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## CONNECTED TRANSACTIONS

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Pursuant to Chapter 14A of the Listing Rules, the following transaction that we entered into with our connected persons will constitute connected transaction upon the [REDACTED].

### OUR CONNECTED PERSONS

The table below sets forth parties who will become our connected persons upon [REDACTED] and the nature of their relationship with our Company. We have entered into certain transaction which will constitute our continuing connected transaction following the [REDACTED] with the following connected persons:

Name	Connected relationship
Domino’s Pizza, Inc.	Domino’s Pizza, Inc. (NYSE: DPZ) is a substantial shareholder of our Company
Associates of Domino’s Pizza, Inc.	Including but not limited to Domino’s Pizza International Franchising Inc. (“ <b>DPIF</b> ”) and Domino’s Pizza Distribution LLC (“ <b>DPD</b> ”), which are subsidiaries of Domino’s Pizza LLC.

### MASTER FRANCHISE ARRANGEMENTS

#### Master Franchise Agreement

On June 1, 2017, DPIF (the “**Franchisor**”) and Pizzavest China Ltd. (the “**Master Franchisee**”), an indirect wholly-owned subsidiary of our Company, entered into a master franchise agreement pursuant to which the Franchisor granted to the Master Franchisee the exclusive right to develop and operate and to sub-franchise the right to develop and operate Domino’s Pizza stores (the “**Stores**”, and each a “**Store**”) and a license to use and sub-license the use of the Domino’s system and the associated trademarks in the operation of the Stores in the PRC (the “**Franchise**”). In return, the Master Franchisee shall pay to the Franchisor (a) a master franchise fee, (b) store franchise fees, and (c) royalty fees, in accordance with the terms of the Master Franchise Agreement.

The term of the Master Franchise Agreement commenced on June 1, 2017 and will expire on June 1, 2027, which may be renewed at our option for two additional 10-year terms, subject to the fulfillment of certain conditions.

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### Master Franchise Software License Agreement

Under the terms of the Master Franchise Agreement, the Master Franchisee agrees to use, and to ensure its sub-franchisees use, in the development and operation of the Stores, the management system and computer hardware and software and related technology designated by Franchisor, including that the Franchisor may require the Master Franchisee and its sub-franchisees to acquire, install and continuously use the Domino’s Pulse store computer system and to obtain a license to use the software from the Franchisor or its affiliate by signing the standard license agreement. Pursuant to the foregoing, on July 24, 2018, DPD and the Master Franchisee, an indirect wholly-owned subsidiary of our Company, entered into a master franchise software license agreement (the “**Master Franchise Software License Agreement**” together with the Master Franchise Agreement, the “**Master Franchise Arrangements**”). The Company considers the licensing of Domino’s Pulse is an integral component of its overall master franchising arrangements with Domino’s International, a subsidiary of Domino’s Pizza, Inc..

Pursuant to the Master Franchise Software License Agreement, DPD granted to the Master Franchisee a limited, non-exclusive, right to obtain agreements for licensing Domino’s Pulse, which is DPD’s proprietary point-of-sale system, together with any future developments, enhancements, modifications, new releases and addition, operating manual(s) and guide(s), and any customization thereof, to the Master Franchisee’s sub-franchisees for their internal business purposes within the PRC. In return, the Master Franchisee shall pay to DPD software license fees and annual enhancement fees, in accordance with the terms of the Master Franchise Software License Agreement.

The term of the Master Franchise Software License Agreement commenced on July 24, 2018 and will terminate upon the termination of the Master Franchise Agreement or pursuant to other applicable provisions in the Master Franchise Software License Agreement.

### Pricing terms

Pursuant to the Master Franchise Agreement, the Master Franchisee shall pay to the Franchisor the following fees:

- (a) a lump sum master franchise fee, which had been paid in full as of December 31, 2021. The Franchisor shall charge no additional master franchise fee for the remaining term of the Master Franchise Agreement and the two additional 10-year renewal periods.
- (b) store franchise fee, which is a one-off fixed fee of up to US\$10,000 for the opening of each new Store in the PRC (the “**Store Franchise Fee**”) by the Master Franchisee. If the Master Franchisee has any sub-franchisee, the Franchisor charges the same Store Franchise Fees in respect of the Stores of the sub-franchisee; and if the Master Franchisee charges a sub-franchisee a store opening fee in excess of an agreed maximum threshold of US\$25,000 (the “**Excess Store Franchise Fee**”), the Master Franchisee and the Franchisor shall each be entitled to half of the Excess Store Franchise Fee.

