



Domino's Pizza 达美乐比萨

DPC Dash Ltd
达势股份有限公司

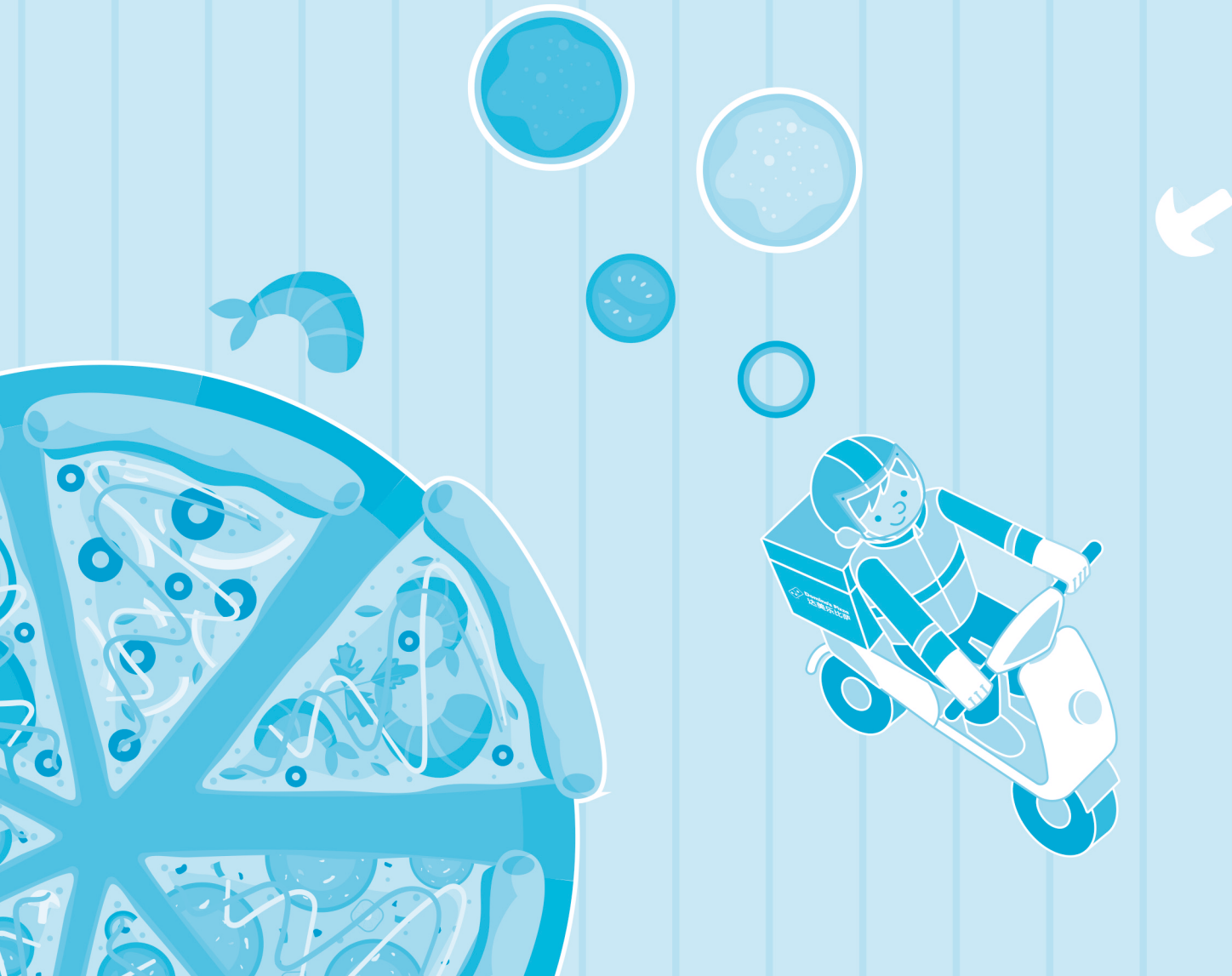
(Incorporated in the British Virgin Islands with limited liability)
Stock Code : 1405



2024
INTERIM
REPORT

CONTENTS

Corporate Information	2
Highlights	4
Business Overview	7
Management Discussion and Analysis	9
Corporate Governance and Other Information	21
Report on Review of Interim Financial Information	34
Condensed Interim Consolidated Statement of Comprehensive Income	35
Condensed Interim Consolidated Balance Sheet	37
Condensed Interim Consolidated Statement of Changes in Equity	39
Condensed Interim Consolidated Statement of Cash Flows	41
Notes to the Condensed Interim Consolidated Financial Information	42
Definitions	70



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

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

Non-Executive Directors

Mr. Frank Paul Krasovec (*Chairman*)

Mr. James Leslie Marshall

Mr. Zohar Ziv

Mr. Matthew James Ridgwell

Mr. Arthur Patrick D'Elia

Independent Non-Executive Directors

Mr. David Brian Barr

Mr. Samuel Chun Kong Shih (施振康)

Ms. Lihong Wang (王勵弘)

AUDIT AND RISK COMMITTEE

Ms. Lihong Wang (王勵弘) (*Chairperson*)

Mr. Zohar Ziv

Mr. Matthew James Ridgwell

Mr. David Brian Barr

Mr. Samuel Chun Kong Shih (施振康)

REMUNERATION COMMITTEE

Mr. David Brian Barr (*Chairperson*)

Mr. Matthew James Ridgwell

Mr. Arthur Patrick D'Elia

Mr. Samuel Chun Kong Shih (施振康)

Ms. Lihong Wang (王勵弘)

NOMINATION COMMITTEE

Mr. Frank Paul Krasovec (*Chairperson*)

Mr. Matthew James Ridgwell

Mr. David Brian Barr

Mr. Samuel Chun Kong Shih (施振康)

Ms. Lihong Wang (王勵弘)

JOINT COMPANY SECRETARIES

Ms. Ting Wu (吳婷)

Ms. Wing Nga Ho (何詠雅)

AUTHORISED REPRESENTATIVES

Ms. Yi Wang (王怡)

Ms. Wing Nga Ho (何詠雅)

REGISTERED OFFICE

Kingston Chambers

PO Box 173

Road Town

Tortola

British Virgin Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Level 8, Block A

33 Caobao Road

Shanghai

China, 200235

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

46/F, Hopewell Centre

183 Queen's Road East

Wan Chai

Hong Kong

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants and Registered Public

Entity Auditor

22/F, Prince's Building

Central

Hong Kong

CORPORATE INFORMATION

LEGAL ADVISERS

As to Hong Kong and U.S. laws:

Skadden, Arps, Slate, Meagher & Flom and affiliates
42/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law:

JunHe LLP
20/F China Resources Building
8 Jianguomenbei Avenue Beijing
PRC

As to British Virgin Islands law:

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

COMPLIANCE ADVISER

Somerley Capital Limited
20th Floor, China Building
29 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKER

Industrial and Commercial Bank of China Shanghai
Liyuan Road Branch
928 Liyuan Road
Huangpu District
Shanghai China

COMPANY WEBSITE

www.dpcdash.com

STOCK CODE

1405

HIGHLIGHTS

Six months ended June 30,

	2024 (RMB '000) (Unaudited)	2023 (RMB '000)	change (%)/ percentage points change
Revenue	2,041,461	1,376,370	48.3%
Store-level operating profit ⁽¹⁾	296,155	186,289	59.0%
Store-level operating profit margin ⁽²⁾	14.5%	13.5%	+1.0
Profit before income tax	40,894	28,096	45.6%
Profit for the period attributable to owners of the Company	10,907	8,751	24.6%
Basic Profit per share (RMB)	0.08	0.08	–
Diluted Profit per share (RMB)	0.08	0.07	14.3%
Non-IFRS Measures			
Store-level EBITDA ⁽³⁾	393,902	257,421	53.0%
Store-level EBITDA margin (%) ⁽⁴⁾	19.3%	18.7%	+0.6
Adjusted EBITDA ⁽⁵⁾	233,387	127,022	83.7%
Adjusted EBITDA margin (%) ⁽⁶⁾	11.4%	9.2%	+2.2
Adjusted Net Profit/(Loss) ⁽⁷⁾	50,890	(17,445)	N/A

Notes:

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

HIGHLIGHTS

Non-IFRS Measures

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

BUSINESS HIGHLIGHTS

We are pleased to announce the key operating metrics, as set forth below, in relation to the Group's business for the six months ended June 30, 2024 (as compared with the six months ended June 30, 2023 and December 31, 2023):

Store counts

	As of June 30, 2024	As of December 31, 2023	As of June 30, 2023
Beijing and Shanghai	363	351	331
New growth markets	551	417	341
Total	914	768	672

Number of cities entered

	As of June 30, 2024	As of December 31, 2023	As of June 30, 2023
Number of cities entered	33	29	20

HIGHLIGHTS

Same-store Sales Growth (“SSSG”)(1)

	Six months ended June 30,	
	2024	2023
SSSG	3.6%	8.8%

Loyalty membership numbers

	As of June 30, 2024	As of December 31, 2023	As of June 30, 2023
Loyalty membership numbers (million)	19.4	14.6	10.9

Note:

- (1) SSSG compares the sales generated by same stores during the relevant period year-on-year: the SSSG for the six months ended June 30, 2024 compares the same-store sales of the six months ended June 30, 2024 and that of the six months ended June 30, 2023. The SSSG for the six months ended June 30, 2023 compares the same-store sales of the six months ended June 30, 2023 and that of the six months ended June 30, 2022.

BUSINESS OVERVIEW

We are Domino's Pizza's exclusive master franchisee in the China mainland, the Hong Kong Special Administrative Region of China and the Macau Special Administrative Region of China. As of June 30, 2024, we directly operated 914 stores across 33 cities in the China mainland. Our global franchisor, Domino's Pizza, Inc., is one of the world's largest pizza companies, with more than 20,900 stores in over 90 markets around the world at the end of the Reporting Period.

BUSINESS REVIEW FOR THE SIX MONTHS ENDED JUNE 30, 2024

During the first six months of 2024, our business continued to grow at an outstanding pace. Our sales achieved, number of new stores opened and number of new cities entered all hit record high.

