date rather than daily fluctuation: if top-four concentration exceeds 65% of invested capital, or combined beverage-adjacent exposure exceeds 40%, the Editor will disclose the breach and its rationale, whether or not any company thesis has changed. At inception, four positions are weighted at 15% each — Domino's, McDonald's, Yum China, and Mixue — so the top four together account for 60%, five points below the limit. Other exposures, including Greater China concentration and Luckin's OTC liquidity profile, are tracked as risk-monitoring indicators rather than hard limits.

8 · What We Will Report Next

The inaugural portfolio begins with ten companies, five business architectures, and one question that can now be answered only through performance: **does restaurant-system power translate into shareholder returns?**

CRE Quarterly Edition 2, publishing September 1, 2026, will deliver the first public scorecard from Testing Beta. It will show which holdings created or lost value, which investment theses strengthened, which assumptions weakened, and whether the portfolio's deliberate 46% Greater China conviction was rewarded or challenged. This is a monthly implementation check covering four weeks of live portfolio observation, not a quarterly performance period; the portfolio's first true quarterly scorecard follows in CRE Quarterly Edition 3. Every company's scores will be refreshed and every thesis reviewed against new evidence each edition, but formal rebalancing — changing any position's weight — occurs only at predefined quarterly dates or upon a qualifying mid-quarter event under the Constitution's regulatory, corporate-action, or cash-reserve rules. §7's business, valuation, and risk thresholds are review triggers — they prompt a closer look at a position, not an automatic sale or rebalance. A quarterly score refresh is not a quarterly portfolio reconstruction. Performance will be reported against a four-part comparison framework, built entirely from externally maintained, publicly verifiable indices.

The primary benchmark carries the same 5% cash allocation as the portfolio, treated as a zero-return component. The remaining 95% invested allocation is constructed as shown below.

Exhibit 7 | Primary Benchmark Composition

Component	Weight	Index / Basis
Cash	5% of total	Held as a zero-return component of the total benchmark
U.S. sleeve	54% of invested capital	S&P 1500 Hotels, Restaurants & Leisure Index
Greater China sleeve	**46% of invested capital**	Split across three indices below
— Hang Seng Composite Index	60% of GC sleeve	Hong Kong large-cap benchmark
— CSI 300	30% of GC sleeve	Mainland China (Shanghai/Shenzhen) large-cap benchmark
— TAIEX	10% of GC sleeve	Taiwan large-cap benchmark

Weight columns for the Hang Seng Composite, CSI 300, and TAIEX are expressed as a share of the 46% Greater China sleeve, not of the total benchmark; on a whole-benchmark basis they equal approximately 26.2%, 13.1%, and 4.4% respectively. The benchmark resets only at the portfolio's predefined quarterly rebalance dates and is the principal measure of outperformance.

Not part of the benchmark: *the S&P 500, S&P 500 Consumer Discretionary Sector Index, and XLY are supplementary market-context references maintained individually in the DataBook. They are not inputs to the U.S. sleeve or any other component above — the U.S. sleeve uses only the S&P 1500 Hotels, Restaurants & Leisure Index.*

The Editor's longer-term objective is a 50/50 Greater China–U.S. split within the non-cash portfolio; the inaugural 46% Greater China weight, mirrored in the benchmark, is the current position rather than the target. Three comparisons complete the framework: the S&P 1500 Hotels, Restaurants & Leisure Index as an industry comparator; an equal-weighted version of the ten holdings to isolate weighting judgment from stock selection; and the mechanical counterfactual below to isolate the framework from the §3 override. The S&P 500, S&P 500 Consumer Discretionary Sector Index, and XLY — the ticker for the Consumer Discretionary Select Sector SPDR Fund, an exchange-traded fund tracking that same S&P sector — are supplementary U.S. context references, not benchmark components. The three Greater China indices are tracked individually in the DataBook as well as blended within the Greater China sleeve.

The mechanical counterfactual is a control group: locked before August 1, printed with holdings, weights, and book costs in Edition 2's appendix, built from §4 tier-band/gate rules for the Top 20 Empire Power universe

(Exhibit 5), without the §3 override. Performance: U.S.-dollar total return net of withholding tax, before simulated costs; FX and local-currency returns reported separately (DataBook rates).

