



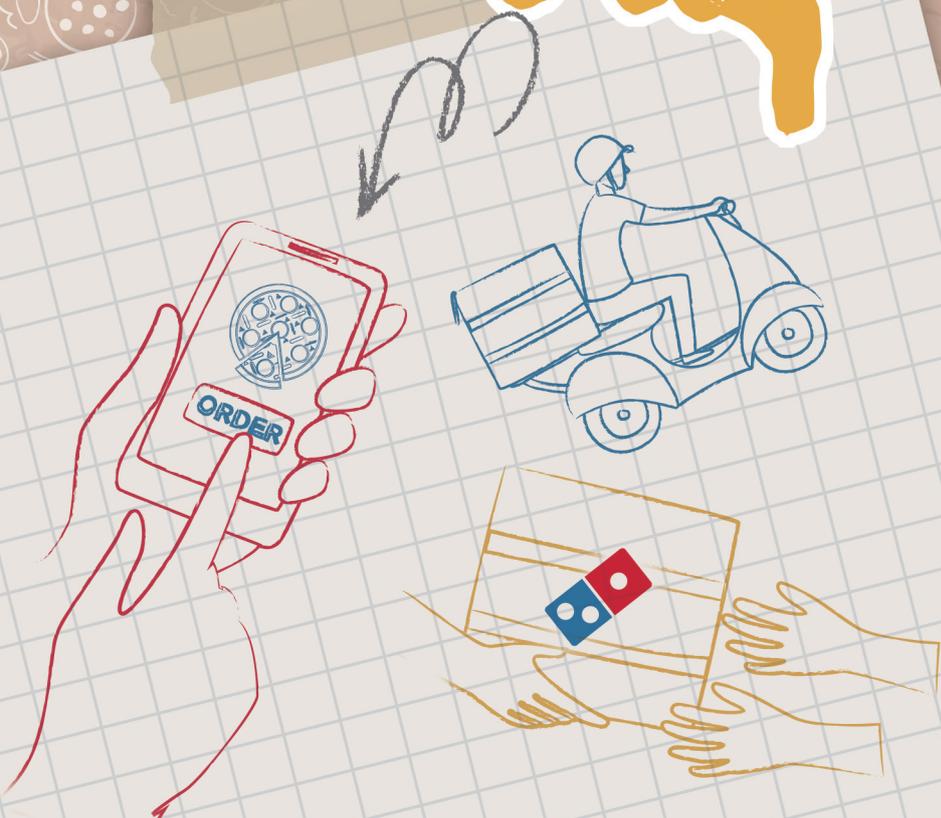
Domino's Pizza 达美乐比萨

DPC Dash Ltd
达势股份有限公司

(Incorporated in the British Virgin Islands with limited liability)
Stock Code : 1405



2023 INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Ms. Yi Wang (王怡) (*Chief Executive Officer*)

Non-Executive Directors

Mr. Frank Paul Krasovec (*Chairman*)

Mr. James Leslie Marshall

Mr. Zohar Ziv

Mr. Matthew James Ridgwell

Mr. Arthur Patrick D'Elia

Independent Non-Executive Directors

Mr. David Brian Barr

Mr. Samuel Chun Kong Shih (施振康)

Ms. Lihong Wang (王勵弘)

AUDIT AND RISK COMMITTEE

Ms. Lihong Wang (王勵弘) (*Chairperson*)

Mr. Zohar Ziv

Mr. Matthew James Ridgwell

Mr. David Brian Barr

Mr. Samuel Chun Kong Shih (施振康)

REMUNERATION COMMITTEE

Mr. David Brian Barr (*Chairperson*)

Mr. Matthew James Ridgwell

Mr. Arthur Patrick D'Elia

Mr. Samuel Chun Kong Shih (施振康)

Ms. Lihong Wang (王勵弘)

NOMINATION COMMITTEE

Mr. Frank Paul Krasovec (*Chairperson*)

Mr. Matthew James Ridgwell

Mr. David Brian Barr

Mr. Samuel Chun Kong Shih (施振康)

Ms. Lihong Wang (王勵弘)

JOINT COMPANY SECRETARIES

Ms. Ting Wu (吳婷)

Ms. Wing Nga Ho (何詠雅)

AUTHORISED REPRESENTATIVES

Ms. Yi Wang (王怡)

Ms. Wing Nga Ho (何詠雅)

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Wan Chai

Hong Kong

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

22/F, Prince's Building

Central

Hong Kong



CORPORATE INFORMATION

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COMPLIANCE ADVISER

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
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HONG KONG SHARE REGISTRAR

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PRINCIPAL BANKER

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Shanghai China

COMPANY WEBSITE

www.dpccdash.com

STOCK CODE

1405

HIGHLIGHTS

Six months ended June 30,

	2023 (RMB'000) (Unaudited)	2022 (RMB'000)	change (%)/ percentage points change
Revenue	1,376,370	908,789	51.5%
Store-level operating profit ⁽¹⁾	186,289	83,325	123.6%
Store-level operating profit margin ⁽²⁾	13.5%	9.2%	+4.3
Profit/(Loss) before income tax	28,096	(85,737)	N/A
Profit/(Loss) for the period attributable to owners of the Company	8,751	(95,475)	N/A
Non-IFRS Measures			
Store-level EBITDA ⁽³⁾	257,421	138,338	86.1%
Store-level EBITDA margin ⁽⁴⁾ (%)	18.7%	15.2%	+3.5
Adjusted EBITDA ⁽⁵⁾	127,022	55,575	128.6%
Adjusted Net Loss ⁽⁶⁾	(17,445)	(68,866)	74.7%

Notes:

- (1) Store-level operating profit represents revenue less operational costs incurred at the store level, comprising salary-based expense, raw materials and consumables cost, depreciation of right-of-use assets, depreciation of plant and equipment, amortization of intangible assets, variable lease rental payment and short-term rental expenses, utilities expenses, advertising and promotion expenses, store operating and maintenance expenses and other expenses.
- (2) Store-level operating profit margin is calculated by dividing store-level operating profit by revenue for the same period.
- (3) "Store-level EBITDA" is defined as store-level operating profit for the period and adding back depreciation of plant and equipment and amortization of intangible assets in store-level.
- (4) "Store-level EBITDA margin" is calculated by dividing Store-level EBITDA by revenue for the same period.
- (5) "Adjusted EBITDA" is defined as Adjusted Net Loss for the period and adding back depreciation and amortization (excluding depreciation of right-of-use assets), income tax expense and finance cost, net (excluding net foreign exchange losses on financing activities).
- (6) "Adjusted Net Loss" is defined as profit/(loss) for the period and adding back fair value change of financial liabilities at fair value through profit or loss, share-based compensation and listing expenses.

Non-IFRS Measures

To supplement the Group's consolidated financial statements that are presented in accordance with the International Financial Reporting Standards ("IFRS"), we also use Adjusted Net Loss (non-IFRS measure), Adjusted EBITDA (non-IFRS measure), Store-level EBITDA (non-IFRS measure) and Store-level EBITDA margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company. We believe that these measures provide useful information to investors and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of Adjusted Net Loss (non-IFRS measure), Adjusted EBITDA (non-IFRS measure), Store-level EBITDA (non-IFRS measure) and Store-level EBITDA margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

BUSINESS HIGHLIGHTS

We are pleased to announce the following key operating metrics, as set forth below, in relation to the Group's business for the six months ended June 30, 2023 (as compared with the six months ended June 30, 2022 and December 31, 2022):

Store counts

	As of June 30, 2023	As of December 31, 2022	As of June 30, 2022
Beijing and Shanghai	331	312	283
New growth markets	341	276	225
Total	672	588	508

Number of cities entered

	As of June 30, 2023	As of December 31, 2022	As of June 30, 2022
Number of cities entered	20	16	12

HIGHLIGHTS

Same-store Sales Growth ("SSSG")

	Six months ended June 30,	
	2023	2022
SSSG	8.8%	13.9%

Loyalty membership numbers

	As of June 30, 2023	As of December 31, 2022	As of June 30, 2022
Loyalty membership numbers (million)	10.9	8.6	7.0



BUSINESS OVERVIEW

We are Domino's Pizza's exclusive master franchisee in the China mainland, the Hong Kong Special Administrative Region of China and the Macau Special Administrative Region of China. As of June 30, 2023, we directly operated 672 stores across 20 cities in the China mainland. Our global franchisor, Domino's Pizza, Inc., is one of the world's largest pizza companies, with more than 20,000 stores in over 90 markets around the world at the end of the Reporting Period.

BUSINESS REVIEW FOR THE SIX MONTHS ENDED JUNE 30, 2023

During the first six months of 2023, which were the first full half-year period after the relaxation of the COVID-19 pandemic control measures in China, our business continued to grow at an outstanding pace. Our sales achieved, number of new stores opened and number of new cities entered all hit record high.

We generated a total revenue of RMB1,376.4 million during the Reporting Period, representing a 51.5% year-over-year growth as compared with the revenue of RMB908.8 million during the same period of 2022. The strong revenue growth was observed across all markets. In Shanghai and Beijing, which are our established markets with the longest operation history, the revenue grew at 30.3% year-over-year from RMB579.8 million in the first half of 2022 to RMB755.4 million for the Reporting Period, with over 75% of the revenue generated from delivery orders. The revenue growth in our new growth markets was even stronger, recording 88.7% year-over-year growth from RMB329.0 million in the first half of 2022 to RMB620.9 million in the Reporting Period, which amounted to 45.1% of the Group's total revenue. This strong growth was not only a result of the overall strong revenue growth in the existing new growth market, but also the particularly good performance in the new cities we expanded into, including Wuhan, Jinan, Chengdu, Qingdao, Wenzhou and Changzhou. We believe the consistent success in all of these newly entered growth markets is a strong testimony of Domino's Pizza's brand strength and brand momentum in China.

For example, building on the successful inaugural stores opened in Jinan and Wuhan in late December 2022, we continued to expand into other new cities. We opened our first store in Chengdu in early March 2023. On April 29, 2023, we entered three new cities on the same day, one store in Qingdao, one store in Wenzhou and three stores simultaneously in Changzhou. As of June 30, 2023, we had altogether 24 stores in these six new cities, of which six stores now hold the global Top 6 positions of the First-30-Day-Sales records within the Domino's Pizza global system. The average daily sales per store of these six cities is RMB46,660 during the six months ended June 30, 2023. The average payback period of the 24 stores in these six new markets is expected to be less than 12 months, of which 7 stores have already achieved their payback as of July 31, 2023.



BUSINESS OVERVIEW

During the first six months of 2023, we had a net store opening of 84 stores, with 19 net stores added to Shanghai and Beijing, and 65 net stores added to new growth markets. As of June 30, 2023, we had 331 stores in operation in established markets and 341 stores in operation in new growth markets.

Built on the strong revenue, our operational efficiency has also improved at both store level and corporate level, leading to improved profitability performance at both store and corporate level. Our Store-level EBITDA increased by 86.1% year-over-year from RMB138.3 million in the first half of 2022 to RMB257.4 million for the Reporting Period, and the Store-level EBITDA margin improved to 18.7% for the Reporting Period as compared with 15.2% for the same period of 2022. Our store-level operating profit increased by 123.6% year-over-year from RMB83.3 million in the first half of 2022 to RMB186.3 million for the Reporting Period. The store-level operating profit margin improved to 13.5% for the Reporting Period as compared with 9.2% for the same period of 2022. The new growth market continued to lead the margin improvement of more than 1,000 basis points in store-level operating profit margin during the Reporting Period as compared with the same period in 2022. The Group's Adjusted EBITDA increased by 128.6% from RMB55.6 million in the first half of 2022 year-over-year to RMB127.0 million for the Reporting Period. Accordingly, our Adjusted Net Loss further narrowed to negative RMB17.4 million for the Reporting Period, an improvement of 74.7% from the same period of 2022. We are well on track to achieve the overall profitability of the business for the Group.

BUSINESS OUTLOOK

We plan to open approximately 180 stores in 2023. During the first half of 2023, we have a net opening of 84 new stores. As of August 20, 2023, we have opened additional 20 stores, with 28 stores under construction and 25 stores signed or approved, well on track to deliver the 2023 full year opening target. Looking forward, with further strengthened brand name and rising brand momentum, we will continue to execute our go-deeper and go-broader network expansion strategy, entering more new cities while further penetrating our existing markets. We would also look to further improve the cost efficiency as we continue to scale up and our stores continue to ramp up.

