The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this [**REDACTED**]. *It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.*

[Letterhead of PricewaterhouseCoopers] ***[DRAFT]***

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DPC DASH LTD AND MERRILL LYNCH (ASIA PACIFIC) LIMITED

Introduction

We report on the historical financial information of DPC Dash Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-73, which comprises the consolidated balance sheets as at December 31, 2020, 2021 and 2022, the company balance sheets as at December 31, 2020, 2021 and 2022, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2020, 2021 and 2022 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-73 forms an integral part of this report, which has been prepared for inclusion in the [**REDACTED**] of the Company dated [●] (the [**REDACTED**]) in connection with the [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation sets out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation sets out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2020, 2021 and 2022 and the consolidated financial position of the Group as at December 31, 2020, 2021 and 2022 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation sets out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which states that no dividends had been paid by DPC Dash Ltd in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
[●]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers Zhong Tian LLP in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand of RMB (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	**Year ended December 31,** **2020** *RMB'000*	**2021** *RMB'000*	**2022** *RMB'000*
Revenue	*5*	1,104,053	1,611,327	2,020,789
Raw materials and consumables cost	*18*	(310,505)	(425,580)	(549,721)
Staff compensation expense	*7*	(469,224)	(703,458)	(785,040)
Depreciation of right-of-use assets	*14*	(128,426)	(162,049)	(190,633)
Depreciation of plant and equipment	*13*	(76,932)	(98,656)	(120,692)
Amortization of intangible assets	*15*	(40,210)	(43,031)	(47,476)
Utilities expenses		(53,807)	(71,702)	(82,984)
Advertising and promotion expenses		(86,274)	(121,861)	(116,809)
Store operation and maintenance expenses		(75,715)	(101,826)	(129,750)
Variable lease rental payment, short-term rental and other related expenses		(8,146)	(17,975)	(25,847)
Other expenses	*6*	(56,332)	(56,988)	(122,760)
Fair value change of financial liabilities at fair value through profit or loss ("FVPL")	*25*	(13,933)	(201,300)	(1,858)
Other income	*8*	15,910	4,424	41,685
Other losses	*8*	(6,196)	(1,776)	(11,466)
Finance costs, net	*9*	(61,940)	(87,671)	(78,321)
Loss before income tax		(267,677)	(478,122)	(200,883)
Income tax (expense)/credit	*10*	(6,373)	7,059	(21,749)
Loss for the year attributable to owners of the Company		(274,050)	(471,063)	(222,632)
Other comprehensive (losses)/income:				
Item that may be subsequently reclassified to profit or loss				
Currency translation differences	*23*	(14,646)	(7,122)	(24,897)
Item that may not be subsequently reclassified to profit or loss				
Currency translation differences	*23*	2,222	5,161	(22,576)
Changes in the fair value attributable to own credit risk change	*23*	(639)	(3,776)	(70)
Other comprehensive losses for the year, net of tax		(13,063)	(5,737)	(47,543)
Total comprehensive loss for the year attributable to owners of the Company		(287,113)	(476,800)	(270,175)
Loss per share for loss attributable to owners of the company				
– Basic and diluted loss per share (RMB)	*11*	(3.21)	(5.42)	(2.34)

CONSOLIDATED BALANCE SHEETS

	Note	As at December 31, 2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Plant and equipment	*13*	361,617	427,050	496,004
Right-of-use assets	*14*	595,775	637,619	764,815
Intangible assets	*15*	1,284,685	1,254,006	1,242,399
Prepayment and deposits	*20*	31,380	31,372	40,456
Deferred income tax assets	*28*	–	28,606	37,154
		2,273,457	2,378,653	2,580,828
Current assets				
Inventories	*18*	25,677	36,517	66,879
Trade receivables	*19*	3,630	4,581	8,291
Prepayment, deposits and other receivables	*20*	85,528	84,056	69,150
Cash and cash equivalents	*21(a)*	257,390	656,672	544,247
Restricted cash	*21(b)*	3,034	2,215	214
		375,259	784,041	688,781
Total assets		2,648,716	3,162,694	3,269,609
EQUITY				
Equity attributable to owners of the Company				
Share capital	*22*	582,677	651,496	655,061
Share premium	*22*	872,366	1,143,738	1,162,036
Other reserves	*23*	16,608	44,006	40,023
Accumulated losses		(397,466)	(868,529)	(1,091,161)
Shares held for restricted share units ("RSUs")	*22*	–	(12,834)	(12,834)
Total equity		1,074,185	957,877	753,125
LIABILITIES				
Non-current liabilities				
Borrowings	*24*	180,000	–	200,000
Financial liabilities at fair value through profit or loss	*25*	275,077	784,426	858,894
Lease liabilities	*14*	501,535	540,112	649,975
Other payables	*27*	40,197	31,249	12,184
		996,809	1,355,787	1,721,053
Current liabilities				
Borrowings	*24*	30,000	180,000	–
Lease liabilities	*14*	128,046	141,212	180,247
Trade payables	*26*	73,743	124,696	126,746
Contract liabilities	*5(a)*	17,269	23,210	31,119
Accruals and other payables	*27*	322,291	358,365	440,700
Current income tax liabilities		6,373	21,547	16,619
		577,722	849,030	795,431
Total liabilities		1,574,531	2,204,817	2,516,484
Total equity and liabilities		2,648,716	3,162,694	3,269,609
Net current liabilities		(202,463)	(64,989)	(106,650)

BALANCE SHEETS OF THE COMPANY

	Note	As at December 31, 2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000*
ASSETS				
Non-current assets				
Investments in subsidiaries	*16, 30*	1,985,736	2,319,803	2,511,111
Prepayments	*20*	1,957	–	–
		1,987,693	2,319,803	2,511,111
Current assets				
Prepayments and other receivables	*20*	13,330	13,084	6,287
Cash and cash equivalents	*21*	3,417	314,419	169,130
		16,747	327,503	175,417
Total assets		2,004,440	2,647,306	2,686,528
EQUITY				
Equity attributable to owners of the Company				
Share capital	*22*	582,677	651,496	655,061
Share premium	*22*	872,366	1,143,738	1,162,036
Other reserves	*23*	36,204	70,724	91,638
Retained earnings/ (accumulated losses)		182,830	(64,449)	(151,648)
Shares held for RSUs	*22*	–	(12,834)	(12,834)
Total equity		1,674,077	1,788,675	1,744,253
LIABILITIES				
Non-current liabilities				
Financial liabilities at fair value through profit or loss	*25*	275,077	784,426	858,894
Other payables	*27*	29,780	21,305	2,196
		304,857	805,731	861,090
Current liabilities				
Accruals and other payables	*27*	6,913	30,321	55,366
Amounts due to subsidiaries		18,593	22,579	25,819
		25,506	52,900	81,185
Total liabilities		330,363	858,631	942,275
Total equity and liabilities		2,004,440	2,647,306	2,686,528
Net current (liabilities)/assets		(8,759)	274,603	94,232

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company				
	Note	**Share capital**	**Share premium**	**Other reserves**	**Accumulated losses**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2020		576,620	854,976	29,671	(123,416)	1,337,851
Comprehensive income						
Loss for the year		–	–	–	(274,050)	(274,050)
Change in fair value of convertible senior ordinary shares due to credit risk changes	*23*	–	–	(639)	–	(639)
Other comprehensive loss	*23*	–	–	(12,424)	–	(12,424)
Total comprehensive income		–	–	(13,063)	(274,050)	(287,113)
Transactions with owners						
Issuance of shares to directors for compensation	*22*	1,932	7,325	–	–	9,257
Issuance of shares to a shareholder for services	*22*	4,125	10,065	–	–	14,190
Total transactions with owners		6,057	17,390	–	–	23,447
Balance at December 31, 2020		582,677	872,366	16,608	(397,466)	1,074,185

		Attributable to owners of the Company					
	Note	**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, 2021		582,677	872,366	–	16,608	(397,466)	1,074,185
Comprehensive income							
Loss for the year		–	–	–	–	(471,063)	(471,063)
Change in fair value of convertible senior ordinary shares due to credit risk changes	*23*	–	–	–	(3,776)	–	(3,776)
Other comprehensive loss	*23*	–	–	–	(1,961)	–	(1,961)
Total comprehensive income		–	–	–	(5,737)	(471,063)	(476,800)
Transactions with owners							
Issuance of shares to directors for compensation	*22*	1,699	6,149	–	–	–	7,848
Issuance of shares to a shareholder for services	*22*	3,947	9,512	–	–	–	13,459
Issuance of ordinary shares, net of issuance cost	*22*	37,504	218,843	–	–	–	256,347
Issuance of ordinary shares for RSUs	*29*	25,669	–	(25,669)	–	–	–
Transfer of vested RSUs	*29*	–	36,868	12,835	(49,703)	–	–
Share-based compensation expenses for employees	*29*	–	–	–	82,838	–	82,838
Total transactions with owners		68,819	271,372	(12,834)	33,135	–	360,492
Balance at December 31, 2021		651,496	1,143,738	(12,834)	44,006	(868,529)	957,877

		Attributable to owners of the Company					
	Note	**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 year		–	–	–	–	(222,632)	(222,632)
Change in fair value of convertible senior ordinary shares due to credit risk changes	*23*	–	–	–	(70)	–	(70)
Other comprehensive loss	*23*	–	–	–	(47,473)	–	(47,473)
Total comprehensive income		–	–	–	(47,543)	(222,632)	(270,175)
Transactions with owners							
Issuance of shares to directors for compensation	*22*	2,151	11,044	–	(2,231)	–	10,964
Share-based compensation expenses for director services	*29*	–	–	–	7,066	–	7,066
Issuance of ordinary shares for RSUs	*29*	1,414	7,254	–	(8,668)	–	–
Share-based compensation expenses for employees	*29*	–	–	–	47,393	–	47,393
Total transactions with owners		3,565	18,298	–	43,560	–	65,423
Balance at December 31, 2022		655,061	1,162,036	(12,834)	40,023	(1,091,161)	753,125

CONSOLIDATED CASH FLOW STATEMENTS

	Note	Year ended December 31, 2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from operations	*31(a)*	103,543	338,462	333,438
Income tax paid		–	(6,373)	(35,225)
Net cash generated from operating activities		103,543	332,089	298,213
Cash flows from investing activities				
Purchase of plant and equipment		(127,602)	(170,781)	(195,228)
Purchase of intangible assets		(30,864)	(14,029)	(15,372)
Interest received		1,159	1,860	3,367
Proceeds from disposal of plant and equipment	*31(b)*	4,899	1,210	–
Net cash used in investing activities		(152,408)	(181,740)	(207,233)
Cash flows from financing activities				
Proceeds from issuance of convertible senior ordinary shares	*31(d)*	282,757	316,693	–
Rental deposit payment		(11,542)	(9,302)	(10,168)
Proceeds from borrowings	*31(d)*	145,000	–	200,000
Repayment to borrowings	*31(d)*	–	(30,000)	(180,000)
Payment of principal element of lease liabilities	*31(d)*	(112,443)	(147,044)	(167,566)
Payment of interest element of lease liabilities	*31(d)*	(37,360)	(48,659)	(53,575)
Interests paid	*31(d)*	(9,609)	(14,563)	(11,438)
Installment for franchise agreement	*31(d)*	(13,050)	(76,508)	–
Issuance cost of convertible senior ordinary shares and ordinary shares		(10,226)	(8,049)	–
Payment of [**REDACTED**]		[REDACTED]	[REDACTED]	[REDACTED]
Proceeds from issuance of ordinary shares	*22*	42	260,692	–
Net cash generated from/(used in) financing activities		233,569	242,985	(224,575)
Net increase/(decrease) in cash and cash equivalents		184,704	393,334	(133,595)
Cash and cash equivalents at beginning of year	*21(a)*	83,657	257,390	656,672
Exchange difference on cash and cash equivalents		(10,971)	5,948	21,170
Cash and cash equivalents at end of year	*21(a)*	257,390	656,672	544,247

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(All amounts in RMB Yuan unless otherwise stated)

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The Historical Financial Information have been prepared under the historical cost convention, as modified by the revaluation of certain financial liabilities at fair value through profit or loss which are carried at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

All effective standards, amendments to standards and annual improvements, which are mandatory for the financial year beginning January 1, 2022, are consistently applied by the Group throughout the Track Record Period.

(a) New / amended standards not yet adopted

New/amended standards that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

New/amended 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

New/amended standards		Effective for annual periods beginning on or after
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
IFRS 16 (Amendments)	Leases liability in a sale and leaseback	January 1, 2024
IAS 1 (Amendments)	Classification of liabilities as current or non-current	January 1, 2024
IAS 1 (Amendments)	Non-current liabilities with covenants	January 1, 2024
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or amended standards. According to the preliminary assessment made by the directors of the Company (the "Directors"), no significant impact on the financial performance and position of the Group is expected when they become effective.