We generated a total revenue of RMB2,041.5 million during the Reporting Period, representing a 48.3% year-over-year growth as compared with the revenue of RMB1,376.4 million during the same period of 2023. Revenue growth was observed across all markets as we further penetrate in existing cities as well as expand into new cities. The revenue generated from our new growth markets accounted for 61% of our total revenue during the first six months of 2024, making our new growth markets the main growth driver for our Company. The strong revenue growth was not only built on the continued overall strong performance of existing stores in new growth markets, but also the good performance in the new cities we expanded, including the eight cities we expanded to at the end of last year as well as the four new cities during the first half of 2024, namely Jiangmen, Taizhou, Jinhua and Huizhou. Of the 42 stores we opened in these twelve cities, 18 stores have paid back. Overall, the average payback period of these stores is expected to be within 9 months. We believe the consistent success in all of these newly entered growth markets is a strong testimony of Domino's Pizza's brand strength and brand momentum in China.

During the first six months of 2024, we had a net store opening of 146 stores. As of June 30, 2024, the store counts of our new growth markets have surpassed more than half of our total store network. In addition, we continue the momentum in taking more top ranking spots in the First-30-Day-Sales records within the Domino's Pizza global system. As of July 31, 2024, we've taken 28 spots out of the global top 30. Our loyalty membership number increased from 10.9 million as of June 30, 2023 to 19.4 million as of June 30, 2024 and revenue contributed by our loyalty members as a percentage of total revenue increased from 58.5% in the six months ended June 30, 2023 to 63.6% in the six months ended June 30, 2024. We currently only operate in 33 cities in China as of June 30, 2024. We believe we will be able to continue to successfully roll out our Domino's Pizza stores into new cities in China and bring our products accessible to more customers in China and further strengthen our brand national awareness.

BUSINESS OVERVIEW

Built on the strong revenue, our operational efficiency has also improved at both store-level and corporate-level, leading to improved profitability performance at both store and corporate-level. Our Store-level EBITDA increased by 53.0% year-over-year from RMB257.4 million in the first half of 2023 to RMB393.9 million for the Reporting Period, and the Store-level EBITDA margin improved to 19.3% for the Reporting Period as compared with 18.7% for the same period of 2023. Our store-level operating profit increased by 59.0% year-over-year from RMB186.3 million in the first half of 2023 to RMB296.2 million for the Reporting Period. The store-level operating profit margin improved to 14.5% for the Reporting Period as compared with 13.5% for the same period of 2023. The Group's Adjusted EBITDA increased by 83.7% from RMB127.0 million in the first half of 2023 year-over-year to RMB233.4 million for the Reporting Period. Accordingly, our Adjusted Net Profit/(Loss) turned positive from Adjusted Net Loss of RMB17.4 million in the first half of 2023 to Adjusted Net Profit of RMB50.9 million for the Reporting Period. Furthermore, our reported net profit after tax reached RMB10.9 million, a 24.6% year-over-year growth comparing to a report net profit after tax of RMB8.8 million during the first half of 2023 (with such RMB8.8 million Net Profit being positively impacted by the fair value gain of approximately RMB119.3 million on the convertible senior ordinary shares).

BUSINESS OUTLOOK

We plan to open approximately 240 stores in 2024. During the first half of 2024, we have a net opening of 146 new stores. As of August 20, 2024, we have opened additional 31 stores, with 29 stores under construction and 21 stores signed, well on track to deliver the 2024 full year opening target.

Looking forward, with further strengthened brand name and rising brand momentum, we will continue to execute our go-deeper and go-broader network expansion strategy, entering more new cities while further penetrating our existing markets. We would also look to further improve the cost efficiency as we continue to scale up and our stores continue to ramp up.

EVENTS AFTER THE REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

1. Revenue

Our revenue increased by 48.3% from RMB1,376.4 million for the six months ended June 30, 2023 to RMB2,041.5 million for the six months ended June 30, 2024, mainly attributable to (a) the increase in our average daily sales per store and (b) the increased number of stores in operation during the respective periods.

Our average daily sales per store increased by 10.1% from RMB12,275 for the six months ended June 30, 2023 to RMB13,515 for the six months ended June 30, 2024, mainly driven by the increases in average daily orders per store, which grew from 140 for the six months ended June 30, 2023 to 162 for the six months ended June 30, 2024, partially offset by a slight decrease in average sales value per order. The strong growth in the order volumes is not only driven by the growth in our existing market stores as we continue our penetration and brand strengthening, but also in particular by the strong performance of the new stores in the new markets we entered over the past 24 months, which demonstrates a strong brand momentum as we continue to expand our footprint to other major cities in China. In the newly entered markets, our revenue mainly generated from dine-in and carry out. The high dine-in and carry-out volumes in the stores in our newly entered markets as new customers try out the Domino's Pizza brand and our products have made us voluntarily suspended delivery service temporarily. We will gradually open up the delivery service when the time is appropriate. In the context of this voluntary choice, as we speed up our store openings and entered more new cities, the percentage of delivery services decreased from 63.6% of total revenue for the six months ended June 30, 2023 to 46.4% for the six months ended June 30, 2024. The overall lower delivery percentage also partly led to the decrease in average sales value per order from RMB87.6 in the first half of 2023 to RMB83.6 in the first half of 2024.

The increase in revenue was coupled with an increasing number of stores in operation. We added 84 net new stores during the first six months of 2023 and brought the total store counts to 672 as of June 30, 2023, while we added 146 net new stores during the first six months of 2024 leading to a total store count of 914 as of June 30, 2024.

Underlying our revenue growth was our continued menu development, timely delivery, excellent product taste and improved brand recognition, which enabled us to achieve continued positive SSSG of 3.6% for the Group for the six months period of 2024, on top of 8.8% of SSSG for the first six months of 2023 while 8.9% of SSSG for the twelve months period of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth average daily sales per store during the six months ended June 30, 2023 and 2024.

	Six months ended June 30,	
	2024	2023
Average daily sales per store⁽¹⁾ (RMB)	13,515	12,275

Note:

- (1) Calculated by dividing the revenues generated from the relevant store for a particular period by the aggregate number of days of operation of such store during the same period.

2. Raw materials and consumables cost

For the six months ended June 30, 2024, the raw materials and consumables cost of the Group amounted to RMB557.8 million, representing an increase of RMB177.4 million or 46.6% as compared with RMB380.4 million for the corresponding period in 2023 and 27.3% and 27.6% of our total revenue in the corresponding periods, respectively. The increase was primarily due to our revenue growth, which has increased our need for raw materials and consumables. As a percentage of revenue, our raw materials and consumables cost remained relatively stable for the six months ended June 30, 2023 and 2024.

3. Staff compensation expenses

For the six months ended June 30, 2024, the staff compensation expenses of the Group amounted to RMB711.9 million, representing an increase of RMB166.1 million or 30.4% as compared with RMB545.8 million for the corresponding period in 2023.

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

	Six months ended June 30,			
	2024		2023	
	RMB	% of total revenue	RMB	% of total revenue
(in RMB thousands, except for percentage data)				
Cash-based compensation expenses for store-level staff	558,845	27.4	369,887	26.9
Cash-based compensation expenses for corporate-level staff	113,084	5.5	102,193	7.4
Share-based compensation	39,983	2.0	73,692	5.4
Total staff compensation expenses	711,912	34.9	545,772	39.7

MANAGEMENT DISCUSSION AND ANALYSIS

The increase of cash-based compensation expenses for store-level staff was primarily due to the increase in the number of our store level employees arising from the expansion of our store network and the increase of sales order volume. As a percentage of revenue, our cash-based compensation expenses for store-level staff increased from 26.9% for the six months ended June 30, 2023 to 27.4% for the same period in 2024 primarily attributable to the increase in the number of store-level employees per store. In the first half of 2024, as we speed up our store openings and open more stores in the recently entered new markets, we recruited more store-level staff for training in advance in order to better serve the customer and familiar with new markets. This leads to the increase in the average number of store-level staff per store.

The increase of cash-based compensation expenses for corporate-level staff was primarily due to (i) an increase in headcount to support our rapid expansion; and (ii) the merit-based increase in salary. As a percentage of revenue, our cash-based compensation expenses for corporate-level staff decreased from 7.4% for the six months ended June 30, 2023 to 5.5% for the same period in 2024 primarily as our corporate-level staff accumulate more experience and become well-equipped to support the operations of a larger number of stores. The declining proportion of cash-based compensation expenses for corporate-level staff also reflects the continued benefit of scale of economy on cost efficiency at Group headquarter.

The decrease of share-based compensation was mainly driven by the decrease in share options granted and lower percentage portion of the granted option fair value charged to our income statement during the Reporting Period as compared to previous corresponding six months in 2023.

4. Rental expenses

Our rental expenses include depreciation of right-of-use assets and variable lease rental payment, short-term rental and other related expenses. The Group's depreciation of right-of-use assets represents the depreciation of capitalized lease incurred by long-term leased properties in accordance with IFRS 16. For the six months ended June 30, 2024, our rental expenses amounted to RMB201.7 million, representing an increase of RMB62.3 million or 44.7% as compared with RMB139.4 million for the corresponding period in 2023. The increase was primarily due to the expansion of our store network from a total of 672 store as of June 30, 2023 to a total of 914 stores as of June 30, 2024. Our rental expenses as a percentage of revenue decreased from 10.1% for the six months ended June 30, 2023 to 9.9% for the same period in 2024 was primarily due to the strong growth of our revenue and our continued efforts in rental cost control with the strengthened negotiating power on the enhanced brand recognition.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Depreciation of plant and equipment

For the six months ended June 30, 2024, the depreciation of plant and equipment of the Group amounted to RMB98.6 million, representing an increase of RMB26.4 million or 36.5% as compared with RMB72.2 million for the corresponding period in 2023. The increase was primarily due to increased equipment needs in conjunction with the expansion of our store network, resulting in the corresponding increase in depreciation expenses. Our depreciation of plant and equipment as a percentage of total revenue decreased from 5.2% for the six months ended June 30, 2023 to 4.8% for the same period in 2024 mainly due to the strong growth of our revenue.

6. Amortization of intangible assets

For the six months ended June 30, 2024, the amortization of intangible assets of the Group amounted to RMB26.9 million, representing an increase of RMB1.4 million or 5.4% as compared with RMB25.5 million for the corresponding period in 2023. The increase was primarily driven by the acquisition of software and the addition in store franchise fees in line with the expansion of our store network. Our amortization of intangible assets as a percentage of total revenue decreased from 1.9% for the six months ended June 30, 2023 to 1.3% for the same period in 2024, primarily due to the strong growth of our revenue achieved in the Reporting Period.

