This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. Moreover, there are risks associated with any investment. Some of the particular risks of investing in our Shares are set out in "Risk factors". You should read the entire document carefully before you decide to invest in our Shares. Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of technical terms".

OVERVIEW

Who we are

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 the Latest Practicable Date, we directly operated 569 stores across 14 cities in the China mainland.

Our global franchisor, Domino's Pizza, Inc., is the world's largest pizza company in terms of 2021 global retail sales, with more than 19,500 stores in over 90 markets around the world as of September 11, 2022. Over its 62-year history, Domino's has developed a differentiated business model focused on serving handcrafted, quality pizza at a competitive price, with easy ordering access and efficient delivery, enhanced by technology.

We have adapted and built upon the Domino's business model by localizing its key features for China and its consumers. Since 2018, when most of our current core executive management team joined our Company, we have been focused on expanding our store network. This has enabled us to become the fastest growing among China's top five pizza brands, as well as the third largest in terms of 2021 revenue, according to the Frost & Sullivan Report. Over the Track Record Period, the number of our stores increased by 170% to 508 stores as of June 30, 2022. Against the backdrop of this rapid growth, we incurred net losses during the Track Record Period. We may continue to incur net losses in the future, including during the next three to five years, and may not become profitable. We plan to continue our rapid growth while working towards long-term profitability, as we believe a broad, nationwide store network is key to our future success and competitiveness. In the long term, our goal is to become the number one pizza company in China, as other Domino's Pizza's franchisees have done in Asia, Europe and North America.

We have operated Domino's Pizza stores since December 2010, when we acquired Pizzavest China Ltd., which at that time was Domino's Pizza's master franchisee in Beijing, Tianjin, Shanghai, Jiangsu Province and Zhejiang Province. In June 2017, we renewed the Master Franchise Agreement with Domino's International, a subsidiary of Domino's Pizza, Inc., under which our franchise area was extended to the entire China mainland, the Hong Kong Special Administrative Region of China and the Macau Special Administrative Region of China, with an initial term of 10 years, which may be renewed at our option for two additional 10-year terms, subject to the fulfillment of certain conditions.

Our market opportunity

The China pizza market is large, fast-growing and in an early stage of development. In 2021, its market size was RMB36.4 billion, which is expected to double and reach RMB68.9 billion by 2026, representing a CAGR of 13.6%, according to the Frost & Sullivan Report. Moreover, the China pizza market remains underserved compared to other East Asian markets, which have similar food cultures to China. For example, in 2021, there were only 10.9 pizza stores per million people in China, compared to 28.1 and 28.3 in Japan and South Korea, respectively, according to the Frost & Sullivan Report.

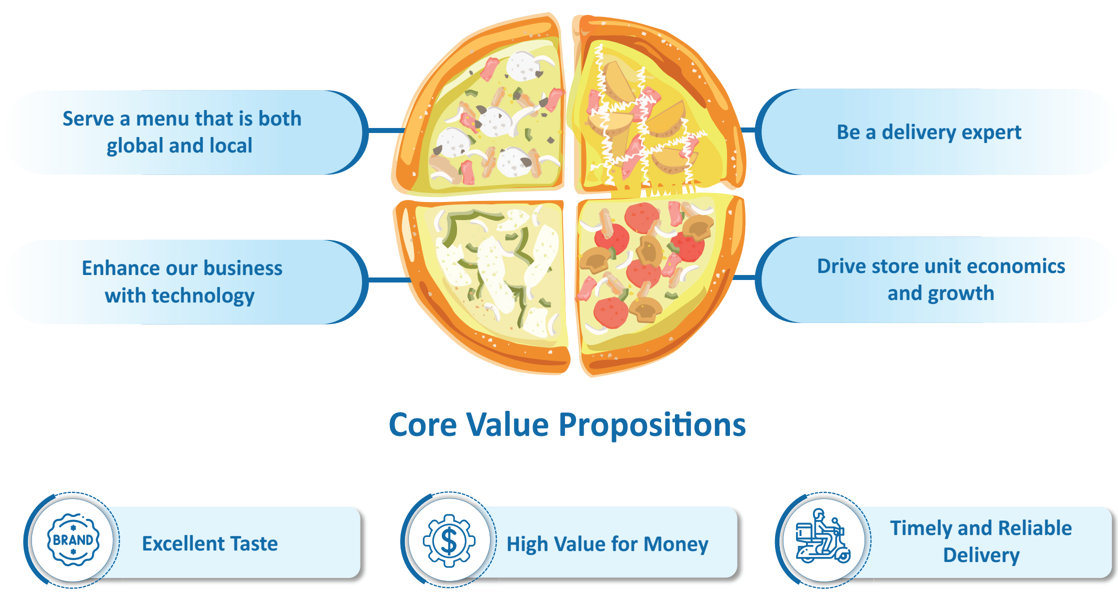
Within the China pizza market, the pizza delivery segment is expected to grow even faster than the overall China pizza market. In 2021, delivery sales amounted to RMB17.9 billion, accounting for 49.2% of the overall China pizza market. From 2021 to 2026, the pizza delivery segment is expected to grow at a CAGR of 19.9% and reach RMB44.3 billion, accounting for 64.3% of the overall China pizza market, according to the Frost & Sullivan Report.

The growth of the China pizza market, as well as the pizza delivery segment, will be driven by increasing disposable incomes and urbanization in China, the growing popularity of pizza among Chinese consumers, and the increased popularity of food delivery services, according to the Frost & Sullivan Report.

We believe that the China pizza market offers a significant market opportunity with significant whitespace for our continued and rapid growth. Additionally, by leveraging our business model, which has enabled us to more than double our market share from 2017 to 2021, we believe that we will continue to capture a growing share of the China pizza market in the future.

Our business model

We are focused on being a pizza expert. By combining the globally recognized Domino's playbook with our knowledge of China, we have developed a unique business model that is purpose-built for serving Chinese consumers delicious, value for money pizza through online channels, with an emphasis on delivery, enhanced by technology. We believe this model is one that sets us apart from our competitors in China, one that has its own Chinese flavors, and one that we believe will ultimately lead us to become China's leading pizza company. The graphic below illustrates the key features and the core values of our unique business model.



The key components of our business model are:

- *Serve a menu that is both global and local.* Our menu infuses the classic, globally-renowned taste of Domino's Pizza with local flavors. It includes classic western favorites, such as pepperoni pizza, as well as offerings designed for Chinese palates, such as our teriyaki beef and potato pizza (照燒風味牛肉土豆比薩). We strategically launch new and creative products to satisfy the evolving preferences of Chinese consumers. Our menu is supported by our supply chain management, logistics management and quality assurance systems, which ensure a high and consistent level of food safety and quality.

- *Be a delivery expert.* We are relentlessly focused on providing our customers with a differentiated delivery experience. To that end, we offer customers a 30-minute delivery promise, which we stand behind by gifting them coupons if we do not fulfill their delivery order within 30 minutes from the time they place their order. We also use a fleet of dedicated delivery riders, which we believe enables us to deliver higher-quality food in a more timely and reliable manner than our competitors. We are the only pizza company in China to have a 30-minute delivery promise serving customers across all sales channels, according to the Frost & Sullivan Report. During the Track Record Period, we fulfilled our delivery promise for approximately 90% of our delivery orders, with an average order fulfillment time of approximately 23 minutes.

- *Enhance our business with technology.* Technology enhances our end-to-end operations, and we enjoy market-leading online order contribution, with approximately 95% of our delivery, carryout and dine-in orders in 2021 and the first half of 2022 placed online, higher than the industry average of less than 70%, according to the Frost & Sullivan Report. To attract customers, we use intelligent marketing strategies powered by data insights. We make order placement easy for customers through our intuitive online channels. Our proprietary customer data platform enables us to understand and serve our customers' specific needs, helping us attract more repeat customers. These customer-facing technologies are complemented by our delivery and supply chain management technologies, which enhance our operations by helping to ensure the quality and safety of our ingredients, as well as the timeliness and reliability of our deliveries.

- *Drive store unit economics and growth.* Our store economic model has provided the foundation for our fast-growing store network and improving profitability in the Track Record Period, and we believe it will enable our continued expansion throughout China.