EVENTS AFTER THE REPORTING PERIOD

There has been no material event that is required to be disclosed by the Company after the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

1. Revenue

Our revenue increased by 51.5% from RMB908.8 million for the six months ended June 30, 2022 to RMB1,376.4 million for the six months ended June 30, 2023, mainly attributable to (a) the increase in our average daily sales per store and (b) the increased number of stores in operation during the respective periods. We added 40 net new stores during the first six months of 2022 and brought the total store counts to 508 as of June 30, 2022, while we added 84 net new stores during the first six months of 2023 leading to a total store count of 672 as of June 30, 2023. Our total sales in Beijing and Shanghai grew 30.3% from RMB579.8 million for the six months ended June 30, 2022 to RMB755.4 million for the six months ended June 30, 2023 and contributed 54.9% of our total revenue for the six months ended June 30, 2023, while our total sales in new growth markets grew 88.7% from RMB329.0 million for the six months ended June 30, 2022 to RMB620.9 million for the six months ended June 30, 2023 and contributed 45.1% of our total revenue for the six months ended June 30, 2023.

The following table sets forth our revenue by market, both in absolute amounts and as percentages of our total revenue, for the periods indicated.

Revenue	Six months ended June 30,			
	2023		2022	
	RMB	%	RMB	%
	(in RMB thousands, except for percentage data)			
Beijing and Shanghai	755,423	54.9	579,769	63.8
New growth markets ⁽¹⁾	620,947	45.1	329,020	36.2
Total Revenue	1,376,370	100.0	908,789	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

Delivery as % of Revenue

	Six months ended June 30,	
	2023	2022
<i>By market</i>		
Beijing and Shanghai	76.5%	76.7%
New growth markets	47.8%	62.3%
All Markets	63.6%	71.5%

Note:

- (1) "New growth markets" refers to Shenzhen, Guangzhou, Hangzhou, Tianjin, Nanjing, Suzhou, Wuxi, Ningbo, Foshan, Dongguan, Zhuhai, Zhongshan, Wuhan, Jinan, Chengdu, Qingdao, Wenzhou and Changzhou.

In Beijing and Shanghai, revenues increased 30.3% from RMB579.8 million for the six months ended June 30, 2022 to RMB755.4 million for the six months ended June 30, 2023, which was mainly driven by an increasing number of stores in operation as we continue to add 48 net new stores in these two cities from July 1, 2022 to June 30, 2023. We recorded a slight decrease in average daily sales per store in Beijing and Shanghai, primarily driven by a 9.9% decrease in average sales value per order, partially offset by an increase in average daily orders per store. Group buying activities in Shanghai during COVID-19 lockdown period temporarily increased average sales value per order for the six months ended June 30, 2022.

In our new growth markets, revenues increased by 88.7% from RMB329.0 million for the six months ended June 30, 2022 to RMB620.9 million for the six months ended June 30, 2023, which was mainly driven by a 30.0% increase in average daily sales per store, primarily attributable to increases in average daily orders per store, which grew from 100 for the six months ended June 30, 2022 to 134 for the six months ended June 30, 2023. This was coupled with an increasing number of stores in operation as we added 116 net new stores to our new growth markets from July 1, 2022 to June 30, 2023. The strong growth in the order volumes is not only driven by the growth in our existing new growth market stores as we continue our penetration and brand strengthening, but also in particular by the strong performance of the new stores in the new markets we entered over the past 12 months, which demonstrates a strong brand momentum as we continue to expand our footprint to other major cities in China.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth average daily sales per store by market during the six months ended June 30, 2022 and 2023.

Average daily sales per store ⁽¹⁾ (RMB)	Six months ended June 30,	
	2023	2022
<i>By market</i>		
Beijing and Shanghai	13,193	13,974
New growth markets ⁽²⁾	11,316	8,705
All markets	12,275	11,462

Notes:

- (1) Calculated by dividing the revenues generated from the relevant store for a particular period by the aggregate number of days of operation of such store during the same period.
- (2) "New growth markets" refers to Shenzhen, Guangzhou, Hangzhou, Tianjin, Nanjing, Suzhou, Wuxi, Ningbo, Foshan, Dongguan, Zhuhai, Zhongshan, Wuhan, Jinan, Chengdu, Qingdao, Wenzhou and Changzhou.

Underlying our revenue growth was our continued menu development, timely delivery, excellent product taste and improved brand recognition, which enabled us to achieve continued positive SSSG of 8.8% for the Group for the six months period of 2023, on top of 13.9% of SSSG for the first six months of 2022 while 14.4% of SSSG for the twelve months period of 2022.

2. Raw Materials and Consumables Cost

For the six months ended June 30, 2023, the raw materials and consumables cost of the Group amounted to RMB380.4 million, representing an increase of RMB133.2 million or 53.9% as compared with RMB247.2 million for the corresponding period in 2022 and 27.6% and 27.2% of our total revenue in the corresponding periods, respectively. The increase was primarily due to our revenue growth, which has increased our need for raw materials and consumables. As a percentage of revenue, our raw materials and consumables cost remained relatively stable for the six months ended June 30, 2022 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Staff Compensation Expenses

For the six months ended June 30, 2023, the staff compensation expenses of the Group amounted to RMB545.8 million, representing an increase of RMB208.9 million or 62.0% as compared with RMB336.9 million for the corresponding period in 2022.

The following table sets forth a breakdown of our staff compensation expenses at the store level and the corporate level for the periods indicated.

	Six months ended June 30,			
	2023		2022	
	RMB	% of total revenue	RMB	% of total revenue
(in RMB thousands, except for percentage data)				
Cash-based compensation expenses for store-level staff	369,887	26.9	262,316	28.9
Cash-based compensation expenses for corporate-level staff	102,193	7.4	77,930	8.6
Share-based compensation	73,692	5.4	-3,338	-0.4
Total staff compensation expenses	545,772	39.7	336,908	37.1

The increase of cash-based compensation expenses for store-level staff was primarily due to the increase in the number of our store level employees arising from the expansion of our store network and the increase of sales order volume. As a percentage of revenue, our cash-based compensation expenses for store-level staff decreased from 28.9% for the six months ended June 30, 2022 to 26.9% for the same period in 2023 primarily attributable to (i) the savings in working hours of store-level staff as the COVID-19 pandemic eased and the decrease of temporary closure resulted from COVID-19; and (ii) the operating efficiency improved in the store during the Reporting Period.

The increase of cash-based compensation expenses for corporate-level staff was primarily due to (i) an increase in headcount to support our rapid expansion; and (ii) the merit-based increase in salary. As a percentage of revenue, our cash-based compensation expenses for corporate-level staff decreased from 8.6% for the six months ended June 30, 2022 to 7.4% for the same period in 2023 primarily as our corporate-level staff accumulate more experience and become well-equipped to support the operations of a larger number of stores.

The increase of share-based compensation was mainly driven by the expenses charged to profit or loss arising from share option and IPO bonus plan granted since November 2022 and a one-off reversal of the accumulated share-based compensation resulted from the cancellation of stock appreciation rights awards for the corresponding period in 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

4. Rental Expenses

Our rental expenses include depreciation of right-of-use assets and variable lease rental payment, short-term rental and other related expenses. The Group's depreciation of right-of-use assets represents the depreciation of capitalized lease incurred by long-term leased properties in accordance with IFRS 16. For the six months ended June 30, 2023, our rental expenses amounted to RMB139.4 million, representing an increase of RMB34.2 million or 32.5% as compared with RMB105.2 million for the corresponding period in 2022. The increase was primarily due to the expansion of our store network from a total of 508 store as of June 30, 2022 to a total of 672 stores as of June 30, 2023. Our rental expenses as a percentage of revenue decreased from 11.6% for the six months ended June 30, 2022 to 10.1% for the same period in 2023 was primarily due to the strong growth of our revenue and our strengthened negotiating power to negotiate more favorable lease terms as we enhanced our brand recognition.

5. Depreciation of Plant and Equipment

For the six months ended June 30, 2023, the depreciation of plant and equipment of the Group amounted to RMB72.2 million, representing an increase of RMB15.5 million or 27.3% as compared with RMB56.7 million for the corresponding period in 2022. The increase was primarily due to increased equipment needs in conjunction with the expansion of our store network, resulting in the corresponding increase in depreciation expenses. Our depreciation of plant and equipment as a percentage of total revenue decreased from 6.2% for the six months ended June 30, 2022 to 5.2% for the same period in 2023 mainly due to the strong growth of our revenue.

6. Amortization of Intangible Assets

For the six months ended June 30, 2023, the amortization of intangible assets of the Group amounted to RMB25.5 million, representing an increase of RMB2.0 million or 8.5% as compared with RMB23.5 million for the corresponding period in 2022. The increase was primarily driven by the acquisition of software in line with the expansion of our store network. Our amortization of intangible assets as a percentage of total revenue decreased from 2.6% for the six months ended June 30, 2022 to 1.9% for the same period in 2023, primarily due to the strong growth of our revenue achieved in the Reporting Period.

7. Utilities Expenses

For the six months ended June 30, 2023, the utilities expenses of the Group amounted to RMB49.3 million, representing an increase of RMB12.0 million or 32.2% as compared with RMB37.3 million for the corresponding period in 2022. The increase was mainly attributable to the expansion of our store network which demanded additional usage of utilities. Our utilities expenses as a percentage of total revenue decreased from 4.1% for the six months ended June 30, 2022 to 3.6% for the same period in 2023 mainly due to the strong growth of our revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

8. Advertising and Promotion Expenses

For the six months ended June 30, 2023, the advertising and promotion expenses of the Group amounted to RMB81.1 million, representing an increase of RMB27.2 million or 50.5% as compared with RMB53.9 million for the corresponding period in 2022. The increase was mainly driven by the spending in advertising and promotion to grow our revenue. Our advertising and promotion expenses as a percentage of total revenue remained relatively stable for the six months ended June 30, 2022 and 2023.

9. Store Operation and Maintenance Expenses

For the six months ended June 30, 2023, the store operation and maintenance expenses of the Group amounted to RMB84.9 million, representing an increase of RMB27.2 million or 47.1% as compared with RMB57.7 million for the corresponding period in 2022. The increase was primarily due to the expansion of our store network. Our store operation and maintenance expenses as a percentage of total revenue remained relatively stable during the Reporting Period as compared with the six months ended June 30, 2022.

10. Other Expenses

Our other expenses consist of (a) telecommunication and information technology related expenses, (b) travelling and related expenses, (c) professional service expenses, (d) auditor's remuneration, (e) listing expenses and (f) others, including training fee, business meal, stamp duty tax and other office expenses.

For the six months ended June 30, 2023, the other expenses of the Group amounted to RMB67.8 million, representing an increase of RMB22.6 million or 50.0% as compared with RMB45.2 million for the corresponding period in 2022. The increase was primarily due to (i) RMB8.7 million increase in travelling and related expenses as the COVID-19 pandemic eased (ii) RMB8.2 million increase in telecommunication and information technology related expenses and professional service expenses along with our store network expansion and (iii) RMB2.8 million increase in listing expense. Our other expenses as a percentage of total revenue remained relatively stable for the six months ended June 30, 2022 and 2023.

11. Finance costs, net

For the six months ended June 30, 2023, the net finance costs of the Group amounted to RMB29.3 million, representing a decrease of RMB18.9 million or 39.2% as compared with RMB48.2 million for the corresponding period in 2022. The decrease was primarily due to RMB12.3 million savings in guarantee fee and RMB3.9 million decrease in bank borrowing interest after we refinanced our bank loan with a lower cost facility in March 2022, and further improved by a RMB5.0 million increase in interest income driven by the increase of cash balance after Listing (see below defined).



MANAGEMENT DISCUSSION AND ANALYSIS

12. Fair Value Change of Financial Liabilities at Fair Value through Profit or Loss

Fair value changes of convertible senior ordinary shares for the six months ended June 30, 2022 and 2023 were RMB1.1 million loss and RMB119.3 million gain, respectively.

13. Taxation

Income tax expense of the Group increased from RMB9.7 million for the six months ended June 30, 2022 to RMB19.3 million for the six months ended June 30, 2023.