2.2 Going concern

As at December 31, 2020, 2021 and 2022, the Group recorded net current liabilities of approximately RMB202,463,000, RMB64,989,000 and RMB106,650,000, respectively and the Group had net losses of approximately RMB274,050,000, RMB471,063,000 and RMB222,632,000 for the respective years then ended. During the years ended December 31, 2020, 2021 and 2022, the Group has generated net cash inflows from operating activities of approximately RMB103,543,000, RMB332,089,000 and RMB298,213,000, respectively.

The Directors have reviewed the Group's cash flow forecast, which covers a period of not less than twelve months from December 31, 2022. In preparing the cash flow forecast, the Directors have considered the Group's capital expenditures plans (including the new stores opening plan in the forecast period), estimated cash flows generated from operations, existing cash on hand and other available source of funds. Based on review of the cash flow forecast, the Directors believe that the Group has sufficient funds to meet its liabilities and continue its operations for at least twelve months from December 31, 2022.

Accordingly, the Historical Financial Information have been prepared on the basis that the Group will continue as a going concern.

2.3 Subsidiaries

2.3.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note (a)).

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, statements of changes in equity and balance sheet respectively.

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following, if applicable:

- fair value of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

2.3.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the Historical Financial Information of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors of the Company who make strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is United States Dollars ("US$"). The functional currency of the Group's subsidiaries incorporated in Cayman Islands and Hong Kong is US$. The Group's PRC subsidiaries determined their functional currency to be RMB. The Historical Financial Information are presented in RMB as the major operations of the Group are conducted in the PRC.

(b) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive income within "finance cost". All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within "other (losses)/gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each consolidated statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);

(iii) all resulting currency translation differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, are recognized in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange currency translation arising from the translation of any net investment in foreign entities are recognized in other comprehensive income.

2.6 Plant and equipment

All plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation of the plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Over the lease terms or useful life of 6 years, whichever the shorter
Machinery and equipment	5-10 years
Office equipment	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized within "other (losses)/gains, net" in the consolidated statements of comprehensive income.

2.7 Construction in progress

Construction in progress represents furniture and fixtures, equipment and leasehold improvements under construction or installation. Construction in progress is stated at cost less accumulated impairment losses, if any. Cost includes construction costs, installation costs that are eligible for capitalization and other costs necessary to bring the plant, equipment and leasehold improvements ready for their intended use. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to plant and equipment and depreciated in accordance with the policies as stated in note 2.6.

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the amount of the non-controlling interest in the acquiree. Goodwill on acquisition of subsidiaries is included in intangible assets.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Master franchise agreement

Master franchise agreement ("MFA") acquired in a business combination are recognized at fair value at the acquisition date. Master franchise agreement are amortized on the straight-line basis over estimated useful lives of 30 years, which is also the contractual term of the master franchise agreement with renewal terms considered.

The Group should pay additional store franchise fee for each new opening store. Store franchise fee are recognized at cost and amortized on the straight-line bases over estimated operation period of the new store.

According to the MFA, royalty fees are based on a fixed percentage of revenue and the expenses are recognized in "Store operation and maintenance expenses" as incurred.

(c) Acquired software and website

The acquired software and website is well-developed and used for the Group's financial reporting and business operation. The acquired software and website are recognized at cost and amortized on a straight-line basis over the estimated useful lives of 1-10 years, representing the management's best estimates after considering the current functionalities equipped by these software and website, the daily operation needs of the Group and the authorized use period of the acquired software and website.

(d) Self-developed website and app

Costs incurred on development projects are capitalized as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the website and app so that it will be available for use; (b) management intends to complete the website and app and use or sell it; (c) there is an ability to use or sell the website and app; (d) it can be demonstrated how the website and app will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the website and app are available; and (f) the expenditure attributable to the website and app during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred.

The Group capitalized development expenditure of self-developed website and app which are developed for pizza ordering. The Group can use and maintain the website and app (with minor upgrades) as long as it can meet the customer's pizza ordering needs. The self-developed website and app are recognized at cost and amortized on a straight-line basis over the estimated useful lives of 10 years, representing the management's best estimates after considering the current functionalities equipped by these self-developed website and app and the daily operation needs of the Group.

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

2.9 Impairment of non-financial assets

Goodwill that has an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

- Those to be measured at amortized cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(d) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "other (losses)/gains, net" together with foreign exchange gains and losses.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "other (losses)/gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other (losses)/gains, net".

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within "other (losses)/gains, net" in the period in which it arises.

(e) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

(f) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and reward of ownership.

(g) Offset

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of inventories comprises food ingredients, beverages consumables and other direct costs. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.12 Trade and other receivables

Trade receivables primarily are amounts due from third-party platforms in connection with the sales of our products in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See notes 19 and 20 for further information about the Group's trade receivables and other receivables, and note 3.1(b) for a description of the Group's impairment policies.

2.13 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Trade and other payables are presented as current liabilities unless payment is not due within 12 months (or in the normal operating cycle of the business if longer) after the reporting period.

2.16 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

2.18 Convertible senior ordinary shares

The Group issued convertible senior ordinary shares which give holders a right for redemption into cash after specified time or a right for conversion into ordinary shares of the Company upon [**REDACTED**] automatically or any time at holders' option. The convertible senior ordinary shares will be automatically converted into ordinary shares upon occurrence of certain events outside the control of the Company.

The Group designates convertible senior ordinary shares as financial liabilities at FVPL. They are initially recognized at fair value. Any directly attributable transaction costs are recognized as expense in profit or loss.

Subsequent to initial recognition, the convertible senior ordinary shares are carried at fair value with changes in fair value recognized as "fair value change of financial liabilities at FVPL" in the consolidated statements of comprehensive income. The component of fair value changes relating to the Company's own credit risk is recognized in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling to profit or loss, but are transferred to retained earnings when realized.

2.19 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liabilities is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred income tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.20 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

(b) Pension obligations

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

2.21 Share-based compensations

The Group operates share incentive plan, under which it receives services from directors, employees and a shareholder as consideration for equity instruments (including directors' compensation, stock appreciation rights and RSUs) of the Group. The fair value of the services received in exchange for the grant of the equity instruments (directors' compensation, stock appreciation rights, RSUs and share options) is recognized as an expense in the consolidated statements of comprehensive income.

(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.

Liabilities for the Group's share appreciation rights are recognized as employee benefit expense over the relevant service period. At the end of each reporting period, the Group remeasures the exit equity value based on the fair market value of the Group. The expenses are recognized as "staff compensation expense" in profit or loss, with a corresponding increase in "accruals and other payables" as included in liability.

Where the Group cancels the stock appreciation rights it should derecognize the liability. Any difference between the carrying amount of the liability and the consideration paid to cancel the share-based compensation (if any) should be recognized in profit or loss. By the end of December 31, 2022, the Group has cancelled the stock appreciation rights for all existing employees.

(b) RSU and share options

The fair value of RSU granted in 2021 and 2022, and share options granted under "2022 Pre-[**REDACTED**] Plan" is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the RSU and share options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting condition; and
- including the impact of any non-vesting conditions.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of RSU and share options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(c) [**REDACTED**] ***bonus***

In November 2022, the Board approved the adoption of a cash bonus plan for certain senior management and a cash settled share appreciation bonus plan for the CEO of the Group (together, the "Bonus Plan"). The amount of cash bonus will be determined based on the post-money [**REDACTED**] equity valuation at the [**REDACTED**] date and for an eligible senior management, plus the variance of the share price within one year after [**REDACTED**].

Liabilities for the Group's [**REDACTED**] bonus is recognized as employee benefit expense over the relevant service period. The expenses are recognized as "staff compensation expense" in profit or loss, with a corresponding increase in "accruals and other payables" as included in liability.

(d) Issuance of ordinary shares for non-employee's services

The Group has issued ordinary shares in exchange for the receipt of guarantee services. The fair value of the guarantee services received by the Group is measurable directly and recognised as an expense in profit or loss. The prepaid guarantee fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

2.22 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amounts can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.23 Revenue recognition

The Group recognizes revenue when control of goods have been transferred and services have been rendered.

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of returns, value-added tax and discounts, and after eliminating sales within the Group.

The Group generates revenue from sales of food and beverages through self-developed website and app, third-party platforms and retail stores. Sales of food and beverages are recognized at point in time upon when food and beverages are accepted by customers.

The Group establishes a customer loyalty incentive program which customers can earn award credits from each order. The award credits can be redeemed to deduct payment in next order. The Group also provides coupons to customer for compensation of late delivery, which can be redeemed for free food in the next order. Award credits and coupons for customers are accounted for as separate performance obligations and the fair value of the consideration received or receivable is allocated among the food and beverage sold, award credits and coupons based on their stand-alone selling price ("SSP"). The SSP of the food and beverage is directly observable and determined by the price that they are sold separately. The SSP of award credits and coupons is measured by reference to the amount for which the award credits and coupons could be sold separately considering the breakage based on the Group's best estimation. Such consideration is not recognized as revenue at the time of the initial sale transaction, but is deferred in "contract liabilities" and recognized as revenue when the award credits and coupons are redeemed and the Group's obligations have been fulfilled.

Any consideration payable to customers with no distinct goods or services received from those customers is recognized as a reduction of the revenue.

2.24 Interest income

Interest income on financial assets at amortized cost calculated using the effective interest method is recognized in the consolidated statements of comprehensive income as part of "finance costs, net".

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purpose.

2.25 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.26 Leases

The Group leases various offices, central kitchens and retail stores. Rental contracts of offices, central kitchens and retail stores are typically made for fixed periods of 3 to 6 years, 5 to 10 years and 5 to 8 years respectively but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following (if applicable):

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipments and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipments and small items of office furniture.

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in IFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in IFRS 16 and recognized the change in consideration as if it were not a lease modification.

2.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Historical Financial Information in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.28 Losses per share

(a) Basic losses per share

Basic losses per share is calculated by dividing:

- by the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted losses per share

Diluted losses per share adjusts the figures used in the determination of basic losses per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. During the Track Record Period, the Group has not entered into any derivative instruments to hedge its foreign exchange exposures.

The following table shows the monetary assets held by the Group which are denominated in a currency other than the functional currency of the respective group entities:

	Functional currency	Currency denomination	As at December 31, 2020	2021	2022
			RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	US$	RMB	3,493	2,096	2,049
Cash and cash equivalents	RMB	US$	24,994	44,625	592
			28,487	46,721	2,641

As at December 31, 2020 and 2021, if US$ had strengthened/weakened by 5% against the RMB, with all other variables held constant, loss before income tax for the year would have been approximately RMB1,075,000 and RMB2,126,000 lower/higher respectively, mainly as a result of the net foreign exchange gains/loss on translation of US$-denominated cash and cash equivalents.

As at December 31, 2022, if US$ had strengthened/weakened by 5% against the RMB, with all other variables held constant, loss before income tax for the year would have been approximately RMB73,000 higher/lower, mainly as a result of the net foreign exchange losses/gains on translation of RMB-denominated cash and cash equivalents.

(ii) Interest rate risk

The Group's interest rate risk mainly arises from borrowings, cash and cash equivalents and financial liabilities measured at FVPL. As at December 31, 2022, all of the Group's borrowings are obtained at variable rates and expose the Group to cash flow interest-rate risk. As at December 31, 2020 and 2021, all of the Group's borrowings were obtained at fixed rates and exposed the Group to fair value interest rate risk. The Group does not hedge its cash flow and fair value interest rate risk. Financial liabilities measured at FVPL expose the Group to fair value interest rate risk before conversion into ordinary shares of the company. Please refer to Notes 24 and 25 for the details of these financial liabilities.

As at December 31, 2022, if the Group's interest rates on borrowings obtained at variable rates had been higher/lower by 0.5 percentage point, loss before income tax for the year would have been approximately RMB414,000 higher/lower.

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, restricted cash, rental and other deposits, and receivables. The carrying amounts of each financial asset represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Risk management

The Group has policies in place to ensure that credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers.

The Group's cash and cash equivalents and restricted cash were deposited with high quality financial and other institutions with sound credit ratings. Therefore, the Group does not expect material losses arising from non-performance by these counterparties.

For rental deposits, the Group signed lease contracts with big department stores and real estate management companies with relatively high credibility. Hence, the Group does not expect material losses arising from non-performance by these counterparties.

(ii) Impairment of financial assets

Cash and cash equivalents and restricted cash

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, management considered the expected credit loss rates to be immaterial and the identified impairment loss was immaterial as substantially all of the Group's bank deposits were deposited with major financial and other institutions which management believes are of high-credit-quality without significant credit risk.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2020, 2021 and 2022 respectively and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of China in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are presented net of allowance for doubtful accounts. The Group maintains an allowance for doubtful accounts which reflects its best estimate of amounts that potentially will not be collected. The Group determines the allowance for doubtful accounts by taking into consideration various factors including but not limited to historical collection experience and creditworthiness of customers. Trade receivable balances are written off after all collection efforts have been exhausted.