Our operating and financial results

We have leveraged our unique, focused business model to deliver a track record of rapid growth and improving profitability during the Track Record Period, as evidenced by the following metrics:

- *Revenues.* Our revenues increased by 32.0% from RMB836.6 million in 2019 to RMB1,104.1 million in 2020, and further increased by 45.9% to RMB1,611.3 million in 2021. Our revenues increased by 18.6% from RMB766.6 million for the six months ended June 30, 2021 to RMB908.8 million for the six months ended June 30, 2022.

- *Number of stores.* Over the course of the Track Record Period, the number of stores in our network, all of which were directly operated by us, grew from 188 stores as of January 1, 2019 to 508 stores as of June 30, 2022, representing an increase of 170%.

- *Same-store sales growth.* We recorded SSSG of 7.3%, 9.0%, 18.7% and 13.9% in 2019, 2020, 2021 and the six months ended June 30, 2022, respectively. We recorded positive SSSG during every quarter in the Track Record Period.

- *Group-level profitability.* During the Track Record Period, amidst the rapid expansion of our store network, we recorded net losses of RMB181.6 million, RMB274.1 million, RMB471.1 million and RMB95.5 million in 2019, 2020, 2021 and the six months ended June 30, 2022, respectively. We recorded adjusted net losses (non-IFRS measure) of RMB168.2 million, RMB199.8 million, RMB143.3 million and RMB68.9 million in 2019, 2020, 2021 and the six months ended June 30, 2022, respectively, and our adjusted EBITDA (non-IFRS measure) improved from losses of RMB33.2 million and RMB17.6 million for 2019 and 2020, respectively, to earnings of RMB62.7 million and RMB55.6 million in 2021 and the six months ended June 30, 2022, respectively.

Over the past few years, in conjunction with our pursuit of long-term development and growth, we have devoted considerable resources to research potential new markets, open more stores and central kitchens, market and promote our brand, invest and train our store-level staff in preparation for the opening and operations of more new stores, broaden our service offerings and invest in technology, which has led to us recording net losses during the Track Record Period. There is no guarantee that we can effectively control our costs and expenses and achieve or maintain profitability in the future.

OUR DOMINO'S PIZZA STORES

We directly operate an extensive and rapidly-growing network of Domino's Pizza stores that are optimized for serving our customers through online channels via delivery and carryout services. Our store economic model has enabled us to rapidly grow our store network while improving our profitability, and we believe we can replicate the model in new markets across China.

Our Domino's Pizza store network

We directly operated 569 Domino's Pizza stores in 14 cities in China as of the Latest Practicable Date. As of the same date, approximately 53% of our stores were located in Beijing and Shanghai, where the Domino's Pizza brand has been operating for approximately 25 and 15 years, respectively, and enjoy strong brand awareness. The remainder of our stores are located across China's Tier 1, New Tier 1 and Tier 2 cities. We collectively refer to our markets other than Beijing and Shanghai as our "new growth markets". We believe that our successful growth in Beijing and Shanghai, which are among the most competitive cities for catering companies, is a testament to our ability to succeed in our new growth markets. The following table shows the number of our stores by city as of the dates indicated:

	As of December 31,			As of June 30,	As of the Latest Practicable Date
	2019	2020	2021	2022	
Beijing	81	100	124	136	148
Shanghai	99	121	143	147	155
Shenzhen	24	44	64	67	69
Guangzhou	7	21	41	44	49
Tianjin	17	25	35	39	44
Hangzhou	17	22	26	29	33
Nanjing	14	18	18	23	31
Suzhou	8	9	9	10	14
Wuxi	1	3	7	7	8
Ningbo	–	–	1	2	4
Foshan	–	–	–	3	6
Dongguan	–	–	–	1	6
Zhuhai	–	–	–	–	1
Zhongshan	–	–	–	–	1
Total	**268**	**363**	**468**	**508**	**569**

Since most of our current core executive management team joined us in 2018, the number of stores in our store network has grown rapidly. The total number of our stores increased from 188 at the beginning of the Track Record Period to 468 as of December 31, 2021, representing a three-year CAGR of 35.5%, before further increasing to 508 as of June 30, 2022. We attribute this rapid growth to our commitment to rapidly growing our store network, supported by our efficient store economic model as we deepen our penetration in our existing markets and expand to new markets.

We believe that there are a vast number of locations in China where we can successfully open new stores. We plan to continue to grow our presence in China by expanding our geographic coverage and deepening our market penetration. As of the Latest Practicable Date, we have opened 101 (net of closures) of the 120 stores that we plan to open in 2022 and have signed the leases and commenced the furnishing and preparatory work for the remaining 19 stores. We have adopted a plan to open approximately 120 and 180 new stores in 2022 and 2023, adding to the 468 stores we had as of December 31, 2021. Given the vast number of potential store locations in China, we expect we will open between approximately 200 and 300 new stores in each of 2024, 2025 and 2026.

For more details, see "Business – Our Domino's Pizza stores – Our Domino's Pizza store network".

The operating performance of our Domino's Pizza stores

Key performance indicators

We use a number of financial measures and operating metrics to evaluate the performance of our Domino's Pizza stores. The key performance indicators that we use are set forth in the table below for the periods or as of the dates indicated:

	For the year ended or as of December 31,			For the six months ended or as of June 30,	
	2019	**2020**	**2021**	**2021**	**2022**
Number of stores					
Beijing and Shanghai	180	221	267	249	283
New growth markets[3]	88	142	201	166	225
Total	**268**	**363**	**468**	**415**	**508**
Revenue (RMB in millions)					
By market					
Beijing and Shanghai	702	869	1,147	554	580
New growth markets[3]	135	235	464	213	329
Total[1]	**837**	**1,104**	**1,611**	**767**	**909**
Average daily sales per store[2] (RMB)					
By market					
Beijing and Shanghai	12,009	12,122	12,781	12,968	13,974
New growth markets[3]	5,892	6,002	7,617	7,616	8,705
All markets	**10,292**	**9,962**	**10,692**	**10,854**	**11,462**
Average orders per store per day[4] (#)					
By market					
Beijing and Shanghai	147	140	138	142	139
New growth markets[3]	79	75	89	91	100
All markets	**128**	**117**	**118**	**122**	**120**
Average sales value per order[5] (RMB)					
By market					
Beijing and Shanghai	81.6	86.6	92.6	91.3	100.3
New growth markets[3]	74.5	80.0	85.6	83.6	87.2
All markets	**80.4**	**85.1**	**90.5**	**89.0**	**95.1**
Store-level operating profit[6] (RMB'000)					
By market					
Beijing and Shanghai	94,202	124,016	212,170	103,674	102,086
New growth markets[3]	(19,642)	(35,471)	(11,954)	(3,739)	17,611
All markets	**34,221**	**38,073**	**143,926**	**71,844**	**83,325**
Store-level operating profit margin[7] (%)					
By market					
Beijing and Shanghai	13.4	14.3	18.5	18.7	17.6
New growth markets[3]	(14.6)	(15.1)	(2.6)	(1.8)	5.4
All markets	**4.1**	**3.4**	**8.9**	**9.4**	**9.2**

Notes:

(1) Amounts may not foot due to rounding.

(2) 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.

(3) "New growth markets" refer to Shenzhen, Guangzhou, Hangzhou, Tianjin, Nanjing, Suzhou, Wuxi, Ningbo, Foshan, Dongguan, Zhuhai and Zhongshan.

(4) Calculated by dividing the aggregate number of orders placed by customers with the store for a particular period by the aggregate number of days of operation of such store during the same period.

(5) Calculated by dividing the revenues generated from the relevant store for a particular period by the aggregate number of orders placed by customers with such store during the same period.

(6) 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. Store-level operating profit for a given market excludes unallocated costs, which primarily represent the operation costs incurred from our central kitchens, our call center and staff training expenses in anticipation of new store openings, all of which are not allocable to any particular market, and are therefore excluded from store-level operating profit by market. In 2019, 2020 and 2021, these unallocated costs amounted to RMB40.3 million, RMB50.5 million and RMB56.3 million, representing 4.8%, 4.6%, and 3.5% of revenue, respectively. In the six months ended June 30, 2021 and 2022, these unallocated costs amounted to RMB28.1 million and RMB36.4 million, representing 3.7% and 4.0% of revenue, respectively.