7. Utilities expenses

For the six months ended June 30, 2024, the utilities expenses of the Group amounted to RMB71.9 million, representing an increase of RMB22.6 million or 46.0% as compared with RMB49.3 million for the corresponding period in 2023. The increase was mainly attributable to the expansion of our store network which demanded additional usage of utilities. Our utilities expenses as a percentage of total revenue decreased from 3.6% for the six months ended June 30, 2023 to 3.5% for the same period in 2024 mainly due to the strong growth of our revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

8. Advertising and promotion expenses

For the six months ended June 30, 2024, the advertising and promotion expenses of the Group amounted to RMB109.3 million, representing an increase of RMB28.2 million or 34.8% as compared with RMB81.1 million for the corresponding period in 2023. The increase was mainly driven by the spending in advertising and promotion to grow our revenue. Our advertising and promotion expenses as a percentage of total revenue decreased from 5.9% for the six months ended June 30, 2023 to 5.4% for the same period in 2024 mainly because our brand marketing activities was able to be more selected and cost-effective as our brand strengthens through the growth of our store network and remarkable performance in newly entered markets.

9. Store operation and maintenance expenses

For the six months ended June 30, 2024, the store operation and maintenance expenses of the Group amounted to RMB128.9 million, representing an increase of RMB44.0 million or 51.7% as compared with RMB84.9 million for the corresponding period in 2023. The increase was primarily due to the expansion of our store network. Our store operation and maintenance expenses as a percentage of total revenue remained relatively stable during the Reporting Period as compared with the six months ended June 30, 2023.

10. Other expenses

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

For the six months ended June 30, 2024, the other expenses of the Group amounted to RMB66.9 million, representing a decrease of RMB0.9 million or 1.2% as compared with RMB67.8 million for the corresponding period in 2023. The decrease was primarily due to RMB19.4 million decrease in listing expenses, which was partially offset by increase in travelling and related expenses, telecommunication and information technology related expenses and professional service expenses along with our network expansion. Our other expenses as a percentage of total revenue decreased from 4.9% for the six months ended June 30, 2023 to 3.3% for the same period in 2024, primarily because no listing expenses incurred after the listing of the Company's shares (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

MANAGEMENT DISCUSSION AND ANALYSIS

11. Finance costs, net

For the six months ended June 30, 2024, the net finance costs of the Group amounted to RMB27.9 million, representing a decrease of RMB1.4 million or 4.8% as compared with RMB29.3 million for the corresponding period in 2023. The decrease was primarily due to a RMB5.9 million increase in interest income driven by our better management of bank deposits and was partially offset by a RMB5.4 million increase in interest expenses on lease liabilities recognized in accordance with IFRS 16 associated with our increasing number of leases as a result of the expansion of our store network.

	Six months ended June 30,	
	2024	2023
	(in RMB thousands)	
Interest income on cash at bank	11,768	5,903
Interest expenses	(38,746)	(33,243)
– Bank borrowings	(4,651)	(4,827)
– Lease liabilities	(33,315)	(27,925)
– Long-term payables	(780)	(491)
Net foreign exchange losses on financing activities	(919)	(1,958)
	(27,897)	(29,298)

12. Fair value change of financial liabilities at fair value through profit or loss

Fair value changes of convertible senior ordinary shares for the six months ended June 30, 2024 and 2023 were nil and RMB119.3 million gain, respectively.

13. Taxation

Income tax expense of the Group increased from RMB19.3 million for the six months ended June 30, 2023 to RMB30.0 million for the six months ended June 30, 2024.

14. Profit for the period

As a result of the foregoing, the Group recorded a net profit of RMB10.9 million for the six months ended June 30, 2024, as compared to a net profit of RMB8.8 million for the six months ended June 30, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

"Adjusted EBITDA" is defined as Adjusted Net Profit/(Loss) for the period and adding back depreciation and amortization (excluding depreciation of right-of-use assets), income tax expense and interest income and expenses, net.

"Adjusted EBITDA margin" is calculated by dividing Adjusted EBITDA by revenue for the same period.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the reconciliation of our non-IFRS financial measures for the six months ended June 30, 2024 and 2023 to the nearest measure prepared in accordance with IFRS.

	For the six months ended June 30,	
	2024 RMB '000 (Unaudited)	2023 RMB '000 (Unaudited)
Reconciliation of net profit and adjusted net profit/(loss) and adjusted EBITDA		
Profit for the period	10,907	8,751
Add:		
Fair value change of financial liabilities at fair value through profit or loss	–	(119,331)
Share-based compensation – Directors' compensation, stock appreciation rights and RSUs	39,983	73,692
Listing expenses	–	19,443
Adjusted Net Profit/(Loss)	50,890	(17,445)
Add:		
Depreciation and amortization	125,532	97,782
Income tax expenses	29,987	19,345
Interest income and expenses, net	26,978	27,340
Adjusted EBITDA	233,387	127,022
Adjusted EBITDA margin	11.4%	9.2%

MANAGEMENT DISCUSSION AND ANALYSIS

	For the six months ended June 30,	
	2024 RMB '000 (Unaudited)	2023 RMB '000 (Unaudited)
Reconciliation of store-level operating profit and Store-level EBITDA		
Store-level operating profit	296,155	186,289
Add:		
Depreciation of plant and equipment – store level ⁽¹⁾	96,559	70,289
Amortization of intangible assets – store level ⁽²⁾	1,188	843
Store-level EBITDA	393,902	257,421
Store-level EBITDA margin	19.3%	18.7%

Notes:

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

16. Liquidity and Source of Funding and Borrowing

As at June 30, 2024, the Group's cash and bank balances increased by 6.9% from RMB1,019.2 million as at December 31, 2023 to RMB1,089.3 million, among which the Group had cash and cash equivalents of RMB1,089.1 million (December 31, 2023: RMB587.0 million), short-term time deposits with original maturities over three months of nil (December 31, 2023: RMB431.9 million) and restricted cash of RMB0.2 million (December 31, 2023: RMB0.3 million). The increase primarily resulted from the cash inflow generated from operating activities.

As at June 30, 2024, the Group had total cash and bank balances of RMB1,089.3 million (December 31, 2023: RMB1,019.2 million), among which RMB33.6 million (December 31, 2023: RMB29.9 million) were denominated in Hong Kong dollar, RMB787.3 million (December 31, 2023: RMB741.5 million) were denominated in RMB and RMB268.3 million (December 31, 2023: RMB247.8 million) were denominated in US dollar.

Our net cash generated in operating activities was RMB376.8 million for the Reporting Period, compared to RMB174.8 million for the six months ended June 30, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

As at June 30, 2024, the current assets of the Group amounted to RMB1,312.9 million, including RMB1,089.3 million in cash and bank balances and RMB223.6 million in other current assets. The current liabilities of the Group amounted to RMB1,294.3 million, of which RMB675.1 million was accruals and other payables, RMB262.2 million was lease liabilities, RMB172.5 million was trade payables and RMB184.5 million was other current liabilities. As at June 30, 2024, the current ratio of the Group, which is equivalent to the current assets divided by the current liabilities, was 1.01 (December 31, 2023: 1.19).

As at June 30, 2024, the Group's total borrowings were RMB200.0 million (December 31, 2023: RMB200.0 million), out of which RMB100.0 million should be repayable on March 28, 2025 and the remaining RMB100.0 million should be repayable on December 7, 2025. The borrowings were all denominated in RMB and fully guaranteed by a subsidiary of the Group. As at June 30, 2024, all the bank borrowings bear interests at a floating interest rate.

17. Treasury policy

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

18. Gearing Ratio

As at June 30, 2024, the gearing ratio of the Group, which was calculated as total interest-bearing bank loans divided by total equity, was approximately 9.3%, representing an decrease of 0.2 percentage points as compared with 9.5% as at December 31, 2023. The decrease was primarily due to the improved profitability performance of the Group.

19. Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of June 30, 2024) during the six months ended June 30, 2024.

20. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended June 30, 2024.

21. Pledge of Assets

As at June 30, 2024, the Group had no pledge of assets.

MANAGEMENT DISCUSSION AND ANALYSIS

22. Contingent Liabilities

The Group had no contingent liabilities as at June 30, 2024.

23. Foreign Exchange Exposure

During the six months ended June 30, 2024, the Group mainly operated in China and the majority of the transactions were settled in Renminbi (“RMB”), the Company’s primary subsidiaries’ functional currency. As at June 30, 2024, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. During the Reporting Period, the Group has not entered into any derivative instruments to hedge its foreign exchange exposures, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

24. Employees and Remuneration

As at June 30, 2024, the Group had 8,107 full-time employees (December 31, 2023: 6,536). Substantially all of our employees are based in China, primarily in Beijing, Shanghai, Guangzhou, Shenzhen and other cities in which we have operations. The following table sets forth the numbers of our full-time employees categorized by function as at June 30, 2024:

Function	Number of employees	% of total
Store development and operation ⁽¹⁾	7,722	95.3%
Sales, marketing and product development	41	0.5%
Supply chain, central kitchens and quality control	190	2.3%
General administration and others	154	1.9%
Total	8,107	100.0%

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Besides our full-time employees, we also had a total of 18,447 part-time employees as at June 30, 2024 (December 31, 2023: 15,635). These part-time employees primarily work as riders and in-store assistants.

For the six months ended June 30, 2024, the Group has incurred a total staff costs (inclusive of Directors' remuneration, salaries, wages, allowance and benefits and share based compensations) of RMB711.9 million (June 30, 2023: RMB545.8 million).

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

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

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

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

Compensation of key executives of the Group is determined by the Company's remuneration committee which reviews and recommends to the Board the executives' compensation based on the Group's performance and the executives' respective contributions to the Group. The Company also has also adopted various equity-based incentive plans and cash-based incentive plans. Please refer to the section headed "Share Incentive Plans" in the 2023 annual report of the Company dated April 29, 2024.

25. Future Plans for Material Investments and Capital Assets

As of June 30, 2024, save as disclosed in this report under the heading "Management Discussion and Analysis – Business Outlook", the Group did not have other plans for material investments and capital assets.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the principles and code provisions of the CG Code as set out in Part 2 of the Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices. In the opinion of the Directors, during the Reporting Period, the Company has complied with all applicable code provisions set out in the CG Code contained in Appendix C1 to the Listing Rules.

Further information of the corporate governance practice of the Company will be set out in the corporate governance report in the annual report of the Company for the year ending December 31, 2024.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the six months ended June 30, 2024. No incident of non-compliance of the Model Code was noted by the Company during the six months ended June 30, 2024.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2024.