On that basis, the loss allowance at December 31, 2020, 2021 and 2022 was determined as follows.

As at December 31, 2020	**Aging within 30 days**	**Total**
Expected loss rate (%)	2.18%	2.18%
Gross carrying amount (RMB' 000)	3,711	3,711
Loss allowance (RMB' 000)	(81)	(81)
As at December 31, 2021		
Expected loss rate (%)	1.76%	1.76%
Gross carrying amount (RMB' 000)	4,663	4,663
Loss allowance (RMB' 000)	(82)	(82)
As at December 31, 2022		
Expected loss rate (%)	2.27%	2.27%
Gross carrying amount (RMB' 000)	8,483	8,483
Loss allowance (RMB' 000)	(192)	(192)

Movements in the loss allowances for trade receivables are as follows:

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance at beginning of the year	(49)	(81)	(82)
Increase in the allowance recognized in profit or loss during the year	(32)	(1)	(110)
Closing loss allowance at end of the year	(81)	(82)	(192)

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Impairment losses on trade receivables are presented within other (losses)/gains, net. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortized cost

The Group's other financial assets carried at amortized cost include rental deposits in the consolidated balance sheets. The impairment loss of rental deposits is measured based on the twelve months expected credit loss. The twelve months expected credit loss is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within twelve months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counter-parties' ability to meet its obligation;
- actual or expected significant changes in the operating results of the counter-parties;
- significant changes in the expected performance and behaviour of the counter-parties, including changes in the payment status of the counter parties.

The loss allowance as at December 31, 2020, 2021 and 2022 was determined as follows for other financial assets:

As at December 31, 2020	**Current**	**Non-current**	**Total**
Expected loss rate (%)	0.84%	1.33%	1.23%
Gross carrying amount – Rental deposits (RMB' 000)	4,563	29,490	34,053
Gross carrying amount – Others (RMB' 000)	2,718	–	2,718
Loss allowance (RMB' 000)	(61)	(391)	(452)

As at December 31, 2021

Expected loss rate (%)	0.84%	1.26%	1.15%
Gross carrying amount – Rental deposits (RMB' 000)	9,061	31,773	40,834
Gross carrying amount – Others (RMB' 000)	2,544	–	2,544
Loss allowance (RMB' 000)	(97)	(401)	(498)

As at December 31, 2022

Expected loss rate (%)	1.24%	1.13%	1.15%
Gross carrying amount – Rental deposits (RMB' 000)	8,829	40,917	49,746
Gross carrying amount – Others (RMB' 000)	3,938	–	3,938
Loss allowance (RMB' 000)	(158)	(461)	(619)

Movements in the loss allowance for other financial assets at amortized cost are as follows:

	Rental deposits *RMB' 000*	**Others** *RMB' 000*	**Total** *RMB' 000*
Opening loss allowance as at January 1, 2020	(177)	(24)	(201)
Increase in the allowance recognized in profit or loss during the year	(241)	(10)	(251)
Closing loss allowance as at December 31, 2020	(418)	(34)	(452)
Decrease/(increase) in the allowance recognized in profit or loss during the year	(49)	3	(46)
Closing loss allowance as at December 31, 2021	(467)	(31)	(498)
Increase in the allowance recognized in profit or loss during the year	(104)	(17)	(121)
Closing loss allowance as at December 31, 2022	(571)	(48)	(619)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by maintaining adequate amount of cash and cash equivalents.

The table below analyzes the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet dates to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 3 years**	**Over 3 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2020					
Borrowings and interest payments	44,190	189,570	–	–	233,760
Lease liabilities and interest payments	199,944	187,968	165,403	369,189	922,504
Trade payables *(note 26)*	73,743	–	–	–	73,743
Accruals and other payables (excluding salary and welfare payables and provision for restoration costs)	249,039	–	–	–	249,039
Financial liabilities at FVPL *(note 25)*	–	–	–	417,696	417,696
	566,916	377,538	165,403	786,885	1,896,742
As at December 31, 2021					
Borrowings and interest payments	189,570	–	–	–	189,570
Lease liabilities and interest payments	211,510	190,724	164,054	353,989	920,277
Trade payables *(note 26)*	124,696	–	–	–	124,696
Accruals and other payables (excluding salary and welfare payables and provision for restoration costs)	236,276	–	–	–	236,276
Financial liabilities at FVPL *(note 25)*	–	–	857,022	–	857,022
	762,052	190,724	1,021,076	353,989	2,327,841
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 26)*	126,746	–	–	–	126,746
Accruals and other payables (excluding salary and welfare payables and provision for restoration costs)	310,717	–	–	–	310,717
Financial liabilities at FVPL *(note 25)*	–	936,182	–	–	936,182
	677,600	1,152,116	378,055	383,815	2,591,586

3.2 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.

The gearing ratios at December 31, 2020, 2021 and 2022 were as follows:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Total borrowing	210,000	180,000	200,000
Total equity	1,074,185	957,877	753,125
Gearing ratio	20%	19%	27%

3.3 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.

The following table summarizes the level inputs information of financial liabilities at December 31, 2020, 2021 and 2022.

	As at December 31,								
	2020			**2021**			**2022**		
	Level 1 inputs	**Level 2 inputs**	**Level 3 inputs**	**Level 1 inputs**	**Level 2 inputs**	**Level 3 inputs**	**Level 1 inputs**	**Level 2 inputs**	**Level 3 inputs**
	RMB' 000	*RMB' 000*	*RMB' 000*	*RMB' 000*	*RMB' 000*	*RMB' 000*	*RMB' 000*	*RMB' 000*	*RMB' 000*
Convertible senior ordinary shares	–	–	275,077	–	–	784,426	–	–	858,894

Please refer to Note 25 for the methodology and key assumptions as adopted by management in determining the fair value of these financial liabilities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Historical Financial Information requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the group of CGUs to which goodwill has been allocated.

For the purposes of impairment testing, goodwill has been allocated to the group of CGUs that is expected to generate future economic benefits.

The recoverable amount of the group of CGUs of the Group are determined based on value-in-use calculations. Detailed information of the basis of recoverable amounts and major underlying assumptions are set out in note 15. Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the recoverable amounts of the group of CGUs to fall below their carrying amounts.

(b) Estimated useful lives and residual values of plant and equipment and intangible assets

The Group's management determines the estimated useful lives and residual values for the Group's plant and equipment and intangible assets. The estimates are based on the historical experience of the actual useful lives of plant and equipment and intangible assets of similar nature and functions. Management will increase the depreciation and amortization charges where useful lives are less than previously estimated lives. It will write off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable and amortizable lives and therefore affect the depreciation and amortization charges in future periods.

(c) Impairment of plant and equipment, master franchise agreement and right-of-use assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, including, among others, the economic impact of the unprecedented COVID-19 pandemic on the operations of the Group and the region in which it operates. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Current and deferred income taxes

The Group is subject to income taxes in a few jurisdictions. Judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the period in which such determination is made.

Recognition of deferred income tax assets depends on the management's expectation of future taxable profit that will be available against which the deferred income tax assets can be utilized. The outcome of their actual utilization may be different.

(e) Determination of fair value of the convertible senior ordinary shares

The convertible senior ordinary shares are not traded in an active market and their fair value is determined using valuation techniques. Management exercise its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting periods. For details of the key assumptions used and the impact of changes to these assumptions, refer to Note 25.

(f) Recognition of share-based compensation expense

Share-based compensation includes stock appreciation rights, restricted share units, share options and [**REDACTED**] bonus. Significant estimates of key assumptions are required to be made by management in determining the recognition of expenses of these items. For details of the key assumptions used and the impact of changes to these assumptions, refer to Note 29.

5 REVENUE AND SEGMENT INFORMATION

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

The 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.

During the Track Record Period, all the Group's revenue are generated from Mainland China.

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from sales of goods and services recognized at a point in time	1,104,053	1,611,327	2,020,789

(a) Contract liabilities

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

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	17,269	23,210	31,119

The increase in contract liabilities was due to increase of sale-based estimated award credits arising from the customer loyalty scheme and coupons for compensation of late delivery, both of which can be used in future purchases and consumptions in the stores.

(i) Revenue recognized in relation to contract liabilities

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year	11,730	17,202	23,127

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 December 31, 2020, 2021 and 2022, most of the Group's non-current assets (other than intangible assets) were located in Mainland China.

6 OTHER EXPENSES

An analysis of other expenses is as follow:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Professional service expenses	9,465	7,797	9,087
Auditor's remuneration	1,946	2,301	2,534
Telecommunication and information technology related expenses	23,183	16,583	28,444
Travelling and related expenses	13,826	9,782	10,549
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	7,912	10,229	17,403
	56,332	56,988	122,760

7 STAFF COMPENSATION EXPENSE (INCLUDING DIRECTOR SERVICE EMOLUMENT)

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	383,022	536,356	644,077
Contributions to pension plan *(a)*	16,255	32,730	44,901
Housing fund, medical insurance and other social insurance	28,552	36,768	48,431
Other benefits	8,193	6,783	7,925
Total salary-based expenses *(b)*	436,022	612,637	745,334
Share-based compensation *(Note 29)*	33,202	90,821	39,706
Total staff compensation expense	469,224	703,458	785,040

(a) Contributions to pension plan

No forfeited contributions were available and utilised by the Group to reduce its future pension contributions for the years ended December 31, 2020, 2021 and 2022.

Mainland China

As stipulated under the relevant rules and regulations in Mainland China, the subsidiaries operating in Mainland China contribute to state-sponsored retirement plans for its employees. For the years ended December 31, 2020, 2021 and 2022, depending on the provinces of the employees' registered residences and their current region of work, the subsidiaries contributed certain percentages of the basic salaries of its employees and had no further obligations for the actual payment of pensions or post retirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.

According to policies issued by the Ministry of Human Resources and Social Security of the PRC and local municipal departments in response to the Coronavirus Disease 2019 (COVID-19), certain social security relief policies have been implemented by local authorities which reduced the pension plan expenses for the period from February to December 2020.

Hong Kong

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme.

The Group has no further payment obligations once the contribution has been paid. The contributions are recognised as employee benefit expense when they are due.

(b) Total salary-based expenses

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Salary-based expenses			
– Store level	316,009	462,596	577,289
– Corporate level	120,013	150,041	168,045
	436,022	612,637	745,334

(c) Five highest paid individuals

Details of the remunerations of the five highest paid individuals in the Group during the Track Record Period are as follows:

	Year ended December 31,		
	2020	**2021**	**2022**
Director	–	1	1
Non-director	5	4	4
	5	5	5

The five individuals whose emoluments were the highest in the Group include nil, 1 and 1 director for the years ended December 31, 2020, 2021 and 2022 respectively, whose emoluments are reflected in Note 34. The emoluments payable to the remaining 5, 4 and 4 non-director highest paid individuals for the years ended December 31, 2020, 2021 and 2022 are as follows:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	14,020	16,225	15,540
Contributions to pension plan	166	167	184
Housing fund, medical insurance and other social insurance	262	201	225
Other benefits	902	628	706
Share-based compensation	19,352	18,478	23,097
	34,702	35,699	39,752

The emoluments fell within the following band:

	Year ended December 31,		
	2020	**2021**	**2022**
Emolument bands			
HKD3,500,000 to HKD4,000,000	3	–	–
HKD6,000,000 to HKD6,500,000	–	–	1
HKD6,500,000 to HKD7,000,000	1	–	1
HKD7,000,000 to HKD7,500,000	–	1	–
HKD7,500,000 to HKD8,000,000	–	–	1
HKD10,000,000 to HKD10,500,000	–	1	–
HKD11,500,000 to HKD12,000,000	–	1	–
HKD13,500,000 to HKD14,000,000	–	1	–
HKD21,000,000 to HKD21,500,000	1	–	–
HKD25,000,000 to HKD25,500,000	–	–	1
Total	5	4	4

8 OTHER INCOME AND OTHER LOSSES, NET

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants income *(a)*	14,352	2,822	8,366
Value-added tax additional deductions *(b)*	–	–	30,447
Interest income on discount of rental deposit	1,558	1,602	2,872
	15,910	4,424	41,685

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Other (losses)/gains, net			
Impairment charge of right-of-use assets *(note 14)*	(5,154)	(2,362)	(6,761)
Impairment charge of plant and equipment *(note 13)*	(1,452)	(2,273)	(1,378)
Net foreign exchange losses on operating activities	(1,020)	(439)	(2,670)
Loss on disposal of plant and equipment and intangible assets	(792)	(2,362)	(5,234)
Gain on termination of lease contracts	–	4,211	1,563
Others	2,222	1,449	3,014
Other losses, net	(6,196)	(1,776)	(11,466)

(a) Government grants mainly represented exemptions on value-added tax granted by the government authorities in the PRC which were applicable to certain subsidiaries of the Group, and the additional COVID-19 subsidies granted by the government authorities in the PRC during the years ended December 31, 2020, 2021 and 2022. The Group has received all the government grants income and there was no future obligation related to these subsidy income.