(7) Calculated by dividing store-level operating profit by revenue for the same period. Store-level operating profit margin for a given market is calculated by dividing store-level operating profit (excluding unallocated costs) by total revenue, in each case for that market and that year, and multiplying the result by 100%. For details about unallocated costs, please refer to footnote (6) above.

Stores of older vintages generally recorded higher average daily sales per store during the Track Record Period, primarily because these stores have had sufficient time to ramp up and develop strong brand awareness with nearby consumers, resulting in a larger base of customers that drive sales volume at our stores. The following table sets forth average daily sales per store by year of opening during the Track Record Period:

	For the year ended December 31,			**For the six months ended June 30,**	
	2019	**2020**	**2021**	**2021**	**2022**
Average daily sales per store[1] (RMB)					
By year of opening					
Stores opened before 2019:					
Beijing and Shanghai	12,385	13,363	15,239	15,265	16,883
New growth markets	5,980	7,022	9,361	9,208	10,847
All markets	**10,857**	**11,844**	**13,844**	**13,807**	**15,277**
Stores opened in 2019:					
Beijing and Shanghai	9,120	9,162	10,864	10,811	13,057
New growth markets	5,677	5,191	7,706	7,502	9,490
All markets	**7,415**	**7,058**	**9,203**	**9,070**	**11,062**
Stores opened in 2020:					
Beijing and Shanghai	*	9,029	8,965	8,909	10,804
New growth markets	*	5,532	6,423	6,423	7,669
All markets	*	**7,234**	**7,565**	**7,541**	**8,937**
Stores opened in 2021:					
Beijing and Shanghai	*	*	9,042	9,586	10,071
New growth markets	*	*	7,100	7,595	7,160
All markets	*	*	**8,040**	**8,666**	**8,292**
Stores opened in 2022:					
Beijing and Shanghai	*	*	*	*	10,025
New growth markets	*	*	*	*	10,804
All markets	*	*	*	*	**10,486**
All stores:					
Beijing and Shanghai	12,009	12,122	12,781	12,968	13,974
New growth markets	5,892	6,002	7,617	7,616	8,705
All markets	**10,292**	**9,962**	**10,692**	**10,854**	**11,462**

Notes:

* Not applicable.

(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.

Same-store performance

The following table sets forth the details of our same-store sales for our Domino's Pizza stores during the Track Record Period. These are important metrics that our management tracks in evaluating our same-store performance. For purposes of calculating same-store sales growth, or SSSG, between two years (or periods), we define same stores as those Domino's Pizza stores that were open for at least 18 months as of the end of the latter year (or period). Only sales generated by a store after it qualifies as a same store are used in the calculation of SSSG, and such sales are compared against the sales generated by that store in the comparable days of the prior period.

	For the years ended December 31,		For the years ended December 31,		For the six months ended June 30,	
	2019	**2020**	**2020**	**2021**	**2021**	**2022**
Number of same stores (#)						
By market						
Beijing and Shanghai	157		195		221	
New growth markets[1]	60		106		139	
Total	**217**		**301**		**360**	
Same-store sales[2] (RMB in millions)						
By market						
Beijing and Shanghai	623.9	671.8	801.0	914.7	426.2	472.0
New growth markets[1]	89.1	105.1	188.6	259.7	167.1	204.0
Total	**713.0**	**776.9**	**989.6**	**1,174.5**	**593.3**	**676.0**
SSSG (%)						
By market						
Beijing and Shanghai	7.7		14.2		10.7	
New growth markets[1]	18.0		37.7		22.1	
All markets	**9.0**		**18.7**		**13.9**	

Notes:

(1) "New growth markets" refer to Shenzhen, Guangzhou, Hangzhou, Tianjin, Nanjing, Suzhou, Wuxi, Ningbo, Foshan, Dongguan, Zhuhai and Zhongshan.

(2) Represents the revenue of all stores in our store network that qualify as same stores during the period indicated.

For more details, see "Business – Our Domino's Pizza stores – The operating performance of our Domino's Pizza stores".

MASTER FRANCHISE ARRANGEMENTS

We operate our stores pursuant to the Master Franchise Agreement between our Group and Domino's International. Pursuant to the Master Franchise Agreement, we have the exclusive right to set up and operate Domino's Pizza stores, as well as to use and license the Domino's Pizza and associated trademarks in the operation of pizza stores in the China mainland, the Hong Kong Special Administrative Region of China and the Macau Special Administrative Region of China. In return, we are required to pay to Domino's International (a) a master franchise fee, (b) store franchise fees, and (c) royalty fees, in accordance with the terms of the Master Franchise Agreement. The initial term of the Master Franchise Agreement will expire on June 1, 2027, but may be renewed at our option for two additional 10-year terms, subject to the fulfillment of certain conditions. Domino's International may also terminate the Master Franchise Agreement upon the occurrence of certain events, such as if we fail to timely make payments or fail to meet certain growth targets, in each case as required by the Master Franchise Agreement.

For more information about our master franchise arrangements, see "Risk factors – we rely significantly on our Master Franchise Agreement with Domino's International for our business operations", "Business – Master Franchise Arrangements", "History, reorganization and corporate structure – Master Franchise Agreement" and "Connected transactions – Master Franchise Arrangements".

OUR COMPETITIVE STRENGTHS

The following strengths have enabled us to become who we are today and will support our continued success:

- Our leading global brand;
- A pizza-focused menu that is continually being developed and localized;
- Our unique expertise and leadership in delivery;
- Our technology, which enables a differentiated end-to-end customer experience;
- Our store economic model's success and replicability;
- Our close relationship with the global Domino's system; and
- Our seasoned and visionary management team with strong execution capabilities.

OUR GROWTH STRATEGIES

Our vision is to become China's number one pizza brand. Our mission is to operate a nationwide Domino's Pizza store network, powered by technology and excellence in delivery, that offers Chinese consumers great taste, timely and reliable delivery and high value for money. To execute on our mission and realize our vision, we intend to pursue the following strategies:

- Rapidly increase the number of our stores;
- Promote our brand and strengthen customer loyalty;

- Further enhance our technology;
- Strengthen our pizza-focused, value for money menu; and
- Enhance our delivery leadership.

RISK FACTORS

Our operations involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to invest in us and/or the value of your investment. See "Risk factors" for details of our risk factors, which we strongly urge you to read in full before making an investment in our Shares. Some of the major risks we face include:

- We incurred net losses during the Track Record Period, will continue to incur net loss in 2022, and may not be able to maintain or increase the sales volume of our existing stores, control our costs and expenses and achieve or maintain profitability in the future.
- Opening new stores could adversely affect our financial condition.
- Although we have grown rapidly, we cannot assure you that we will continue to grow at the same pace, or at all.
- Our business is affected by changes in consumer tastes and dining preferences, and we may not be able to anticipate, identify and react to these changes in a timely manner or at all.
- Our success depends on the awareness and popularity of our Domino's Pizza brand, and any damage to our brand, whether in our existing markets or new markets, could materially and adversely affect our business and results of operations.
- We are susceptible to outbreak, epidemic or pandemic of infectious or contagious diseases such as the COVID-19 pandemic, diseases of animals, food-borne illnesses as well as negative publicity relating to such incidents.
- Any failure to maintain effective quality control systems of our stores could have a material adverse effect on our business and operations.
- We rely significantly on our Master Franchise Agreement with Domino's International for our business operations.
- We may in the future incur intangible asset impairment charges. Significant impairment of our intangible assets, which primarily include our master franchise agreement and goodwill, could materially and adversely impact our financial position and results of operations.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of our consolidated financial information for the Track Record Period, extracted from the Accountant's Report set out in Appendix I. The summary of consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this documents, including the related notes. Our consolidated financial information has been prepared in accordance with IFRS.

Summary of Consolidated Statements of Comprehensive Income

	For the Year Ended December 31,						For the six months ended June 30,			
	2019		2020		2021		2021		2022	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentage data)									
							(Unaudited)			
Revenue	836,629	100.0	1,104,053	100.0	1,611,327	100.0	766,559	100.0	908,789	100.0
Raw materials and consumables cost	(228,065)	(27.3)	(310,505)	(28.1)	(425,580)	(26.4)	(203,574)	(26.6)	(247,193)	(27.2)
Loss before income tax	(181,550)	(21.7)	(267,677)	(24.2)	(478,122)	(29.7)	(214,115)	(27.9)	(85,737)	(9.4)
Loss for the year attributable to owners of the Company	(181,550)	(21.7)	(274,050)	(24.8)	(471,063)	(29.2)	(205,223)	(26.8)	(95,475)	(10.5)

Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) and adjusted EBITDA (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) and adjusted EBITDA (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.

