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**YumChina**

**Yum China Holdings, Inc.**

**百勝中國控股有限公司**

*(Incorporated in the State of Delaware of the United States of America)*

**(Stock Code: 9987)**

**(1) APPLICATION FOR VOLUNTARY CONVERSION TO  
DUAL-PRIMARY LISTING AND RECEIPT OF THE PRIMARY  
CONVERSION EXCHANGE ACKNOWLEDGMENT;**

**(2) PROPOSED GRANT OF ISSUANCE MANDATE AND  
REPURCHASE MANDATE; AND**

**(3) PROPOSED ADOPTION OF THE 2022 PLAN**

**Financial Advisers to the Company**

**Goldman Sachs 高盛**

 **UBS** 瑞銀集團

## **APPLICATION FOR VOLUNTARY CONVERSION TO DUAL-PRIMARY LISTING**

The Company has applied to the Stock Exchange with regards to the Primary Conversion and on August 15, 2022, the Company received the acknowledgement from the Stock Exchange in respect of the Primary Conversion Application.

The Company will hold a Special Meeting on or around October 11, 2022 to seek Shareholders' approval on certain proposed items in relation to the Primary Conversion. Conditional upon and subject to receiving Shareholders' approval on all proposed items at the Special Meeting and obtaining the necessary approvals from the Stock Exchange, the Company will become dual primary listed on the NYSE and the Stock Exchange.

The Effective Date of the Primary Conversion is expected to be October 24, 2022.

## **PROPOSED GRANT OF ISSUANCE MANDATE AND REPURCHASE MANDATE**

Ordinary resolutions will be proposed at the Special Meeting to approve the grant of (i) an Issuance Mandate to the Directors to issue Shares or securities convertible into Shares not exceeding 20% of the total number of issued Shares as of the date of the Special Meeting; and (ii) a Repurchase Mandate to the Directors to repurchase the Shares not exceeding 10% of the total number of issued Shares as of the date of the Special Meeting.

## **PROPOSED ADOPTION OF THE 2022 PLAN**

The Company intends to seek Shareholders' approval at the Special Meeting to adopt the 2022 Plan with effect from the Effective Date and conditioned on the Primary Conversion becoming effective.

This announcement is issued pursuant to Paragraph 3.29 of the Stock Exchange's Guidance Letter HKEX-GL112-22 (the "GL112-22") and Rule 13.51(5) of the Listing Rules.

## **1. APPLICATION FOR VOLUNTARY CONVERSION TO DUAL-PRIMARY LISTING AND RECEIPT OF THE PRIMARY CONVERSION EXCHANGE ACKNOWLEDGMENT**

### **1.1 Background**

The Company was incorporated in the State of Delaware of the United States on April 1, 2016. The Company is a U.S. Fortune 500 company. It has been primary listed on the NYSE under the symbol "YUMC" since November 1, 2016 and secondary listed on the Stock Exchange (stock code: 9987) as a Grandfathered Greater China Issuer pursuant to Chapter 19C of the Listing Rules since September 10, 2020.

Taking into account the potential strategic benefits of dual-primary listing, including bringing us even closer to our employees, customers and other stakeholders, further broadening our shareholder universe, increasing liquidity and mitigating the risk of delisting from the NYSE, the Board has determined that it is in the best interest of the Company's Shareholders to apply for the Primary Conversion, a voluntary conversion of its secondary listing status to primary listing status on the Stock Exchange.

The Company has applied to the Stock Exchange with regards to the Primary Conversion (the "**Primary Conversion Application**"), and on August 15, 2022, the Company received the acknowledgement from the Stock Exchange in respect of the Primary Conversion Application issued pursuant to Paragraph 3.24 of the GL112-22 (the "**Primary Conversion Exchange Acknowledgment**").

To comply with the Listing Rules applicable to a dual primary listed issuer, the Company will hold a Special Meeting of Stockholders (the "**Special Meeting**") on or around October 11, 2022, to seek Shareholders' approval on certain proposed items in relation to the Primary Conversion. Conditional upon and subject to receiving Shareholders' approval on all proposed items at the Special Meeting and obtaining the necessary approvals from the Stock Exchange, the Company will become a dual primary listed on the NYSE and the Stock Exchange. The Effective Date of the Primary Conversion is expected to be October 24, 2022. On the Effective Date, the stock marker "S" in the Company's stock short name will be dis-applied.