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- (c) royalty fees, which is a continuing monthly royalty calculated as 3% (the “**Royalty Rate**”) of all sales by all Stores in the PRC opened and operated by the Master Franchisee for that month. If the Master Franchisee has any sub-franchisee, the Franchisor charges the same Royalty Rate in respect of the sales of the Stores of the sub-franchisee; and if the Master Franchisee charges a sub-franchisee royalty fees at a royalty rate in excess of an agreed maximum rate of 7%, (the “**Excess Royalty**”), the Master Franchisee and the Franchisor shall each be entitled to half of the Excess Royalty. For the avoidance of doubt, only the portion of a sub-franchisee’s royalty fees calculated with reference to the part of the royalty rate that exceeds 7% constitutes the Excess Royalty.

Pursuant to the Master Franchise Software License Agreement, the Master Franchisee shall pay to DPD the following fees:

- (a) software license fees, which is a one-off fixed fee of currently up to US\$4,000 for each Store in the PRC in which the software is installed (the “**Software License Fees**”). The fee rate is subject to change on the delivery by DPD to the Master Franchisee a fee change notification.
- (b) annual enhancement fees, which is a fixed fee of currently up to US\$1,000 collected from each Store in the PRC, in which the software is installed, 12 months after the installation of the software and each subsequent annual anniversary of the date of installation (the “**Annual Enhancement Fees**”). Stores operating a version of the software equal to (i) two versions or (ii) three or more versions prior to the then current version are subject to an additional fee equal to fifty percent or one hundred percent of the then current annual enhancement fee, respectively.

The fees chargeable under the Master Franchise Arrangements were agreed between the Franchisor (and its affiliates) and Master Franchisee after arm’s length negotiation based on a range of factors, including but not limited to the commercial prospects of operating a Store under the brand of Domino’s Pizza, our plan to open new Stores in more cities in the PRC and the terms of master franchise arrangements has with its other international master franchisees, and with reference to prevailing market practice for comparable transactions. We believe that the fees chargeable under the Master Franchise Arrangements are fair and reasonable, in line with or more favourable than the fees charged under comparable franchising arrangements between independent third parties and in the interests of our Company and our Shareholders as a whole. The Royalty Rate is also in line with industry norm in the catering service industry in China, according to Frost & Sullivan.

For the avoidance of doubt, we did not have any sub-franchisee during the Track Record Period and, as of the date of this document, do not have plans to engage any sub-franchisee.

### Annual caps and basis of the annual caps

Following the [REDACTED], the transaction amount to be paid by our Group to Domino’s Pizza, Inc.’s group under the Master Franchise Arrangement shall not exceed the proposed annual caps as set out in the table below:

	Annual cap for the year ending December 31,					
2022	2023	2024	2025	2026	2027	
		(RMB million)				
100	140	200	290	410	610	

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The above proposed annual caps are determined with reference to the following factors:

- (a) the estimated growth in the sales of our Stores, having taken into account the historical sales of our Stores and the year-on-year growth trend thereof during the Track Record Period. Our revenues increased by 32.0% from 2019 to 2020, and further increased by 45.9% from 2020 to 2021;
- (b) the inflation (as measured by consumer price index) in the PRC, with reference to the historical inflation of 1-3% from 2019 to 2021 as advised by Frost & Sullivan;
- (c) the pricing terms as set out in the Master Franchise Agreement;
- (d) the continuous ramp up of our stores operation which will result in an expected increase in sales of our Stores. For the years ended December 31, 2019, 2020 and 2021, we achieved SSSG of 7.3%, 9.0% and 18.7%, respectively;
- (e) the prospect of pizza market as well as pizza stores per million population in China according to the Frost & Sullivan Report;
- (f) the penetration of pizza restaurants in the PRC as well as our penetration rate in China according to the Frost & Sullivan Report; and
- (g) our current expansion plan and strategy (including the estimated number of new stores to be opened and the estimated number of stores to be operated in the future) which are based on the information currently available to us and our current assessment and estimation of the customer demand for our products and services in the coming years, which may change in the future based on the circumstances (including those not within our control) then in existence.