14. Profit/(Loss) for the Period

As a result of the foregoing, the Group recorded a net profit of RMB8.8 million for the six months ended June 30, 2023, as compared to a net loss of RMB95.5 million for the six months ended June 30, 2022.

15. Non-IFRS Measures — Adjusted Net Loss, Adjusted EBITDA, Store-level EBITDA and Store-level EBITDA margin

To supplement the Group's consolidated financial statements that are presented in accordance with the IFRS, we also use adjusted net loss (non-IFRS measure), adjusted EBITDA (non-IFRS measure), Store-level EBITDA (non-IFRS measure) and Store-level EBITDA margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company. We believe that these measures provide useful information to investors and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure), adjusted EBITDA (non-IFRS measure), Store-level EBITDA (non-IFRS measure) and Store-level EBITDA margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

"Store-level EBITDA" is defined as store-level operating profit for the period and adding back depreciation of plant and equipment and amortization of intangible assets in store-level.

MANAGEMENT DISCUSSION AND ANALYSIS

“Store-level EBITDA margin” is calculated by dividing Store-level EBITDA by revenue for the same period.

“Adjusted Net Loss” is defined as profit/(loss) for the period and adding back fair value change of financial liabilities at fair value through profit or loss, share-based compensation and listing expenses.

“Adjusted EBITDA” is defined as Adjusted Net Loss for the period and adding back depreciation and amortization (excluding depreciation of right-of-use assets), income tax expense and finance cost, net (excluding net foreign exchange losses on financing activities).

The following table sets forth the reconciliation of our non-IFRS financial measures for the six months ended June 30, 2022 and 2023 to the nearest measure prepared in accordance with IFRS.

	For the six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000
Reconciliation of net profit/(loss) and adjusted net loss and adjusted EBITDA		
Profit/(loss) for the period	8,751	(95,475)
Add:		
Fair value change of financial liabilities at fair value through profit or loss	(119,331)	1,079
Share-based compensation		
– Directors’ compensation, stock appreciation rights and RSUs	73,692	(3,338)
– Guarantee fee for shareholders	–	12,269
Listing expenses	19,443	16,599
Adjusted Net Loss	(17,445)	(68,866)
Add:		
Depreciation and amortization	97,782	80,150
Income tax expenses	19,345	9,738
Finance cost	27,340	34,553
Adjusted EBITDA	127,022	55,575

MANAGEMENT DISCUSSION AND ANALYSIS

	For the six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000
Reconciliation of store-level operating profit and Store-level EBITDA		
Store-level operating profit	186,289	83,325
Add:		
Depreciation of plant and equipment – store level ⁽¹⁾	70,289	54,424
Amortization of intangible assets – store level ⁽²⁾	843	589
Store-level EBITDA	257,421	138,338
Store-level EBITDA margin	18.7%	15.2%

Notes:

- (1) Depreciation of plant and equipment – store level is calculated based on depreciation of plant and equipment incurred at our stores and central kitchens.
- (2) Amortization of intangible assets – store level is calculated based on amortization of store franchise fees.

16. Liquidity and Source of Funding and Borrowing

As at June 30, 2023, the Group's cash and cash equivalents increased by 89.1% from RMB544.2 million as at December 31, 2022 to RMB1,028.9 million. Including restricted cash, the Group's total cash increased from RMB544.5 million as at December 31, 2022 to RMB1,029.1 million as at June 30, 2023. The increase primarily resulted from the net proceeds raised from the Global Offering in March 2023 and cash inflow generated from operating activities.

As at June 30, 2023, the Group had total cash and cash equivalents balance of RMB1,028.9 million (December 31, 2022: RMB544.2 million), among which RMB564.4 million (December 31, 2022: RMB0.3 million) were denominated in Hong Kong dollar, RMB370.5 million (December 31, 2022: RMB318.9 million) were denominated in RMB and RMB94.0 million (December 31, 2022: RMB225.0 million) were denominated in US dollar.

Our net cash generated in operating activities was RMB174.8 million for the Reporting Period, compared to the net cash inflow of RMB167.6 million for the six months ended June 30, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

As at June 30, 2023, the current assets of the Group amounted to RMB1,173.2 million, including RMB1,029.1 million in cash and restricted cash and RMB144.1 million in other current assets. The current liabilities of the Group amounted to RMB847.5 million, of which RMB470.0 million was accruals and other payables, RMB204.3 million was lease liabilities, RMB128.2 million was trade payables and RMB45.0 million was other current liabilities. As at June 30, 2023, the current ratio of the Group, which is equivalent to the current assets divided by the current liabilities, was 1.38 (December 31, 2022: 0.87).

As at June 30, 2023, the Group's total borrowings were RMB200.0 million (December 31, 2022: RMB200.0 million), out of which RMB100.0 million should be repayable on March 28, 2025 and the remaining RMB100.0 million should be repayable on December 7, 2025. The borrowings were all denominated in RMB and fully guaranteed by a subsidiary of the Group. As at June 30, 2023, all the bank borrowings bear interests at a floating interest rate.

17. Treasury Policy

The Group adopts a prudent financial management approach for its treasury policy to ensure that the Group's liquidity structure, comprising assets, liabilities and other commitments, is able to always meet its capital requirements.

18. Gearing Ratio

As at June 30, 2023, the gearing ratio of the Group, which was calculated as total interest-bearing bank loans divided by total equity, was approximately 9.5%, representing a decrease of 17.1 percentage points as compared with 26.6% as at December 31, 2022. The decrease was primarily due to the conversion of convertible senior ordinary shares to ordinary shares and the issuance of ordinary shares through Global Offering (as defined in the Prospectus) in March 2023, which enlarged the balance of total equity.

19. Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of June 30, 2023) during the six months ended June 30, 2023.

20. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended June 30, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

21. Pledge of Assets

As at June 30, 2023, the Group had no pledge of assets.

22. Contingent Liabilities

The Group had no contingent liabilities as at June 30, 2023.

23. Foreign Exchange Exposure

During the six months ended June 30, 2023, the Group mainly operated in China and the majority of the transactions were settled in RMB, the Company's primary subsidiaries' functional currency. As at June 30, 2023, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. During the Reporting Period, the Group has not entered into any derivative instruments to hedge its foreign exchange exposures, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

24. Employees and Remuneration

As at June 30, 2023, the Group had 4,805 full-time employees (December 31, 2022: 3,916). Substantially all of our employees are based in China, primarily in Beijing, Shanghai, Guangzhou, Shenzhen and other cities in which we have operations. The following table sets forth the numbers of our full-time employees categorized by function as at June 30, 2023:

Function	Number of employees	% of total
Store development and operation ⁽¹⁾	4,474	93.1%
Sales, marketing and product development	36	0.7%
Supply chain, central kitchens and quality control	166	3.5%
General administration and others	129	2.7%
Total	4,805	100.0%

Note:

- (1) Comprises (i) full-time store development and operation employees at the corporate level and (ii) full-time employees at our stores who also act as delivery riders when needed.



MANAGEMENT DISCUSSION AND ANALYSIS

Besides our full-time employees, we also had a total of 13,725 part-time employees as at June 30, 2023 (December 31, 2022: 10,616). These part-time employees primarily work as riders and in-store assistants.

For the six months ended June 30, 2023, the Group has incurred a total staff costs (inclusive of Directors' remuneration, salaries, wages, allowance and benefits and share based compensations) of RMB545.8 million (December 31, 2022: RMB785.0 million).

During the Reporting Period, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

We believe in the importance of attraction, recruitment and retention of quality talents in achieving the Group's success. We seek to offer attractive remuneration to employees, who earn both a basic salary and discretionary bonuses. For store management teams, their discretionary bonus is tied to the performance of the store. For riders, we provide incentive bonuses that are payable for, among others, the numbers of orders delivered and working during peak hours or in poor weather. Our riders are covered by group commercial insurance, which insures our riders for personal injuries and additional medical care to help protect against the risk of personal injuries.

Our training department oversees the training of our employees. We provide all of our restaurant employees, including store management teams, store assistants with consistent, systematic training to ensure that through the training employees have the operational, management and business skills needed to meet our safety standards and deliver outstanding customer service.

In addition, we conduct standardized trainings with our riders, and distribute to our delivery riders a Delivery Safety Work Manual before they take the first trips. We also provide our riders with training to help them navigate urban traffic and make deliveries safely.

Compensation of key executives of the Group is determined by the Company's remuneration committee which reviews and recommends to the Board the executives' compensation based on the Group's performance and the executives' respective contributions to the Group. For details of our remuneration policies and training schemes, please refer to the section headed "Business – Employees" to the Prospectus).

The Company also has adopted various equity-based incentive plans and cash-based incentive plans. Please refer to the section headed "Statutory and General Information — Share Incentive Plans and Bonus Plans" in Appendix IV to the Prospectus.

25. Future Plans for Material Investments and Capital Assets

As of June 30, 2023, the Group did not have other plans for material investments and capital assets.



CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

During the period from the Listing Date up to June 30, 2023, the Company has complied with all applicable code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules.

Further information of the corporate governance practice of the Company will be set out in the corporate governance report in the annual report of the Company for the year ending December 31, 2023.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code with effect from the Listing Date.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the period from the Listing Date up to June 30, 2023.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2023.

AUDIT AND RISK COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS AND INTERIM REPORT

The Company has established an audit and risk committee with written terms of reference in accordance with the Listing Rules. The audit and risk committee comprises two non-executive directors and three independent non-executive Directors, namely, Mr. Zohar Ziv, Mr. Matthew James Ridgwell, Mr. David Brian Barr, Mr. Samuel Chun Kong Shih and Ms. Lihong Wang. Ms. Lihong Wang is the chairman of the audit and risk committee.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The audit and risk committee has reviewed the unaudited condensed interim consolidated financial information and the interim report of the Group for the six months ended June 30, 2023 and has met with the independent auditors, PricewaterhouseCoopers, who have reviewed the condensed interim consolidated financial information in accordance with International Standard on Review Engagements 2410. The audit and risk committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Group.

OTHER BOARD COMMITTEES

In addition to the audit and risk committee, the Company has also established a nomination committee and a remuneration committee.

CHANGES TO DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors subsequent to the Listing Date and up to the date of this interim report are set out below.

Name of Director	Details of Change	Effective Date
Mr. Joseph Hugh JORDAN	Resigned as a non-executive Director of the Company	April 28, 2023
Mr. Arthur Patrick D'ELIA	Appointed as a non-executive Director of the Company	April 28, 2023

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period from the Listing Date up to June 30, 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the six months ended June 30, 2023. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the six months ended June 30, 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

USE OF PROCEEDS

The Company's shares were listed on the Main Board of the Stock Exchange on the Listing Date and the net proceeds raised during the Global Offering were approximately HK\$499.9 million (including the additional proceeds received upon the partial exercise of the Over-allotment Option) (equivalent to approximately RMB437.8 million). As of June 30, 2023, none of the net proceeds of the completion of the Global Offering had been utilised and HK\$499.9 million remained unutilised. There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus and the Company expects to fully utilised the residual amount of the net proceeds in accordance with such intended purpose by December 31, 2025.