Future editions report against a hierarchy: primary — do high-scorers beat the benchmark; secondary — did the 46% Greater China override add value; tertiary — did architecture/diversification improve resilience. Zhongyin Babi is exploratory, testing for signal outside the Top 20. A strong primary doesn't validate the others; a weak exploratory doesn't invalidate the framework.

Validation Protocol. All company evidence and scores were frozen using information publicly available as of the July 24, 2026 cutoff in each relevant jurisdiction. Prices and exchange rates use a verified July 24 close where available; where not (5 of 10 holdings), the DataBook records the most recent documented reference price and its actual source date rather than an unverified July 24 figure (see DataBook Tab 08 provenance notes). The 5% cash reserve is a permanent risk-control convention. It remains in the total portfolio and benchmark denominators but earns a 0% return. Annual methodology reviews may examine whether higher-scoring companies performed better across the broader 78-company universe, subject to data availability. After four quarters, the portfolio will be read as provisionally supported if it outperforms the primary benchmark and most company theses remain intact; as inconclusive if relative performance is modest or company-level evidence is mixed; and as provisionally challenged if it underperforms materially and several core operating theses weaken. Reporting follows a fixed cadence: each CRE Quarterly covers portfolio return, the primary benchmark comparison, company contribution, thesis developments, and FX contribution; each formal quarterly rebalance covers refreshed scores, tier and weight decisions, a risk-exposure review, and documented changes; and each year brings a broader methodology review, including an optional look at the full 78-company universe.

The objective is not to defend the inaugural selections or declare victory after one quarter. It is to build a transparent investment record in which the scores, decisions, mistakes, and revisions remain visible. The simulated portfolio is now active as a documented experiment. The first results arrive in September.

Disclaimer

This Construction Paper is provided solely for informational, research, and educational purposes. It does not constitute investment advice, an offer, a solicitation, or a recommendation to buy, sell, or hold any security. The CRE Model Portfolio™ is a simulated portfolio; no real capital has been deployed. Simulated results, historical performance, and forward-looking assessments are not guarantees of future performance. Readers should conduct their own due diligence and consult qualified financial, legal, tax, or other professional advisors before making investment decisions.

About the Author

Dr. Cervantes Lee is Executive Director of the Global Innovation Institute (GII), a nonprofit educational platform developed in association with the Nasdaq Entrepreneurship Center in August 2025. GII focuses on cross-border innovation, AI-enabled commerce, entrepreneurship, and capital-markets education connecting the United States and Asia. Its early initiatives include the first Nasdaq co-branded Asia Restaurant CEO Summit in October 2025 and U.S. go-to-market advisory work involving Alibaba.com and its AI-native business tool, Accio Work.

Dr. Lee's career spans principal investing, capital markets, multi-unit restaurant operations, and cross-border business development. His restaurant-industry experience includes a senior investment role at Panda Restaurant Group, operating involvement in the beverage sector, and extensive work with restaurant companies and consumer platforms in the United States and Greater China.

He is the lead author of *Multi-Unit Restaurant Management* (2025) and the forthcoming *China Restaurant Empire*™ (中國餐飲帝國™), whose operating frameworks provide the intellectual foundation for CRE Quarterly and the CRE Model Portfolio™. This Construction Paper translates those frameworks into a transparent, testable portfolio-construction process.

Dr. Lee holds a USC doctorate focused on restaurant education and serves as inaugural faculty for UNLV's Multi-Unit Restaurant Management program. He has also taught in executive and university programs associated with CEIBS, Tsinghua University, National Taiwan University, and Cal Poly Pomona—classrooms in which future business and restaurant leaders examine the evolving relationship between the United States and China.

Methodology and Governance References

This paper presents the investment thesis and portfolio construction logic. Complete formulas, evidence records, scoring documentation, and governance procedures are maintained separately in the CRE Model Portfolio™ Constitution and DataBook.

Where to Find Each Specification

Topic	Source
Framework formulas (REEF, TCM, Architecture, Valuation, Empire Power, Selection Funnel)	Constitution
Full 78-company scores and rankings	DataBook
Portfolio ledger (prices, shares, weights)	DataBook
Comparative valuations across the universe	DataBook
Change and rebalance records	DataBook + Constitution

Sources include company disclosures, exchange data, stockanalysis.com as secondary aggregation source, and regulatory filings (CSRC, SEC, HKEX, TWSE, TPEx).