The following table sets forth a reconciliation of our adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) to the nearest measure prepared in accordance with IFRS, which is net loss, for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2019	2020	2021	2021	2022
	(in RMB thousands)				
				(Unaudited)	
Reconciliation of net loss and adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure)					
Net loss for the year(1)	(181,550)	(274,050)	(471,063)	(205,223)	(95,475)
Add:					
Fair value change of financial liabilities at fair value through profit or loss(2)	–	13,933	201,300	83,384	1,079
Share-based compensation					
– Directors' compensation, stock appreciation rights and RSUs(3)	8,932	33,202	90,821	50,684	(3,338)
– Guarantee fee for shareholders(4)	4,408	16,876	16,126	8,116	12,269
Listing expenses(5)	–	–	10,296	–	16,599
Issuance cost of convertible Senior Ordinary Shares(6)	–	10,226	9,235	1,368	–
Adjusted Net Loss (non-IFRS measure)	**(168,210)**	**(199,813)**	**(143,285)**	**(61,671)**	**(68,866)**
Add:					
Depreciation and amortization(7)	93,848	117,142	141,687	67,701	80,150
Income tax expense/(credit)(8)	–	6,373	(7,059)	(8,892)	9,738
Finance cost(9)	41,179	58,707	71,352	35,384	34,553
Adjusted EBITDA (non-IFRS measure)	**(33,183)**	**(17,591)**	**62,695**	**32,522**	**55,575**

Notes:

(1) Net loss for the year is recorded as loss for the year attributable to owners of the Company.

(2) Fair value change of financial liabilities at fair value through profit or loss represents the losses arising from change in fair value to convertible Senior Ordinary Shares. Such changes are non-cash in nature. Upon the Listing, all convertible Senior Ordinary Shares will be automatically converted into ordinary shares which will no longer be recognized as financial liabilities at fair value through profit or loss.

(3) Directors' compensation, stock appreciation rights and RSUs are adjusted for as the items are non-cash in nature.

(4) Guarantee fee for shareholders represents fees associated with the guarantee by Good Taste Limited and James Marshall for the borrowings from a bank by our Group. Guarantee fee for shareholders is non-cash in nature. We have fully repaid the balance of such bank borrowings by the end of March 2022.

(5) Listing expenses relate to the Global Offering of our company.

(6) Issuance cost of convertible Senior Ordinary Shares represents the professional expense in connection with our issuance of convertible Senior Ordinary Shares in 2020 and 2021.

(7) The amount of depreciation and amortization presented represents the depreciation of plant and equipment and the amortization of intangible asset and does not include depreciation of right-of-use assets which approximates the rental expense of capitalized lease contracts.

(8) Income tax expense/(credit) represents PRC corporate income tax in connection with profits generated by our wholly owned subsidiaries, Dash Beijing and Domino's Pizza (Ningbo) Co., Ltd., and the recognition of deferred income tax.

(9) Finance cost represents interest (expense)/income from financing activities.

See "Financial information – Non-IFRS measures" for more information.

Under the leadership of our current management team, we have been focused on growing Domino's Pizza into a national brand in China by opening new stores in existing and new markets, while closely monitoring our profitability at the store level and the group level. Despite our rapid growth and our improving profitability, we recorded net losses and adjusted net losses (non-IFRS measure) during the Track Record Period, primarily due to our strategic decision to prioritize the expansion of our store network over immediate bottom-line profitability. Because of this decision, (1) at the store level, our store network has a high proportion of new stores and stores in new growth markets, which are initially unprofitable because it takes time to ramp up their sales and pay back the costs of opening them; and (2) at the corporate level, we made significant investments in our business to support our store network expansion, such as investing in our talent pool for store development, regional store management and IT functions, as well as brand-building activities. For details see "– Business sustainability – Our net loss and adjusted net loss (non-IFRS measure)" in this section.

In tandem with our rapid business expansion, we adopted equity-linked award schemes for the benefit of our employees and Directors to provide remuneration and director service fees in recognition of their service, as well as to incentivize and reward eligible persons who have contributed to the success of our Company. For the years ended December 31, 2019, 2020 and 2021, we recognized total share-based compensation of RMB8.9 million, RMB33.2 million and RMB90.8 million, respectively, in the form of stock appreciation rights (SARs) and restricted stock units (RSUs) awarded to our employees, and in the form of share awards as compensation to our Directors. The increase in share-based compensation for our employees and Directors from 2019 to 2021 was mainly the result of the increase in total equity value of our Group during the respective years. We recorded share-based compensation for our employees and Directors of RMB50.7 million and negative RMB3.3 million for the six months ended June 30, 2021 and 2022, respectively. The decrease was primarily due to the cancellation of SAR awards of our executives in part and in full during the six months ended June 30, 2021 and 2022 respectively. For details, please refer to Notes 2.21 and 29 to the Accountant's Report set out in Appendix I to this document. In the future, we plan to regularly assess the level of share-based compensation awarded to our employees and Directors under any share incentive plans that we may have adopted, though the amount of share-based compensation awarded thereunder may fluctuate due to changes in the Group's equity value and other factors. See "Risk Factors – Share-based compensation may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance."

In addition to the share-based remuneration we awarded to our employees and Directors, we also recorded share-based payments to Good Taste Limited, one of our Controlling Shareholders, for the guarantee that it provided in connection with a three year, RMB210.0 million bank facility that we entered into in October 2019, which we repaid early in full in March 2022. The total fees paid to Good Taste Limited were RMB4.4 million, RMB16.9 million and RMB16.1 million in 2019, 2020 and 2021, respectively, and RMB8.1 million and RMB12.3 million in the six months ended 30 June 2021 and 2022, respectively. We do not expect to recognize share-based compensation for guarantee fees in the future.

The tables below present breakdowns of our revenue by geographic location, by order placement channel and by dining option during the Track Record Period, in each case in absolute amounts and as a percentage of our total revenue.

	Year ended December 31,						For the six months ended June 30,			
	2019		2020		2021		2021		2022	
	(in RMB millions, except for percentages)									
							(Unaudited)			
Revenue:										
By market										
Beijing and Shanghai	702	83.9%	869	78.7%	1,147	71.2%	554	72.3%	580	63.8%
New growth markets	134	16.1%	235	21.3%	464	28.8%	213	27.7%	329	36.2%
Total	**836**	**100.0%**	**1,104**	**100.0%**	**1,611**	**100.0%**	**767**	**100%**	**909**	**100%**
By order placement channel										
Our own online channels	270	32.3%	484	43.8%	784	48.7%	362	47.3%	471	51.8%
Third-party channels	442	52.9%	572	51.8%	762	47.3%	376	49.0%	384	42.2%
Offline channels	124	14.8%	48	4.4%	65	4.0%	28	3.7%	54	6.0%
Total	**836**	**100.0%**	**1,104**	**100.0%**	**1,611**	**100.0%**	**767**	**100%**	**909**	**100%**
By dining option										
Delivery	586	70.0%	822	74.5%	1,180	73.2%	559	72.9%	650	71.5%
Non-delivery	250	30.0%	282	25.5%	431	26.8%	207	27.1%	259	28.5%
Total	**836**	**100.0%**	**1,104**	**100.0%**	**1,611**	**100.0%**	**767**	**100%**	**909**	**100%**

See "Financial information – Major components of our results of operations" and "Financial information – Year to year comparison of results of operations" for more information.