	% of use of proceeds	Net proceeds (HK\$ million)	Utilisation during the Reporting Period (HK\$ million)	Unutilised amount as of June 30, 2023 (HK\$ million)	Expected timeline of full utilisation of the unutilised proceeds
Expanding our store network	90%	450.0	–	450.0	By December 31, 2025
General corporate purposes	10%	49.9	–	49.9	By December 31, 2025
Total	100%	499.9	–	499.9	

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interest in the Company

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company (%) ⁽¹⁾	Long position/ Short position/ Lending pool
Yi Wang	Beneficial owner	2,034,006 ⁽²⁾	1.57%	Long position
	Interest in controlled corporation/founder of a discretionary trust	1,249,710 ⁽³⁾	0.96%	Long position
Frank Paul Krasovec	Beneficial owner	2,638,588 ⁽⁴⁾	2.03%	Long position
	Interest in controlled corporations	128,452 ⁽⁵⁾	0.10%	Long position
James Leslie Marshall	Beneficial owner	30,789 ⁽⁶⁾	0.02%	Long position
	Interest in controlled corporations	43,130,871 ⁽⁷⁾	33.20%	Long position
Zohar Ziv	Beneficial owner	934,772 ⁽⁴⁾	0.72%	Long position
Matthew James Ridgwell	Beneficial owner	475,218 ⁽⁴⁾	0.37%	Long position
David Brian Barr	Beneficial owner	580,072 ⁽⁴⁾	0.45%	Long position
Samuel Chun Kong	Beneficial owner	79,435 ⁽⁴⁾	0.06%	Long position
Shih	Interest of spouse	124,536 ⁽⁸⁾	0.10%	Long position
Lihong Wang	Beneficial owner	57,456 ⁽⁴⁾	0.04%	Long position

Notes:

- (1) The calculation is based on the total number of 129,915,870 Shares in issue as at June 30, 2023.
- (2) Represents the 2,034,006 Shares underlying the options granted to Ms. Wang under the 2022 Pre-IPO Plan.
- (3) These Shares are held by Molybdenite Holding Limited, a company incorporated in the BVI and majority-controlled by the family trust of Ms. Wang, of which Ms. Wang is the controller, through wholly owned companies of the trust. The remaining interest in Molybdenite Holding Limited is directly held by Ms. Wang.
- (4) Including 20,175 Shares underlying the outstanding RSUs granted to each of Mr. Krasovec, Mr. Ziv, Mr. Ridgwell, Mr. Barr, Mr. Shih and Ms. Lihong Wang under the 2021 Plan.
- (5) Represents Shares held by FPK Dash, LLC, which a company controlled by Mr. Krasovec.
- (6) Represents the Shares underlying the outstanding RSUs granted to Mr. Marshall under the 2021 Plan.
- (7) Represents Shares held by Good Taste Limited, which is wholly-owned by Ocean Investments Limited, the entire interest of which is in turn wholly-owned and managed by a corporate trustee (the "Trustee") for the benefit of a discretionary (irrevocable) family trust in which, Mr. Marshall is the protector, a named person in its discretionary class of beneficiaries and one of the directors of the Trustee. Mr. Marshall as the protector of the trust has various powers and rights pursuant to the terms of the relevant trust deed including, without limitation, the power to appoint or remove the trustee as well as the right to direct the trustee to exercise the voting or other rights attached to any securities of Ocean Investments Limited, the 100% parent of Good Taste Limited. Mr. Marshall is however not the settlor of the irrevocable trust, and the settlor of the trust does not have control over, or interests, in the assets of the trust. Ms. Michele Li Ming Marchall is the spouse of Mr. Marshall.
- (8) Ms. Laura Christine Tong, the spouse of Mr. Shih, holds 124,536 Shares. Mr. Shih is deemed to be interested in the Shares held by Ms. Tong.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2023, within the knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company (%) ⁽¹⁾	Long position/ Short position/ Lending pool
Good Taste Limited ⁽²⁾	Beneficial interest	43,130,871	33.20%	Long position
Ocean Investments Limited ⁽²⁾	Interest in controlled corporations	43,130,871	33.20%	Long position
Trustee ⁽²⁾	Interest in controlled corporations	43,130,871	33.20%	Long position
Mr. James Leslie Marshall ⁽²⁾	Interest in controlled corporations	43,130,871	33.20%	Long position
	Beneficial Interest	30,789	0.02%	Long position
Michele Li Ming Marchall ⁽²⁾	Interest of spouse	43,161,660	33.22%	Long position
Domino's Pizza LLC ⁽³⁾	Beneficial interest	18,101,019	13.93%	Long position
Domino's, Inc. ⁽³⁾	Interest in controlled corporations	18,101,019	13.93%	Long position
Domino's Pizza, Inc. ⁽³⁾	Interest in controlled corporations	18,101,019	13.93%	Long position
		61,231,890	47.13%	Long position

Notes:

- (1) The calculation is based on the total number of 129,915,870 Shares in issue as at June 30, 2023.
- (2) Good Taste Limited is wholly-owned by Ocean Investments Limited, the entire interest of which is in turn wholly-owned and managed by a corporate trustee (the "Trustee") for the benefit of a discretionary (irrevocable) family trust in which, Mr. Marshall is the protector, a named person in its discretionary class of beneficiaries and one of the directors of the Trustee. Mr. Marshall as the protector of the trust has various powers and rights pursuant to the terms of the relevant trust deed including, without limitation, the power to appoint or remove the trustee as well as the right to direct the trustee to exercise the voting or other rights attached to any securities of Ocean Investments Limited, the 100% parent of Good Taste Limited. Mr. Marshall is however not the settlor of the irrevocable trust, and the settlor of the trust does not have control over, or interests, in the assets of the trust. Ms. Michele Li Ming Marchall is the spouse of Mr. Marshall.
- (3) Domino's Pizza LLC is wholly-owned by Domino's, Inc., which is in turn wholly-owned by Domino's Pizza, Inc.. Domino's Pizza, Inc. is a Delaware corporation with its shares listed on the New York Stock Exchange (NYSE: DPZ).

Save as disclosed above, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as at June 30, 2023 as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE SCHEMES

The Company has four existing share incentive schemes, namely (i) the 2021 Plan, (ii) the 2022 Pre-IPO Plan, which were adopted before the effective date of the new Chapter 17 of the Listing Rules on January 1, 2023, (iii) the 2022 First Share Incentive Plan, (iv) and the 2022 Second Share Incentive Plan, which were adopted immediately prior to Listing and would constitute a share scheme governed by the new Chapter 17 of the Listing Rules. The Company will comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

Further details of the Share Incentive Plans are set out in the section headed “Statutory and General Information – Share Incentive Plans and Bonus Plans” of Appendix IV to the Prospectus.

361,109 new Shares, representing approximately 0.32% of the weighted average of issued share capital of the Company, were issued or may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the 2021 Plan, the 2022 Pre-IPO Plan and the 2022 First Share Incentive Plan.

Further details and relevant breakdowns of each of the share incentive schemes are set out below:

1. 2021 Plan

The 2021 Plan does not involve the grant of any share options after Listing and is not subject to the provisions of Chapter 17 of the Listing Rules. Further details of the 2021 Plan are set out in the section headed “Statutory and General Information – Share Incentive Plans and Bonus Plans – The 2021 Plan” of Appendix IV to the Prospectus.

The 2021 Plan commenced on January 1, 2021 and shall continue in effect for a term of 10 years unless sooner terminated under the terms of the 2021 Plan. The remaining life of the 2021 Plan is approximately 7 years and 4 months.

Maximum number of new Shares available for issue

The total number of new Shares issued and may be issued pursuant to all the restricted share units (“RSUs”) or other types of awards (the “Awards”) under the 2021 Plan will not exceed 1,035,236 Shares as at the Listing Date, representing 0.80% of the Company’s issued share capital upon the Listing (the “2021 Plan Scheme Mandate”).

Given that no further RSUs or Awards would be granted under the 2021 Plan after Listing, the outstanding number of RSUs and Awards would be equivalent to the maximum number of Shares available for issue under the 2021 Plan. As at January 1, 2023, 1,218,345 new Shares were available for issue under the 2021 Plan Scheme Mandate. During the Reporting Period, 692,874 new Shares were issued pursuant to the 2021 Plan. As at June 30, 2023, 623,355 new Shares were available for issue under the 2021 Plan Scheme Mandate.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The table below shows details of the outstanding RSUs granted to all grantees under the 2021 Plan as at June 30, 2023. For further details on the movement of the options during the Reporting Period, please see Note 24 to the condensed interim consolidated financial information.

Name or category of Grantee	Role and Position held in the Group	Date of grant	Vesting Period	Outstanding as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2023 ⁽¹⁾	Purchase price	Closing price of Shares immediately before the grant during the Reporting Period (HK\$)	Weighted average closing price of the Company's shares immediately before the vesting date during the Reporting Period ⁽²⁾ (HK\$)	Performance targets
Directors, chief executive, substantial shareholders and associates													
Yi (Aileen) Wang	Executive Director	April 30, 2022	Within one year after Listing ⁽³⁾	250,012	-	250,012	-	-	-	Nil	-	52.59	N/A
Frank Paul Kasovec	Non-executive Director	July 7, 2022, March 6, 2023	From approximately 43 weeks to 1 year	21,582	12,981	14,388	-	-	20,175	Nil	-	52.59	N/A
James Leslie Marshall	Non-executive Director	July 7, 2022, March 6, 2023	From approximately 43 weeks to 1 year	32,373	19,998	21,582	-	-	30,789	Nil	-	52.59	N/A
Zohar Ziv	Non-executive Director	July 7, 2022, March 6, 2023	From approximately 43 weeks to 1 year	21,582	12,981	14,388	-	-	20,175	Nil	-	52.59	N/A
Matthew James Ridgwell	Non-executive Director	July 7, 2022, March 6, 2023	From approximately 43 weeks to 1 year	21,582	12,981	14,388	-	-	20,175	Nil	-	52.59	N/A

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name or category of Grantee	Role and Position held in the Group	Date of grant	Vesting Period	Outstanding as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2023 ⁽¹⁾	Purchase price	Closing price of Shares immediately before the grant during the Reporting Period (HK\$)	Weighted average closing price of the Company's shares immediately before the vesting date during the Reporting Period ⁽²⁾ (HK\$)	Performance targets
David Brian Barr	Independent non-executive Director	July 7, 2022, March 6, 2023	From approximately 43 weeks to 1 year	21,582	12,981	14,388	-	-	20,175	Nil	-	52.59	N/A
Samuel Chun Kong Shih	Independent non-executive Director	July 7, 2022, March 6, 2023	From approximately 43 weeks to 1 year	21,582	12,981	14,388	-	-	20,175	Nil	-	52.59	N/A
Lihong Wang	Independent non-executive Director	July 7, 2022, March 6, 2023	From approximately 43 weeks to 1 year	21,582	12,981	14,388	-	-	20,175	Nil	-	52.59	N/A
Other grantees in category													
Other Employees in aggregate	Employees	April 30, 2022	From within 6 months after Listing to 47 months	806,468	-	334,952	-	-	471,516	Nil	-	52.59	N/A
TOTAL				1,218,345	97,884	692,874	-	-	623,355				

Notes:

- (1) Details of the fair value of the RSUs as at the date of grant and the accounting standard and policy adopted are set out in Note 29(b) to the Accountant's Report of the Appendix I to the Prospectus and Note 24(b) to the condensed interim consolidated financial information in this report.
- (2) The weighted average closing prices shown in this column are calculated with respect to the RSUs that vested after the Listing Date (i.e. March 28, 2023) only, as there were no closing price for the Company's shares before the Listing available for the calculation.
- (3) Any Shares vested shall be subject to a lock-up until the first anniversary of the Listing Date.



CORPORATE GOVERNANCE AND OTHER INFORMATION

2. 2022 Pre-IPO Plan

The 2022 Pre-IPO Plan does not involve the grant of any share options after Listing and is not subject to the provisions of Chapter 17 of the Listing Rules. Further details of the 2022 Pre-IPO Plan are set out in the section headed “Statutory and General Information – Share Incentive Plans and Bonus Plans – The 2022 Pre-IPO Plan” of Appendix IV to the Prospectus.

The 2022 Pre-IPO Plan commenced on September 9, 2022 and shall continue in effect for a term of 10 years unless sooner terminated under the terms of the 2022 Pre-IPO Plan. The remaining life of the 2022 Pre-IPO plan is approximately 9 years.

Maximum number of new Shares available for issue

The total number of new Shares issued and may be issued pursuant to all the share options or other types of Awards under the 2022 Pre-IPO Plan will not exceed 6,658,375 Shares as at the Listing Date, representing 5.17% of the Company’s issued share capital upon the Listing (the “**2022 Pre-IPO Plan Scheme Mandate**”).

Given that no further share options or Awards would be granted under the 2022 Pre-IPO Plan after Listing, the outstanding number of share options and Awards would be equivalent to the maximum number of Shares available for issue under the 2022 Pre-IPO Plan. As at January 1, 2023, 6,658,375 new Shares were available for issue under the 2022 Pre-IPO Plan Scheme Mandate. During the Reporting Period, no new Shares were issued pursuant to the 2022 Pre-IPO Plan. As at June 30, 2023, 6,658,375 new Shares were available for issue under the 2022 Pre-IPO Plan Scheme Mandate.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The table below shows details of the outstanding share options granted to all grantees under the 2022 Pre-IPO Plan as at June 30, 2023. For further details on the movement of the options during the Reporting Period, please see Note 24 to the condensed interim consolidated financial information.