## **1.2 Compliance with applicable provisions of the Listing Rules and the SFO upon the Primary Conversion**

Upon the Effective Date, save and except otherwise separately waived, exempted or approved by the Stock Exchange or the SFC, it is expected that the Company will be able to comply with the relevant Listing Rules and laws applicable to a dual primary listed issuer, including the Listing Rules subject to certain waivers, exemptions and exceptions that were granted or applicable to the Company as a secondary listed issuer on the Stock Exchange (the "**Existing Waivers**"). Subject to the Stock Exchange's confirmation as to whether the Requisition Waiver (as defined below) will continue to apply, the Existing Waivers are expected to be withdrawn or will be no longer applicable upon the Effective Date.

In preparation of the Primary Conversion, the Company has made or shall make the necessary arrangements as follows, among others, prior to the Effective Date, to enable it to comply with the relevant provisions of the Listing Rules and the SFO applicable to a dual primary listed issuer:

The Company has:

- (a) reviewed the policy regarding securities transactions by Directors, and its internal control systems to monitor its ongoing compliance with the Listing Rules upon the Primary Conversion;
- (b) reviewed the Certificate of Incorporation and the Bylaws of the Company, and analyzed their compliance with Appendix 3 to the Listing Rules; and

- (c) reviewed the composition of the Company’s existing board committees which is in compliance with the relevant Listing Rules applicable to a dual primary listed issuer, and analyzed the compliance position of its respective board committee charters in relation to the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

The Company will:

- (d) ensure (i) the Company’s policy regarding securities transactions by Directors is compliant with the Model Code; (ii) there is in place a policy compliant with the Model Code regarding securities transactions by employees who are likely to possess inside information in relation to the Company and the Shares, in accordance with Code Provision C.1.3 of the Corporate Governance Code and Rule B.13 of the Model Code; and (iii) there is in place necessary internal control measures and protocols in respect of restrictions on purchase of its own shares, notifiable transactions (as defined in the Listing Rules) and connected transactions (as defined in the Listing Rules);
- (e) provide training and memorandums to the relevant staff of the Company regarding the restriction on share repurchases, continuing obligations under the Listing Rules, notifiable transactions and connected transactions;
- (f) at the Special Meeting, obtain approval from the Shareholders on (i) the grant of the Issuance Mandate (as defined below); (ii) the grant of the Repurchase Mandate (as defined below); and (iii) the adoption of the 2022 Plan;
- (g) adopt the 2022 Plan, a new equity incentive plan which is compliant with the new Chapter 17 of the Listing Rules as published by the Stock Exchange on July 29, 2022 and which will become effective on January 1, 2023 (the “**New Chapter 17**”), subject to the approval from the Shareholders at the Special Meeting and conditioned on the Primary Conversion becoming effective;
- (h) terminate the existing 2016 Plan with effect from the Effective Date, subject to and conditioned on the Primary Conversion becoming effective and the obtaining of Shareholders’ approval on the adoption of the 2022 Plan;
- (i) appoint Ms. Joey Wat, a Director and the Chief Executive Officer of the Company and Ms. Tang King Yin as the authorised representatives of the Company under Rule 3.05 of the Listing Rules with effect from the Effective Date; and
- (j) appoint Ms. Pingping Liu and Ms. Tang King Yin as the joint company secretaries of the Company (the “**Joint Company Secretaries**”, each a “**Joint Company Secretary**”) with effect from the Effective Date.

The Company has sought (i) the Stock Exchange’s confirmation that the Requisition Waiver (as defined below) will continue to apply and will not be withdrawn by the Stock Exchange upon the Primary Conversion; and (ii) the grant from the Stock Exchange of certain Waivers (as defined below). Except the above, the Company expects it will be able to comply with all relevant Listing Rules applicable to a dual primary listed issuer.