The above annual caps are produced for the purposes of managing our connected transactions and compliance with Chapter 14A of the Listing Rules only; they do not in any way represent, indicate or imply any forecast or projection of our revenue, profitability, financial position or financial performance in the future. Shareholders and investors shall not place any reliance on the above annual caps in assessing the financial position or financial performance of our Group, whether historical or future. Instead, to assess the financial position and financial performance of our Group, Shareholders and [REDACTED] shall consider carefully all relevant business and financial information contained in this document, in particular, the information in “Business”, “Financial Information” and “Risk Factors” sections of this documents and the accountant’s report and unaudited pro forma financial information in Appendix I and Appendix II to this document.

### Historical amounts

For the years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022, the aggregate amounts of fees paid by our Group to Domino’s Pizza, Inc.’s group under the Master Franchise Arrangements were approximately RMB39.5 million, RMB50.7 million, RMB114.6 million and RMB29.2 million, respectively. The amounts consist of (a) instalments of master franchise fees of US\$2 million, US\$2 million, US\$10 million and nil paid under the Master Franchise Agreement for the same periods, for which no further amount is payable going forward; (b) store franchise and royalty fees paid under the Master Franchise Agreement and software license and annual enhancement fees paid under the Master Franchise Software License Agreement of approximately RMB25.7 million, RMB37.2 million, RMB50.1 million and RMB29.2 million for the same periods.

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### Reasons for the transaction

The Master Franchising Arrangements are expected to be mutually beneficial as it allows the Domino’s Pizza brand to enter and expand in the PRC market, leveraging our management expertise and local know-how, and our Group to gain access to customers through a globally well-known brand and well-established business operations system.

### Listing Rules implications

Since the highest of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules, using the highest proposed annual cap set out above as the numerators and the Company’s latest financial information available as at the date of this document (i.e. the Company’s revenue for the year ended December 31, 2021 and the Company’s total assets as at June 30, 2022) as the denominators, will exceed 5%, upon the [REDACTED], and in the absence of the grant of a waiver by the Hong Kong Stock Exchange, the transactions contemplated under the Master Franchise Arrangements will be subject to the announcement, circular and independent shareholders’ approval requirements under Rules 14A.35 and 14A.36 of the Listing Rules as well as the annual reporting and annual review requirements under Rules 14A.49, 14A.71 and 14A.72 of the Listing Rules.

### WAIVERS

In respect of the Master Franchise Arrangements, we have applied for, and the Stock Exchange [has granted] us, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with the announcement, circular and independent Shareholders’ approval requirements under Rules 14A.35 and 14A.36 of the Listing Rules in respect of the transactions contemplated under the Master Franchise Arrangements, provided that the total amount of transactions for each of the six years ending December 31, 2027 will not exceed the relevant proposed annual caps as set out in this section.

### DIRECTORS’ CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that: (i) the continuing connected transaction set out above have been and will be entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole; (ii) the proposed annual caps of the Master Franchise Arrangements set out above are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) it is normal business practice for the Master Franchise Arrangements to be of a term greater than three years.

### SOLE SPONSOR’S CONFIRMATION

Based on the above, and the documentation and data provided by the Company and the participation in due diligence and discussion with the Company, and on the basis that (i) the businesses carried out by the Company in respect of which the Master Franchise Agreement was entered into, which are, among other things, developing and operating Domino’s Pizza delivery stores in the China mainland, the Hong Kong Special Administrative Region of China and the Macau Special Administrative Region of China, (ii) the nature of the transaction, which is a licensing arrangement to be carried out on a continuing basis to ensure business continuity and (iii) the market practice for similar licensing arrangements of other companies, the Sole Sponsor is of the view that: (i) the continuing connected transaction set out above have been and will be entered into in the Company’s ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interest of the Company and its Shareholders as a whole; (ii) the proposed annual caps of the Master Franchise Arrangements set out above are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) it is normal business practice for the Master Franchise Arrangements to be of a term greater than three years.