(b) For the year ended December 31, 2022, other income primarily comprised of the 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).

9 FINANCE COSTS, NET

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Interest income on cash at bank	1,159	1,860	3,367
Interest expenses	(59,866)	(73,212)	(65,886)
– Bank borrowings	(10,401)	(14,171)	(11,546)
– Lease liabilities *(note 14)*	(37,360)	(48,659)	(53,575)
– Long-term payables	(12,105)	(10,382)	(765)
Guarantee fee for bank borrowings *(notes i and 22 (ii))*	(16,876)	(16,126)	(12,507)
Issuance cost of convertible senior ordinary shares	(10,226)	(9,235)	–
Net foreign exchange gains/(losses) on financing activities	23,869	9,042	(3,295)
	(61,940)	(87,671)	(78,321)

(i) As at December 31, 2022, the Company has repaid the bank borrowings which were secured by the corporate guarantee from one of the shareholders, Good Taste Limited and the personal guarantee from one of the directors of the Company, and the related guarantees were released accordingly. For the years ended December 31, 2020, 2021 and 2022, the related guarantee fee charged to finance costs was approximately RMB16,876,000, RMB16,126,000 and RMB12,507,000, respectively.

10 INCOME TAX EXPENSE/(CREDIT)

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Current income tax			
– Mainland China corporate income tax	6,373	21,547	30,297
Deferred income tax *(Note 28)*	–	(28,606)	(8,548)
Income tax expense/(credit)	6,373	(7,059)	21,749

(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 during the Track Record Period.

(iii) Cayman Islands profits tax

The Company's subsidiary incorporated in the Cayman Islands is 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 years ended December 31, 2020, 2021 and 2022. 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 rates are 5% on taxable income for the first RMB1,000,000, tax rate of 10% on taxable income for the subsequent RMB1,000,000 to RMB3,000,000 for the year ended December 31, 2020. The tax rates are 2.5% on taxable income for the first RMB1,000,000, and tax rate of 10% on taxable income for the subsequent RMB1,000,000 to RMB3,000,000 for the year ended December 31, 2021. The tax rates are 2.5% on taxable income for the first RMB1,000,000, and tax rate of 5% on taxable income for the subsequent RMB1,000,000 to RMB3,000,000 for the year ended December 31, 2022.

A reconciliation from loss before income tax to tax charges is set out below:

	Year ended December 31		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Loss before income tax	(267,677)	(478,122)	(200,883)
Tax calculated at tax rates applicable to profit/(loss) in the respective jurisdictions	(44,816)	(45,869)	(20,023)
Expenses not deductible for tax purpose[(i)]	13,107	25,241	12,183
Temporary differences and tax losses for which no deferred income tax assets were recognized	38,671	33,643	35,058
Recognition of previously temporary differences	–	(17,945)	–
Utilization of previous unrecognized tax losses	(589)	(2,129)	(4,946)
Differences of year-end final settlement	–	–	(523)
Tax expense/(credit)	6,373	(7,059)	21,749

(i) Expenses not deductible for tax purpose mainly included share-based compensation and expenses not eligible for tax deduction.

11 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended December 31		
	2020	**2021**	**2022**
Loss attributable to owners of the Company (RMB'000)	(274,050)	(471,063)	(222,632)
Weighted average number of ordinary shares in issue (thousands)	85,475	86,921	95,233
Basic loss per share (RMB)	(3.21)	(5.42)	(2.34)

(b) Diluted

Diluted loss per share is calculated by dividing the loss excluding the effect of changes in the fair value of convertible senior ordinary shares attributable to owners of the Company by the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Convertible senior ordinary shares are considered to be potential ordinary shares. The dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2020, 2021 and 2022 were the same as basic loss per share for the respective years.

12 DIVIDENDS

No dividends have been paid or declared by the Company for the years ended December 31, 2020, 2021 and 2022.

13 PLANT AND EQUIPMENT

	Leasehold improvements	Machinery and equipment	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020						
Cost	217,979	147,029	12,164	14,837	2,089	394,098
Accumulated depreciation	(63,272)	(37,718)	(4,208)	(4,667)	–	(109,865)
Impairment	(398)	(96)	–	(36)	–	(530)
Net book amount	154,309	109,215	7,956	10,134	2,089	283,703
Year ended December 31, 2020						
Opening net book amount	154,309	109,215	7,956	10,134	2,089	283,703
Additions	–	–	2,975	–	158,979	161,954
Transfers	89,139	54,208	–	7,599	(150,946)	–
Disposals/write-off	(2,928)	(2,449)	(22)	(257)	–	(5,656)
Depreciation	(43,014)	(27,870)	(2,590)	(3,458)	–	(76,932)
Impairment *(note 8)*	(1,452)	–	–	–	–	(1,452)
Closing net book amount	196,054	133,104	8,319	14,018	10,122	361,617

	Leasehold improvements	Machinery and equipment	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2020						
Cost	303,420	194,496	14,934	21,049	10,122	544,021
Accumulated depreciation	(106,286)	(61,392)	(6,615)	(7,030)	–	(181,323)
Impairment	(1,080)	–	–	(1)	–	(1,081)
Net book amount	196,054	133,104	8,319	14,018	10,122	361,617
Year ended December 31, 2021						
Opening net book amount	196,054	133,104	8,319	14,018	10,122	361,617
Additions	–	–	2,122	–	167,780	169,902
Transfers	100,639	58,109	–	7,235	(165,983)	–
Disposals/write-off	(324)	(2,219)	(188)	(809)	–	(3,540)
Depreciation	(55,517)	(36,072)	(2,606)	(4,461)	–	(98,656)
Impairment *(note 8)*	(2,273)	–	–	–	–	(2,273)
Closing net book amount	238,579	152,922	7,647	15,983	11,919	427,050
As at December 31, 2021						
Cost	403,112	243,312	15,245	24,873	11,919	698,461
Accumulated depreciation	(161,803)	(90,390)	(7,598)	(8,889)	–	(268,680)
Impairment	(2,730)	–	–	(1)	–	(2,731)
Net book amount	238,579	152,922	7,647	15,983	11,919	427,050
Year ended December 31, 2022						
Opening net book amount	238,579	152,922	7,647	15,983	11,919	427,050
Additions	–	–	2,541	–	193,604	196,145
Transfers	114,681	65,610	–	12,035	(192,326)	–
Disposals/write-off	(1,746)	(1,346)	(3)	(2,026)	–	(5,121)
Depreciation	(68,910)	(44,041)	(2,490)	(5,251)	–	(120,692)
Impairment *(note 8)*	(1,378)	–	–	–	–	(1,378)
Closing net book amount	281,226	173,145	7,695	20,741	13,197	496,004
As at December 31, 2022						
Cost	506,670	294,438	17,250	28,657	13,197	860,212
Accumulated depreciation	(221,939)	(121,293)	(9,555)	(7,915)	–	(360,702)
Impairment	(3,505)	–	–	(1)	–	(3,506)
Net book amount	281,226	173,145	7,695	20,741	13,197	496,004

14 LEASES

(a) Amounts recognized in the consolidated balance sheets

The recognized right-of-use assets relate to the following types of assets:

	As at December 31, 2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Leased properties – stores and central kitchens	583,268	625,057	750,437
Leased properties – offices	12,507	12,562	14,378
Total right-of-use assets	595,775	637,619	764,815
Lease liabilities			
Lease liabilities – current	128,046	141,212	180,247
Lease liabilities – non-current	501,535	540,112	649,975
Total lease liabilities	629,581	681,324	830,222

As at December 31, 2020, 2021 and 2022, the carrying amounts of the Group's right-of-use assets and lease liabilities were denominated in RMB.

Movements in right-of-use assets are analyzed as follows:

	Leased properties – stores and central kitchens	Leased properties – offices	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended December 31, 2020			
Opening net book amount	451,463	16,982	468,445
Additions	260,910	–	260,910
Depreciation	(123,951)	(4,475)	(128,426)
Impairment *(i)*	(5,154)	–	(5,154)
Net book amount at December 31, 2020	583,268	12,507	595,775
Year ended December 31, 2021			
Opening net book amount	583,268	12,507	595,775
Additions	201,535	4,720	206,255
Depreciation	(157,384)	(4,665)	(162,049)
Impairment *(i)*	(2,362)	–	(2,362)
Net book amount at December 31, 2021	625,057	12,562	637,619
Year ended December 31, 2022			
Opening net book amount	625,057	12,562	637,619
Additions	317,157	7,433	324,590
Depreciation	(185,016)	(5,617)	(190,633)
Impairment[(i)]	(6,761)	–	(6,761)
Net book amount at December 31, 2022	750,437	14,378	764,815

(i) For the years ended December 31, 2020, 2021 and 2022, the Group recognized impairment losses for right-of-use assets of approximately RMB5,154,000, RMB2,362,000 and RMB6,761,000 (Note 8), respectively, at the end of respective reporting years, due to the relocation plans of certain stores.

(b) Amounts recognized in the consolidated statements of comprehensive income

The consolidated statements of comprehensive income shows the following amounts relating to leases:

	Year ended December 31, 2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Depreciation of right-of-use assets			
Leased properties – stores and central kitchens	123,951	157,384	185,016
Leased properties – offices	4,475	4,665	5,617
	128,426	162,049	190,633
Interest expenses included in Finance costs – net *(note 9)*	37,360	48,659	53,575
Expense relating to short-term leases	610	662	2,270
Expense relating to leases of low-value assets that are not shown above as short-term leases	197	226	332
Expense relating to variable lease payments not included in lease liabilities	7,339	17,087	23,245
	45,506	66,634	79,422

Some property leases contain variable payment terms that are linked to sales generated from some stores. For some individual stores, up to 100% of lease payments are on the basis of variable payment terms with percentages ranging from 6% to 14% of sales as generated from those stores. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

A 10% increase in sales across all stores in the Group with such variable lease contracts would increase total lease payments by approximately RMB734,000, RMB1,709,000 and RMB2,325,000 for the years ended December 31, 2020, 2021 and 2022, respectively.

The total cash outflows in respect of leases amounted to approximately RMB157,949,000, RMB213,678,000 and RMB246,988,000 for the years ended December 31, 2020, 2021 and 2022, respectively.

15 INTANGIBLE ASSETS

	Goodwill	Master franchise agreement	Store franchise fees	Acquired software and website	Self-developed website and app	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2020						
Cost	360,479	962,075	4,912	40,701	9,599	1,377,766
Accumulated amortization	–	(70,470)	(690)	(7,210)	(159)	(78,529)
Impairment	–	–	(3)	–	–	(3)
Net book amount	360,479	891,605	4,219	33,491	9,440	1,299,234

	Goodwill *RMB'000*	Master franchise agreement *RMB'000*	Store franchise fees *RMB'000*	Acquired software and website *RMB'000*	Self-developed website and app *RMB'000*	Total *RMB'000*
Year ended December 31, 2020						
Opening net book amount	360,479	891,605	4,219	33,491	9,440	1,299,234
Additions	–	–	4,055	26,809	–	30,864
Disposal	–	–	(35)	–	–	(35)
Amortization	–	(31,973)	(489)	(6,788)	(960)	(40,210)
Exchange difference	–	(5,168)	–	–	–	(5,168)
Closing net book amount	360,479	854,464	7,750	53,512	8,480	1,284,685
As at December 31, 2020						
Cost	360,479	956,333	8,928	67,510	9,599	1,402,849
Accumulated amortization	–	(101,869)	(1,178)	(13,998)	(1,119)	(118,164)
Net book amount	360,479	854,464	7,750	53,512	8,480	1,284,685
Year ended December 31, 2021						
Opening net book amount	360,479	854,464	7,750	53,512	8,480	1,284,685
Additions	–	–	3,098	10,931	–	14,029
Disposal	–	–	(32)	–	–	(32)
Amortization	–	(31,846)	(994)	(9,231)	(960)	(43,031)
Exchange difference	–	(1,645)	–	–	–	(1,645)
Closing net book amount	360,479	820,973	9,822	55,212	7,520	1,254,006
As at December 31, 2021						
Cost	360,479	954,434	11,994	78,441	9,599	1,414,947
Accumulated amortization	–	(133,461)	(2,172)	(23,229)	(2,079)	(160,941)
Net book amount	360,479	820,973	9,822	55,212	7,520	1,254,006
Year ended December 31, 2022						
Opening net book amount	360,479	820,973	9,822	55,212	7,520	1,254,006
Additions	–	–	4,590	25,127	–	29,717
Disposal	–	–	(113)	–	–	(113)
Amortization	–	(31,939)	(1,297)	(13,280)	(960)	(47,476)
Exchange difference	–	6,265	–	–	–	6,265
Closing net book amount	360,479	795,299	13,002	67,059	6,560	1,242,399
As at December 31, 2022						
Cost	360,479	961,927	16,398	103,567	9,599	1,451,970
Accumulated amortization	–	(166,628)	(3,396)	(36,508)	(3,039)	(209,571)
Net book amount	360,479	795,299	13,002	67,059	6,560	1,242,399

As mentioned in Note 1, DPZ China was jointly controlled by the Company and a third party before July 2017. In July 2017, the Company issued additional shares to the third party to acquire the remaining equity interests in DPZ China. The acquisition is accounted for using the acquisition method, where the identifiable assets and liabilities of DPZ China, including the Master Franchise Agreement, were measured at their fair values at the acquisition date.