Summary of Consolidated Balance Sheets

	As of December 31,			As of June 30,
	2019	**2020**	**2021**	**2022**
	(in RMB thousands)			
Total non-current assets	2,079,404	2,273,457	2,378,653	2,421,166
Total current assets	163,753	375,259	784,041	684,222
Total assets	**2,243,157**	**2,648,716**	**3,162,694**	**3,105,388**
Total non-current liabilities	531,953	996,809	1,355,787	1,505,858
Total current liabilities	373,353	577,722	849,030	748,279
Total liabilities	**905,306**	**1,574,531**	**2,204,817**	**2,254,137**
Net current liabilities	(209,600)	(202,463)	(64,989)	(64,057)
Net assets	**1,337,851**	**1,074,185**	**957,877**	**851,251**

The decrease in net assets from RMB1.3 billion as of December 31, 2019 to RMB1.1 billion as of December 31, 2020 was mainly attributable to the net loss of RMB274.1 million recorded for the year and the currency translation loss of RMB12.4 million recorded for the year, which were partially offset by the increase of RMB23.4 million as a result of the issuance of new shares.

The decrease in net assets from RMB1.1 billion as of December 31, 2020 to RMB957.9 million as of December 31, 2021 was mainly attributable to the net loss of RMB471.1 million recorded for the year which was partially offset by the increase of RMB277.7 million as a result of the issuance of new shares and RMB82.8 million arising from share-based compensation expenses.

The decrease in net assets from RMB957.9 million as of December 31, 2021 to RMB851.3 million as of June 30, 2022 was mainly attributable to the net loss of RMB95.5 million recorded during the period and currency translation loss of RMB29.2 million recorded during the period which were partially offset by the increase of RMB18.1 million arising from share-based compensation expenses.

We have a significant amount of intangible assets, consisting of goodwill, the Master Franchise Agreement, store franchise fees, acquired software and website, and proprietary website and mobile app. Our intangible assets amounted to RMB1.3 billion as of December 31, 2019, 2020 and 2021 and June 30, 2022. We are required to review our intangible assets for impairment on an annual basis or more frequently if events or changes in circumstances indicate evidence of impairment. If the fair value declines, we may need to recognize an intangible asset impairment in the future, which could have a material adverse effect on our financial position and results of operations.

During the Track Record Period, we recorded net current liabilities of RMB209.6 million, RMB202.5 million, RMB65.0 million and RMB64.1 million as of December 31, 2019, 2020 and 2021 and June 30, 2022, respectively. We recorded net current liabilities of RMB120.3 million as of October 31, 2022. Each of these net current liabilities positions was primarily the result of our store expansion during the Track Record Period and up to October 31, 2022, during which we primarily used our cash generated from operating activities, proceeds from our pre-IPO investors and borrowings to finance the capital expenditure of such expansion, which mostly translated into non-current assets. Our non-current assets mainly included right-of-use assets, leasehold improvements, machinery and equipment, motor vehicles and intangible assets. As of December 31, 2019, 2020, 2021, June 30, 2022 and October 31, 2022, the percentage of non-current assets to total assets was approximately 92.7%, 85.8%, 75.2%, 78.0% and 81.1%, respectively.

Notwithstanding the above, our Directors are of the view that we will have available sufficient working capital to meet our present requirements and for at least the next twelve months from the date of this document, taking into account cash on hand and cash at banks, cash generated from operating activities, secured revolving credit facility from a bank in China and the estimated net proceeds we expect to receive from the Global Offering. We believe that our business operation and financial condition will not be materially and adversely affected by our current liabilities position.

See "Financial information – Discussion of certain key items of consolidated balance sheets" for more information.

Summary of Consolidated Statements of Cash Flow

	For the Year ended December 31,			Six months ended June 30,	
	2019	**2020**	**2021**	**2021**	**2022**
	(in RMB thousands)				
				(Unaudited)	
Net cash generated from operating activities	124,347	103,543	332,089	157,475	167,573
Net cash used in investing activities	(181,228)	(152,408)	(181,740)	(89,464)	(68,142)
Net cash (used in)/generated from financing activities	(75,007)	233,569	242,985	134,343	(191,216)
Net (decrease)/increase in cash and cash equivalents	(131,888)	184,704	393,334	202,354	(91,785)
Cash and cash equivalents at beginning of year	216,862	83,657	257,390	257,390	656,672
Exchange difference on cash and cash equivalents	(1,317)	(10,971)	5,948	1,957	12,057
Cash and cash equivalents at end of year	**83,657**	**257,390**	**656,672**	**461,701**	**576,944**

See "Financial information – Liquidity and capital resources" for more information.

Key Financial Ratios

The following table sets forth certain of our key financial ratios as of the dates or for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
Current ratio(1)	0.44	0.65	0.92	0.86	0.91
Quick ratio(2)	0.38	0.61	0.88	0.82	0.85
Gearing ratio(3)	5%	20%	19%	22%	12%
Adjusted EBITDA margin (non-IFRS measure)(4)	(4.0%)	(1.6%)	3.9%	4.2%	6.1%

Notes:

(1) The calculation of current ratio is based on current assets divided by current liabilities as of the period end.

(2) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of the period end.

(3) The calculation of gearing ratio is based on total borrowing divided by total equity as of the period end and multiplied by 100%.

(4) The calculation of adjusted EBITDA margin (non-IFRS measure) is based on adjusted EBITDA (non-IFRS measure) divided by our total revenue for the period and multiplied by 100%.

BUSINESS SUSTAINABILITY

We are a restaurant chain operator built upon a global brand in an early stage of rapid expansion in China. Since 2018, the first full year during which our current chief executive officer and most of our current core executive management team joined our Company, we have experienced a transformational change in terms of our growth strategy and results. In particular, under the leadership of our current chief executive officer, we have (i) added a leadership team with substantial experience in the Chinese catering industry, (ii) adopted tailored localization strategies, (iii) implemented an actionable store expansion plan, (iv) become more focused on a delivery-centric business model, and (v) strengthened our development capabilities with respect to both our menu and our technology. At the core of this transformational change is our belief that, given the significant whitespace and growth potential of the China pizza market, developing a broad, nationwide store network is key to the long-term success and competitiveness of our business.

Our track record of growth and improving profitability

Under the leadership of our current management team, we have been focused on growing Domino's Pizza into a national brand in China by opening new stores in existing and new markets, while closely monitoring our profitability at the store level and the group level. As a result, during the Track Record Period, we achieved:

- *Rapid growth of our store network and revenue*. Our nationwide presence grew from five cities at the beginning of 2018 to 12 cities as of June 30, 2022. The total number of our stores increased from 188 at the beginning of the Track Record Period to 468 as of December 31, 2021, representing a three-year CAGR of 35.5%, and further increased to 508 stores as of June 30, 2022. Our stores have also recorded increasing sales, as demonstrated by our consistently-positive SSSG throughout every quarter of the Track Record Period. This has driven a significant increase in our revenue.

- *Improving store-level profitability.* Our store-level operating profit margin was consistently positive during the Track Record Period. See "Business – The operating performance of our Domino's Pizza stores" for more details.

- *Improving group-level adjusted EBITDA (non-IFRS measure).* We saw steady improvement in our adjusted EBITDA (non-IFRS measure) during the Track Record Period, which improved from negative RMB33.2 million in 2019 to positive RMB62.7 million in 2021. Our adjusted EBITA (non-IFRS measure) remained positive in the first half of 2022, and amounted to RMB55.6 million.

Impact of the COVID-19 pandemic on our business sustainability

Like other Domino's franchisees around the world, we have always been focused on delivery, and our business model is designed to provide quality delivery services. The COVID-19 pandemic accelerated the growth in demand for food delivery services. As a delivery-focused company, we benefitted from this trend, as stronger delivery and carryout sales drove the continued growth of our revenue, average daily sales, SSSG and other key performance indicators, as well as our brand recognition, throughout the Track Record Period. We believe, if and when the COVID-19 pandemic subsides, there would be no adverse impact to our business and operations, on the basis that (i) the COVID-19 pandemic has accelerated the consumer adoption of food delivery, resulting in a shift in consumer habits in favor of delivery, according to the Frost & Sullivan Report, (ii) the COVID-19 pandemic had the effect of increasing consumer recognition of our brand, and we believe this effect will be lasting in the long term due to the strength of our products and services, and (iii) the delivery segment of the China pizza market is expected to grow faster than the overall China pizza market, according to Frost & Sullivan. As a result, we believe that the stronger brand awareness, larger store network and large customer base we built up are lasting and will remain in the longer term and expected to continue to drive our growth even after the COVID-19 pandemic subsides.