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

The audit and risk committee has reviewed the unaudited condensed interim consolidated financial information and the interim report of the Group for the six months ended June 30, 2024 and has met with the independent auditors, PricewaterhouseCoopers, who have reviewed the condensed interim consolidated financial information in accordance with International Standard on Review Engagements 2410. The audit and risk committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Group.

OTHER BOARD COMMITTEES

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

CHANGES TO DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, no changes in information of the Directors subsequent to the date of the 2023 Annual Report of the Company and up to the date of this interim report was required to be disclosed.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including any sale of treasury shares). As of June 30, 2024, the Company did not hold any treasury shares.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the six months ended June 30, 2024. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the six months ended June 30, 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

USE OF PROCEEDS

The Company's shares were listed on the Main Board of Stock Exchange on March 28, 2023 and the net proceeds raised during the Global Offering (as defined in the Prospectus) were approximately HK\$499.9 million (including the additional proceeds received upon the partial exercise of the Over-allotment Option (as defined in the Prospectus)) (equivalent to approximately RMB437.8 million).

As of June 30, 2024, HK\$156.2 million of the net proceeds of the completion of the Global Offering had been utilized and HK\$343.7 million remained unutilized. In the Prospectus, it was disclosed that we intended to use approximately 90% of the net proceeds from the Global Offering to expand our store network over 2023 and 2024, and the remaining approximately 10% for general corporate purposes. There is no change in the intended use of net proceeds as disclosed in the Prospectus except that, in respect of using approximately 90% of the net proceeds to expand our store network, we intend to use the said amount over 2024 and 2025 instead of over 2023 and 2024. This is because we funded our capital expenditures, mainly in our store expansion, firstly via the capital we raised before the Global Offering and the cash we generated from our operating activities. As such, the Company expects to fully utilize the net proceeds in accordance with the said plans by December 31, 2025.

	% of use of proceeds	Net proceeds (HK\$ million)	Utilisation during the Reporting Period (HK\$ million)	Unutilised amount as of June 30, 2024 (HK\$ million)	Expected timeline of full utilisation of the unutilised proceeds
Expanding our store network	90%	450.0	112.4	337.6	By December 31, 2025
General corporate purposes	10%	49.9	43.8	6.1	By December 31, 2025
Total	100%	499.9	156.2	343.7	

The unutilized net proceeds from the Global Offering were deposited with licensed banks or financial institutions in Hong Kong for short-term deposits.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at June 30, 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in the Company

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company (%) ⁽¹⁾	Long position/ Short position/ Lending pool
Yi Wang	Beneficial owner	2,034,006 ⁽²⁾	1.56%	Long position
	Interest in controlled corporation/founder of a discretionary trust	1,249,710 ⁽³⁾	0.96%	Long position
Frank Paul Krasovec	Beneficial owner	2,661,911	2.04%	Long position
	Interest in controlled corporations	128,452 ⁽⁴⁾	0.10%	Long position
James Leslie Marshall	Beneficial owner	35,930 ⁽⁵⁾	0.03%	Long position
	Interest in controlled corporations	43,472,235 ⁽⁶⁾	33.33%	Long position
Arthur Patrick D'Elia	Beneficial owner	22,100	0.02%	Long position
Zohar Ziv	Beneficial owner	958,095	0.73%	Long position
Matthew James Ridgwell	Beneficial owner	478,366	0.37%	Long position
David Brian Barr	Beneficial owner	603,395	0.46%	Long position
Samuel Chun Kong Shih	Beneficial owner	102,758	0.08%	Long position
	Interest of spouse	124,536 ⁽⁷⁾	0.10%	Long position
Lihong Wang	Beneficial owner	80,779	0.06%	Long position

Notes:

- (1) The calculation is based on the total number of 130,446,977 Shares in issue as at June 30, 2024.
- (2) Represents the 2,034,006 Shares underlying the options granted to Ms. Wang under the 2022 Pre-IPO Plan.
- (3) These Shares are held by Molybdenite Holding Limited, a company incorporated in the BVI and majority-controlled by the family trust of Ms. Wang, of which Ms. Wang is the controller, through wholly owned companies of the trust. The remaining interest in Molybdenite Holding Limited is directly held by Ms. Wang.
- (4) Represents Shares held by FPK Dash, LLC, which a company controlled by Mr. Krasovec.
- (5) Represents the Shares underlying the outstanding RSUs granted to Mr. Marshall under the 2021 Plan.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (6) Represents Shares held by Good Taste Limited, which is wholly-owned by Ocean Investments Limited, the entire interest of which is in turn wholly-owned and managed by a corporate trustee (the “Trustee”) for the benefit of a discretionary (irrevocable) family trust in which, Mr. Marshall is the protector, a named person in its discretionary class of beneficiaries and one of the directors of the Trustee. Mr. Marshall as the protector of the trust has various powers and rights pursuant to the terms of the relevant trust deed including, without limitation, the power to appoint or remove the trustee as well as the right to direct the trustee to exercise the voting or other rights attached to any securities of Ocean Investments Limited, the 100% parent of Good Taste Limited. Mr. Marshall is however not the settlor of the irrevocable trust, and the settlor of the trust does not have control over, or interests, in the assets of the trust. Ms. Michele Li Ming Marshall is the spouse of Mr. Marshall.
- (7) Ms. Laura Christine Tong, the spouse of Mr. Shih, holds 124,536 Shares. Mr. Shih is deemed to be interested in the Shares held by Ms. Tong.

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

As at June 30, 2024, within the knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company (%) ⁽¹⁾	Long position/ Short position/ Lending pool
Good Taste Limited ⁽²⁾	Beneficial interest	43,472,235	33.33%	Long position
Ocean Investments Limited ⁽²⁾	Interest in controlled corporations	43,472,235	33.33%	Long position
Trustee ⁽²⁾	Interest in controlled corporations	43,472,235	33.33%	Long position
Mr. James Leslie Marshall ⁽²⁾	Interest in controlled corporations	43,472,235	33.33%	Long position
	Beneficial Interest	35,930	0.03%	Long position
Michele Li Ming Marshall ⁽²⁾	Interest of spouse	43,508,165	33.35%	Long position
Domino’s Pizza LLC ⁽³⁾	Beneficial interest	18,101,019	13.88%	Long position
Domino’s, Inc. ⁽³⁾	Interest in controlled corporations	18,101,019	13.88%	Long position
Domino’s Pizza, Inc. ⁽³⁾	Interest in controlled corporations	18,101,019	13.88%	Long position
The Capital Group Companies, Inc.	Interest in controlled corporations	9,965,586	7.64%	Long position
JPMorgan Chase & Co.	Approved lending agent	7,376,108	5.65%	Long position
	Interest in controlled corporations	49,100	0.04%	Long position
		28,300	0.02%	Short position
	Person having a security interest in shares	9,600	0.00%	Long position
		79,009,570	60.6%	Long position

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) The calculation is based on the total number of 130,446,977 Shares in issue as at June 30, 2024.
- (2) Good Taste Limited is wholly-owned by Ocean Investments Limited, the entire interest of which is in turn wholly-owned and managed by a corporate trustee (the “**Trustee**”) for the benefit of a discretionary (irrevocable) family trust in which, Mr. Marshall is the protector, a named person in its discretionary class of beneficiaries and one of the directors of the Trustee. Mr. Marshall as the protector of the trust has various powers and rights pursuant to the terms of the relevant trust deed including, without limitation, the power to appoint or remove the trustee as well as the right to direct the trustee to exercise the voting or other rights attached to any securities of Ocean Investments Limited, the 100% parent of Good Taste Limited. Mr. Marshall is however not the settlor of the irrevocable trust, and the settlor of the trust does not have control over, or interests, in the assets of the trust. Ms. Michele Li Ming Marshall is the spouse of Mr. Marshall.
- (3) Domino’s Pizza LLC is wholly-owned by Domino’s, Inc., which is in turn wholly-owned by Domino’s Pizza, Inc.. Domino’s Pizza, Inc. is a Delaware corporation with its shares listed on the New York Stock Exchange (NYSE: DPZ).

Save as disclosed above, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as at June 30, 2024 as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE SCHEMES

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

Further details of the Share Incentive Plans are set out in the section headed “Share Incentive Plans” in the 2023 Annual Report.

995,455 new Shares, representing approximately 0.76% of the weighted average of issued share capital of the Company (excluding treasury shares), were issued or may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the 2021 Plan, the 2022 Pre-IPO Plan and the 2022 First Share Incentive Plan.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

1. 2021 Plan

The 2021 Plan does not involve the grant of any share options after Listing and is not subject to the provisions of Chapter 17 of the Listing Rules. Further details of the 2021 Plan are set out in the section headed “Share Incentive Plans – 2021 Plan” in the 2023 Annual Report.

The 2021 Plan commenced on January 1, 2021 and shall continue in effect for a term of 10 years unless sooner terminated under the terms of the 2021 Plan. The remaining life of the 2021 Plan is approximately 6 years and 4 months.

Maximum number of new Shares available for issue

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

Given that no further RSUs or Awards would be granted under the 2021 Plan after Listing, the outstanding number of RSUs and Awards would be equivalent to the maximum number of Shares available for issue under the 2021 Plan. As at January 1, 2024, 471,516 new Shares were available for issue under the 2021 Plan Scheme Mandate. During the Reporting Period, 227,038 Shares were issued pursuant to the 2021 Plan. As at June 30, 2024, 244,478 new Shares, representing approximately 0.19% of the total issued Shares (excluding treasury shares) as of the date of this interim report were available for issue under the 2021 Plan Scheme Mandate.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The table below shows details of the outstanding RSUs granted to all grantees under the 2021 Plan as at June 30, 2024. For further details on the movement of the options during the Reporting Period, please see Note 24 to the condensed interim consolidated financial information.

Name or category of Grantee	Role and Position held in the Group	Date of grant	Vesting Period	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2024 ⁽¹⁾	Purchase price	Closing price of Shares immediately before the grant during the Reporting Period (HK\$)	Weighted average closing price of the Company's shares immediately before the vesting date during the Reporting Period (HK\$)	Performance targets
Other Employees in aggregate	Employees	April 30, 2022	From within 6 months after Listing to 47 months	471,516	-	227,038	-	-	244,478	Nil	N/A	54.2	N/A
TOTAL				471,516	-	227,038	-	-	244,478				

Note:

(1) Details of the fair value of the RSUs as at the date of grant and the accounting standard and policy adopted are set out in Note 29(b) to the Accountant's Report of the Appendix I to the Prospectus and Note 23(a) to the condensed interim consolidated financial information in this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

2. 2022 Pre-IPO Plan

The 2022 Pre-IPO Plan does not involve the grant of any share options after Listing and is not subject to the provisions of Chapter 17 of the Listing Rules. Further details of the 2022 Pre-IPO Plan are set out in the section headed “Share Incentive Plans – 2022 Pre-IPO Plan” in the 2023 Annual Report.