Every substantive change since publication is logged in the DataBook Rebalance Log and in the Constitution Change Log. Feedback on framework logic, portfolio composition, or governance may be sent to clee@giinow.org with "CRE MP Feedback" in the subject line.

Appendix — Comparative Valuations: 78 Publicly Listed Restaurant Companies

All 78 companies across both cohorts are presented using identical comparative metrics. Greater China rows shaded (cohort assignment follows brand-system origin, not listing venue). Verified universe: 78 companies across six segments (QSR/Fast Food 22, Beverage 12, Fast Casual 10, Full-Service 29, Hotpot 3, Bakery 2). Market values are as of the July 24, 2026 information cutoff — a verified July 24 close where available, the most recent documented reference price otherwise (exact source and date maintained in the DataBook for each company; among the 10 portfolio holdings specifically, 5 use an earlier-dated or non-market-close documented price rather than an exact July 24 close — see DataBook Tab 08 provenance notes); financial and operating figures (revenue, store counts, and related metrics) use the latest available reporting period documented for each company in the DataBook, which may predate July 24, 2026. Accordingly, per-store figures may differ from company narratives that cite newer operating data; exact reporting dates are maintained in the DataBook.

Exhibit 8 | Comparative Valuations: 78 Publicly Listed Restaurant Companies

QSR / Fast Food

Company	Ticker	Reg	Mkt Cap ($mm)	Revenue ($mm)	Stores	Cap/Store ($mm)	P/S	P/E	EV/ EBITDA
McDonald's Corporation	MCD	USA	195,100	27,450	45,356	4.30	7.11x	22.6x	16.7x
Yum! Brands, Inc.	YUM	USA	43,150	8,210	63,000	0.68	5.26x	28.1x	19.1x
Restaurant Brands International Inc.	QSR	USA	35,330	9,430	32,985	1.07	3.75x	29.5x	17.8x
Yum China (百勝中國)	YUMC	GC	14,870	12,090	18,000	0.83	1.23x	16.6x	8.6x
Domino's Pizza, Inc.	DPZ	USA	10,650	4,980	22,100	0.48	2.14x	18.4x	15.0x
Wingstop Inc.	WING	USA	4,445	697	3,153	1.41	6.38x	40.9x	37.4x
Juewei Food (絕味食品)	603517.SS	GC	1,475	913	14,969	0.10	1.62x	28.2x	N/A
The Wendy's Company	WEN	USA	1,453	2,190	7,397	0.20	0.66x	10.6x	11.3x
Shanghai Ziyan Foods (紫燕食品)	603057.SS	GC	1,234	368	6,300	0.20	3.35x	3.3x	N/A
Papa John's International, Inc.	PZZA	USA	1,104	2,050	6,083	0.18	0.54x	38.7x	10.1x
Jiangxi Huangshanghuang (煌上煌)	002695.SZ	GC	798	230	3,660	0.22	3.47x	110.0x	N/A
Zhou Hei Ya (周黑鴨)	1458.HK	GC	664	313	3,816	0.17	2.12x	58.0x	N/A
Café de Coral Holdings (大家樂集團)	0341.HK	GC	582	1,110	580	1.00	0.52x	18.0x	N/A
DPC Dash (Domino's China) (達勢股份)	1405.HK	GC	578	604	1,550	0.37	0.96x	86.9x	N/A
Dine Brands Global, Inc.	DIN	USA	511	867	3,500	0.15	0.59x	15.4x	11.3x
El Pollo Loco Holdings, Inc.	LOCO	USA	310	480	490	0.63	0.65x	12.5x	9.7x
Tam Jai International (譚仔國際)	2217.HK	GC	269	362	234	1.15	0.74x	26.6x	N/A
Jack in the Box Inc.	JACK	USA	263	1,430	2,136	0.12	0.18x	7.4x	12.4x
YoungQin International (揚秦國際)	2755.TW	GC	192	78	850	0.23	2.46x	21.1x	N/A
An-Shin Food Services (安心食品)	1259.TW	GC	81	186	300	0.27	0.43x	29.3x	N/A
Fairwood Holdings (大快活)	0052.HK	GC	74	389	140	0.53	0.19x	N/A	N/A
Mercuries F&B (三商餐飲)	7705.TW	GC	70	195	380	0.18	0.36x	23.7x	N/A