Name or category of Grantee	Role and Position held in the Group	Date of grant	Vesting Period ⁽²⁾	Outstanding as at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2023 ⁽¹⁾	Exercise price (HK\$)	Closing price of Shares immediately before the grant during the Reporting Period (HK\$)	Weighted average closing price of the Company's shares immediately before the vesting date during the Reporting Period (HK\$)	Performance targets
Directors, chief executive, substantial shareholders and associates													
Yi (Aileen) Wang	Executive Director and Chief Executive Officer	November 10, 2022	4 years	2,034,006	-	-	-	-	2,034,006	46.0	-	N/A	N/A
Other grantees in category													
Other Employees in aggregate	Employees ⁽³⁾	November 10 – November 21, 2022	4 years	4,624,369	-	-	-	-	4,624,369	46.0	-	N/A	N/A
TOTAL				6,658,375	-	-	-	-	6,658,375				

Note:

- Details of the fair value of the options as at the date of grant and the accounting standard and policy adopted are set out in Note 29(c) to the Accountant's Report of the Appendix I to the Prospectus and Note 24(c) to the condensed interim consolidated financial information in this report.
- The vesting period shall commence on the Listing Date. The exercise period of the options granted shall commence from the date on which the relevant options become vested and end on the 10th anniversary of the grant date, subject to the terms of the 2022 Pre-IPO Plan and the option award agreement signed by the grantee.
- Further details of the roles and positions held by the grantees are set out in the section headed "Statutory and General Information – Share Incentive Plans and Bonus Plans – The 2022 Pre-IPO Plan" of Appendix IV to the Prospectus.



CORPORATE GOVERNANCE AND OTHER INFORMATION

3. 2022 First Share Incentive Plan

Maximum number of award Shares available for issue

We may grant Awards in the form of share options and share awards funded by new ordinary shares of our Company under the 2022 First Share Incentive Plan.

The total number of Award Shares which may be issued pursuant to all Awards to be granted under the 2022 First Share Incentive Plan together with the number of Shares which may be issued pursuant to any awards to be granted under any other share schemes of the Company is 12,000,000 Shares, being approximately 9.33% (which is not more than 10%) of the Shares in issue on the Listing Date (the “**Scheme Mandate Limit**”). For the avoidance of doubt, Shares issued or to be issued pursuant to awards made under the 2021 Plan and the 2022 Pre-IPO Plan shall not be subject to the Scheme Mandate Limit. Shares which would have been issued pursuant to Awards which have lapsed in accordance with the terms of the plan (or the terms of any other share schemes of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The 2022 First Share Incentive Plan shall terminate on the earlier of: (a) the expiry of the scheme period, being the period of 10 years commencing on the adoption date (i.e. the Listing Date) and ending on the 10th anniversary of the adoption date of the plan; and (b) such date of early termination as determined by the Board. The remaining life of the 2022 First Share Incentive Plan is approximately 9 years and 6 months.

Further details of the 2022 First Share Incentive Plan are set out in the section headed “Statutory and General Information – Share Incentive Plans and Bonus Plans – The 2022 First Share Incentive Plan” of Appendix IV to the Prospectus.

During the period since the Listing Date (on which the 2022 First Share Incentive Plan became effective) up to June 30, 2023, 263,225 Awards in the form of options were granted and no other share awards were granted, exercised, exercised, cancelled or lapsed pursuant to the 2022 First Share Incentive Plan. As such, as at June 30, 2023, the number of Shares available for future grant under the Scheme Mandate Limit will be 11,736,775 Shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The table below shows details of the share options granted to all grantees under the 2022 First Share Incentive Plan as at June 30, 2023.

Name or category of Grantee	Role and Position held in the Group	Date of grant	Vesting Period	Exercise Period	Outstanding as at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2023	Exercise price (HK\$)	Closing price of Shares immediately before the grant during the Reporting Period	Fair value of Options at the date of grant during the Reporting Period and the accounting standard and policy adopted (US\$) ⁽¹⁾	Weighted average closing price of the Company's shares immediately before the exercise date during the Reporting Period	Performance targets
Employees Participants in aggregate	Employees	April 12, 2023	4 years	Not more than 10 years from the date of grant	N/A	263,225	-	-	-	263,225	63.60	63.60	4.25	N/A	N/A
TOTAL					N/A	263,225	-	-	-	263,225					

Note:

(1) Details of the fair value of the options as at the date of grant and the accounting standard and policy adopted are set out in Note 24(C) to the condensed interim consolidated financial information in this report.

For further details of the share options granted under the 2022 First Share Incentive Plan during the Reporting Period, please refer to the announcement published by the Company on April 12, 2023.



CORPORATE GOVERNANCE AND OTHER INFORMATION

4. 2022 Second Share Incentive Plan

We may grant Awards in the form of share options and share awards funded by existing ordinary shares of our Company under the 2022 Second Share Incentive Plan. The total number of award Shares which may be granted under the 2022 Second Share Incentive Plan is 3,000,000 Shares, which shall consist of existing Shares only. For the avoidance of doubt, no new Shares shall be issued by the Company pursuant to the 2022 Second Share Incentive Plan.

The 2022 Second Share Incentive Plan shall terminate on the earlier of: (a) the expiry of the scheme period, being the period of 10 years commencing on the adoption date (i.e. the Listing Date) and ending on the 10th anniversary of the adoption date of the plan; and (b) such date of early termination as determined by the Board. The remaining life of the 2022 Second Share Incentive Plan is approximately 9 years and 6 months.

Further details of the 2022 Second Share Incentive Plan are set out in the section headed “Statutory and General Information – Share Incentive Plans and Bonus Plans – The 2022 Second Share Incentive Plan” of Appendix IV to the Prospectus.

During the period since the Listing Date (on which the 2022 Second Share Incentive Plan became effective) up to June 30, 2023, no awards had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the 2022 Second Share Incentive Plan. As at 30 June 2023, the total number of Shares available for grant under the 2022 Second Share Incentive Plan was 3,000,000 Shares.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Board of Directors of DPC Dash Ltd

(incorporated in the British Virgin Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 35 to 71, which comprises the condensed interim consolidated balance sheet of DPC Dash Ltd (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2023 and the condensed interim consolidated statement of comprehensive income, the condensed interim consolidated statement of changes in equity and the condensed interim consolidated statement of cash flows for the six-month period then ended, and selected explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, August 29, 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000
Revenue	6	1,376,370	908,789
Raw materials and consumables cost		(380,446)	(247,193)
Staff compensation expenses	8	(545,772)	(336,908)
Depreciation of right-of-use assets	14	(108,385)	(90,984)
Depreciation of plant and equipment	14	(72,241)	(56,673)
Amortization of intangible assets	14	(25,541)	(23,477)
Utilities expenses		(49,272)	(37,305)
Advertising and promotion expenses		(81,077)	(53,873)
Store operation and maintenance expenses		(84,940)	(57,676)
Variable lease rental payment, short-term rental and other related expenses		(30,993)	(14,231)
Other expenses	7	(67,772)	(45,211)
Fair value change of financial liabilities at fair value through profit or loss ("FVPL")	21	119,331	(1,079)
Other income	9	12,716	19,889
Other losses, net	9	(4,584)	(1,587)
Finance costs, net	10	(29,298)	(48,218)
Profit/(loss) before income tax		28,096	(85,737)
Income tax expense	11	(19,345)	(9,738)
Profit/(loss) for the period attributable to equity holders of the Company		8,751	(95,475)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000
Other comprehensive profit/(losses):			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences	19	(11,878)	(15,498)
<i>Item that may not be subsequently reclassified to profit or loss</i>			
Currency translation differences	19	55,597	(13,668)
Changes in the fair value attributable to own credit risk change	19	–	(49)
Other comprehensive profit/(loss) for the period, net of tax		43,719	(29,215)
Total comprehensive profit/(loss) for the period attributable to equity holders of the Company		52,470	(124,690)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company			
– Basic earnings/(loss) per share (RMB)	12	0.08	(1.00)
– Diluted earnings/(loss) per share (RMB)	12	0.07	(1.00)

The above condensed interim consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Notes	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
ASSETS			
Non-current assets			
Plant and equipment	14	551,348	496,004
Right-of-use assets	14	865,423	764,815
Intangible assets	14	1,228,635	1,242,399
Prepayment and deposits	16	48,260	40,456
Deferred income tax assets		36,519	37,154
		2,730,185	2,580,828
Current assets			
Inventories		56,456	66,879
Trade receivables	15	4,909	8,291
Prepayment, deposits and other receivables	16	82,769	69,150
Cash and cash equivalents	17(a)	1,028,891	544,247
Restricted cash	17(b)	200	214
		1,173,225	688,781
Total assets		3,903,410	3,269,609
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	18	877,957	655,061
Share premium	18	2,249,714	1,162,036
Other reserves	19	69,925	40,023
Accumulated losses		(1,086,895)	(1,091,161)
Shares held for restricted share units ("RSUs")	18	(1,731)	(12,834)
Total equity		2,108,970	753,125

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Notes	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	20	200,000	200,000
Financial liabilities at fair value through profit or loss	21	–	858,894
Lease liabilities		730,742	649,975
Other payables	23	16,240	12,184
		946,982	1,721,053
Current liabilities			
Lease liabilities		204,343	180,247
Trade payables	22	128,193	126,746
Contract liabilities	6(a)	35,990	31,119
Accruals and other payables	23	469,994	440,700
Current income tax liabilities		8,938	16,619
		847,458	795,431
Total liabilities		1,794,440	2,516,484
Total equity and liabilities		3,903,410	3,269,609
Net current assets/(liabilities)		325,767	(106,650)

The above condensed interim consolidated balance sheet should be read in conjunction with the accompanying notes.

Yi Wang

Director

Ting Wu

Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Note	Attributable to owners of the Company					Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Shares held for RSUs RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	
(Unaudited)							
Balance at January 1, 2023		655,061	1,162,036	(12,834)	40,023	(1,091,161)	753,125
Comprehensive income							
Profit for the period		-	-	-	-	8,751	8,751
Other comprehensive income	19	-	-	-	43,719	-	43,719
Total comprehensive income		-	-	-	43,719	8,751	52,470
Transactions with owners							
Issuance of ordinary shares upon global offering, net of issuance costs	18	93,670	428,647	-	-	-	522,317
Issuance of ordinary shares for RSUs	18	4,040	12,425	(1,731)	(14,734)	-	-
Transfer of vested RSUs	18	-	37,798	12,834	(50,632)	-	-
Issuance of ordinary shares to directors for compensation	18	743	4,004	-	(4,747)	-	-
Conversion of convertible senior ordinary shares to ordinary shares	18	124,443	604,804	-	4,485	(4,485)	729,247
Share-based compensation for directors	24	-	-	-	3,868	-	3,868
Share-based compensation expenses for employees	24	-	-	-	47,943	-	47,943
Total transactions with owners		222,896	1,087,678	11,103	(13,817)	(4,485)	1,303,375
Balance at June 30, 2023		877,957	2,249,714	(1,731)	69,925	(1,086,895)	2,108,970

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company					
	Share capital	Share premium	Shares held for RSUs	Other reserves	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2022	651,496	1,143,738	(12,834)	44,006	(868,529)	957,877
Comprehensive income						
Loss for the period	-	-	-	-	(95,475)	(95,475)
Change in fair value of convertible senior ordinary shares due to credit risk changes	19	-	-	(49)	-	(49)
Other comprehensive loss	19	-	-	(29,166)	-	(29,166)
Total comprehensive income	-	-	-	(29,215)	(95,475)	(124,690)
Transactions with owners						
Share-based compensation expenses for employees	24	-	-	18,064	-	18,064
Total transactions with owners	-	-	-	18,064	-	18,064
Balance at June 30, 2022	651,496	1,143,738	(12,834)	32,855	(964,004)	851,251

The above condensed interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

		Six months ended June 30,	
	<i>Notes</i>	2023 RMB'000 (Unaudited)	2022 RMB'000
Cash flows from operating activities			
Cash generated from operations		201,149	193,796
Income tax paid		(26,391)	(26,223)
Net cash generated from operating activities		174,758	167,573
Cash flows from investing activities			
Purchase of plant and equipment		(96,069)	(61,164)
Purchase of intangible assets		(13,657)	(7,868)
Interest received		5,903	890
Net cash used in investing activities		(103,823)	(68,142)
Cash flows from financing activities			
Rental deposit payment		(8,721)	(3,917)
Proceeds from borrowings		–	100,000
Repayment to borrowings		–	(180,000)
Payment of principal element of lease liabilities		(96,906)	(70,546)
Payment of interest element of lease liabilities		(27,925)	(26,326)
Interests paid		(4,853)	(8,824)
Proceeds from issuance of new shares		548,921	–
Payment of listing expense		(23,977)	(1,603)
Net cash generated from/(used in) financing activities		386,539	(191,216)
Net increase/(decrease) in cash and cash equivalents		457,474	(91,785)
Cash and cash equivalents at beginning of the period	17	544,247	656,672
Exchange difference on cash and cash equivalents		27,170	12,057
Cash and cash equivalents at end of the period	17	1,028,891	576,944

The above condensed interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

1 GENERAL INFORMATION

DPC Dash Ltd (the “Company”) (previously named Dash Brands Ltd.) is a limited liability company incorporated in British Virgin Islands on April 30, 2008. The address of its registered office is Kingston Chambers, P.O.Box 173 Road Town, Tortola, British Virgin Islands.