The 2022 Pre-IPO Plan commenced on September 9, 2022 and shall continue in effect for a term of 10 years unless sooner terminated under the terms of the 2022 Pre-IPO Plan. The remaining life of the 2022 Pre-IPO plan is approximately 8 years.

Maximum number of new Shares available for issue

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

Given that no further share options or Awards would be granted under the 2022 Pre-IPO Plan after Listing, the outstanding number of share options and Awards would be equivalent to the maximum number of Shares available for issue under the 2022 Pre-IPO Plan. As at January 1, 2024, 6,347,292 new Shares were available for issue under the 2022 Pre-IPO Plan Scheme Mandate. During the Reporting Period, 82,258 were issued pursuant to the 2022 Pre-IPO Plan and 44,868 Awards were lapsed pursuant to the 2022 Pre-IPO Plan. As at June 30, 2024, 6,220,166 new Shares, representing approximately 4.77% of the total issued Shares (excluding treasury shares) as of the date of this interim report were available for issue under the 2022 Pre-IPO Plan Scheme Mandate.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The table below shows details of the outstanding share options granted to all grantees under the 2022 Pre-IPO Plan as at June 30, 2024. For further details on the movement of the options during the Reporting Period, please see Note 24 to the condensed interim consolidated financial information.

Name or category of Grantee	Role and Position held in the Group	Date of grant	Vesting Period ^(b)	Outstanding as at January 1, 2024 ⁽¹⁾	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2024 ⁽¹⁾	Exercise price (HK\$)	Performance targets (HK\$)	Weighted average closing price of the Company's shares immediately before the exercise date during the Reporting Period (HK\$)	Closing price of Shares immediately before the grant during the Reporting Period (HK\$)	Weighted average closing price of the Company's shares immediately before the exercise date during the Reporting Period (HK\$)
Directors, chief executive, substantial shareholders and associates														
Yi (Aileen) Wang	Executive Director and Chief Executive Officer	November 10, 2022	4 years	2,034,006	-	-	-	-	2,034,006	46.0	N/A	N/A	N/A	N/A
Other grantees in category														
Other Employees in aggregate	Employees ^(b)	November 10 - November 21, 2022	4 years	4,313,286	-	82,258	44,868	-	4,186,160	46.0	N/A	N/A	N/A	51.9
TOTAL				6,347,292	-	82,258	44,868	-	6,220,166					

Notes:

- (1) Details of the fair value of the options as at the date of grant and the accounting standard and policy adopted are set out in Note 29(c) to the Accountant's Report of the Appendix I to the Prospectus and Note 23(b) to the condensed interim consolidated financial information in this report.
- (2) The vesting period shall commence on the Listing Date. The exercise period of the options granted shall commence from the date on which the relevant options become vested and end on the 10th anniversary of the grant date, subject to the terms of the 2022 Pre-IPO Plan and the option award agreement signed by the grantee.
- (3) Further details of the roles and positions held by the grantees are set out in the section headed "Share Incentive Plans – 2022 Pre-IPO Plan" in the 2023 Annual Report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

3. 2022 First Share Incentive Plan

Maximum number of award Shares available for issue

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

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

The 2022 First Share Incentive Plan shall terminate on the earlier of: (a) the expiry of the scheme period, being the period of 10 years commencing on the adoption date (i.e. the Listing Date) and ending on the 10th anniversary of the adoption date of the plan; and (b) such date of early termination as determined by the Board. The remaining life of the 2022 First Share Incentive Plan is approximately 8 years and 6 months.

As at January 1, 2024, the number of Shares available for grant under the Scheme Mandate Limit is 10,624,055 Shares. During the Reporting Period, 819,587 Awards in the form of options and 175,868 Awards in the form of share awards were granted. 59,823 Awards were lapsed pursuant to the 2022 First Share Incentive Plan during the Reporting period. No other Awards were granted, exercised, exercised, cancelled or lapsed pursuant to the 2022 First Share Incentive Plan during the Reporting Period. As such, as at June 30, 2024, the number of Shares available for future grant under the Scheme Mandate Limit will be 9,688,423 Shares, representing approximately 7.43% of the total issued Shares (excluding treasury shares) as of the date of this interim report.

Further details of the 2022 First Share Incentive Plan are set out in the section headed “Share Incentive Plans – 2022 First Share Incentive Plan” in the 2023 Annual Report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The table below shows details of the share awards and options granted to all grantees under the 2022 First Share Incentive Plan as at June 30, 2024.

Name or category of Grantee	Role and Position held in the Group	Date of grant	Vesting Period	Exercise Period	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2024	Exercise price (HK\$)	Closing price of Shares immediately before the grant during the Reporting Period (HK\$)	Fair value of Options and share awards at the date of grant during the Reporting Period and the accounting standard and policy adopted (US\$) ^(iv)	Weighted average closing price of the Company's shares immediately before the options exercise or share awards vesting date during the Reporting Period (HK\$)	Performance targets
Directors, chief executive, substantial shareholders and associates																
Frank Paul Kasovec	Non-executive Director	January 9, 2024	1 year	-	N/A	23,323	11,662	-	-	-	11,661	N/A	59.05	7.81	57.4	N/A
James Leslie Marshall	Non-executive Director	January 9, 2024	1 year	-	N/A	35,930 ^(v)	17,966 ^(vi)	-	-	-	17,964	N/A	59.05	7.81	57.4	N/A
Zohar Ziv	Non-executive Director	January 9, 2024	1 year	-	N/A	23,323	11,662	-	-	-	11,661	N/A	59.05	7.81	57.4	N/A
Matthew James Ridgwell	Non-executive Director	January 9, 2024	1 year	-	N/A	23,323	11,662	-	-	-	11,661	N/A	59.05	7.81	57.4	N/A
David Brian Barr	Independent non-executive Director	January 9, 2024	1 year	-	N/A	23,323	11,662	-	-	-	11,661	N/A	59.05	7.81	57.4	N/A
Samuel Chun Kong Shih	Independent non-executive Director	January 9, 2024	1 year	-	N/A	23,323	11,662	-	-	-	11,661	N/A	59.05	7.81	57.4	N/A
Lihong Wang	Independent non-executive Director	January 9, 2024	1 year	-	N/A	23,323	11,662	-	-	-	11,661	N/A	59.05	7.81	57.4	N/A
Other grantees in category																
Other Employees/ Employees in aggregate																
		April 2, 2024	4 years	Not more than 10 years from the date of grant	N/A	819,587	-	-	-	-	819,587	53.14	53.00	2.82 - 3.31	N/A	N/A
		October 3, 2023	4 years from the date of grant	Not more than 10 years from the date of grant	1,112,720	N/A	-	-	-	-	1,112,720	63.11	N/A	N/A	N/A	N/A
		April 12, 2023	4 years grant from the date of grant	Not more than 10 years from the date of grant	263,225	N/A	-	-	59,823	-	203,402	63.60	N/A	N/A	N/A	N/A
TOTAL					1,137,945	995,455	87,938	-	59,823	-	2,223,639					

CORPORATE GOVERNANCE AND OTHER INFORMATION

Note:

- (1) Details of the fair value of the options as at the date of grant and the accounting standard and policy adopted are set out in Note 23(b) to the condensed interim consolidated financial information in this report.
- (2) On January 9, 2024, the Group granted 35,930 share awards to Mr. James Leslie Marshall for his director service from January 1, 2024 to December 31, 2024. During the six months ended June 30, 2024, 17,966 share awards have been vested. However, all the shares will be issued upon expiry of the lock-up ending on January 12, 2025.

For further details of the share awards and options granted under the 2022 First Share Incentive Plan during the Reporting Period, please refer to the announcements published by the Company on January 9, 2024 and April 2, 2024.

4. 2022 Second Share Incentive Plan

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

The 2022 Second Share Incentive Plan shall terminate on the earlier of: (a) the expiry of the scheme period, being the period of 10 years commencing on the adoption date (i.e. the Listing Date) and ending on the 10th anniversary of the adoption date of the plan; and (b) such date of early termination as determined by the Board. The remaining life of the 2022 Second Share Incentive Plan is approximately 8 years and 6 months.

Further details of the 2022 Second Share Incentive Plan are set out in the section headed "Share Incentive Plans – 2022 Second Share Incentive Plan" in the 2023 Annual Report.

During the Reporting Period, no awards had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the 2022 Second Share Incentive Plan. As at June 30, 2024, the total number of Shares available for grant under the 2022 Second Share Incentive Plan was 3,000,000 Shares, representing approximately 2.30% of the total issued Shares (excluding treasury shares) as of the date of this interim report.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of DPC Dash Ltd

(incorporated in the British Virgin Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 35 to 69, which comprises the condensed interim consolidated balance sheet of DPC Dash Ltd (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2024 and the condensed interim consolidated statement of comprehensive income, the condensed interim consolidated statement of changes in equity and the condensed interim consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, August 28, 2024

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	6	2,041,461	1,376,370
Raw materials and consumables cost		(557,811)	(380,446)
Staff compensation expenses	8	(711,912)	(545,772)
Depreciation of right-of-use assets	14	(145,686)	(108,385)
Depreciation of plant and equipment	14	(98,612)	(72,241)
Amortization of intangible assets	14	(26,920)	(25,541)
Utilities expenses		(71,931)	(49,272)
Advertising and promotion expenses		(109,318)	(81,077)
Store operation and maintenance expenses		(128,881)	(84,940)
Variable lease rental payment, short-term rental and other related expenses		(56,054)	(30,993)
Other expenses	7	(66,935)	(67,772)
Fair value change of financial liabilities at fair value through profit or loss ("FVPL")		–	119,331
Other income	9	9,036	12,716
Other losses, net	9	(7,646)	(4,584)
Finance costs, net	10	(27,897)	(29,298)
Profit before income tax		40,894	28,096
Income tax expense	11	(29,987)	(19,345)
Profit for the period attributable to equity holders of the Company		10,907	8,751