The intangible assets of master franchise agreement as identified from the Acquisition was recognized at fair value of approximately RMB959,507,000. Goodwill of approximately RMB360,479,000, which represented the excess of total consideration over the fair value of the identified net assets acquired, was also recognized.

(a) Goodwill impairment

The recoverable amount of the group of CGUs, which is allocated to the whole group, are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a 10-year period. The Group is in the industry which is currently in the stage of rapid development. Considering the Group's store expansion plan, the Group plans to continue to grow its presence in China by expanding its geographic coverage and deepening its market penetration. As a result, the Group will be in a period of rapid development for the next few years and is expected to develop to a stable stage in the next decade. The recoverable amount of the group of CGUs as determined based on the value-in-use calculations has also been cross-checked to the valuation report as issued by an independent qualified appraisal firm, Avista Valuation Advisory Limited.

For the years ended December 31, 2020, 2021 and 2022, the key assumptions as adopted in the impairment assessment are as below:

	Year ended December 31,		
	2020	**2021**	**2022**
	%	%	%
Revenue growth rate	11.4 – 37.8	9.2 – 27.6	9.2-26.5
Pre-tax discount rate	19.1	18.3	18.2
Terminal growth rate	2.5	2.5	2.5

As at December 31, 2020, 2021 and 2022, the headroom of the group of CGUs containing goodwill are approximately RMB1,603,933,000, RMB3,385,929,000 and RMB4,033,881,000, respectively.

Based on the results of the impairment assessment, the directors of the Company concluded that no impairment on goodwill has to be recognized as of the respective balance sheet dates.

Sensitivity analysis

Had the estimated key assumptions during the forecast period been changed as shown below, the headroom would have been decreased to the following amounts:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue amount decreases by 10%	945,344	2,015,856	2,628,184
Discount rate increases by 1 percentage point	1,182,263	2,794,033	3,267,179
Terminal growth rate decreases by 0.5 percentage point	1,523,340	3,233,686	3,810,157

Therefore, the directors of the Company also concluded that any reasonably possible changes in key assumptions would not lead to impairment of the goodwill as of the respective balance sheet dates.

16 PARTICULARS OF SUBSIDIARIES

The following is a list of the principal subsidiaries of the Group as at December 31, 2020, 2021 and 2022:

Name	Place and date of incorporation/ establishment	Principal activities	Issued and paid up capital/ registered capital	Effective interest held by the Group As at December 31, 2020	2021	2022	As of date of this report	Note
Directly held:								
DPZ China	Hong Kong; December 22, 2010	Investment holding	Share capital HKD1,000	100%	100%	100%	100%	(b)
Indirectly held:								
Pizzavest China Ltd.	Cayman Islands; April 26, 1993	Investment holding	Share capital US$85,786,600	100%	100%	100%	100%	(a)
Dash Investment Co., Ltd.* (達勢投資有限公司)	Mainland China; November 1, 2021	Investment holding	US$30,000,000/ US$60,000,000	N/A	100%	100%	100%	(c)
Beijing Pizzavest Fast Food Co., Ltd.* (北京達美樂比薩餅有限公司)	Mainland China; July 22, 1996	Restaurant management, fast-food process such as pizza, chicken products and beverages	US$16,250,000/ US$20,000,000	100%	100%	100%	100%	(b)
Shanghai Pizzavest Fast Food Co., Ltd.* (上海達美樂比薩有限公司)	Mainland China; October 25, 2007	Restaurant management, fast-food process such as pizza, chicken, products and beverages	US$123,100,000/ US$134,000,000	100%	100%	100%	100%	(b)
Sanhe Municipal Domino's Pizza Co., Ltd.* (三河市達美樂比薩餅有限公司)	Mainland China; August 23, 2013	Warehousing, central kitchen and dough production	RMB6,300,000/ RMB6,300,000	100%	100%	100%	100%	(b)
Shenzhen Pizzavest Fast Food Co., Ltd.* (深圳達美樂餐飲管理有限公司)	Mainland China; May 23, 2018	Restaurant management, fast-food process such as pizza, chicken products and beverages	RMB197,000,000/ RMB197,000,000	100%	100%	100%	100%	(b)
Dongguan Domino's Food Co., Ltd.* (東莞達美樂食品有限公司)	Mainland China; June 28, 2018	Warehousing, central kitchen and dough production	RMB5,000,000/ RMB5,000,000	100%	100%	100%	100%	(b)
Shanghai Domino's Food Co., Ltd.* (上海達美樂食品有限公司)	Mainland China; April 1, 2019	Warehousing, central kitchen and dough production	US$3,000,000/ US$3,000,000	100%	100%	100%	100%	(b)
Domino's Pizza (Ningbo) Co., Ltd.* (達美樂比薩(寧波)有限公司)	Mainland China; July 22, 2021	Restaurant management, fast-food process such as pizza, chicken, products and beverages	RMB3,000,000/ RMB3,000,000	N/A	100%	100%	100%	(c)

Name	Place and date of incorporation/ establishment	Principal activities	Issued and paid up capital/ registered capital	Effective interest held by the Group As at December 31, 2020	2021	2022	As of date of this report	Note
Domino's Pizza (Dongguan) Co., Ltd.* (達美樂比薩(東莞)有限公司)	Mainland China; January 13, 2022	Restaurant management, fast-food process such as pizza, chicken, products and beverages	RMB3,000,000/ RMB3,000,000	N/A	N/A	100%	100%	(d)
Domino's Pizza (Guangzhou) Fast Food Co., Ltd.* (達美樂比薩(廣州)餐飲管理有限公司)	Mainland China; July 19, 2022	Restaurant management, fast-food process such as pizza, chicken, products and beverages	RMB3,000,000/ RMB10,000,000	N/A	N/A	100%	100%	(d)
Domino's Pizza (Zhongshan) Co., Ltd.* (達美樂比薩(中山)有限公司)	Mainland China; August 29, 2022	Restaurant management, fast-food process such as pizza, chicken, products and beverages	Nil/ RMB10,000,000	N/A	N/A	100%	100%	(d)
Domino's Pizza (Zhuhai) Co., Ltd.* (達美樂比薩(珠海)有限公司)	Mainland China; September 21, 2022	Restaurant management, fast-food process such as pizza, chicken, products and beverages	Nil/ RMB10,000,000	N/A	N/A	100%	100%	(d)
Beijing Domino's Food Co., Ltd.* (北京達美樂食品有限公司)	Mainland China; September 26, 2022	Warehousing, central kitchen and dough production	Nil/ RMB10,000,000	N/A	N/A	100%	100%	(d)
Domino's Pizza (Wuhan) Fast Food Co., Ltd.* (達美樂比薩(武漢)餐飲管理有限公司)	Mainland China; October 10, 2022	Restaurant management, fast-food process such as pizza, chicken, products and beverages	Nil/ RMB10,000,000	N/A	N/A	100%	100%	(d)
Domino's Pizza (Jinan) Co., Ltd.* (達美樂比薩(濟南)有限公司)	Mainland China; October 14, 2022	Restaurant management, fast-food process such as pizza, chicken, products and beverages	Nil/ RMB10,000,000	N/A	N/A	100%	100%	(d)
Domino's Pizza (Chengdu) Fast Food Co., Ltd.* (達美樂比薩(成都)餐飲管理有限公司)	Mainland China; October 27, 2022	Restaurant management, fast-food process such as pizza, chicken, products and beverages	Nil/ RMB10,000,000	N/A	N/A	100%	100%	(d)
Domino's Pizza (Qingdao) Co., Ltd.* (達美樂比薩(青島)有限公司)	Mainland China; October 28, 2022	Restaurant management, fast-food process such as pizza, chicken, products and beverages	Nil/ RMB10,000,000	N/A	N/A	100%	100%	(d)

(a) Pizzavest China Ltd. was not subject to statutory audit requirement under the relevant rules and regulations in the jurisdiction of incorporation.

(b) The statutory financial statements of DPZ China for the years ended December 31, 2020 and 2021 were audited by PricewaterhouseCoopers. The statutory financial statements of Shanghai Pizzavest Fast Food Co., Ltd., Beijing Pizzavest Fast Food Co., Ltd., Shenzhen Pizzavest Fast Food Co., Ltd., Shanghai Domino's Food Co., Ltd., Sanhe Municipal Domino's Pizza Co., Ltd. and Dongguan Domino's Food Co., Ltd. for the years ended December 31, 2020 and 2021 were audited by PricewaterhouseCoopers Zhong Tian LLP. The statutory financial statements of these entities for the year ended December 31, 2022 have not yet been issued.

(c) The statutory financial statements of Dash Investment Co., Ltd. and Domino's Pizza (Ningbo) Co., Ltd. for the year ended December 31, 2021 were audited by PricewaterhouseCoopers Zhong Tian LLP. The statutory financial statements of these entities for the year ended December 31, 2022 have not yet been issued.

(d) Domino's Pizza (Dongguan) Co., Ltd., Domino's Pizza (Guangzhou) Fast Food Co., Ltd., Domino's Pizza (Zhongshan) Co., Ltd., Domino's Pizza (Zhuhai) Co., Ltd., Beijing Domino's Food Co., Ltd., Domino's Pizza (Jinan) Co., Ltd., Domino's Pizza (Qingdao) Co., Ltd., Domino's Pizza (Chengdu) Fast Food Co., Ltd. and Domino's Pizza (Wuhan) Fast Food Co., Ltd. are subsidiaries newly established in 2022 and the statutory financial statements of these entities for the period from their respective dates of establishment to December 31, 2022 have not yet been issued.

(e) Among the Group's PRC subsidiaries, Beijing Pizzavest Fast Food Co., Ltd., Shanghai Pizzavest Fast Food Co., Ltd. and Dash Investment Co., Ltd. are wholly owned foreign enterprises.

* The English translation is for identification purpose only. These companies do not have official English names.

17 FINANCIAL INSTRUMENTS BY CATEGORIES

	As at December 31		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets carried at amortized cost			
Trade receivables *(note 19)*	3,630	4,581	8,291
Other receivables *(note 20)*	36,319	42,880	53,065
Cash and cash equivalents *(note 21)*	257,390	656,672	544,247
Restricted cash *(note 21)*	3,034	2,215	214
	300,373	706,348	605,817
Financial liabilities			
Financial liabilities at amortized cost			
Borrowings *(note 24)*	210,000	180,000	200,000
Lease liabilities *(note 14)*	629,581	681,324	830,222
Trade payables *(note 26)*	73,743	124,696	126,746
Other payables (excluding salary and welfare payables and provision for restoration costs)	239,294	236,276	310,717
	1,152,618	1,222,296	1,467,685
Financial liabilities at FVPL			
Convertible senior ordinary shares *(note 25)*	275,077	784,426	858,894
	1,427,695	2,006,722	2,326,579

18 INVENTORIES

	As at December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	25,677	36,517	66,879

The cost of inventories recognized as "Raw materials and consumables cost" and included in the consolidated statements of comprehensive income during the years ended December 31, 2020, 2021 and 2022, amounted to approximately RMB310,505,000, RMB425,580,000 and RMB549,721,000, respectively.

For the years ended December 31, 2020, 2021 and 2022, no write-downs of inventories to net realizable value were charged to profit or loss.

19 TRADE RECEIVABLES

	As at December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables due from third parties	3,711	4,663	8,483
Less: allowance for impairment of trade receivables	(81)	(82)	(192)
	3,630	4,581	8,291

The movement of provision for expected credit losses is included in note 3.1(b).

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

	As at December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Within 30 days	3,711	4,663	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.

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(a) The Group

	As at December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Rental deposits *(i)*	29,490	31,773	40,917
Prepayments			
– guarantee fee *(note 22)*	1,957	–	–
– others	324	–	–
Less: loss allowance for financial assets at amortized cost	(391)	(401)	(461)
	31,380	31,372	40,456

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Prepayments			
– guarantee fee *(note 22)*	12,927	11,954	–
– raw materials	15,267	10,804	469
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
– others	2,817	3,478	5,400
Value-added tax recoverable	47,297	45,318	44,522
Rental deposits *(i)*	4,563	9,061	8,829
Other receivables	2,718	2,544	3,938
Less: loss allowance for financial assets at amortized cost	(61)	(97)	(158)
	85,528	84,056	69,150
Total of prepayments, deposits and other receivables	116,908	115,428	109,606

(i) 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.

(ii) The [**REDACTED**] were incurred in connection with the [**REDACTED**] of the Group and will be deducted from equity upon the [**REDACTED**] of the Group.