The Company, an investment holding company, and its subsidiaries (collectively, the “Group”) are principally engaged in the operation of fast-food restaurant chains in the People’s Republic of China (the “PRC”).

Dash DPZ China Limited (“DPZ China”) held 100% equity interests in Pizzavest China Ltd., which was Domino’s Pizza’s master franchisee in Mainland China, the Hong Kong Special Administrative Region of China and the Macau Special Administrative Region of China.

Before July 2017, DPZ China was jointly controlled by the Company and a third party. In July 2017, the Company issued additional shares to the third party to acquire the remaining equity interests in DPZ China (the “Acquisition”). After the Acquisition, DPZ China became a wholly-owned subsidiary of the Company.

The master franchise agreement with Domino’s Pizza International Franchising Inc. (“DPIF”) provides the Group with the exclusive right to develop and operate Domino’s Pizza stores and to use and license Domino’s system and the associated trademarks in the operation of the pizza stores in Mainland China, the Hong Kong Special Administrative Region of China and the Macau Special Administrative Region of China. The term of the master franchise agreement continues until June 1, 2027 and is renewable for two additional 10-year terms, subject to the fulfilment of certain conditions.

The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Listing”) since March 28, 2023.

The condensed interim consolidated financial information is presented in thousands of Renminbi (“RMB’000”), unless otherwise stated. This condensed interim consolidated financial information was approved for issue by the Board of Directors on August 29, 2023.

2 BASIS OF PREPARATION

This condensed interim consolidated financial information for the six months ended June 30, 2023 has been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. The condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements included in the Accountant’s Report (the “Accountant’s Report”) set forth in Appendix I to the Company’s prospectus dated March 16, 2023 (the “Prospectus”), which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and any public announcements made by DPC Dash Ltd during the interim reporting period.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

3 NEW STANDARDS AND INTERPRETATIONS

Except as described below, the accounting policies applied are consistent with those of the consolidated financial statements included in the Accountant's Report.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

(a) New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies as a result of adopting these standards.

		Effective for annual periods beginning on or after
IFRS 17	Insurance contracts	January 1, 2023
IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of accounting policies	January 1, 2023
IAS 8 (Amendments)	Definition of accounting estimates	January 1, 2023
IAS 12 (Amendments)	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023

The Group has adopted International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 upon their release on May 23, 2023. The amendments provide a temporary mandatory exception applying retrospectively from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from December 31, 2023.

As an exception to requirements in the amendments to IAS 12, the Group neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes because no new legislation to implement the top-up tax was enacted or substantively enacted at December 31, 2022 in any jurisdiction in which the Group operates.

The relief and the new disclosures will also be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2023.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

3 NEW STANDARDS AND INTERPRETATIONS (Continued)

(b) New standards and amendments to standards and interpretations not yet adopted

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning January 1, 2023 and have not been early adopted by the Group in preparing this condensed interim consolidated financial information.

		Effective for annual periods beginning on or after
IAS 1 (Amendments)	Non-current liabilities with covenants	January 1, 2024
IFRS 16 (Amendments)	Lease liability in sale and leaseback	January 1, 2024
IFRS 10 and IAS 28 (Amendments)	Sales or Contribution Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Board of Directors.

The condensed interim consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements included in the Accountant's Report presented in the Prospectus.

There have been no changes in the risk management policies during the six months ended June 30, 2023.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

4 FINANCIAL RISK MANAGEMENT (Continued)

4.2 Liquidity risk

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
(Unaudited)					
As at June 30, 2023					
Borrowings and interest payments	9,600	108,413	102,133	–	220,146
Lease liabilities and interest payments	254,686	228,700	190,957	413,367	1,087,710
Trade payables (Note 22)	128,193	–	–	–	128,193
Accrual and other payables (excluding salary and welfare payables and provision for restoration costs)	325,855	–	–	–	325,855
	718,334	337,113	293,090	413,367	1,761,904
As at December 31, 2022					
Borrowings and interest payments	9,600	9,600	205,707	–	224,907
Lease liabilities and interest payments	230,537	206,334	172,348	383,815	993,034
Trade payables (Note 22)	126,746	–	–	–	126,746
Accrual and other payables (excluding salary and welfare payables and provision for restoration costs)	310,717	–	–	–	310,717
Financial liabilities at FVPL (Note 21)	–	936,182	–	–	936,182
	677,600	1,152,116	378,055	383,815	2,591,586

4.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or draw down of new borrowings.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowing divided by total equity.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Capital management (Continued)

The gearing ratios at June 30, 2023 and December 31, 2022 were as follows:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
Total borrowings	200,000	200,000
Total equity	2,108,970	753,125
Gearing ratio	9%	27%

4.4 Fair value measurement

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The nominal values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

4 FINANCIAL RISK MANAGEMENT (Continued)

4.4 Fair value measurement (Continued)

The following table summarizes the level inputs information of financial liabilities at June 30, 2023 and December 31, 2022.

	As at June 30, 2023 (Unaudited)			As at December 31, 2022		
	Level 1 inputs	Level 2 inputs	Level 3 inputs	Level 1 inputs	Level 2 inputs	Level 3 inputs
Convertible senior ordinary shares	-	-	-	-	-	858,894

Please refer to Prospectus for the methodology and key assumptions as adopted by management in determining the fair value of these financial liabilities.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements included in the Accountant's Report presented in the Prospectus.

6 REVENUE AND SEGMENT INFORMATION

The Group is Domino's Pizza's exclusive master franchisee in Mainland China, the Hong Kong Special Administrative Region of China and the Macau Special Administrative Region of China.

The chief operating decision-maker ("CODM") has been identified as the directors of the Company. The directors review the Group's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segment based on these internal reports.

The directors consider the Group's operation from a business perspective and determine that the Group is managed as one single reportable operating segment.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

6 REVENUE AND SEGMENT INFORMATION (Continued)

During the six months ended June 30, 2023, all the Group's revenue are generated from Mainland China.

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000
Revenue from sales of goods and services recognized – at a point in time	1,376,370	908,789

(a) Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
	Contract liabilities	35,990

(i) Revenue recognized in relation to contract liabilities

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000
Revenue recognized that was included in the balance of contract liabilities at the beginning of the period	15,457	11,502

Each order with customers is considered as a contract. All contracts entered by the Group are for periods one year or less. The Group has applied the practical expedient as permitted by IFRS 15 and the transaction price allocated to the remaining performance obligations is not disclosed.

(b) Non-current assets by geographical location

As at June 30, 2023, most of the Group's non-current assets were located in Mainland China.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

7 OTHER EXPENSES

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000
Professional service expenses	8,974	4,506
Auditor's remuneration	2,703	1,420
Telecommunication and information technology related expenses	15,862	12,111
Travelling and related expenses	11,805	3,144
Listing expenses	19,443	16,599
Others	8,985	7,431
	67,772	45,211

8 STAFF COMPENSATION EXPENSES (INCLUDING DIRECTOR SERVICE FEES)

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000
Salaries, wages and bonuses	411,029	294,560
Contributions to pension plan	27,809	20,141
Housing fund, medical insurance and other social insurances	29,683	21,944
Other benefits	3,559	3,601
Total salary-based expenses (a)	472,080	340,246
Share-based compensation (Note 24)	73,692	(3,338)
Total staff compensation cost	545,772	336,908

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

8 STAFF COMPENSATION EXPENSES (INCLUDING DIRECTOR SERVICE FEES) (Continued)

(a) Total salary-based expenses

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000
Salary-based expenses		
– Store level	369,887	262,316
– Corporate level	102,193	77,930
	472,080	340,246

9 OTHER INCOME AND OTHER LOSSES, NET

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000
Other income		
Government grants income (i)	7,141	4,336
Value-added tax additional deductions (ii)	3,950	14,218
Interest income on discount of rental deposit	1,625	1,335
	12,716	19,889
Other losses, net		
Impairment charge of right-of-use assets (Note 14)	72	–
Impairment charge of plant and equipment (Note 14)	470	–
Net foreign exchange losses on operating activities	1,110	805
Loss on disposal of plant and equipment and intangible assets	(2,916)	(3,383)
Gain on termination of lease contracts	1,185	454
Loss on cancelation of value-added-tax recoverable	(4,142)	–
Others	(363)	537
	(4,584)	(1,587)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

9 OTHER INCOME AND OTHER LOSSES, NET (Continued)

- (i) For the six months ended June 30, 2023, government grants mainly represented subsidy granted by the government authorities in the PRC. The Group has received all the government grants income and there was no future obligation related to these subsidy income.
- (ii) For the six months ended June 30, 2023, these primarily comprised of the 5% or 10% (for the six months ended June 30, 2022: 10% or 15%) additional deduction of input VAT from output VAT applicable to certain subsidiaries of the Group (as either producer service companies or consumer service companies).

10 FINANCE COSTS, NET

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000
Interest income on cash at bank	5,903	890
Interest expenses	(33,243)	(35,443)
– Bank borrowings	(4,827)	(8,760)
– Lease liabilities (Note 14)	(27,925)	(26,326)
– Long-term payables	(491)	(357)
Guarantee fee for bank borrowings (i)	–	(12,269)
Net foreign exchange losses on financing activities	(1,958)	(1,396)
	(29,298)	(48,218)

- (i) In March 2022, the Company has repaid the bank borrowings which were secured by the corporate guarantee from one of the shareholders, Good Taste Limited and one of the directors of the Company, and the guarantee had been released accordingly.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

11 INCOME TAX EXPENSE

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000
Current income tax		
– Mainland China corporate income tax	18,710	19,490
Deferred income tax	635	(9,752)
Income tax expense	19,345	9,738

(i) B.V.I. profits tax

The Company is incorporated in the British Virgin Islands as an exempted company with limited liability under the Companies Law of the British Virgin Islands and, accordingly, is exempted from payment of British Virgin Islands income tax.

(ii) Hong Kong profits tax

The Hong Kong profits tax rate applicable to the Group is 16.5%. No Hong Kong profits tax has been provided, as the Group have no assessable profit earned or derived in Hong Kong for the periods presented.

(iii) Cayman Islands profits tax

The Company's subsidiary is incorporated in the Cayman Islands as an exempted company with limited liability and, accordingly, is exempted from payment of the Cayman Islands income tax.

(iv) Mainland China corporate income tax ("CIT")

CIT is provided on the taxable income of entities within the Group incorporated in Mainland China. Except as disclosed below, the corporate income tax rate applicable to the subsidiaries incorporated in Mainland China is 25% for the six months ended June 30, 2023 (for the six months ended June 30, 2022: 25%). Certain subsidiaries of the Group are qualified as small and micro businesses and enjoy preferential income tax rate as approved by the local tax authorities with effect from the respective dates of their establishment. The tax rate is 5% on taxable income for the six months ended June 30, 2023 (for the six months ended June 30, 2022: 2.5% on taxable income for the first RMB1,000,000, and 5% on taxable income for RMB1,000,000 to RMB3,000,000).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

12 EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares (excluding RSU not yet vested) in issue during the respective periods.