Our net loss and adjusted net loss (non-IFRS measure)

Despite our rapid growth and our improving profitability, we recorded net losses of RMB181.6 million, RMB274.1 million, RMB471.1 million and RMB95.5 million in 2019, 2020, 2021 and the six months ended June 30, 2022, respectively. In the same periods, we recorded adjusted net losses (non-IFRS measure) of RMB168.2 million, RMB199.8 million, RMB143.3 million and RMB68.9 million, respectively. These losses were primarily the result of our strategic decision to prioritize the expansion of our store network over immediate bottom-line profitability. Because of this decision, (1) at the store level, our store network has a high proportion of new stores and stores in new growth markets, which are initially unprofitable because it takes time to ramp up their sales and pay back the costs of opening them; and (2) at the corporate level, we made significant investments in our business to support our store network expansion, such as investing in our talent pool for store development, regional store management and IT functions, as well as brand-building activities. These two factors were the reasons for our net losses and adjusted net losses (non-IFRS measure) during the Track Record Period. Each is described in more detail below.

Ramp-up of new stores and new growth markets

During the Track Record Period, we executed on our growth strategies and opened 320 new stores. As a result, as of June 30, 2022, stores that have been opened for three and a half years or less represented approximately 63% of our total stores. In addition, as part of our strategy to build a nationwide store network, we have been focused on expanding in our new growth markets, which are cities other than Beijing and Shanghai. At the end of 2019, 2020, 2021 and the first half of 2022, stores in our new growth markets represented approximately 33%, 39%, 43% and 44%, respectively, of our total stores. The high proportion of new stores and stores in new growth markets contributed to our net loss and adjusted net loss (non-IFRS measure) primarily because:

- *Sales in new stores and new growth markets remain in a ramp-up stage*. New stores typically have lower average daily sales per store compared to older stores during an initial ramp-up period. Similarly, stores in new growth markets typically have lower average daily sales per order compared to stores in Beijing and Shanghai. It takes time for these newer stores and new growth market stores to increase their sales to a level that approaches that of older stores and stores in Beijing and Shanghai. For example, stores opened in 2019 generated average daily sales per store of RMB7,415 in 2019, which was less than the group average of RMB10,292 in that year. However, by the first half of 2022, stores opened in 2019 had ramped up, and generated average daily sales per store of RMB11,062, which was similar to the group average of RMB11,462 in the same period. As we strategically accelerated the pace at which we opened new stores during the Track Record Period, we had a larger proportion of stores undergoing ramp-up, and our average daily sales per store was not as high as it would have been if we had opened stores at a slower pace and had a higher proportion of mature stores in our store network. For more information, including a tabular breakdown of average daily sales per store by store vintage and by market, see "Business – Our Domino's Pizza Stores – The operating performance of our Domino's Pizza stores – Key performance indicators – Average daily sales per store".

- *New stores take time to achieve cash investment payback*. From a payback perspective, the majority of our stores have not been open for a long enough time to achieve cash investment payback. Our cash investment payback period has been improving, but as most of our new stores have been open for less than three years, they have not been open for long enough to achieve cash investment payback. As of June 30, 2022, approximately 9% of the stores opened during the Track Record Period had achieved cash investment payback. For more information, see "Business – Our Domino's Pizza Stores – The operating performance of our Domino's Pizza stores – Initial breakeven and Cash investment payback period of our stores".

- *New stores have yet to cover their share of corporate-level expenses*. As new stores take time to ramp up sales and achieve cash investment payback as described above, it takes time for these stores to generate sufficient sales to cover their share of corporate-level costs. Although our stores collectively generated sufficient sales to cover their store-level costs and expenses, as demonstrated by our positive and steadily improving store-level operating profit during the Track Record Period, the high proportion of new stores in our store network means our stores, on a collective basis, were not yet able to cover their corporate-level costs and expenses.

Corporate-level investments in support of a nationwide store network

During the Track Record Period, we made substantial investments at the corporate level to support the rapid growth of our business and store network such as investing in our talent pool for store development, regional store management and IT functions, as well as brand-building activities. We believe that these corporate-level investments bring benefits shared by all of our stores. However, because our store network has not yet reached the scale and maturity needed to fully cover our corporate-level investments, these investments contributed to our net loss and adjusted net loss (non-IFRS measure) during the Track Record Period.

The corporate-level investments we made in our business are primarily reflected in our corporate overhead, which amounted to RMB157.4 million, RMB213.0 million, RMB239.2 million and RMB124.8 million, representing 18.8%, 19.3%, 14.8% and 13.7% of our revenue, in 2019, 2020, 2021 and the first half of 2022, respectively. During the Track Record Period, the following four items accounted for substantially all of our corporate overhead:

- *Corporate-level cash compensation expenses*. Cash-based compensation expenses for our corporate-level full-time staff amounted to RMB79.3 million, RMB120.0 million, RMB150.0 million and RMB77.9 million, representing 50.4%, 56.3%, 62.7% and 62.4% of our total corporate overhead in 2019, 2020, 2021 and the six months ended June 30, 2022, respectively. The majority of these costs were incurred in connection with compensating our store development and regional store management staff and IT and technology staff. We expect that these expenses will decrease as a percentage of revenue in the future as our business matures. In particular, we expect that the cash-based staff compensation expense for our store development and regional store management staff and our IT and technology staff, which accounted for a majority of our corporate-level cash-based compensation expense during the Track Record Period, will grow at a slower pace than revenue because we have already built up our IT infrastructure and will expand our store network at a more moderate pace in the future, enabling us to moderate the rate at which we increase headcount in those functions. More generally, we will also continue to prudently monitor the rate at which we increase our corporate-level headcount.

- *Corporate-level depreciation and amortization*. These costs amounted to RMB41.4 million, RMB45.0 million, RMB48.0 million and RMB25.1 million, representing 26.3%, 21.1%, 20.1% and 20.1% of our total corporate overhead in 2019, 2020, 2021 and the six months ended June 30, 2022, respectively. Corporate-level depreciation and amortization primarily represents (i) the amortization arising from the revaluation of the Master Franchise Agreement in connection with our corporate restructuring in 2017, which amounted to RMB32.0 million in 2019 and 2020, RMB31.8 million in 2021, and RMB15.9 million in the six months ended June 30, 2022, and (ii) the amortization of certain IT-related investments in connection with the enhancement of our digital platform and overall enterprise-level operational efficiency.

- *Corporate-level advertising and promotion expenses*. These expenses amounted to RMB2.9 million, RM9.0 million, RMB14.5 million and RMB4.6 million, representing 1.9%, 4.2%, 6.1% and 3.7% of our total corporate overhead in 2019, 2020, 2021 and the six months ended June 30, 2022, respectively. We incurred these expenses primarily in connection with marketing and promoting our brand, as well as additional marketing activities that we undertook as we entered new markets.

- *Corporate-level other expenses*. These expenses amounted to RMB29.0 million, RMB34.2 million, RMB21.6 million and RMB14.8 million, representing 18.4%, 16.1%, 9.0%, and 11.8% of our total corporate overhead, in 2019, 2020, 2021 and the first half of 2022, respectively. The main components of our corporate-level other expenses were (i) recruitment fees, which we paid to recruitment agencies to help us hire talents to support our rapid growth, (ii) marketing survey expenses, which we incurred by engaging market research firms to conduct market surveys to enable us to better understand our brand and our market, and (iii) travelling expenses, which we incurred primarily for our store development team's travel to onsite locations in support of store openings. See "Financial information – Major components of our results of operations – Other expenses".

Measures to improve our profitability

While we continue to execute our store growth strategy, we plan to improve our group-level, bottom-line profitability by driving revenues while reducing our costs and expenses. To that end we will primarily pursue four key strategies: we will drive revenues by (i) increasing our revenue per store by ramping up store sales and (ii) increasing the total number of our stores by executing on our store expansion plan. At the same time, we will reduce costs and expenses by (iii) continuing to control store-level costs and expenses to maintain store-level profitability and (iv) reducing our corporate costs as a percentage of revenue by leveraging the upfront corporate-level investments we made in our business.