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other comprehensive income:			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences	19	(1,993)	(11,878)
<i>Item that may not be subsequently reclassified to profit or loss</i>			
Currency translation differences	19	5,909	55,597
Other comprehensive income for the period, net of tax		3,916	43,719
Total comprehensive income for the period attributable to equity holders of the Company		14,823	52,470
Earnings per share for profit attributable to equity holders of the Company			
– Basic earnings per share (RMB)	12	0.08	0.08
– Diluted earnings per share (RMB)	12	0.08	0.07

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

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2024

	Notes	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
ASSETS			
Non-current assets			
Plant and equipment	14	717,850	625,547
Right-of-use assets	14	1,130,658	967,277
Intangible assets	14	1,216,260	1,228,638
Prepayment and deposits	16	66,349	56,320
Deferred income tax assets		77,812	52,972
		3,208,929	2,930,754
Current assets			
Inventories		76,893	73,331
Trade receivables	15	11,386	9,752
Prepayment, deposits and other receivables	16	135,337	112,675
Cash and bank balances	17	1,089,266	1,019,243
		1,312,882	1,215,001
Total assets		4,521,811	4,145,755
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	18	881,739	879,043
Share premium	18	2,276,180	2,254,958
Other reserves	19	110,104	89,110
Accumulated losses		(1,111,342)	(1,122,249)
Shares held for restricted share units ("RSUs")	18	(497)	(1,731)
Total equity		2,156,184	2,099,131

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2024

	Notes	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	20	100,000	200,000
Lease liabilities		943,007	808,780
Other payables	22	28,273	20,757
		1,071,280	1,029,537
Current liabilities			
Borrowings	20	100,000	–
Lease liabilities		262,221	229,399
Trade payables	21	172,540	153,904
Contract liabilities	6(a)	54,164	44,911
Accruals and other payables	22	675,087	571,107
Current income tax liabilities		30,335	17,766
		1,294,347	1,017,087
Total liabilities		2,365,627	2,046,624
Total equity and liabilities		4,521,811	4,145,755
Net current assets		18,535	197,914

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

Frank Paul Krasovec
Director

Yi Wang
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Notes	Attributable to owners of the Company					Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Shares held for RSUs RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	
(Unaudited)							
Balance at January 1, 2024		879,043	2,254,958	(1,731)	89,110	(1,122,249)	2,099,131
Comprehensive income							
Profit for the period		-	-	-	-	10,907	10,907
Other comprehensive income	19	-	-	-	3,916	-	3,916
Total comprehensive income		-	-	-	3,916	10,907	14,823
Transactions with owners							
Issuance of ordinary shares for RSUs	18	1,614	7,884	-	(9,498)	-	-
Transfer of vested RSUs	18	-	8,727	1,731	(10,458)	-	-
Issuance of shares to directors for compensation	18	497	-	(497)	-	-	-
Exercise of share options	18	585	4,611	-	(1,757)	-	3,439
Share-based compensation expenses for director services	23	-	-	-	4,428	-	4,428
Share-based compensation expenses for employees	23	-	-	-	34,363	-	34,363
Total transactions with owners		2,696	21,222	1,234	17,078	-	42,230
Balance at June 30, 2024		881,739	2,276,180	(497)	110,104	(1,111,342)	2,156,184

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Notes	Attributable to owners of the Company						Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Shares held for RSUs RMB'000	Other reserves RMB'000	Accumulated losses RMB'000		
(Unaudited)							
Balance at January 1, 2023	655,061	1,162,036	(12,834)	40,023	(1,091,161)	753,125	
Comprehensive income							
Profit for the period	–	–	–	–	8,751	8,751	
Other comprehensive income	19	–	–	43,719	–	43,719	
Total comprehensive income	–	–	–	43,719	8,751	52,470	
Transactions with owners							
Issuance of ordinary shares upon global offering, net of issuance costs	18	93,670	428,647	–	–	522,317	
Issuance of ordinary shares for RSUs	18	4,040	12,425	(1,731)	(14,734)	–	
Transfer of vested RSUs	18	–	37,798	12,834	(50,632)	–	
Issuance of shares to directors for compensation	18	743	4,004	–	(4,747)	–	
Conversion of convertible senior ordinary shares to ordinary shares	18	124,443	604,804	–	4,485	(4,485)	
Share-based compensation expenses for director services	23	–	–	–	3,868	–	
Share-based compensation expenses for employees	23	–	–	–	47,943	–	
Total transactions with owners	222,896	1,087,678	11,103	(13,817)	(4,485)	1,303,375	
Balance at June 30, 2023	877,957	2,249,714	(1,731)	69,925	(1,086,895)	2,108,970	

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		419,067	201,149
Income tax paid		(42,258)	(26,391)
Net cash generated from operating activities		376,809	174,758
Cash flows from investing activities			
Purchase of plant and equipment		(126,574)	(96,069)
Purchase of intangible assets		(20,865)	(13,657)
Interest received		14,045	5,903
Proceeds from disposal of plant and equipment		20	–
Decrease in short-term time deposits with original maturities over three months		432,444	–
Net cash generated from/(used in) investing activities		299,070	(103,823)
Cash flows from financing activities			
Rental deposit payment		(11,778)	(8,721)
Payment of principal element of lease liabilities		(128,762)	(96,906)
Payment of interest element of lease liabilities		(33,315)	(27,925)
Interests paid		(4,677)	(4,853)
Proceeds from issuance of new shares		–	548,921
Proceeds from exercise of share options		3,439	–
Payment of listing expense		–	(23,977)
Net cash (used in)/generated from financing activities		(175,093)	386,539
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period	17	587,038	544,247
Exchange difference on cash and cash equivalents		1,242	27,170
Cash and cash equivalents at end of the period	17	1,089,066	1,028,891
Cash at bank and in hand at end of the period		1,089,266	1,029,091
Less: restricted cash at end of the period		(200)	(200)

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

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”), a wholly-owned subsidiary of the Company, 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.

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

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

The condensed interim consolidated financial information is presented in thousands of Renminbi (“RMB’000”), unless otherwise stated. This condensed interim consolidated financial information was approved for issue by the Board of Directors on August 28, 2024.

2 BASIS OF PREPARATION

This condensed interim consolidated financial information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. The condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and any public announcements made by DPC Dash Ltd during the interim reporting period.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

3 NEW STANDARDS AND INTERPRETATIONS

Except as described below, the accounting policies applied are consistent with those of the consolidated financial statements for the year ended December 31, 2023.

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

(a) New and amended standards adopted by the Group

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

		Effective for annual periods beginning on or after
IAS 1 (Amendments)	Non-current Liabilities with Covenants	January 1, 2024
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	January 1, 2024
IFRS 16 (Amendments)	Leases Liability in a Sale and Leaseback	January 1, 2024
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements	January 1, 2024

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

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning January 1, 2024 and have not been early adopted by the Group in preparing this condensed interim consolidated financial information.

		Effective for annual periods beginning on or after
IAS 21 (Amendments)	Lack of Exchangeability	January 1, 2025
IFRS 10 and IAS 28 (Amendments)	Sales or Contribution 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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

4 FINANCIAL RISK MANAGEMENT

4.1 Financial Risk Factors

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

The condensed interim consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as at December 31, 2023.

There have been no changes in the risk management policies during the six months ended June 30, 2024.

4.2 Liquidity risk

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
(Unaudited)					
As at June 30, 2024					
Borrowings and interest payments	108,127	102,044	–	–	210,171
Lease liabilities and interest payments	323,668	294,746	256,679	584,738	1,459,831
Trade payables (Note 21)	172,540	–	–	–	172,540
Accrual and other payables (excluding salary and welfare payables and provision for restoration costs)	485,868	–	–	–	485,868
	1,090,203	396,790	256,679	584,738	2,328,410
As at December 31, 2023					
Borrowings and interest payments	9,353	205,463	–	–	214,816
Lease liabilities and interest payments	299,694	265,409	224,618	486,156	1,275,877
Trade payables (Note 21)	153,904	–	–	–	153,904
Accruals and other payables (excluding salary and welfare payables and provision for restoration costs)	349,604	–	–	–	349,604
	812,555	470,872	224,618	486,156	1,994,201

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Capital management

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

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

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

The gearing ratios at June 30, 2024 and December 31, 2023 were as follows:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
Total borrowings	200,000	200,000
Total equity	2,156,184	2,099,131
Gearing ratio	9%	10%

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this condensed interim consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2023.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

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

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

During the six months ended June 30, 2024, all the Group's revenue are generated from Mainland China.

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from sales of goods and services recognized – at a point in time	2,041,461	1,376,370

(a) Contract liabilities

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

	As at June 30,	As at December 31,
	2024 RMB'000 (Unaudited)	2023 RMB'000
Contract liabilities	54,164	44,911

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

6 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Contract liabilities (Continued)

(i) Revenue recognized in relation to contract liabilities

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue recognized that was included in the balance of contract liabilities at the beginning of the period	22,320	15,457

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

(b) Non-current assets by geographical location

As at June 30, 2024, most of the Group's non-current assets were located in Mainland China.