	Six months ended June 30,	
	2023 (Unaudited)	2022
Profit/(loss) attributable to equity holders of the Company (RMB'000)	8,751	(95,475)
Weighted average number of ordinary shares in issue (thousands)	113,462	95,031
Basic earnings/(loss) per share (RMB)	0.08	(1.00)

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options and RSU not yet vested. For the six months ended June 30, 2022, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

	Six months ended June 30,	
	2023 (Unaudited)	2022
Profit/(loss) attributable to equity holders of the Company (RMB'000)	8,751	(95,475)
Weighted average number of ordinary shares in issue (thousands)	113,462	95,031
Adjustments for share options and RSU (thousands)	11,107	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	124,569	95,031
Diluted earnings/(loss) per share (RMB)	0.07	(1.00)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

13 DIVIDENDS

No dividend had been declared or paid by the Company during the six months ended June 30, 2023 (for the six months ended June 30, 2022: nil).

14 PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND LEASES

(a) Movements in plant and equipment, intangible assets and leased properties

	Plant and equipment RMB'000	Intangible assets RMB'000	Leased properties RMB'000	Total RMB'000
(Unaudited)				
Six months ended June 30, 2023				
Opening net book amount as at January 1, 2023	496,004	1,242,399	764,815	2,503,218
Additions	130,022	9,090	208,921	348,033
Disposals	(2,907)	(9)	–	(2,916)
Depreciation and amortisation	(72,241)	(25,541)	(108,385)	(206,167)
Impairment	470	–	72	542
Exchange differences	–	2,696	–	2,696
Closing net book amount as at June 30, 2023	551,348	1,228,635	865,423	2,645,406
Six months ended June 30, 2022				
Opening net book amount as at January 1, 2022	427,050	1,254,006	637,619	2,318,675
Additions	65,138	7,868	125,810	198,816
Disposals	(3,171)	(13)	–	(3,184)
Depreciation and amortisation	(56,673)	(23,477)	(90,984)	(171,134)
Exchange differences	–	3,594	–	3,594
Closing net book amount as at June 30, 2022	432,344	1,241,978	672,445	2,346,767

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

14 PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND LEASES (Continued)

(b) Amounts recognized in the condensed interim consolidated statement of comprehensive income related to leases

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000
Depreciation of right-of-use assets		
Leased properties – stores and central kitchens	105,192	88,791
Leased properties – offices	3,193	2,193
	108,385	90,984
Finance costs – net (Note 10)	27,925	26,326
Expense relating to variable lease payments not included in lease liabilities	29,446	12,896
Expense relating to short-term leases	1,386	1,191
Expense relating to leases of low-value assets that are not shown above as short-term leases	161	144
	58,918	40,557

15 TRADE RECEIVABLES

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
Trade receivables due from third parties	5,023	8,483
Less: allowance for impairment of trade receivables	(114)	(192)
	4,909	8,291

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

15 TRADE RECEIVABLES (Continued)

Aging of trade receivables, based on invoice date, are as follows:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
Within 30 days	5,023	8,483

The carrying amounts of trade receivables approximated their fair values as at the balance sheet date due to their short-term maturities, and these balances were all denominated in RMB.

16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
Non-current		
Rental deposits ⁽ⁱⁱ⁾	48,812	40,917
Less: loss allowance for other financial assets at amortized cost	(552)	(461)
	48,260	40,456

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
Current		
Prepayments		
– raw materials	2,735	469
– listing expenses ⁽ⁱ⁾	–	6,150
– others	7,446	5,400
Value-added tax recoverable	58,621	44,522
Rental deposits ⁽ⁱⁱ⁾	8,567	8,829
Other receivables	5,557	3,938
	82,926	69,308
Less: loss allowance for other financial assets at amortized cost	(157)	(158)
	82,769	69,150

(i) The listing expenses were incurred in connection with the Listing of the Group and had been deducted from equity upon the Listing of the Group.

(ii) Rental deposits relate to a number of independent counterparties for whom there is no recent history of default. The existing counterparties do not have significant defaults in the past.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

17 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and cash equivalents

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
Cash at bank	1,028,243	543,765
Cash in hand	648	482
	1,028,891	544,247

(b) Restricted cash

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
Restricted bank account	–	14
Others	200	200
	200	214

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

18 SHARE CAPITAL, SHARES HELD FOR RSUS AND SHARE PREMIUM

	Number of ordinary shares	Share capital amount US\$'000	Share capital amount RMB'000	Share premium RMB'000	Shares held for RSUs RMB'000
Ordinary shares of US\$1 each (Unaudited)					
As at January 1, 2023	97,497,777	97,498	655,061	1,162,036	(12,834)
Issuance of shares to directors for compensation ⁽ⁱ⁾	107,910	108	743	4,004	–
Issuance of new shares upon Listing, net of share issuance costs ⁽ⁱⁱ⁾	13,624,200	13,624	93,670	428,647	–
Conversion of convertible senior ordinary shares to ordinary shares ⁽ⁱⁱⁱ⁾	18,101,019	18,101	124,443	604,804	–
Issuance of ordinary shares for RSUs ^(iv)	584,964	585	4,040	12,425	(1,731)
Transfer of vested RSUs (Note 24)	–	–	–	37,798	12,834
As at June 30, 2023	129,915,870	129,916	877,957	2,249,714	(1,731)
As at January 1, 2022 and June 30, 2022	96,972,094	96,972	651,496	1,143,738	(12,834)

(i) On July 18, 2022, the Group granted 215,820 shares to certain directors for their director service from July 1, 2022 to June 30, 2023. The Group issued 107,910 shares of the Company's shares in the six months ended June 30, 2023 for the service amounted to RMB4,747,000.

(ii) On March 28, 2023, upon the Listing, the Company issued 12,799,000 new ordinary shares at HKD46.00 per share. On April 3, 2023, the Company exercised Over-allotment Option as described in the Prospectus in respect of an aggregate of 825,200 new ordinary shares at HKD46.00 each. The Company raised gross proceeds of approximately HKD626,713,000 (equivalent to approximately RMB548,921,000).

After netting off these gross proceeds with share issuance cost, the respective share capital amount was approximately RMB93,670,000 and share premium arising from the issuance was approximately RMB428,647,000. The share issuance costs paid mainly includes share underwriting commissions, lawyers' fee and other related costs, which are incremental cost directly attributable to the issuance of the new shares. These share issuance costs were treated as a deduction against the share premium arising from the issuance.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

18 SHARE CAPITAL, SHARES HELD FOR RSUS AND SHARE PREMIUM

(continued)

- (iii) Upon the Listing, all the 18,101,019 convertible senior ordinary shares were converted into the same number of ordinary shares (Note 21). The fair value of the aforementioned shares immediately before the conversion was RMB729,247,000, and the conversion resulted in the increase in share capital of RMB124,443,000 and share premium of approximately RMB604,804,000.
- (iv) During the six months ended June 30, 2023, the Group issued 584,964 shares to various employees under 2022 RSUs' scheme (Note 24) with nil consideration, among which 334,952 shares have been vested during the period. The respective share capital amount was approximately RMB4,040,000.

19 OTHER RESERVES

	Currency translation differences RMB'000	Changes in the fair value attributable to credit risk change RMB'000	Share-based compensations RMB'000	Total RMB'000
(Unaudited)				
At January 1, 2023	(32,187)	(4,485)	76,695	40,023
Currency translation differences	43,719	–	–	43,719
Conversion of convertible senior ordinary shares to ordinary shares	–	4,485	–	4,485
Share-based compensation expenses for directors	–	–	3,868	3,868
Issuance of shares to directors for compensation	–	–	(4,747)	(4,747)
Share-based compensation expenses for employees	–	–	47,943	47,943
Issuance of ordinary shares for RSUs	–	–	(14,734)	(14,734)
Transfer of vested RSUs	–	–	(50,632)	(50,632)
As at June 30, 2023	11,532	–	58,393	69,925
At January 1, 2022	15,286	(4,415)	33,135	44,006
Currency translation differences	(29,166)	–	–	(29,166)
Changes in the fair value attributable to credit risk change (Note 21)	–	(49)	–	(49)
Share-based compensation expenses for employees	–	–	18,064	18,064
As at June 30, 2022	(13,880)	(4,464)	51,199	32,855

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

20 BORROWINGS

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings – secured (i)	200,000	200,000

- (i) The loan facility amount of RMB200,000,000 was fully guaranteed by a subsidiary of the Group, out of which RMB100,000,000 should be repayable on March 28, 2025; and the remaining RMB100,000,000 should be repayable on December 7, 2025.
- (ii) The Group's borrowings are all denominated in RMB. The bank borrowings bear interests at a floating interest rate. The floating rate is equal to Libor plus 1.15% and the floating period is half a year. As at June 30, 2023, the effective interest rate is 4.8000% (December 31, 2022: 5.5653%) per annum.
- (iii) As at June 30, 2023, the fair value of the long-term borrowing is approximately RMB200,000,000 (December 31, 2022: RMB200,409,000).

21 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
Convertible senior ordinary shares	–	858,894

On May 4, 2020, the Company issued 8,651,546 fully paid convertible senior ordinary shares ("SOS First Closing"), and on January 29, 2021, the Company issued 8,142,631 fully paid convertible senior ordinary shares ("SOS Second Closing") to Domino's Pizza LLC ("DPI") (Note 26(a)). The shares are redeemable at 100% of its purchase price at US\$4.6234 per share and US\$4.9124 per share respectively with the accrued interests no less than an amount equal to the simple interest accruing annually at the rate of 15% on the earliest of May 4, 2024, which is the fourth anniversary of the issue date of SOS First Closing, if the Company fails to finish an IPO or the occurrence of a material breach of any covenants under a shareholders agreement with DPI.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

21 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(Continued)

On December 10, 2021, the Company issued 1,306,842 fully paid convertible senior ordinary shares (the "2021 SOS") to DPI, which are redeemable at 100% of its purchase price at US\$6.9500 per share with the accrued interests no less than an amount equal to the simple interest accruing annually at the rate of 8% on the earliest of May 4, 2024, which is the fourth anniversary of the issue date of SOS First Closing, if the Company fails to finish an IPO or the occurrence of a material breach of any covenants under a shareholders agreement with DPI.

All convertible senior ordinary shares were converted into ordinary shares on a one-to-one ratio upon the Listing, pursuant to which approximately RMB124,443,000 was recognised as share capital and approximately RMB604,804,000 was recognised as share premium. Fair value changes amounting to approximately RMB119,331,000, representing the differences between the fair value of the convertible senior ordinary shares as at December 31, 2022 and the IPO price of HKD46.0 per share for total of 18,101,019 shares, were recognised in profit or loss. The fair value gain of financial instruments is a non-cash item, and there will be no further gains or losses on fair value changes from these senior ordinary shares after the conversion upon the Listing.

The movement of the convertible senior ordinary shares are set out as below:

	SOS First Closing RMB'000	SOS Second Closing RMB'000	2021 SOS RMB'000	Total RMB'000
(Unaudited)				
As at January 1, 2023	410,281	385,323	63,290	858,894
Fair value changes charged to profit or loss	(56,802)	(52,644)	(9,885)	(119,331)
Conversion of convertible senior ordinary shares to ordinary shares (Note 18)	(348,550)	(328,047)	(52,650)	(729,247)
Exchange difference	(4,929)	(4,632)	(755)	(10,316)
As at June 30, 2023	-	-	-	-
As at January 1, 2022	374,701	351,817	57,908	784,426
Fair value changes charged to profit or loss	524	550	5	1,079
Fair value changes charged to other comprehensive income	24	25	-	49
Exchange difference	19,743	18,538	3,051	41,332
As at June 30, 2022	394,992	370,930	60,964	826,886

The fair value of convertible senior ordinary shares was principally developed through the application of discounted cash flow and equity allocation.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

22 TRADE PAYABLES

The aging analysis of trade payables, based on invoice date, were as follows:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
– Within 3 months	128,036	126,715
– Between 4 months to 6 months	65	22
– Over 6 months	92	9
	128,193	126,746

The carrying amounts of trade payables approximated their fair values as at the balance sheet date due to their short-term maturities, and these balances were all denominated in RMB.