(iii) Prepayments, deposits and other receivables are denominated in the following currencies:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
RMB	101,728	102,593	102,506
US$	15,180	12,835	7,100
	116,908	115,428	109,606

(b) The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments			
– guarantee fee	1,957	–	–
Current			
Prepayments			
– guarantee fee	12,927	11,954	–
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other receivables	403	136	137
	13,330	13,084	6,287
Total of prepayments and other receivables	15,287	13,084	6,287

The Company's prepayments and other receivables are denominated in the following currencies:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
US$	15,287	13,084	6,287

21 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and cash equivalents

(i) The Group

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank	257,227	656,377	543,765
Cash in hand	163	295	482
	257,390	656,672	544,247

Cash and cash equivalents are denominated in the following currencies:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
RMB	148,945	90,982	318,935
US$	108,144	565,400	224,999
Others	301	290	313
	257,390	656,672	544,247

(ii) The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank	3,417	314,419	169,130

The Company's cash and cash equivalents are denominated in the following currencies:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
US$	3,417	314,419	169,130

(b) Restricted cash

The Group

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Deposits frozen by court (i)	1,382	752	–
Restricted bank account(ii)	1,452	1,263	14
Others	200	200	200
	3,034	2,215	214

(i) As at December 31, 2020 and 2021, bank deposits of RMB1,382,000 and RMB752,000 respectively were frozen by court due to a contract disputes lawsuit. The Group has made full provision for the lawsuit. The lawsuit was settled and the deposits were released in January 2022.

(ii) As at December 31, 2020, 2021 and 2022, bank deposits of RMB1,452,000, RMB1,263,000 and RMB14,000 respectively was restricted and held in designated bank accounts for repayment of bank borrowings.

(iii) Restricted cash is denominated in the following currencies:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
RMB	3,034	2,215	214

22 SHARE CAPITAL, SHARES HELD FOR RSUS AND SHARE PREMIUM

	Number of ordinary shares	**Share capital amount**	**Share capital amount**	**Share premium**	**Shares held for RSUs**
		US$'000	*RMB'000*	*RMB'000*	*RMB'000*
Ordinary shares of US$1 each					
As at January 1, 2020	85,280,161	85,280	576,620	854,976	–
Issuance of shares to directors for compensation(i)	283,548	283	1,932	7,325	–
Issuance of shares to a shareholder for services(ii)	617,647	618	4,125	10,065	–
As at December 31, 2020	86,181,356	86,181	582,677	872,366	–

	Number of ordinary shares	Share capital amount *US$'000*	Share capital amount *RMB'000*	Share premium *RMB'000*	Shares held for RSUs *RMB'000*
As at January 1, 2021	86,181,356	86,181	582,677	872,366	–
Issuance of shares to directors for compensation(i)	261,903	262	1,699	6,149	–
Issuance of shares to a shareholder for services(ii)	617,647	618	3,947	9,512	–
Issuance of ordinary shares, net of issuance cost(iii)	5,887,403	5,887	37,504	218,843	–
Issuance of ordinary shares for RSUs(iv)	4,023,785	4,024	25,669	–	(25,669)
Transfer of vested RSUs *(Note 29)*	–	–	–	36,868	12,835
As at December 31, 2021	96,972,094	96,972	651,496	1,143,738	(12,834)
As at January 1, 2022	96,972,094	96,972	651,496	1,143,738	(12,834)
Issuance of shares to directors for compensation(i)	316,088	316	2,151	11,044	–
Issuance of ordinary shares for RSUs(ii)	209,595	210	1,414	7,254	–
As at December 31, 2022	97,497,777	97,498	655,061	1,162,036	(12,834)

Details for the year ended December 31, 2020

(i) Pursuant to the board resolutions dated on September 25, 2020, the Board approved that the compensation to certain directors of RMB9,257,000 for their service rendered and would be paid in the form of 283,548 ordinary shares of the Company in the year, which was determined based on the then fair value of the ordinary shares.

(ii) In 2020, the Company issued 617,647 ordinary shares and received cash of RMB42,000, as settlement of the aforesaid guarantee fee. The prepaid guarantee fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates. For the year ended December 31, 2020, the related guarantee fee charged to finance costs was RMB16,876,000 (Note 9).

Details for the year ended December 31, 2021

(i) Pursuant to the board resolutions dated on July 20, 2021, the Board approved that the compensation to certain directors of RMB7,848,000 for their service rendered and would be paid in the form of 261,903 ordinary shares of the Company in the year, which was determined based on the then fair value of the ordinary shares.

(ii) In 2021, the Company issued 617,647 ordinary shares and received cash of RMB39,000, as settlement of the aforesaid Guarantee Fee. The prepaid guarantee fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates. For the year ended December 31, 2021, the related guarantee fee charged to finance costs was RMB16,126,000 (Note 9).

(iii) On December 10, 2021, the Company issued 5,887,403 ordinary shares to certain investors at the aggregated placing price of approximately RMB260,653,000. Share issuance costs that are directly attributable to the issuance of the new shares amounted to approximately RMB4,306,000 which were accounted for deduction against the share premium arising from the issuance of the Company's shares.

(iv) In 2021, the Group issued 4,023,785 shares to various employees under RSUs (Note 29) at nil consideration. The related share capital amount was approximately RMB25,669,000. The ordinary shares held for the Group's RSUs were regarded as treasury shares and presented as a deduction in equity as "Shares held for RSUs".

Details for the year ended December 31, 2022

(i) Pursuant to the board resolutions dated on July 18, 2022, the Board approved that the compensation to certain directors of RMB10,964,000 for their service rendered and would be paid in the form of 262,133 ordinary shares of the Company in the year, which was determined based on the then fair value of the ordinary shares.

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 53,955 shares of the Company's shares in 2022 for the service amounted to RMB2,231,000.

(ii) In 2022, the Group issued 209,595 shares to various employees under newly created RSUs (Note 29) with nil consideration. These shares were fully vested before issued. The related share capital amount was approximately RMB1,414,000.

23 OTHER RESERVES

(i) The Group

	Currency translation differences	Changes in the fair value attributable to credit risk change	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020	29,671	–	–	29,671
Currency translation differences	(12,424)	–	–	(12,424)
Changes in the fair value attributable to credit risk change *(Note 25)*	–	(639)	–	(639)
As at December 31, 2020	17,247	(639)	–	16,608
At January 1, 2021	17,247	(639)	–	16,608
Currency translation differences	(1,961)	–	–	(1,961)
Changes in the fair value attributable to credit risk change *(Note 25)*	–	(3,776)	–	(3,776)
Share-based compensation expenses for employees	–	–	82,838	82,838
Transfer of vested RSUs	–	–	(49,703)	(49,703)
As at December 31, 2021	15,286	(4,415)	33,135	44,006

	Currency translation differences	Changes in the fair value attributable to credit risk change	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	15,286	(4,415)	33,135	44,006
Currency translation differences	(47,473)	–	–	(47,473)
Changes in the fair value attributable to credit risk change *(Note 25)*	–	(70)	–	(70)
Share-based compensation expenses for director services	–	–	7,066	7,066
Issuance of shares to directors for compensation	–	–	(2,231)	(2,231)
Share-based compensation expenses for employees	–	–	47,393	47,393
Issuance of ordinary shares for RSUs	–	–	(8,668)	(8,668)
As at December 31, 2022	(32,187)	(4,485)	76,695	40,023

(ii) The Company

	Currency translation differences	Changes in the fair value attributable to credit risk change	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020	34,621	–	–	34,621
Currency translation differences	2,222	–	–	2,222
Changes in the fair value attributable to credit risk change *(Note 25)*	–	(639)	–	(639)
As at December 31, 2020	36,843	(639)	–	36,204
At January 1, 2021	36,843	(639)	–	36,204
Currency translation differences	5,161	–	–	5,161
Changes in the fair value attributable to credit risk change *(Note 25)*	–	(3,776)	–	(3,776)
Share-based compensation expenses for employees	–	–	82,838	82,838
Transfer of vested RSUs	–	–	(49,703)	(49,703)
As at December 31, 2021	42,004	(4,415)	33,135	70,724

	Currency translation differences	Changes in the fair value attributable to credit risk change	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	42,004	(4,415)	33,135	70,724
Currency translation differences	(22,576)	–	–	(22,576)
Changes in the fair value attributable to credit risk change *(Note 25)*	–	(70)	–	(70)
Share-based compensation expenses for director services	–	–	7,066	7,066
Issuance of shares to directors for compensation	–	–	(2,231)	(2,231)
Share-based compensation expenses for employees	–	–	47,393	47,393
Issuance of ordinary shares for RSUs	–	–	(8,668)	(8,668)
As at December 31, 2022	19,428	(4,485)	76,695	91,638

24 BORROWING

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Borrowings included in non-current liabilities:			
Bank borrowings – secured *(i)*	180,000	–	200,000
Borrowings included in current liabilities:			
Bank borrowings – secured *(i)*	30,000	180,000	–
	210,000	180,000	200,000

(i) On October 9, 2019, the Company signed a facility agreement with bank, subject to the terms of this agreement, the corresponding bank agreed to make available to the Company a RMB term loan facility in an aggregate amount of RMB210,000,000, which were secured by the corporate guarantee from Good Taste Limited (one of the shareholders of the Company), personal guarantee from James Marshall (one of the directors of the Company), and the pledges of 100% equity interest of Pizzavest China Ltd. and DPZ China, US$16,250,000 of equity of Dash Beijing and US$50,000,000 of equity of Dash Shanghai. The interest was paid every three months based on the draw down date.

As at December 31, 2019, the Group had drawn down RMB65,000,000 from the corresponding bank's available facilities and the remaining facilities of RMB145,000,000 were drawn down in 2020. Pursuant to the repayment schedule, the principal of RMB10,000,000 should be repayable on April 26, 2021, RMB20,000,000 should be repayable on October 22, 2021, RMB20,000,000 should be repayable on April 25, 2022 and eventually RMB160,000,000 should be repayable on October 21, 2022, respectively. In March, 2022, the Group has repaid all the remaining external loans of RMB180,000,000 prior to their maturities schedule.

In the same month, Shanghai Pizzavest Fast Food Co., Ltd. signed a new facility agreement with another bank. Subject to the terms of this agreement, the corresponding bank agrees to make available to Shanghai Pizzavest Fast Food Co., Ltd. an RMB term loan facility in an aggregate amount of RMB200,000,000. The loan facility was fully guaranteed by Beijing Pizzavest Fast Food Co., Ltd.. As of December 31, 2022, Shanghai Pizzavest Fast Food Co., Ltd has drawn down the entire loan amount of RMB200,000,000, 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. As at December 31, 2020 and 2021, the bank borrowings bear interests at fixed interest rates and the effective interest rates were 6.9825% and 6.9825% per annum, respectively. As at December 31, 2022, 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 December 31, 2022, the effective interest rate is 5.5653% per annum.

(iii) As at December 31, 2020 and 2022, the fair value of the long-term borrowing is approximately RMB179,806,000 and RMB200,409,000, respectively.

25 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Convertible senior ordinary shares *(i)*	275,077	784,426	858,894

(i) 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 33(a)(i)). 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 [**REDACTED**] or the occurrence of a material breach of any covenants under a shareholders agreement with DPI.

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 [**REDACTED**] or the occurrence of a material breach of any covenants under a shareholders agreement with DPI.

The convertible senior ordinary shares were classified as financial liabilities at fair value through profit or loss ("FVPL") and initially recognized at fair value and subsequently measured at fair value as well.

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*
As at January 1, 2020	–	–	–	–
Issuance of SOS First Closing	282,757	–	–	282,757
Fair value changes charged to profit or loss	13,933	–	–	13,933
Fair value changes charged to other comprehensive income	639	–	–	639
Exchange difference	(22,252)	–	–	(22,252)
As at December 31, 2020	275,077	–	–	275,077
As at January 1, 2021	275,077	–	–	275,077
Issuance of SOS Second Closing	–	258,835	–	258,835
Issuance of 2021 SOS	–	–	57,858	57,858
Fair value changes charged to profit or loss	105,169	96,131	–	201,300
Fair value changes charged to other comprehensive income	1,984	1,792	–	3,776
Exchange difference	(7,529)	(4,941)	50	(12,420)
As at December 31, 2021	374,701	351,817	57,908	784,426
As at January 1, 2022	374,701	351,817	57,908	784,426
Fair value changes charged to profit or loss	896	932	30	1,858
Fair value changes charged to other comprehensive income	33	35	2	70
Exchange difference	34,651	32,539	5,350	72,540
As at December 31, 2022	410,281	385,323	63,290	858,894

The fair value of convertible senior ordinary shares was principally determined through the application of discounted cash flow and equity allocation. Between the date of issuance and December 31, 2020, 2021 and 2022, the equity value of the Company increased due to the expansion in the Group's business volume.