7 OTHER EXPENSES

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Professional service expenses	11,382	8,974
Auditor's remuneration	2,899	2,703
Telecommunication and information technology related expenses	21,490	15,862
Travelling and related expenses	18,760	11,805
Listing expenses	–	19,443
Others	12,404	8,985
	66,935	67,772

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

8 STAFF COMPENSATION EXPENSES (INCLUDING DIRECTOR SERVICE EMOLUMENT)

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, wages and bonuses	571,831	411,029
Contributions to pension plan	46,373	27,809
Housing fund, medical insurance and other social insurances	46,252	29,683
Other benefits	7,473	3,559
Total salary-based expenses (a)	671,929	472,080
Share-based compensation (Note 23)	39,983	73,692
Total staff compensation expenses	711,912	545,772

(a) Total salary-based expenses

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salary-based expenses		
– Store level	558,845	369,887
– Corporate level	113,084	102,193
	671,929	472,080

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

9 OTHER INCOME AND OTHER LOSSES, NET

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other income		
Government grants (i)	6,869	7,141
Value-added tax additional deductions	140	3,950
Interest income on discount of rental deposit	2,027	1,625
	9,036	12,716
Other losses, net		
Impairment reversal of right-of-use assets (Note 14)	–	72
Impairment reversal of plant and equipment (Note 14)	–	470
Net foreign exchange (losses)/gain on operating activities	(2,739)	1,110
Loss on disposal of plant and equipment and intangible assets	(4,569)	(2,916)
Gain on termination of lease contracts	2,967	1,185
Loss on value-added-tax input tax transfer out	(2,844)	(4,142)
Others	(461)	(363)
	(7,646)	(4,584)

- (i) For the six months ended June 30, 2024, government grants mainly represented subsidy granted by the government authorities in the PRC. The Group has received all the government grants income and there was no future obligation related to these subsidy income.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

10 FINANCE COSTS, NET

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest income on cash at bank	11,768	5,903
Interest expenses	(38,746)	(33,243)
– Bank borrowings	(4,651)	(4,827)
– Lease liabilities (Note 14)	(33,315)	(27,925)
– Long-term payables	(780)	(491)
Net foreign exchange losses on financing activities	(919)	(1,958)
	(27,897)	(29,298)

11 INCOME TAX EXPENSE

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax		
– Mainland China corporate income tax	54,827	18,710
Deferred income tax	(24,840)	635
Income tax expense	29,987	19,345

(i) British Virgin Islands profits tax

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

(ii) Hong Kong profits tax

The Hong Kong profits tax rate applicable to the Group is 16.5%. No Hong Kong profits tax has been provided, as the Group have no assessable profit earned or derived in Hong Kong for the six months ended June 30, 2024 (for the six months ended June 30, 2023: 16.5%).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

11 INCOME TAX EXPENSE (Continued)

(iii) Cayman Islands profits tax

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

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

CIT is provided on the taxable income of entities within the Group incorporated in Mainland China. Except as disclosed below, the corporate income tax rate applicable to the subsidiaries incorporated in Mainland China is 25% for the six months ended June 30, 2024 (for the six months ended June 30, 2023: 25%). Certain subsidiaries of the Group are qualified as small and micro businesses and enjoy preferential income tax rate as approved by the local tax authorities with effect from the respective dates of their establishment. The tax rate is 5% on taxable income for the six months ended June 30, 2024 (for the six months ended June 30, 2023: 5%).

12 EARNINGS PER SHARE

(a) Basic

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

	Six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	10,907	8,751
Weighted average number of ordinary shares in issue (thousands)	130,153	113,462
Basic earnings per share (RMB)	0.08	0.08

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

12 EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options and RSUs not yet vested.

	Six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	10,907	8,751
Weighted average number of ordinary shares in issue (thousands)	130,153	113,462
Adjustments for share options and RSUs (thousands)	974	11,107
Weighted average number of ordinary shares for diluted earnings per share (thousands)	131,127	124,569
Diluted earnings per share (RMB)	0.08	0.07

13 DIVIDENDS

No dividend had been declared or paid by the Company during the six months ended June 30, 2024 (for the six months ended June 30, 2023: nil).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

14 PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND LEASES PROPERTIES

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

	Plant and equipment RMB'000	Intangible assets RMB'000	Leased properties RMB'000	Total RMB'000
(Unaudited)				
Six months ended June 30, 2024				
Opening net book amount as at January 1, 2024	625,547	1,228,638	967,277	2,821,462
Additions	195,504	14,107	309,067	518,678
Disposals	(4,589)	–	–	(4,589)
Depreciation and amortisation	(98,612)	(26,920)	(145,686)	(271,218)
Exchange differences	–	435	–	435
Closing net book amount as at June 30, 2024	717,850	1,216,260	1,130,658	3,064,768
(Unaudited)				
Six months ended June 30, 2023				
Opening net book amount as at January 1, 2023	496,004	1,242,399	764,815	2,503,218
Additions	130,022	9,090	208,921	348,033
Disposals	(2,907)	(9)	–	(2,916)
Depreciation and amortisation	(72,241)	(25,541)	(108,385)	(206,167)
Impairment	470	–	72	542
Exchange differences	–	2,696	–	2,696
Closing net book amount as at June 30, 2023	551,348	1,228,635	865,423	2,645,406

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

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

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

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Depreciation of right-of-use assets		
Leased properties – stores and central kitchens	141,296	105,192
Leased properties – offices	4,390	3,193
	145,686	108,385
Finance costs – net (Note 10)	33,315	27,925
Expense relating to variable lease payments not included in lease liabilities	54,085	29,446
Expense relating to short-term leases	1,747	1,386
Expense relating to leases of low-value assets that are not shown above as short-term leases	222	161
	89,369	58,918

15 TRADE RECEIVABLES

	As at June 30,	As at December 31,
	2024 RMB'000 (Unaudited)	2023 RMB'000
Trade receivables due from third parties	11,622	9,954
Less: allowance for impairment of trade receivables	(236)	(202)
	11,386	9,752

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

15 TRADE RECEIVABLES (Continued)

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

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
Within 30 days	11,622	9,954

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

16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
Non-current		
Rental deposits ⁽ⁱ⁾	67,620	57,400
Less: loss allowance for other financial assets at amortized cost	(1,271)	(1,080)
	66,349	56,320
Current		
Prepayments		
– raw materials	1,231	556
– others	8,166	7,308
Value-added tax recoverable	109,549	87,112
Rental deposits ⁽ⁱ⁾	11,151	10,715
Other receivables	5,760	7,592
Less: loss allowance for other financial assets at amortized cost	(520)	(608)
	135,337	112,675
Total of prepayments, deposits and other receivables	201,686	168,995

(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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

17 CASH AND BANK BALANCES

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
Cash at bank	1,088,682	1,018,586
Cash in hand	584	657
	1,089,266	1,019,243

A reconciliation of cash at bank and in hand to cash and cash equivalents for the purpose of cash flow statements is as follows:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
Cash at bank and in hand	1,089,266	1,019,243
Less: Short-term time deposits with original maturities over three months	–	(431,913)
Restricted cash	(200)	(292)
Cash and cash equivalents	1,089,066	587,038

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

18 SHARE CAPITAL, SHARES HELD FOR RSUs AND SHARE PREMIUM

	Number of ordinary shares	Share capital amount US\$'000	Share capital amount RMB'000	Share premium RMB'000	Shares held for RSUs RMB'000
Ordinary shares of US\$1 each (Unaudited)					
As at January 1, 2024	130,067,709	130,068	879,043	2,254,958	(1,731)
Issuance of shares to directors for compensation ⁽ⁱ⁾	69,972	70	497	–	(497)
Exercise of share options ⁽ⁱⁱ⁾	82,258	82	585	4,611	–
Issuance of ordinary shares for RSUs ⁽ⁱⁱⁱ⁾	227,038	227	1,614	7,884	–
Transfer of vested RSUs (Note 23)	–	–	–	8,727	1,731
As at June 30, 2024	130,446,977	130,447	881,739	2,276,180	(497)
(Unaudited)					
As at January 1, 2023	97,497,777	97,498	655,061	1,162,036	(12,834)
Issuance of shares to directors for compensation ⁽ⁱ⁾	107,910	108	743	4,004	–
Issuance of new shares upon Listing, net of share issuance costs ⁽ⁱⁱ⁾	13,624,200	13,624	93,670	428,647	–
Conversion of convertible senior ordinary shares to ordinary shares ⁽ⁱⁱⁱ⁾	18,101,019	18,101	124,443	604,804	–
Issuance of ordinary shares for RSUs ^(iv)	584,964	585	4,040	12,425	(1,731)
Transfer of vested RSUs (Note 23)	–	–	–	37,798	12,834
As at June 30, 2023	129,915,870	129,916	877,957	2,249,714	(1,731)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

18 SHARE CAPITAL, SHARES HELD FOR RSUs AND SHARE PREMIUM

(Continued)

Details for the period ended June 30, 2024

- (i) On January 9, 2024, the Group granted 175,868 share awards to certain directors for their director service from January 1, 2024 to December 31, 2024. During the six months ended June 30, 2024, 87,938 shares awards have been vested, of which 69,972 ordinary shares have been issued by the Group. However, all the shares issued or to be issued pursuant to the vesting of the share awards are subject to lock-up ending on January 12, 2025, which is treated as a vesting condition in accounting.
- (ii) During the six months ended June 30, 2024, the Group issued 82,258 ordinary shares and received cash of approximately RMB3,439,000, as employees exercising the share options.
- (iii) During the six months ended June 30, 2024, the Group issued 227,038 shares to various employees under the 2021 Plan (Note 23) with nil consideration. These shares were fully vested before issued. The respective share capital amount was approximately RMB1,614,000.

Details for the period ended June 30, 2023

- (i) On July 18, 2022, the Group granted 215,820 share awards to certain directors for their director service from July 1, 2022 to June 30, 2023. The Group issued 107,910 ordinary shares of the Company's shares in the six months ended June 30, 2023 for the service of fair value amounted to RMB4,747,000.
- (ii) On March 28, 2023, upon the Listing, the Company issued 12,799,000 new ordinary shares at HKD46.00 per share. On April 3, 2023, the Company exercised Over-allotment Option as described in the Prospectus in respect of an aggregate of 825,200 new ordinary shares at HKD46.00 each. The Company raised gross proceeds of approximately HKD626,713,000 (equivalent to approximately RMB548,921,000).

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

- (iii) Upon the Listing, all the 18,101,019 convertible senior ordinary shares were converted into the same number of ordinary shares. The fair value of the aforementioned shares immediately before the conversion was RMB729,247,000, and the conversion resulted in the increase in share capital of RMB124,443,000 and share premium of approximately RMB604,804,000.
- (iv) During the six months ended June 30, 2023, the Group issued 584,964 shares to various employees under the 2021 Plan (Note 23) with nil consideration, among which 334,952 shares have been vested during that period. The respective share capital amount was approximately RMB4,040,000 and share premium was RMB12,425,000.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

19 OTHER RESERVES

	Currency translation differences RMB'000	Changes in the fair value attributable to credit risk change RMB'000	Share-based compensations RMB'000	Total RMB'000
(Unaudited)				
At January 1, 2024	(4,374)	–	93,484	89,110
Currency translation differences	3,916	–	–	3,916
Share-based compensation expenses for director services	–	–	4,428	4,428
Exercise of share options	–	–	(1,757)	(1,757)
Share-based compensation expenses for employees	–	–	34,363	34,363
Issuance of ordinary shares for RSUs	–	–	(9,498)	(9,498)
Transfer of vested RSUs	–	–	(10,458)	(10,458)
As at June 30, 2024	(458)	–	110,562	110,104
(Unaudited)				
At January 1, 2023	(32,187)	(4,485)	76,695	40,023
Currency translation differences	43,719	–	–	43,719
Conversion of convertible senior ordinary shares to ordinary shares	–	4,485	–	4,485
Share-based compensation expenses for director services	–	–	3,868	3,868
Issuance of shares to directors for compensation	–	–	(4,747)	(4,747)
Share-based compensation expenses for employees	–	–	47,943	47,943
Issuance of ordinary shares for RSUs	–	–	(14,734)	(14,734)
Transfer of vested RSUs	–	–	(50,632)	(50,632)
As at June 30, 2023	11,532	–	58,393	69,925

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

20 BORROWINGS

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
Borrowings included in current liabilities:		
Bank borrowings – secured (i)	100,000	–
Borrowings included in non-current liabilities:		
Bank borrowings – secured (i)	100,000	200,000
	200,000	200,000

- (i) The loan facility amount of RMB200,000,000 was fully guaranteed by a subsidiary of the Group, out of which RMB100,000,000 should be repayable on March 28, 2025; and the remaining RMB100,000,000 should be repayable on December 7, 2025.
- (ii) The Group's borrowings are all denominated in RMB. The bank borrowings bear interests at a floating interest rate. The floating rate is equal to Libor plus 1.15% and the floating period is half a year. As at June 30, 2024, the effective interest rate is 4.6000% (December 31, 2023: 4.7667%) per annum.
- (iii) As at June 30, 2024, the fair value of the long-term borrowing is approximately RMB100,000,000 (December 31, 2023: RMB200,000,000).