Beverage — Coffee & Tea

Company	Ticker	Reg	Mkt Cap ($mm)	Revenue ($mm)	Stores	Cap/Store ($mm)	P/S	P/E	EV/ EBITDA
Starbucks Corporation	SBUX	USA	120,820	38,470	41,129	2.94	3.14x	80.9x	26.6x
Dutch Bros Inc.	BROS	USA	12,550	1,638	1,136	11.05	7.66x	113.8x	48.1x
Mixue Group (蜜雪冰城)	2097.HK	GC	11,747	4,674	59,823	0.20	2.51x	41.7x	10.0x
Luckin Coffee (瑞幸咖啡)	LKNCY	GC	9,410	7,047	31,000	0.30	1.34x	18.3x	N/A
Guming (Good me) (古茗控股)	1364.HK	GC	6,443	1,220	13,554	0.48	5.28x	40.9x	N/A
Auntea Jenny (滬上阿姨)	2589.HK	GC	2,846	448	9,367	0.30	6.35x	37.7x	N/A
Chagee (Bawang Chaji) (霸王茶姬)	CHA	GC	2,516	1,894	7,531	0.33	1.33x	18.1x	4.7x

Company	Ticker	Reg	Mkt Cap ($mm)	Revenue ($mm)	Stores	Cap/Store ($mm)	P/S	P/E	EV/ EBITDA
Sichuan Baicha Baidao (茶百道)	2555.HK	GC	912	691	8,395	0.11	1.32x	N/A	N/A
Nayuki (Naixue) (奈雪的茶)	2150.HK	GC	167	686	1,574	0.11	0.24x	NM-E	N/A
Lian Fa (聯發國際餐飲)	2756.TW	GC	91	22	500	0.18	4.13x	31.7x	N/A
TH International (Tims China) (天好中國)	THCH	GC	79	184	1,022	0.08	0.43x	NM-E	NM-D
Louisa Coffee (路易莎)	2758.TW	GC	51	100	530	0.10	0.51x	31.9x	N/A

Fast Casual

Company	Ticker	Reg	Mkt Cap ($mm)	Revenue ($mm)	Stores	Cap/Store ($mm)	P/S	P/E	EV/ EBITDA
Chipotle Mexican Grill, Inc.	CMG	USA	45,220	12,140	4,042	11.19	3.72x	32.3x	21.6x
CAVA Group, Inc.	CAVA	USA	9,973	1,169	439	22.72	8.53x	142.4x	67.4x
Shake Shack Inc.	SHAK	USA	2,330	1,445	645	3.61	1.61x	56.6x	18.3x
Sweetgreen, Inc.	SG	USA	996	675	281	3.54	1.48x	70.5x	NM-D
Portillo's Inc.	PTLO	USA	446	732	104	4.29	0.61x	21.9x	N/A
Potbelly Corporation	PBPB	USA	385	469	471	0.82	0.82x	49.4x	25.1x
Tai Hing Group (太興集團)	6811.HK	GC	118	421	220	0.53	0.28x	15.0x	N/A
Ajisen (China) Holdings (味千中國)	0538.HK	GC	106	239	560	0.19	0.44x	N/A	N/A
Noodles & Company	NDLS	USA	88	495	423	0.21	0.18x	NM-E	N/A
Tsui Wah Holdings (翠華控股)	1314.HK	GC	35	116	52	0.67	0.30x	21.3x	N/A