As at December 31, 2020, 2021 and 2022, the key assumptions as adopted in the fair value determination are as below:

	As at December 31,		
	2020	**2021**	**2022**
	%	*%*	*%*
Revenue growth rate	11.4-37.8	9.2-27.6	9.2-26.5
Pre-tax discount rate	19.1	18.3	18.2
Terminal growth rate	2.5	2.5	2.5
Volatility	41.8	40.0	45.2

The valuation of the convertible senior ordinary shares as of the respective balance sheet dates, was undertaken by Avista Valuation Advisory Limited, an independent qualified professional valuer.

Sensitivity analysis

Below is a sensitivity analysis based on the assumption that (i) estimated revenue, (ii) discount rate, (iii) the terminal growth rate or (iv) volatility has been changed. Had the estimated assumptions during the forecast period changed as shown below, the fair value of convertible senior ordinary shares would have changed to the following amounts:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue amount decrease by 10%	209,205	618,987	682,697
Discount rate increases by 1 percentage point	248,389	711,688	782,311
Terminal growth rate decrease by 0.5 percentage point	268,731	765,617	837,234
Volatility decrease by 5%	274,174	781,906	856,452

The key terms of the convertible senior ordinary shares are summarized as follows:

(a) Voting and dividend participating rights

All convertible senior ordinary shares shall have the right to one vote on any resolution of shareholders of the Company, have equal rights with regard to dividends, and have equal rights with regard to distributions of the surplus assets of the Company.

(b) Conversion rights

Each convertible senior ordinary shares shall be convertible, at the option of the holder thereof and without the payment of any additional consideration, at any time into one fully-paid and non-assessable ordinary share. Without any action being required by the holder of such shares and whether or not the certificates representing such shares are returned to the Company or its registered agent, the convertible senior ordinary shares shall automatically be converted into ordinary shares upon the closing of an [**REDACTED**].

(c) Redemption feature

At any time following the earliest to occur of (a) the fourth (4th) anniversary of the SOS First Closing if an [**REDACTED**] has not occurred by then, or (b) a material breach by the Company of any covenants under a shareholders agreement, the Company shall redeem all the subject shares by paying the redemption price in one lump sum in immediately available funds in U.S. Dollars to the respective convertible senior ordinary shareholders no more than forty-five (45) days from the date of the redemption notice. If the Company's legally available funds are insufficient to effectuate the redemption in full, the Company shall effectuate the redemption with respect to any portion of the shares that it is legally permitted to effectuate and, with respect to any portion of the redemption price not paid by the Company in respect of any subject share requested to be redeemed on the redemption price payment date, the Company shall deliver to each convertible senior ordinary shareholder that holds such unredeemed subject shares a fifteen percent (15%) interest per annum for both the SOS First Closing and the SOS Second Closing, and eight percent (8%) interest for the 2021 SOS per annum, promissory note issued in favor of such convertible senior ordinary shareholder by the Company for the amount of redemption price payable for such unredeemed subject shares, with a term of twelve (12) months from the redemption price payment date.

(d) Liquidation right

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders of the Company (the "Shareholders") (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to the Shareholders of the Company in the following order and steps:

(i) to each holder of a convertible senior ordinary share prior and in preference to any distribution of any of the assets or funds of the Company to the holders of any other class or series of shares by reason of their ownership of such shares, an amount equal to one hundred percent (100%) of the original subscription price of such convertible senior ordinary share, plus a return on each convertible senior ordinary share of no less than an amount equal to the simple interest accruing annually based on a three hundred and sixty-five (365) day calendar year at the rate of fifteen percent (15%) for both the SOS First Closing and the SOS Second Closing, and eight percent (8%) for the 2021 SOS, calculated from the date of issuance of such convertible senior ordinary share, plus any declared but unpaid dividends of such convertible senior ordinary share as applicable; if the assets and funds thus distributed among the holders of the convertible senior ordinary shares shall be insufficient to permit the payment to such holders of the full convertible senior ordinary share amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the convertible senior ordinary shares in proportion to the aggregate convertible senior ordinary share amount each such holder is otherwise entitled to receive in accordance with the terms of the convertible senior ordinary shares; then (ii) to each holder of shares on an as-converted-to-ordinary shares basis (other than holders of the convertible senior ordinary shares), any remaining funds or assets of the Company legally available for distribution to the shareholders.

26 TRADE PAYABLES

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

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
– Within 3 months	73,160	120,863	126,715
– Between 4 months to 6 months	501	3,831	22
– Over 6 months	82	2	9
	73,743	124,696	126,746

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

27 ACCRUALS AND OTHER PAYABLES

(a) The Group

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Payables for stock appreciation rights	29,780	21,305	–
Salary and welfare payables	–	–	2,196
Provision for restoration costs	10,417	9,944	9,988
	40,197	31,249	12,184

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Payables for stock appreciation rights	–	7,970	2,144
Salary and welfare payables	82,997	114,119	124,210
Payables for MFA[(i)]	68,554	–	–
Payables for plant and equipment and intangible assets	66,389	65,510	80,772
Accrued expenses[(ii)]	88,670	148,095	171,032
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	15,681	14,263	19,805
	322,291	358,365	440,700
Total accruals and other payables	362,488	389,614	452,884

(i) The payables for MFA represent the payables for the master franchise fee to DPIF (Note 33(c)(i)). For the years ended December 31, 2020, 2021 and 2022, the cash payments of the MFA amounted to RMB13,050,000, RMB76,508,000 and nil, respectively, which was in accordance with the payment schedule as set out in the MFA agreement. The payables were fully settled by the Group in December 2021.

(ii) Accrued expenses primarily include accruals for advertising and promotion expenses, information technology expenses, professional service expenses, utilities expenses, store operation expenses and royalty expenses.

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

Accruals and other payables are denominated in the following currencies:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
RMB	255,358	332,300	393,500
US$	107,130	57,314	59,384
	362,488	389,614	452,884

(b) The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Payables for stock appreciation rights	29,780	21,305	–
Salary and welfare payables	–	–	2,196
	29,780	21,305	2,196
Current			
Payables for stock appreciation rights	–	7,970	2,144
Salary and welfare payables	4,202	5,403	6,634
Accrued expenses[(i)]	1,775	7,912	3,164
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	936	628	687
	6,913	30,321	55,366
Total accruals and other payables	36,693	51,626	57,562

(i) Accrued expenses primarily include accruals for professional service expenses.

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

Accruals and other payables are denominated in the following currencies:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
US$	36,693	51,626	57,562

28 DEFERRED INCOME TAX

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax assets – gross			
– Expected to be recovered within one year	23,762	50,263	48,344
– Expected to be recovered after one year	125,182	137,748	180,014
	148,944	188,011	228,358
Set-off of deferred income tax liabilities	(148,944)	(159,405)	(191,204)
Net deferred income tax assets	–	28,606	37,154
Deferred income tax liabilities – gross			
– Expected to be settled within one year	23,762	20,794	15,577
– Expected to be settled after one year	125,182	138,611	175,627
	148,944	159,405	191,204
Set-off of deferred income tax assets	(148,944)	(159,405)	(191,204)
Net deferred income tax liabilities	–	–	–

(a) Deferred income tax assets

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	148,944	169,575	200,718
Accruals	–	16,288	20,304
Others	–	2,148	7,336
	148,944	188,011	228,358

The movement of the deferred income tax assets are set out as below:

	Lease liabilities *RMB'000*	Accruals *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at January 1, 2020	117,111	–	–	117,111
Credited to profit or loss	31,833	–	–	31,833
As at December 31, 2020	148,944	–	–	148,944
Credited to profit or loss	20,631	16,288	2,148	39,067
As at December 31, 2021	169,575	16,288	2,148	188,011
Credited to profit or loss	31,143	4,016	5,188	40,347
As at December 31, 2022	200,718	20,304	7,336	228,358

(b) Deferred income tax liabilities

	As at December 31,		
	2020 *RMB'000*	**2021** *RMB'000*	**2022** *RMB'000*
Right-of-use assets	148,944	159,405	191,204

The movement of the deferred income tax liabilities are set out as below:

	Right-of-use assets *RMB'000*
As at January 1, 2020	117,111
Charged to profit or loss	31,833
As at December 31, 2020	148,944
Charged to profit or loss	10,461
As at December 31, 2021	159,405
Charged to profit or loss	31,799
As at December 31, 2022	191,204

As at December 31, 2020, 2021 and 2022, the Group did not recognize deferred income tax assets of RMB58,202,000, RMB72,315,000 and RMB82,463,000 in respect of tax losses of approximately RMB232,809,000, RMB289,258,000 and RMB329,851,000, respectively.

Deductible losses that are not recognized as deferred income tax assets will be expired as follows:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
– 2020	–	–	–
– 2021	10,687	–	–
– 2022	16,977	16,977	–
– 2023	61,521	61,521	58,713
– 2024	69,295	69,295	69,295
– 2025	74,329	74,329	74,329
– 2026	–	67,136	67,136
– 2027	–	–	60,378
	232,809	289,258	329,851

29 SHARE-BASED COMPENSATION EXPENSE/(REVERSAL)

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Directors' compensation	8,506	7,805	13,871
Stock appreciation rights *(note a)*	24,696	178	(28,573)
RSUs *(note b)*	–	82,838	40,191
Share options *(note c)*	–	–	7,202
[**REDACTED**] Bonus *(note d)*	–	–	7,015
Subtotal – Share-based compensation expense for employees including directors	33,202	90,821	39,706
Share-based compensation for guarantee for bank borrowings *(note 22)*	16,876	16,126	12,507
Total	50,078	106,947	52,213

(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 [**REDACTED**] of the company and subject to such participant's continuous service from the grant date through the [**REDACTED**] date.

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 [**REDACTED**].

Total expenses arising from the stock appreciation rights charged to profit or loss for the years ended December 31, 2020, 2021 and 2022 amounted to approximately RMB24,696,000, RMB28,156,000 and RMB1,208,000, respectively.

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 key assumptions applied in the determination of exit value of the Company include (i) estimated revenue amount, (ii) discount rate or (iii) the terminal growth rate as below:

	2020	**2021**	**2022**
	%	%	%
Revenue increase rate	11.4 – 37.8	9.2 – 27.6	9.2-26.5
Pre-tax discount rate	19.1	18.3	18.2
Terminal growth rate	2.5	2.5	2.5

The exit equity value was determined based on the valuation results from an independent qualified appraisal firm, Avista Valuation Advisory Limited.

(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.

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 [**REDACTED**] 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. There are various vesting conditions, either vest on the completion of the [**REDACTED**] of the Company or vest with service conditions.

Expenses arising from this equity settled share-based compensation as recognized in profit or loss for the year ended December 31, 2021 and 2022 amounted to approximately RMB82,838,000 and RMB40,191,000, respectively.

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

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

	Numbers of RSUs
Outstanding as at December 31, 2020	–
Granted during the year	4,023,785
Vested during the year	(2,011,893)
Outstanding as at December 31, 2021	2,011,892
Outstanding as at December 31, 2021	2,011,892
Granted during the year	1,266,075
Vested during the year	(209,595)
Outstanding as at December 31, 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-[**REDACTED**] Plan"). The exercise price of the options will be equal to the final [**REDACTED**] price and the share options are subject to certain service conditions over a vesting period of 4 years and the occurrence of an [**REDACTED**] of the Company. The related share-based payment expenses will be recognized over the vesting period and the amount as charged to profit or loss for the year ended December 31, 2022 amounted to approximately RMB[**REDACTED**].

(i) Set out below are summaries of the options as granted under the 2022 Pre-*[REDACTED] *Plan:

	Average exercise price per share *US$*	Number of Options
As at January 1, 2022		–
Granted during the year	Expected [**REDACTED**] price	6,658,375
As at December 31, 2022		6,658,375

(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	Expected [**REDACTED**] price	2.86-3.33	2,919,397
2022/11/21	2032/11/20	Expected [**REDACTED**] price	2.84-3.29	3,738,978

(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
Exercise price (US$)	Expected [**REDACTED**] price	Expected [**REDACTED**] price
Risk-free interest rate	3.98%	3.59%
Expected volatility	41.19%	41.23%

(d) [REDACTED] 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 [**REDACTED**] equity valuation at the [**REDACTED**] date and for an eligible senior management, plus the variance of the share price within one year after [**REDACTED**].

Expenses arising from [**REDACTED**] bonus amounted to approximately RMB[**REDACTED**], which was recognized in profit or loss for the year ended December 31, 2022.

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

	As at December 31, 2022
Risk-free interest rate	4.44%
Expected volatility	44.09%

30 INVESTMENTS IN SUBSIDIARIES

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Interest in subsidiaries(i)	1,660,010	1,919,426	2,046,919
Deemed investments arising from share-based compensation(ii)	29,780	111,155	148,398
Amounts due from subsidiaries(iii)	295,946	289,222	315,794
	1,985,736	2,319,803	2,511,111

(i) Details of the subsidiaries of the Company are disclosed in Note 16.