21 TRADE PAYABLES

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

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
– Within 3 months	172,346	153,720
– Between 4 months to 6 months	21	–
– Over 6 months	173	184
	172,540	153,904

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

22 ACCRUALS AND OTHER PAYABLES

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
Non-current		
Provision for restoration costs	28,273	20,757
	28,273	20,757
Current		
Salary and welfare payables ⁽ⁱ⁾	186,454	219,141
Payables for plant and equipment and intangible assets	166,615	104,443
Accrued expenses ⁽ⁱⁱ⁾	277,386	216,431
Others	44,632	31,092
	675,087	571,107
Total accruals and other payables	703,360	591,864

(i) Salary and welfare payables include unpaid IPO Bonus (Note 23(c)) amounted to RMB7,385,000 as at June 30, 2024 (As at December 31, 2023: RMB33,646,000).

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

23 SHARE-BASED COMPENSATION EXPENSE

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Directors' compensation	4,428	3,868
Stock appreciation rights	–	(21)
RSUs (a)	4,211	16,822
Share options (b)	30,152	31,121
IPO Bonus (c)	1,192	21,902
	39,983	73,692

(a) 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 IPO of the Company, which was treated as a vesting condition in accounting.

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

Expenses arising from this equity settled share-based compensation amounted to approximately RMB4,211,000, which were recognized in profit or loss for the six months ended June 30, 2024 (for the six months ended June 30, 2023: RMB16,822,000).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

23 SHARE-BASED COMPENSATION EXPENSE (Continued)

(a) RSUs (Continued)

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

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

	Numbers of RSUs
(Unaudited)	
Outstanding as at January 1, 2024	721,528
Granted during the period	–
Vested during the period	(477,050)
Outstanding as at June 30, 2024	244,478
(Unaudited)	
Outstanding as at January 1, 2023	3,068,372
Granted during the period	–
Vested during the period	(2,346,844)
Outstanding as at June 30, 2023	721,528

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

23 SHARE-BASED COMPENSATION EXPENSE (Continued)

(b) Share options

In November 2022, 6,658,375 share options were granted to 45 existing directors, senior management and other employees of the Group under the share option plan as approved by Board on September 9, 2022 ("2022 Pre-IPO Plan"). The exercise price of the options will be equal to the final IPO price and the share options are subject to certain service conditions over a vesting period of 1 to 4 years and the occurrence of an IPO of the Company.

In April and October 2023, 263,225 and 1,112,720 share options were granted to 6 and 9 employees of the Group respectively under the share option plan as approved by Board on November 29, 2022 ("2022 First Share Incentive Plan"). In April 2024, 819,587 share options were granted to 15 employees of the Group under the 2022 First Share Incentive Plan. The exercise price of the options is equal to the highest of the closing price per share on the date of grant, the average closing price per share as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of grant, and the nominal value of the share of US\$1.00 each, and subject to certain service conditions over a vesting period of 1 to 4 years.

During the six months ended June 30, 2024, 1 employee ceased to be employed by the Group and 104,691 shares forfeited. Expenses previously recognised in relation to such shares amounted to approximately RMB978,000 are reversed effective from the date of the forfeiture. Forfeited shares are reacquired by the Group at no cost and will be reallocated in subsequent grants.

The related share-based payment expenses will be recognized over the vesting period and the total amount after reversal as charged to profit or loss for the six months ended June 30, 2024 amounted to approximately RMB30,152,000 (for the six months ended June 30, 2023: RMB31,121,000).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

23 SHARE-BASED COMPENSATION EXPENSE (Continued)

(b) Share options (Continued)

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

	Average exercise price per share	Number of Options
(Unaudited)		
As at January 1, 2024		7,723,237
Granted during the period	HKD53.14	819,587
Exercised during the period	HKD46.0	(82,258)
Forfeited during the period	HKD56.06	(104,691)
As at June 30, 2024		8,355,875
(Unaudited)		
As at January 1, 2023		6,658,375
Granted during the period	HKD63.6	263,225
As at June 30, 2023		6,921,600

(ii) Share options outstanding have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Fair value at grant date	Number of Shares	
				June 30, 2024	December 31, 2023
2022/11/10	2032/11/9	HKD46.0	\$2.86-\$3.33	2,727,961	2,727,961
2022/11/21	2032/11/20	HKD46.0	\$2.84-\$3.29	3,492,205	3,619,331
2023/4/12	2033/4/11	HKD63.6	\$3.99-\$4.51	203,402	263,225
2023/10/3	2033/10/2	HKD63.11	\$3.57-\$4.07	1,112,720	1,112,720
2024/4/2	2034/4/1	HKD53.14	\$2.82-\$3.31	819,587	–

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

23 SHARE-BASED COMPENSATION EXPENSE (Continued)

(b) Share options (Continued)

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

Grant date	Exercise price	Risk-free interest rate	Expected volatility
2022/11/10	HKD46.0	3.98%	41.19%
2022/11/21	HKD46.0	3.59%	41.23%
2023/4/12	HKD63.6	3.05%	49.17%
2023/10/3	HKD63.11	4.27%	41.21%
2024/4/2	HKD53.14	3.79%	36.86%

(c) IPO bonus

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

Expenses arising from IPO bonus amounted to approximately RMB1,192,000, which was recognized in profit or loss for the six months ended June 30, 2024 (for the six months ended June 30, 2023: RMB21,902,000).

24 COMMITMENTS

(a) Capital commitments

The table below sets forth the Group's capital commitments:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
Contracted but not provided for	95,736	61,435

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

24 COMMITMENTS (Continued)

(b) Lease commitments

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

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
– No later than 1 year	<u>1,735</u>	<u>1,237</u>

25 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
Domino's Pizza LLC ("DPI")	A shareholder
DPIF	Subsidiary company of DPI
Domino's Pizza Distribution LLC ("DPD")	Subsidiary company of DPI
Good Taste Limited ("GTL")	A shareholder

Note:

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended June 30, 2024 and 2023, and balances arising from related party transactions as at June 30, 2024 and December 31, 2023.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

25 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Transactions with related parties

		Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
(i)	Pulse license* fee – DPD	3,447	1,725
* store operation system authorized for use by DPD at an agreed fee.			
(ii)	Pulse enhancement fee – DPD	3,503	2,269
(iii)	Store franchise fees – DPIF	4,817	2,689
(iv)	Royalty fee* – DPIF	56,495	34,339

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

		Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
(v)	Director service fee – DPI – GTL	616 1,492	710 1,296
		2,108	2,006

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

25 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Balances with related parties

Non-trade in nature:

Amounts due to related parties

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
(i) Accruals and other payables		
– DPIF	32,474	17,873
– DPD	5,399	2,006
	37,873	19,879

26 SUBSEQUENT EVENTS

No significant events took place subsequent to June 30, 2024.

DEFINITIONS

“2021 Plan”	the share incentive plan our Company adopted on January 1, 2021, as amended from time to time, the principal terms of which are set out in “Statutory and general information – Share Incentive Plans and bonus plans” in Appendix IV of the Prospectus
“2022 First Share Incentive Plan”	the post-IPO share incentive plan our Company adopted on November 29, 2022, as amended from time to time, the principal terms of which are set out in “Statutory and general information – Share Incentive Plans and bonus plans” in Appendix IV of the Prospectus
“2022 Pre-IPO Plan”	the pre-IPO share incentive plan our Company adopted on September 9, 2022, as amended from time to time, the principal terms of which are set out in “Statutory and general information – Share Incentive Plans and bonus plans” in Appendix IV of the Prospectus
“2022 Second Share Incentive Plan”	the post-IPO share incentive plan our Company adopted on November 23, 2022, as amended from time to time, the principal terms of which are set out in “Statutory and general information – Share Incentive Plans and bonus plans” in Appendix IV of the Prospectus
“2023 Annual Report”	the annual report of the Company for the year ended December 31, 2023 published on April 29, 2024
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board” or “Board of Directors”	the board of directors of the Company
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China and, except where the context requires otherwise and only for the purposes of this interim report, references to China or the PRC exclude Hong Kong, Macau and Taiwan
“Company”	DPC Dash Ltd 达势股份有限公司, a business company incorporated with limited liability in the BVI on April 30, 2008
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. James Leslie Marshall, Ocean Investments Limited and Good Taste Limited

DEFINITIONS

“CG Code”	the Corporate Governance Code as set out in Part 2 of the Appendix C1 of the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Global Offering”	has the meaning as defined and described in the Prospectus
“Group”	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“IPO”	initial public offering of the Shares on March 28, 2023
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on March 28, 2023
“Listing Date”	March 28, 2023
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Over-allotment Option”	has the meaning as defined and described in the Prospectus
“Prospectus”	the prospectus of the Company published on March 16, 2023 in connection with the IPO and the Listing
“RMB”	Renminbi, the lawful currency of PRC

DEFINITIONS

“Reporting Period”	the six months ended June 30, 2024
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Incentive Plans”	the 2021 Plan, the 2022 Pre-IPO Plan, the 2022 First Share Incentive Plan and the 2022 Second Share Incentive Plan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“treasury share(s)”	has the meaning ascribed to it in the Listing Rules
“U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“%”	percent

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