Full-Service / Casual Dining

Company	Ticker	Reg	Mkt Cap ($mm)	Revenue ($mm)	Stores	Cap/Store ($mm)	P/S	P/E	EV/ EBITDA
Darden Restaurants, Inc.	DRI	USA	23,660	13,210	2,360	10.03	1.79x	21.5x	15.9x
Texas Roadhouse, Inc.	TXRH	USA	10,440	5,880	810	12.89	1.78x	26.0x	16.5x
Brinker International, Inc.	EAT	USA	6,290	5,734	1,628	3.86	1.10x	14.6x	9.9x
The Cheesecake Factory Incorporated	CAKE	USA	2,630	3,752	403	6.53	0.70x	17.6x	N/A
Xiaocaiyuan International (小菜園)	0999.HK	GC	1,542	764	819	1.88	2.02x	15.4x	N/A
Guangzhou Restaurant Group (廣州酒家)	603043.SS	GC	1,273	708	20	63.66	1.80x	18.0x	N/A
First Watch Restaurant Group, Inc.	FWRG	USA	1,037	1,223	633	1.64	0.85x	53.5x	N/A
BJ's Restaurants, Inc.	BJRI	USA	880	1,400	219	4.02	0.63x	17.7x	10.0x
Tongqinglou Catering (同慶樓)	605108.SS	GC	859	356	110	7.81	2.41x	30.6x	N/A
Cracker Barrel Old Country Store, Inc.	CBRL	USA	765	3,360	725	1.06	0.23x	34.2x	14.9x
Xi'an Catering (西安飲食)	000721.SZ	GC	706	92	30	23.54	7.68x	NM-E	N/A
Wowprime (王品餐飲)	2727.TW	GC	668	694	470	1.42	0.96x	15.3x	N/A
Kura Sushi USA, Inc.	KRUS	USA	661	307	84	7.87	2.15x	NM-E	28.3x
Dave & Buster's Entertainment, Inc.	PLAY	USA	591	2,110	232	2.55	0.28x	NM-E	10.2x
Green Tea Group (綠茶集團)	6831.HK	GC	552	607	465	1.19	0.91x	7.6x	3.6x
China Quanjude (全聚德)	002186.SZ	GC	479	193	100	4.79	2.48x	100.7x	N/A
Bloomin' Brands, Inc.	BLMN	USA	455	3,960	1,452	0.31	0.11x	57.0x	8.2x
Helens International (海倫司)	9869.HK	GC	246	103	578	0.43	2.39x	N/A	N/A
Hi-Lai Foods (漢來美食)	1268.TW	GC	215	185	50	4.31	1.16x	15.8x	N/A
Jiumaojiu International (九毛九)	9922.HK	GC	208	846	726	0.29	0.25x	60.2x	N/A
Best Food Holding (百福控股)	1488.HK	GC	201	63	1,131	0.18	3.20x	N/A	N/A
Tofu Restaurant (豆府)	2752.TW	GC	192	113	70	2.74	1.70x	19.6x	N/A
TTFB Company (瓦城泰統)	2729.TW	GC	118	76	140	0.84	1.55x	20.5x	N/A
Kura Sushi Asia (亞洲藏壽司)	2754.TW	GC	112	77	60	1.87	1.46x	18.9x	N/A
GEN Restaurant Group	GENK	USA	71	217	51	1.39	0.33x	NM-E	N/A

Company	Ticker	Reg	Mkt Cap ($mm)	Revenue ($mm)	Stores	Cap/Store ($mm)	P/S	P/E	EV/ EBITDA
Tao Heung Holdings (稻香集團)	0573.HK	GC	39	310	50	0.77	0.12x	N/A	N/A
Tang Palace (China) (唐宮中國)	1181.HK	GC	29	N/A	60	0.48	N/A	N/A	N/A
Shanghai XNG (上海小南國／國際天食)	3666.HK	GC	8	40	20	0.42	0.21x	NM-E	N/A
Fulum Group (富臨集團)	1443.HK	GC	7	N/A	70	0.11	N/A	N/A	N/A

Hotpot

Company	Ticker	Reg	Mkt Cap ($mm)	Revenue ($mm)	Stores	Cap/Store ($mm)	P/S	P/E	EV/ EBITDA
Haidilao International (海底撈)	6862.HK	GC	7,771	6,270	1,383	5.62	1.24x	13.7x	N/A
Super Hi International (海底撈國際)	HDL	GC	760	841	126	6.04	0.90x	21.0x	7.7x
Xiabuxiabu (呷哺呷哺)	0520.HK	GC	41	757	715	0.06	0.05x	NM-E	N/A

Bakery / Baked Goods

Company	Ticker	Reg	Mkt Cap ($mm)	Revenue ($mm)	Stores	Cap/Store ($mm)	P/S	P/E	EV/ EBITDA
Zhongyin Babi Food (中飲巴比食品)	605338.SS	GC	618	233	5,300	0.12	2.65x	17.6x	N/A
Gourmet Master (85°C) (美食達人)	2723.TW	GC	570	586	970	0.59	0.97x	26.3x	N/A

— End of Appendix —