Upon the successful implementation of the foregoing measures, we believe we are well-positioned to achieve sustainable profitability in the future. We anticipate that, in three to five years, we will have a sufficient number of ramped-up stores to generate the sales needed to cover our corporate overhead and depreciation and amortization expenses arising from the opening of new stores. Our expectation is based on the forecasted pace of our store openings, increase in per-store and aggregate revenue, and reduction of our costs and expenses as a percentage of revenue. Notwithstanding the foregoing, we expect to remain loss-making for at least another three years. Our net losses may increase in absolute amounts in 2022 as compared to 2021 due to (i) the continued expansion of our store network, especially into new cities, (ii) our continued corporate-level investments in support of a nationwide store network, including with respect to our talent pool for store development, regional store management and IT functions, as well as our brand-building activities, and (iii) a one-off increase in share-based compensation in connection with the Global Offering. In the longer-term, our future profitability is uncertain and subject to various factors, including our ability to continue to effectively expand our nationwide store network and grow revenues in a cost-effective way and to execute on the strategies described above. See "Risk Factors – We incurred net losses during the Track Record Period and may not be able to maintain or increase the sales volume of our existing stores, control our costs and expenses and achieve or maintain profitability in the future."

See "Financial information – Business sustainability" for more information.

CONTROLLING SHAREHOLDERS

Immediately after completion of the Global Offering, Mr. James Leslie Marshall, our non-executive Director and deputy chairman, will be interested in and control 33.95% of our issued Shares in aggregate. Mr. Marshall holds his interest in the Company through Good Taste Limited, a limited liability company incorporated in Bermuda and wholly-owned by Ocean Investments Limited, a limited liability company incorporated in Bermuda the entire interest of which is in turn wholly-owned and managed by a corporate 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, Ocean Investments Limited and Good Taste Limited will therefore be the Controlling Shareholders of our Company after the Listing.

For further details about our Controlling Shareholders, please see "Relationship with the Controlling Shareholders".

OUR PRE-IPO INVESTORS

Since the establishment of our Company, we have recently secured Pre-IPO financing from a number of Pre-IPO Investors, including Domino's Pizza LLC, D1 Capital, The Capital Group Companies and Alpha Wave. For further details of the identity and background of the Pre-IPO Investors, and the principal terms of the Pre-IPO Investments, see "History, reorganization and corporate structure – Pre-IPO Investments".

LEGAL PROCEEDINGS AND COMPLIANCE

From time to time, we may become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to breach of contract and labour and employment claims. We are currently not a party to, and we are not aware of any threat of, any legal or administrative proceedings that, in the opinion of our management, are likely to have any material and adverse effect on our business, financial condition, cash-flow or results of operations.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

See "Business – Legal proceedings and compliance" for more information. For more information about the laws and regulations that we are subject to, see "Regulations".

RECENT DEVELOPMENTS

Selected Operating Data

We continued to expand our store network after the end of the Track Record Period, opening 61 new stores (net of closures) from June 30, 2022 to the Latest Practicable Date, bringing the total number of our stores to 569 as of the same date. Our SSSG was 11.2% for the nine months ended September 30, 2022. Based on the unaudited interim condensed consolidated financial information of our Group for the nine months ended September 30, 2022, which have been reviewed by our reporting accountant in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", we recorded revenue of RMB1,442.5 million for the nine months ended September 30, 2022, representing an increase of 21.2% from the same period in 2021. The table below sets out certain of our other key performance indicators for the nine months ended September 30, 2022:

	For the nine months ended or as of September 30, 2022
Number of stores	
Beijing and Shanghai	295
New growth markets	251
Total	**546**
Average daily sales per store (RMB)	
By market	
Beijing and Shanghai	13,465
New growth markets	8,920
All markets	**11,348**
Average orders per store per day (#)	
By market	
Beijing and Shanghai	138
New growth markets	102
All markets	**121**
Average sales value per order (RMB)	
By market	
Beijing and Shanghai	97.9
New growth markets	87.0
All markets	**93.6**

Impact of the COVID-19 Pandemic

The COVID-19 pandemic has materially and adversely affected the global economy. In response, countries and regions around the world, including China, have imposed widespread lockdowns, closure of workplaces and restrictions on mobility and travel to contain the spread of COVID-19. Since the initial outbreak of COVID-19 and up to the Latest Practicable Date, travel restrictions and quarantine requirements had been imposed from time to time by local governments to counter regional outbreaks, including those of new variants, such as the Delta and Omicron variants. In 2020 and 2021 and the six months ended June 30, 2022, 44, 34 and 329 of our stores closed temporarily for an average of 14, 5 and 28 days, respectively, due to the impact of the COVID-19 pandemic and the related control measures.

In 2022, as a result of the recent outbreak of COVID-19 in certain regions of China, operations at some of our stores in Shanghai, Shenzhen and Beijing have been adversely impacted since mid-March of 2022 as a result of local governments' implementation of temporary lockdowns and travel restrictions. In April 2022, almost all of our stores in Shanghai were closed, for both dine-in and delivery, as a result of citywide lock-downs. Since mid-April 2022, our stores in Shanghai have gradually been allowed to reopen. As of June 30, 2022, almost all of our stores in Shanghai are operating. In Shenzhen, our stores in the city were closed for one week in March due to a one-week, citywide lockdown. After the lockdown was lifted, our business in Shenzhen returned to normal. In Beijing, all dine-in services were suspended from May 1, 2022 to June 6, 2022 as a result of the COVID-19 control measures imposed by the local government. However, we continue to offer delivery services to our customers in Beijing. Due primarily to the impact of the COVID-19 pandemic and related control measures, our revenues in the first half of 2022 were approximately RMB55 million to RMB65 million lower than our management forecasts for the period. In addition to store closures, we are experiencing staff shortages in Shanghai, particularly with respect to riders, because of the heightened health check requirements and citywide lockdown imposed by the local government there. The recent COVID-19 surge in China has also caused supply chain disruptions. Operations at our central kitchen in Shanghai were negatively impacted in April, and it became necessary for us to enlist our central kitchens in Sanhe, Hebei Province and Dongguan, Guangdong province to service stores originally covered by the Shanghai central kitchen, resulting in higher logistics expense. In May 2022, our central kitchen in Shanghai resumed production. In November 2022, Beijing and Guangzhou experienced COVID-19 outbreaks. Although these outbreaks caused disruptions to certain of our stores, these disruptions have not materially affected the business, operations or financial results of the Company.

Despite these closures, staff shortages and supply chain disruptions, we did not experience any material increase in our operational costs. Additionally, we received COVID-19 related government grants in 2020, 2021 and the first half of 2022. The total amount of government grants we received, which includes certain exemptions on value-added tax granted by the PRC government authorities and additional COVID-19 government grants granted by the PRC government, was RMB14.4 million, RMB2.8 million and RMB4.3 million in 2020, 2021 and the first half of 2022, respectively.

Despite the adverse impact of the COVID-19 pandemic described above, the COVID-19 pandemic also accelerated the growth in demand for food delivery services. In particular, the restrictions on dine-in and grocery shopping options that were imposed to manage the pandemic accelerated the consumer adoption of food delivery as a regular dining habit, according to the Frost & Sullivan Report. As a delivery-focused company, we benefitted from this trend, as stronger delivery and carryout sales drove the continued growth of our revenue, average daily sales, SSSG and other key performance indicators throughout the Track Record Period.

In general, our business and financial performance has not been materially and adversely affected by COVID-19 or the emergence of new COVID-19 variants, include the Alpha, Beta, Gamma, Delta and Omicron variants. Since the second half of 2020 and up to the Latest Practicable Date, although certain stores had temporarily suspended operations in accordance with local public health guidelines, the temporary suspensions had no material impact on our results of operations or financial performance. For more information, see "Industry overview – China's catering industry – The impact of the COVID-19 pandemic on China's catering industry", "Financial information – Impact of COVID-19 on operations" and "Business – Our Domino's Pizza stores – The operating performance of our Domino's Pizza stores".

One-off Cash Bonus Plan

On November 15, 2022, the Board approved the adoption of a one-off IPO cash bonus plan (the "**Cash Bonus Plan**") for 12 existing senior management and other key employees of the Group (the "**Cash Bonus Grantees**"). Most of these existing senior management and key employees have worked with the Company for more than five years. The Cash Bonus Plan will be implemented only if the Global Offering is completed. The final Cash Bonus Plan amount will be determined when the final Offer Price has been determined, and is estimated to be between US$2.3 million and US$3.0 million, of which no more than US$2 million will be paid within six months after the Listing Date and the remaining balance will be paid after the end of six months after the Listing Date, subject to the Cash Bonus Grantees' continued employment with the Group at the time of payment of such amounts. The total expenses of Cash Bonus Plan would be recognized over the above service period. However, we do not expect the payment of the Cash Bonus Plan amount to influence the adjusted net loss (non-IFRS measure), due to its one-off and share-based compensation nature. For more information, see "Statutory and general information – Share Incentive Plans and bonus plans – Cash Bonus Plan and Share Appreciation Bonus Plan" in Appendix IV.