The Company expects that the above arrangements will be implemented or completed on or prior to the Effective Date in order for the Company to comply with all the relevant Listing Rules applicable to a dual primary listed issuer from the Effective Date. Accordingly, the Company currently does not expect any transitional measures to be put in place before the Effective Date, and there is no transitional measure that would cause potential impact to Shareholders and potential investors.

The Company will also amend the Bylaws to the extent required to comply with the relevant core shareholder protection standards by the second annual general meeting following January 1, 2022 in accordance with the requirements of Appendix 3 to the Listing Rules. The details of the amendments to the Bylaws will be announced in due course.

In the event that the Company is unable to demonstrate full compliance with applicable provisions of the Listing Rules and the SFO in time (where no waiver or exemption has been granted by the Stock Exchange or the SFC) upon the Effective Date, the Stock Exchange may request the Company to delay the Effective Date. In the event that the Company failed to comply with the obligations as set out in the Listing Rules applicable to a dual primary listed issuer following the Effective Date, the Company would be in potential breach of the Listing Rules, and would potentially be subject to, depending on the nature and seriousness of the possible breach and the circumstances and the manner in which the conduct is giving rise to such possible breach, disciplinary action by the Stock Exchange.

### 1.3 Existing Waivers

For the avoidance of doubt, notwithstanding the submission of the Primary Conversion Application or the receipt of the Primary Conversion Exchange Acknowledgment, the Company will continue to be entitled to the Existing Waivers before the Effective Date provided that it remains primary listed on the NYSE.

The Existing Waivers include, among others, the following specific waivers and exemptions granted by the Stock Exchange, exemption and ruling granted by the SFC, on an individual basis:

<b>Relevant rule(s)</b>	<b>Subject matter</b>
Rule 2.07A of the Listing Rules	Printed corporate communications
Section 4.1 of the Introduction to the Takeovers Codes	Determination of whether a company is a “public company in Hong Kong”
Part XV of the SFO	Disclosure of interests
Rule 13.25B of the Listing Rules	Monthly returns
Paragraph 3(b) of Practice Note 15 to the Listing Rules	Three-year restriction on spin-offs

Details of the aforementioned Existing Waivers are set out in the Prospectus. The Company will fully comply with the provisions of the Listing Rules and the SFO in the table above and become a “public company in Hong Kong” for the purposes of the Takeovers Code from the Effective Date.

The Company has also sought the Stock Exchange’s confirmation, which may or may not be granted, that the following Existing Waiver (the “**Requisition Waiver**”) will continue to apply and will not be withdrawn by the Stock Exchange upon the Primary Conversion, on the basis that except for the expected change of listing status of the Company to a primary listing, there has been no change in circumstances since the Company’s listing on the Stock Exchange.

<b>Listing Rule</b>	<b>Subject matter</b>
Paragraph 14(5) of Appendix 3 (equivalent to repealed Rule 19C.07(7)) <sup>(Note)</sup>	Requisition of extraordinary general meeting by the Shareholders

*Note:* Rule 19C.07(7) of the Listing Rules has been repealed as a result of the implementation of proposals of the “Consultation Conclusions Paper on Listing Regime for Overseas Issuers” published by the Stock Exchange on November 19, 2021.

Details of the Requisition Waiver are set out in the Prospectus.

With respect to the core shareholder protection standard requirement in relation to the appointment, removal and remuneration of auditors under Paragraph 17 of Appendix 3 to the Listing Rules (equivalent to repealed Rule 19C.07(3) of the Listing Rules), the Company will comply with the requirement under Appendix 3 to the Listing Rules on or before the Company’s second annual general meeting following January 1, 2022.