23 ACCRUALS AND OTHER PAYABLES

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
Non-current		
Salary and welfare payables	–	2,196
Provision for restoration costs	16,240	9,988
	16,240	12,184
Current		
Payables for stock appreciation rights	–	2,144
Salary and welfare payables	145,260	124,210
Payables for plant and equipment and intangible assets	110,158	80,772
Accrued expenses ⁽ⁱ⁾	186,331	171,032
Accrued listing expenses	6,376	42,737
Others	21,869	19,805
	469,994	440,700
Total accruals and other payables	486,234	452,884

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

23 ACCRUALS AND OTHER PAYABLES (Continued)

- (i) Accrued expenses primarily include accrued advertising and promotion expenses, accrued information technology expenses, accrued professional service expenses, accrued utilities expenses, accrued store operation expenses and accrued royalty expenses.

The carrying amounts of accruals and other payables approximated their fair values.

24 SHARE-BASED COMPENSATION EXPENSE/(REVERSAL)

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000
Directors' compensation	3,868	6,676
Stock appreciation rights (a)	(21)	(28,078)
RSUs (b)	16,822	18,064
Share options (c)	31,121	–
IPO Bonus (d)	21,902	–
Subtotal – Share-based compensation expense for employees including directors	73,692	(3,338)
Share-based compensation for guarantee for bank borrowings (Note 10)	–	12,269
	73,692	8,931

(a) Stock appreciation rights ("SAR")

On January 1, 2018, the Company adopted the SAR to encourage key employees and directors to contribute to the success of the Group and to operate and manage the Group's business in a manner that will provide for the Group's long-term growth and profitability.

The first 50% of SAR will be vested up to 12.5% as of each of the first, second, third and fourth anniversaries of the vesting commencement, subject to the achievement of certain performance-based metrics. The other 50% will be vested on the occurrence of an IPO and subject to such participant's continuous service from the grant date through the IPO date.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

24 SHARE-BASED COMPENSATION EXPENSE/(REVERSAL) (Continued)

(a) Stock appreciation rights ("SAR") (Continued)

The awards granted by the Company gives the employee the right to receive cash of which the value is dependent on the appreciation in the Company's equity value between the grant date and the exercise date. Such amount is payable by the Company upon the completion of an IPO.

On January 1, 2021, the Group cancelled the SAR for some employees and has reversed expenses of approximately RMB27,978,000 accordingly.

On April 30, 2022, the Group cancelled the SAR for the remaining employees and reversed expenses of RMB29,781,000 in 2022. At this point, the Group has cancelled the SAR for all existing employees. The Group cancelled the cash settled SAR and granted equity settled RSUs instead for long term incentive purposes. Total expenses arising from SAR to profit or loss for the six months ended June 30, 2022 was approximately RMB1,703,000.

The Company true up expense upon the Listing and the reversal expense of SAR to profit or loss for the six months ended June 30, 2023 was approximately RMB21,000. In April 2023, the SAR payment was fully settled with the participants in a lump sum.

(b) RSUs

According to the board resolution dated January 1, 2021, the Company set up a share incentive plan (the "2021 Plan") with a maximum aggregate 7,000,000 ordinary shares that may be issued under the 2021 Plan. On the same date, award agreements were entered with various employees which granted a total of 4,023,785 restricted share units ("2021 RSUs").

Pursuant to the board resolution and award agreements, all the 4,023,785 restricted share units were granted and vested immediately on January 1, 2021. However, 50% of each employee's vested RSUs and the underlying ordinary shares issued to the employees will be forfeited and terminated if the employees leave the Company before the completion of the IPO of the Company, which was treated as a vesting condition in accounting.

According to the board resolution dated April 30, 2022, the Company granted 1,266,075 restricted share units to certain employees ("2022 RSUs"). There are various vesting conditions, either vest on the completion of the IPO of the Company or vest with service conditions.

Expenses arising from this equity settled share-based compensation amounted to approximately RMB16,822,000, which were recognized in profit or loss for the six months ended June 30, 2023 (for the six months ended June 30, 2022: RMB18,064,000).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

24 SHARE-BASED COMPENSATION EXPENSE/(REVERSAL) (Continued)

(b) RSUs (Continued)

The fair value of the shares granted and the key assumptions to the valuation at the grant date are summarized as below:

	As at April 30, 2022	As at January 1, 2021
Fair value of the shares granted (US\$ per share)	6.20	3.83
Revenue growth rate	9.2%-26.9%	11.4%-37.8%
Pre-tax discount rate	18.3%	19.1%
Terminal growth rate	2.5%	2.5%

	Numbers of RSUs
(Unaudited)	
Outstanding as at January 1, 2023	3,068,372
Granted during the period	-
Vested during the period	(2,346,844)
Outstanding as at June 30, 2023	721,528
Outstanding as at January 1, 2022	2,011,892
Granted during the period	1,266,075
Vested during the period	(209,595)
Outstanding as at June 30, 2022	3,068,372

(c) Share options

In November 2022, 6,658,375 share options were granted to 45 existing directors, senior management and other employees of the Group under the share option plan as approved by Board on September 9, 2022 ("2022 Pre-IPO Plan"). The exercise price of the options will be equal to the final IPO price and the share options are subject to certain service conditions over a vesting period of 1 to 4 years and the occurrence of an IPO of the Company. In April 2023, 263,225 share options were granted to 6 senior management of the Group under the share option plan as approved by Shareholders on November 29, 2022 ("2022 First Share Incentive Plan"). The exercise price of the options is equal to the closing price per share on the date of grant and subject to certain service conditions over a vesting period of 1 to 4 years. The related share-based payment expenses will be recognized over the vesting period and the total amount as charged to profit or loss for the six months ended June 30, 2023 amounted to approximately RMB31,121,000 (for the six months ended June 30, 2022: Nil).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

24 SHARE-BASED COMPENSATION EXPENSE/(REVERSAL) (Continued)

(c) Share options (Continued)

- (i) Set out below are summaries of the options as granted under the 2022 Pre-IPO Plan:

	Average exercise price per share	Number of Options
(Unaudited)		
As at January 1, 2023		6,658,375
Granted during the period	HKD63.6	263,225
As at June 30, 2023		6,921,600
As at January 1, 2022 and June 30, 2022	–	–

- (ii) The terms and conditions of the share options is as follows:

Grant date	Expiry date	Exercise price	Fair value at grant date	Number of options
2022/11/10	2032/11/9	HKD46.0	USD2.86-USD3.33	2,919,397
2022/11/21	2032/11/20	HKD46.0	USD2.84-USD3.29	3,738,978
2023/4/12	2033/4/11	HKD63.6	USD4.25	263,225

- (iii) The key assumptions of determining the fair value of the share options under Binary-tree model:

	Grant date		
	2022/11/10	2022/11/21	2023/4/12
Exercise price	HKD46.0	HKD46.0	HKD63.6
Risk-free interest rate	3.98%	3.59%	3.05%
Expected volatility	41.19%	41.23%	49.17%

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

24 SHARE-BASED COMPENSATION EXPENSE/(REVERSAL) (Continued)

(d) IPO bonus

In November 2022, the Board approved the adoption of Bonus Plan for certain senior management and the CEO of the Group. The amount of cash bonus will be determined based on the post-money IPO equity valuation at the IPO date and for an eligible senior management, plus the variance of the share price within one year after IPO.

Expenses arising from IPO bonus amounted to approximately RMB21,902,000, which was recognized in profit or loss for the six months ended June 30, 2023 (for the six months ended June 30, 2022: Nil).

The key assumptions to the valuation at the grant date under Monte-Carlo model are summarized as below:

	As at June 30, 2023	As at December 31, 2022
Risk-free interest rate	4.22%	4.44%
Expected volatility	46.48%	44.09%

25 COMMITMENTS

(a) Capital commitments

The table below sets forth the Group's capital commitments as of the respective balance sheet dates:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
Contracted but not provided for	94,199	62,683

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

25 COMMITMENTS (Continued)

(b) Lease commitments

Future minimum short-term and low-value leases payables under non-cancellable operating leases of the Group as at the reporting dates are as follows:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
– No later than 1 year	1,657	526

26 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions.

The shareholders who have significant influence over the Group, directors, members of key management and their close family members of the Group are also considered as related parties. In the opinion of the Directors, the related party transactions were carried out in normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Related parties of the Group

Name of related parties	Relationship
DPI	A shareholder
DPIF	Subsidiary company of DPI
Domino's Pizza Distribution LLC ("DPD")	Subsidiary company of DPI
Good Taste Limited ("GTL")	A shareholder
James Marshall	A director of the Company

Note:

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended June 30, 2023 and 2022, and balances arising from related party transactions as at the respective balance sheet dates.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

26 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Transactions with related parties

		Six months ended June 30,	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	
(i)	Pulse license* fee and enhancement fee – DPD	3,994	2,766
* store operation system authorized for use by DPD at an agreed fee.			
(ii)	Store franchise fees – DPIF	2,689	1,125
(iii)	Royalty fee* – DPIF	34,339	25,298

* A sale-based royalty under the franchise agreement with DPIF, which will be charged by DPIF when each sales order occurs.

		Six months ended June 30,	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	
(iv)	Director service fee – DPI	710	605
	– GTL	1,296	2,346
		2,006	2,951
(v)	Guarantee fee – GTL and James Marshall	–	12,269

During the six months ended June 30, 2022, certain of the Group's bank borrowings and banking facilities were secured by Good Taste Limited and the personal guarantee from James Marshall. The guarantee was released in April 2022.

The above related party transactions were carried out on terms mutually agreed among the parties in concern.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

26 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Balances with related parties

Non-trade in nature:

Amounts due to related parties

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
(i) Accruals and other payables		
– DPIF	11,890	21,046
– DPD	3,936	899
	15,826	21,945

27 SUBSEQUENT EVENTS

No significant events took place subsequent to June 30, 2023.



DEFINITIONS

“2021 Plan”	the share incentive plan our Company adopted on January 1, 2021, as amended from time to time, the principal terms of which are set out in “Statutory and general information – Share Incentive Plans and bonus plans” in Appendix IV of the Prospectus
“2022 First Share Incentive Plan”	the post-IPO share incentive plan our Company adopted on November 29, 2022, as amended from time to time, the principal terms of which are set out in “Statutory and general information – Share Incentive Plans and bonus plans” in Appendix IV of the Prospectus
“2022 Pre-IPO Plan”	the pre-IPO share incentive plan our Company adopted on September 9, 2022, as amended from time to time, the principal terms of which are set out in “Statutory and general information – Share Incentive Plans and bonus plans” in Appendix IV of the Prospectus
“2022 Second Share Incentive Plan”	the post-IPO share incentive plan our Company adopted on November 23, 2022, as amended from time to time, the principal terms of which are set out in “Statutory and general information – Share Incentive Plans and bonus plans” in Appendix IV of the Prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board” or “Board of Directors”	the board of directors of the Company
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China and, except where the context requires otherwise and only for the purposes of this interim report, references to China or the PRC exclude Hong Kong, Macau and Taiwan
“Company”	DPC Dash Ltd 达势股份有限公司, a business company incorporated with limited liability in the BVI on April 30, 2008
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. James Leslie Marshall, Ocean Investments Limited and Good Taste Limited



DEFINITIONS

“CG Code”	the Corporate Governance Code as set out in Part 2 of the Appendix 14 of the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Global Offering”	has the meaning as defined and described in the Prospectus
“Group”	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“IPO”	initial public offering of the Shares on March 28, 2023
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on March 28, 2023
“Listing Date”	March 28, 2023
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“Over-allotment Option”	has the meaning as defined and described in the Prospectus
“Prospectus”	the prospectus of the Company published on March 16, 2023 in connection with the IPO and the Listing
“RMB”	Renminbi, the lawful currency of PRC



DEFINITIONS

“Reporting Period”	the six months ended June 30, 2023
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Incentive Plans”	the 2021 Plan, the 2022 Pre-IPO Plan, the 2022 First Share Incentive Plan and the 2022 Second Share Incentive Plan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“%”	percent

- * The English names of the PRC entities (including schools), PRC laws or regulations, and the PRC governmental authorities referred to in this interim report are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.