No material adverse change

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects of since June 30, 2022, the end of the period reported on in the Accountant's Report set out in Appendix I to this document.

Net loss in 2022

We expect to incur a net loss in 2022, primarily as a result of our continued store expansion and entry into new markets, the ongoing ramp-up of revenues per store, store-level costs and expenses, as well as corporate level costs and expenses relating to our investment in our talent pool for store development, regional store management, IT and other functions, brand-building activities and listing expenses.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares, including (i) our Shares in issue (including the shares on conversion of the Class A Ordinary Shares and Senior Ordinary Shares), (ii) the Shares to be issued pursuant to the Global Offering, including the Shares which may be issued pursuant to the exercise of the Over-allotment Option, and (iii) the Shares to be issued pursuant to the Share Incentive Plans. We satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2021, being

RMB1,611 million, which is significantly over HK$500 million as required by Rule 8.05(3) of the Listing Rules; and (ii) our expected market capitalization at the time of the Listing, which, based on the low end of the Offer Price range, exceeds HK$4 billion as required by Rule 8.05(3) of the Listing Rules.

DIVIDENDS

As advised by our British Virgin Islands legal advisor, under British Virgin Islands law, a position of accumulated losses and net liabilities does not necessarily restrict our Company from declaring and paying dividends to our Shareholders, provided this would not result in our Company being unable to pay its debts as they fall due in the ordinary course of business and the value of the Company's assets exceeds its liabilities. As we are a holding company incorporated under the laws of the British Virgin Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

Dividend distribution to our shareholders is recognized as a liability in our financial statements in the period in which the dividends are approved by our Board. During the Track Record Period, we did not distribute or declare any dividends. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the BVI Business Companies Act. In addition, our Directors may from time to time pay such interim dividends on shares of our Company outstanding and authorize payment of the same out of the funds of our Company lawfully available. We do not currently have plans to pay dividends in the near future.

As advised by our PRC Legal Advisor, in accordance with the Foreign Investment Law of the PRC and the PRC subsidiaries' Articles of Association, appropriations from net profit should be made to the reserve fund and the enterprise expansion fund, after offsetting accumulated losses from prior years, before profit can be distributed to investors. As advised by Maples and Calder (Hong Kong) LLP, our BVI legal advisor, directors of a British Virgin Islands company may only declare a distribution by such company if they are satisfied, on reasonable grounds, that the company will, immediately after the distribution, satisfy the solvency test set out in section 57(1) of the BVI Business Companies Act. A company satisfies the solvency test if the value of its assets exceeds its liabilities and it is able to pay its debts as they fall due.

GLOBAL OFFERING

This document is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises of:

the Hong Kong Public Offering of initially 1,135,000 Offer Shares (subject to reallocation) in Hong Kong and the International Offering of initially 10,215,000 Offer Shares (subject to reallocation and the Over-allotment Option) outside the United States in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or other available exemption from the registration requirements of the U.S. Securities Act.

The Offer Shares will represent 8.94% of the issued shares of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the Share Incentive Plans.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that: (i) the Global Offering has been completed and Shares are issued pursuant to the Global Offering, (ii) the Over-allotment Option is not exercised, and (iii) Shares are issued and outstanding following the completion of the Global Offering.

	Based on an Offer Price of HK$46.0 per Share	**Based on an Offer Price of HK$50.0 per Share**
Market capitalisation of our Shares(1)	HK$5,840 million	HK$6,347 million
Unaudited pro forma adjusted net tangible assets per Share(2)	HK$7.50	HK$7.84

Notes:

(1) The calculation of market capitalization is based on 126,948,796 Shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset per Share attributable to the owners of the Company is calculated on the basis that 126,632,708 Shares were in issue assuming that the Global Offering had been completed on June 30, 2022 (including the shares granted pursuant to the restricted share unit plan (the "**RSU plans**") prior to June 30, 2022 that are vested prior to or to be vested upon the completion of the Global Offering) but excludes (i) 316,088 shares issued subsequent to June 30, 2022, (ii) cash bonus to be paid to certain senior management and employees after the Global Offering pursuant to the cash bonus plan approved by the board of the Company subsequent to June 30, 2022, (iii) share appreciation plan approved by the board of the Company subsequent to June 30, 2022, (iv) any Shares which may fall to be issued upon the exercise of the Over-allotment Option, exercise of options or awards granted under the Share Incentive Plans and (v) any Shares which may be issued or repurchased by the Company pursuant to the general mandates. The 316,088 shares mentioned in (i) above are excluded since the issuance of these shares is not directly attributable to the Global Offering. The cash bonus mentioned in (ii) above and the share appreciation plan mentioned in (iii) above are excluded since the grantees are only entitled to such shares and bonus after the Global Offering. However, had such (i) 316,088 shares issued subsequent to June 30, 2022 been taken into account, such that 126,948,796 shares are in issue immediately following the completion of the Global Offering, and assuming the cash bonus mentioned in (ii) above in paid immediately upon the Global Offering, the unaudited pro forma adjusted net tangible assets per Share would have been RMB6.60 (equivalent to HK$7.34) and RMB6.87 (equivalent to HK$7.64) based on the Offer Price of HK$46.0 per Share and HK$50.0 per Share, respectively. See also "Unaudited Pro Forma Financial Information – Unaudited pro forma adjusted consolidated net tangible assets" in Appendix II.

For the calculation of the unaudited pro forma adjusted net tangible asset value per Share attributed to our Shareholders, see "Unaudited pro forma financial information" in Appendix II.

LISTING EXPENSES

Our listing expenses mainly comprise professional fees paid and payable to the professional parties for their services rendered in relation to the Listing and the Global Offering. Based on the mid-point of the Offer Price of HK$48.0 per share, the total estimated listing expenses in relation to the Global Offering are approximately HK$88.6 million, assuming the Over-allotment Option is not exercised, comprising (i) underwriting-related expenses of approximately HK$17.9 million, including commissions and fees; and (ii) non-underwriting related expenses of approximately HK$70.7 million, including (a) fees and expenses of legal advisors and the Reporting Accountant of approximately HK$40.6 million; and (b) other fees and expenses of approximately HK$30.2 million. Out of the total listing expenses, approximately HK$29.7 million has been charged to our consolidated statements of comprehensive income prior to June 30, 2022. We estimate approximately HK$35.1 million will be charged to our consolidated statements of comprehensive income and the remaining balance of approximately HK$23.8 million is expected to be accounted for as a deduction from equity upon the completion of the Global Offering. Our listing expenses account for 16.3% of the gross proceeds from the Global Offering, as calculated using the mid-point of the Offer Price range.

FUTURE PLANS AND USE OF PROCEEDS

Assuming an Offer Price of HK$48.0 per Share (being the mid-point of the Offer Price range of between HK$46.0 and HK$50.0 per Share), we estimate that we will receive net proceeds of approximately HK$456 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised.

In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 90% of the net proceeds, or HK$411 million, will be used over the next few years to expand our store network;

- the remaining balance will be used for general corporate purposes.

We estimate that we will receive from the Global Offering net proceeds, after deducting the underwriting fees and estimated expenses payable by us in connection with the Global Offering, in the amount as set out in the following table:

	Based on the low-end of the proposed Offer Price range of HK$46.0	**Based on the middle-end of the proposed Offer Price range of HK$48.0**	**Based on the high-end of the proposed Offer Price range of HK$50.0**
Assuming the Over-allotment Option is not exercised	Approximately HK$434 million	Approximately HK$456 million	Approximately HK$478 million
Assuming the Over-allotment Option is exercised in full	Approximately HK$510 million	Approximately HK$535 million	Approximately HK$560 million

To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-allotment Option) are either more or less than expected, we may adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, we will only place such funds as short-term deposits with licensed banks and/or authorized financial institutions. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

See "Future plans and use of proceeds" for more information.