#### **1.4 Applications for Waivers in connection with the Primary Conversion**

In preparation of the Primary Conversion, the Company has sought, subject to the approval of the Stock Exchange which may or may not be granted, among others, the following waivers (the “**Waivers**”) from strict compliance with the following provisions of the Listing Rules:

<b>Listing rule(s)</b>	<b>Subject matter</b>
Rules 3.28 and 8.17	Joint Company Secretaries
Rule 19.25A, and Note 2.1 to Paragraph 2 of Appendix 16	Use of U.S. GAAP
Note (1) to Rule 17.03(9)	Exercise price of Options and SARs (as defined below) to be granted pursuant to the 2022 Plan after the Primary Conversion



**(a) Joint Company Secretaries**

*Requirements under the Listing Rules*

Rules 3.28 and 8.17 of the Listing Rules require the Company to appoint as its company secretary an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

*Reasons for applying for the waiver*

The Company will appoint, with effect from the Effective Date, (a) Ms. Pingping Liu (“**Ms. Liu**”), the Corporate Secretary and Senior Legal Director of the Company; and (b) Ms. Tang King Yin (“**Ms. Tang**”) of Tricor Services Limited (“**Tricor**”) as Joint Company Secretaries.

Ms. Liu joined the Company in May 2016 and currently serves as the Corporate Secretary and Senior Legal Director of the Company. She has been primarily responsible for overseeing the reporting to the SEC and the compliance with the NYSE rules and the Listing Rules, managing board and shareholders’ meetings. Ms. Liu has almost 20 years of experience in legal and compliance. From July 2005 to July 2013, Ms. Liu worked at Shearman & Sterling LLP. From September 2002 to June 2005, Ms. Liu worked at Arnold & Porter LLP. Ms. Liu obtained the Doctor of Law Degree from Emory University School of Law in the United States in May 2002. Ms. Liu is admitted to the District of Columbia Bar Association and the New York State Bar Association.

The Company confirms that, having regard to Ms. Liu’s thorough understanding of corporate governance of the Group, substantial experience in handling company secretarial matters relating to the Company, and close working relationship with the management of the Group, she is therefore considered as a suitable person to act as a company secretary of the Company. In addition, as the operational headquarters and principal business operations of the Group are located in the PRC, the Company believes that it is necessary to appoint Ms. Liu as a company secretary, whose presence in the PRC enables her to attend to the day-to-day corporate secretarial matters concerning the Group.

Ms. Liu has extensive experience in legal and compliance matters but presently may not possess the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and is not able to solely fulfill the requirements as a company secretary of a listed issuer under Rules 3.28 and 8.17 of the Listing Rules. Therefore, the Company will appoint Ms. Tang as one of the Joint Company Secretaries for a three-year period from the Effective Date.

Ms. Tang is a manager of Corporate Services of Tricor. Ms. Tang has over 10 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Tang is currently the joint company secretary of three listed companies on the Stock Exchange, namely, Leading Holdings Group Limited (a company listed on the Stock Exchange with stock code of 6999), Ling Yue Services Group Limited (a company listed on the Stock Exchange with stock code of 2165) and Tuya Inc. (a company listed on the Stock Exchange with stock code of 2391). Ms. Tang is a chartered secretary, a chartered governance professional and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Tang obtained a bachelor's degree in Business Administration from Hong Kong Shue Yan University in Hong Kong in July 2011 and a master's degree in Corporate Governance and Compliance from Hong Kong Baptist University in Hong Kong in November 2021.

#### *Waiver sought*

The Company has applied for a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules, subject to the Stock Exchange's approval and the conditions that (i) Ms. Liu will be assisted by Ms. Tang as the Joint Company Secretary throughout the three-year period upon the Effective Date; and (ii) the waiver can be revoked if the Company commits any material breaches of the Listing Rules during the three-year period from the Effective Date.

The Company will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Ms. Liu, having had the benefit of Ms. Tang's assistance for three years, will have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

#### **(b) Use of U.S. GAAP**

##### *Requirements under the Listing Rules*

Rule 19.25A of the Listing Rules provides that the annual accounts are required to conform with financial reporting standards acceptable to the Stock Exchange, which are normally the HKFRS issued by the Hong Kong Institute of Certified Public Accountants or the IFRS issued by the International Accounting Standards Board. Where the Stock Exchange allows annual accounts to be drawn up otherwise than in conformity with the HKFRS or the IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Stock Exchange. In such cases, the Stock Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either the HKFRS or the IFRS.