(ii) The amount represents share-based compensation expenses arising from the grant of stock appreciation rights and RSUs of the Company to employees and a director of certain subsidiaries in consideration for their services provided to these subsidiaries, which were deemed to be investments made by the Company into these subsidiaries.

(iii) The amount represents payments on behalf of subsidiaries and the Company has no plan to recover these amounts in the foreseeable future.

31 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

(a) Cash generated from in operations

		Year ended December 31,		
	Note	**2020**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*
Loss before income tax		(267,677)	(478,122)	(200,883)
Adjustments for:				
Depreciation of plant and equipment	*13*	76,932	98,656	120,692
Depreciation of right-of-use assets	*14*	128,426	162,049	190,633
Amortization of intangible assets	*15*	40,210	43,031	47,476
Fair value losses on financial liabilities at FVPL	*25*	13,933	201,300	1,858
Finance costs	*9*	63,099	89,531	81,688
Share-based compensation expense	*29*	33,202	90,821	39,706
Impairment of plant and equipment, right-of-use assets	*8*	6,606	4,635	8,139
Provision for impairment of trade and other receivables, net		283	47	231
Interest income	*8, 9*	(2,717)	(3,462)	(6,239)
Loss on disposal of plant and equipment and intangible assets	*8*	792	2,362	5,234
Gain on termination of lease contracts	*8*	–	(4,211)	(1,563)
Changes in working capital:				
Increase in inventories		(4,587)	(10,840)	(30,362)
(Increase)/decrease in prepayments and other receivables		(26,776)	7,368	7,814
Increase in trade receivables		(1,344)	(952)	(3,820)
(Increase)/decrease in restricted cash		(2,217)	819	738
(Decrease)/increase in trade payables		(10,249)	50,953	2,050
Increase in contract liabilities		5,502	5,941	7,909
Increase in accruals and other payables		50,125	78,536	62,137
Cash generated from operations		103,543	338,462	333,438

(b) Proceeds from disposal of plant and equipment

		Year ended December 31,		
		2020	2021	2022
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Net book amount – disposal/write-off	*13*	5,656	3,540	5,121
Losses on disposal of plant and equipment		(757)	(2,330)	(5,121)
Proceeds from disposal of plant and equipment		4,899	1,210	–

(c) Significant non-cash transactions include share-based compensations or payments (Note 29). There were no other significant non-cash investing and financing activities for the years ended December 31, 2020, 2021 and 2022.

(d) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years/periods presented.

Net debt	As at December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	257,390	656,672	544,247
Restricted cash	3,034	2,215	214
Borrowings – repayable within one year (including interest payable)	(31,841)	(181,449)	(293)
Borrowings – repayable after one year	(180,000)	–	(200,000)
Financial liabilities at FVPL	(275,077)	(784,426)	(858,894)
Lease liabilities – payable within one year	(128,046)	(141,212)	(180,247)
Lease liabilities – payable after one year	(501,535)	(540,112)	(649,975)
Long term payable – within one year	(68,554)	–	–
Net debt	(924,629)	(988,312)	(1,344,948)
Cash and cash equivalents	257,390	656,672	544,247
Restricted cash	3,034	2,215	214
Gross debt	(1,185,053)	(1,647,199)	(1,889,409)
Net debt	(924,629)	(988,312)	(1,344,948)

			Liabilities from financing activities				
	Cash and cash equivalents	Restricted cash	Lease liabilities	Long term payable	Borrowings and interest payable	Financial liabilities at FVPL	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net debt as at January 1, 2020	83,657	817	(484,994)	(76,174)	(66,049)	–	(542,743)
Cash flows	184,704	2,217	149,803	13,050	(135,391)	(282,757)	(68,374)
Recognition of right-of- use-assets	–	–	(257,030)	–	–	–	(257,030)
Other non-cash movements	(10,971)	–	(37,360)	(5,430)	(10,401)	7,680	(56,482)
Net debt as at December 31, 2020	257,390	3,034	(629,581)	(68,554)	(211,841)	(275,077)	(924,629)
Cash flows	393,334	(819)	195,703	76,508	44,563	(316,693)	392,596
Recognition of right-of- use-assets	–	–	(202,998)	–	–	–	(202,998)
Other non-cash movements	5,948	–	(44,448)	(7,954)	(14,171)	(192,656)	(253,281)
Net debt as at December 31, 2021	656,672	2,215	(681,324)	–	(181,449)	(784,426)	(988,312)
Cash flows	(133,595)	(738)	221,141	–	(8,562)	–	78,246
Recognition of right-of- use-assets	–	–	(318,027)	–	–	–	(318,027)
Other non-cash movements	21,170	(1,263)	(52,012)	–	(10,282)	(74,468)	(116,855)
Net debt as at December 31, 2022	544,247	214	(830,222)	–	(200,293)	(858,894)	(1,344,948)

32 COMMITMENTS

(a) Capital commitments

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

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for	67,558	61,137	62,683

(b) Lease commitments

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

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
No later than 1 year	663	1,042	526

33 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	Significant influences over the Company
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:

After DPI purchased convertible senior ordinary share (note 25) issued by the Company on May 4, 2020, DPI has significant influence on the Company and has the right to designate a director representative in the board of directors of the Company and DPIF and DPD became related parties of the Company since then.

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 Track Record Period, and balances arising from related party transactions as at the respective balance sheet dates.

(b) Transactions with related parties

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
(i) Pulse license* fee and enhancement fee			
– DPD	1,626	3,323	4,120

* store operation system authorized for use by DPD at an agreed fee.

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
(ii) Store franchise fees			
– DPIF	4,152	3,190	3,213

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
(iii) Royalty fee*			
– DPIF	22,464	43,589	54,609

* a sale-based royalty under the franchise agreement with DPIF, which was charged by DPIF when each sales order occurred.

		Year ended December 31,		
		2020	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*
(iv)	Director service fee			
	– DPI	843	1,193	1,284
	– GTL	3,173	3,031	4,747
		4,016	4,224	6,031

		Year ended December 31,		
		2020	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*
(v)	Guarantee fee			
	– GTL and James Marshall	16,876	16,126	12,507

During the years ended December 31, 2020, 2021 and 2022, the Group's bank borrowings and banking facilities were secured by Good Taste Limited and the personal guarantee from James Marshall as set out in Note 24. The guarantee was released in April, 2022.

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

(c) Balances with related parties

Non-trade in nature:

Amounts due to related parties

		As at December 31,		
		2020	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*
(i)	Accruals and other payables			
	– DPIF	68,554	–	21,064
	– DPD	–	–	899
		68,554	–	21,945

The balances will be settled prior to [**REDACTED**].

Prepayments to related parties

		As at December 31,		
		2020	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*
(i)	Prepayment-non current			
	– GTL	1,957	–	–

		As at December 31,		
		2020	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*
(ii)	Prepayment- current			
	– GTL	12,927	11,954	–

(d) Key management compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 34 and certain of the highest paid employees as disclosed in note 7(c), is as follows:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	12,459	25,357	23,224
Contributions to pension plan	161	210	246
Housing fund, medical insurance and other social insurance	208	279	296
Other benefits	670	766	845
Share-based compensation *(i)*	17,840	58,753	18,921
	31,338	85,365	43,532

(i) Total expenses arising from share-based compensation charged to profit or loss for the years ended December 31, 2020, 2021 and 2022 amounted to approximately RMB17,840,000, RMB80,001,000 and RMB48,702,000, respectively.

On January 1, 2021 and April 30, 2022, the Group cancelled the SAR for key managements, with expenses reversals in 2021 and 2022 of RMB21,248,000 and RMB29,781,000, respectively.

34 BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below.

For the year ended December 31, 2020, emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:

Name of directors/ chief executive	Director service fees	Salary	Discretionary bonuses	Employer's contribution to benefit scheme	Other social benefit and others	Share-based compensations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Frank P. Krasovec	2,599	–	–	–	–	–	2,599
Zohar Ziv	1,249	–	–	–	–	–	1,249
David Brian Barr	1,249	–	–	–	–	–	1,249
Samuel Chun Kong Shih	1,249	–	–	–	–	–	1,249
Matthew Ridgwell *(i)*	1,924	–	–	–	–	–	1,924
James Marshall *(ii)*	1,249	–	–	–	–	–	1,249
Joseph Jordan *(iii)*	843	–	–	–	–	–	843
Aileen Wang *(iv)*	–	2,709	2,519	45	200	13,102	18,575
	10,362	2,709	2,519	45	200	13,102	28,937

(i) For the year ended December 31, 2020, director service fee for Matthew Ridgwell of RMB1,300,000 was paid to Good Taste Limited, and RMB624,000 was paid directly to Matthew Ridgwell.

(ii) For the year ended December 31, 2020, director service fee for James Marshall of RMB1,249,000 was paid to Good Taste Limited.

(iii) Joseph Jordan was appointed as a director of the Company since September 1, 2020. For the year ended December 31, 2020, director service fee for Joseph Jordan of RMB843,000 was paid to Domino's Pizza LLC.

(iv) For the year ended December 31, 2020, Aileen Wang was the chief executive and was not a director. The total emoluments of RMB18,575,000 paid or payable to Aileen Wang was for her services as the chief executive.

For the year ended December 31, 2021, emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:

Name of directors/ chief executive	Director service fees	Salary	Discretionary bonuses	Employer's contribution to benefit scheme	Other social benefit and others	Share-based compensations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Frank P. Krasovec	2,483	–	–	–	–	–	2,483
Zohar Ziv	1,193	–	–	–	–	–	1,193
David Brian Barr	1,193	–	–	–	–	–	1,193
Samuel Chun Kong Shih	1,193	–	–	–	–	–	1,193
Matthew Ridgwell *(i)*	1,838	–	–	–	–	–	1,838
James Marshall *(ii)*	1,193	–	–	–	–	–	1,193
Joseph Jordan *(iii)*	1,193	–	–	–	–	–	1,193
Aileen Wang *(iv)*	–	2,772	6,360	57	202	40,275	49,666
	10,286	2,772	6,360	57	202	40,275	59,952

(i) For the year ended December 31, 2021, director service fee for Matthew Ridgwell of RMB1,838,000 was paid directly to Good Taste Limited.

(ii) For the year ended December 31, 2021, director service fee for James Marshall of RMB1,193,000 was paid directly to Good Taste Limited.

(iii) For the year ended December 31, 2021, director service fee for Joseph Jordan of RMB1,193,000 was paid directly to Domino's Pizza LLC.

(iv) Aileen Wang was appointed as a director of the Company since June 2, 2021. The total emoluments of RMB49,666,000 paid or payable to Aileen Wang was for her services as the chief executive.

For the year ended December 31, 2022, emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:

Name of directors/ chief executive	Director service fees	Salary	Discretionary bonuses	Employer's contribution to benefit scheme	Other social benefit and others	Share-based compensations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Frank P. Krasovec	3,217	–	–	–	–	–	3,217
Zohar Ziv	1,883	–	–	–	–	–	1,883
David Brian Barr	1,883	–	–	–	–	–	1,883
Samuel Chun Kong Shih	1,883	–	–	–	–	–	1,883
Matthew Ridgwell *(i)*	1,550	–	–	–	–	–	1,550
James Marshall *(ii)*	3,197	–	–	–	–	–	3,197
Joseph Jordan *(iii)*	1,284	–	–	–	–	–	1,284

Name of directors/ chief executive	Director service fees	Salary	Discretionary bonuses	Employer's contribution to benefit scheme	Other social benefit and others	Share-based compensations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lihong Wang *(iv)*	1,591	–	–	–	–	–	1,591
Aileen Wang *(v)*	–	3,003	4,681	63	211	(4,176)	3,782
	16,488	3,003	4,681	63	211	(4,176)	20,270

(i) For the year ended December 31, 2022, director service fee for Matthew Ridgwell of RMB1,550,000 was paid directly to Good Taste Limited.

(ii) For the year ended 31 December 2022, director service fee for James Marshall of RMB3,197,000 was paid directly to Good Taste Limited.

(iii) For the year ended 31 December 2022, director service fee for Joseph Jordan of RMB1,284,000 was paid directly to Domino's Pizza LLC.

(iv) Lihong Wang was appointed as the Company's independent non-executive director on March 18, 2022.

(v) The total emoluments paid or payable to Aileen Wang was for her services as the chief executive. The negative amount of share-based compensations was mainly due to the cancellation of SAR in 2022.

(b) Directors' retirement and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the years ended December 31, 2020, 2021 and 2022.

(c) Consideration provided to third parties for making available directors' services

The Group did not pay consideration to any third parties for making available directors' services during the years ended December 31, 2020, 2021 and 2022.

(d) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with such directors.

No loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by or entities connected with directors subsisted at the end of the year or at any time during the years ended December 31, 2020, 2021 and 2022.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of December 31, 2020, 2021 and 2022 or at any time during the years ended December 31, 2020, 2021 and 2022.

35 SUBSEQUENT EVENTS

No significant events took place subsequent to December 31, 2022.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2022 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2022.