Note 2.1 to Paragraph 2 of Appendix 16 to the Listing Rules requires the Company to prepare its financial statements in the financial reports to be in conformity with: (a) the HKFRS; (b) the IFRS; or (c) China Accounting Standards for Business Enterprises in the case of companies incorporated in China, subject to Note 2.6 to Paragraph 2 of Appendix 16 to the Listing Rules. Note 2.6 to Paragraph 2 of Appendix 16 to the Listing Rules provides that the Stock Exchange may allow the annual financial statements of an overseas issuer to be drawn up otherwise than in conformity with financial reporting standards referred to in Note 2.1 to Paragraph 2 of Appendix 16 to the Listing Rules, subject to the requirements under Rule 19A.25 of the Listing Rules.

In the Stock Exchange's Guidance Letter HKEX-GL111-22 (the "GL111-22"), the Stock Exchange has indicated that it has accepted that the financial statements and accountants' reports of overseas issuers with, or seeking, among others, a dual primary listing in the United States and on the Stock Exchange can be prepared in conformity with the U.S. GAAP. The GL111-22 further provides that, an overseas issuer adopting a body of financial reporting standards other than the HKFRS or the IFRS for the preparation of its financial statements must include a reconciliation statement setting out the financial effect of any material differences between those financial statements and financial statements prepared using the HKFRS or the IFRS in its accountants' reports and annual/interim/quarterly reports.

*Reasons for applying for the waiver*

Under the SEC rules, the Company has a continuous obligation to make financial disclosure in the United States. As the Company is a company incorporated under the laws of the State of Delaware and its affairs are governed by its constitutional documents and the General Corporation Law of the State of Delaware, as well as other applicable laws, regulations, policies and procedures, the Company is therefore required to prepare its financial statements in conformity with the U.S. GAAP. The Company's reporting obligations will continue even after it is delisted from the NYSE, until it qualifies and files the requisite forms to suspend its reporting obligation under the SEC rules. Even in the event that the Company is no longer listed on the NYSE, as a domestic U.S. company with reporting obligations, the Company will continue to be required to use the U.S. GAAP.

Furthermore, the U.S. GAAP is well recognized and accepted by the international investment community (including Hong Kong investors) and significant progress has been made in the convergence between the U.S. GAAP and the IFRS.

Upon the Effective Date, the Company's financial statements will continue to be prepared in accordance with the U.S. GAAP and audited in accordance with the standards of the Public Company Accounting Oversight Board (United States). Additionally, the Company notes that it might lead to confusion among the Company's investors and Shareholders if the Company were required to adopt different accounting standards for its disclosures in Hong Kong from those in the United States. Aligning the accountings standards used for disclosures in both markets will alleviate any such confusion.

## *Waiver sought*

The Company has applied for a waiver from strict compliance with the requirements under Rule 19.25A of, and Note 2.1 to Paragraph 2 of Appendix 16 to, the Listing Rules in respect of its financial statements, subject to the Stock Exchange's approval and the following conditions:

- (a) the Company will, for the financial year following the Effective Date, include (i) a description of the relevant key differences between the U.S. GAAP and the IFRS; and (ii) a reconciliation statement showing the financial effect of any material differences between the financial statements prepared using the U.S. GAAP and the IFRS in its interim and annual reports after the Primary Conversion as required under Rule 19.25A of the Listing Rules and Paragraphs 30 to 32 of the GL111-22, with the reconciliation statement as a note to the Company's consolidated financial statements in the interim reports to be reviewed by an external auditor in accordance with a standard that is at least equivalent to International Standard on Assurance Engagements 3000 or Hong Kong Standard on Assurance Engagements 3000 and the reconciliation statement as a note to the Company's consolidated financial statements in the annual reports to be audited by an external auditor;
- (b) the Company will use the IFRS in the preparation of the Company's financial statements in the event that the Company is no longer listed on the NYSE and is no longer a U.S. reporting company; and
- (c) this waiver requested, if granted, will only apply for this specific case only.

### ***(c) Exercise price of Options and SARs to be granted pursuant to the 2022 Plan***

#### *Requirements under the Listing Rules*

Note (1) to Rule 17.03(9) of the Listing Rules states that the exercise price of an option must be at least the higher of: (a) the closing price of the securities as stated in the Stock Exchange's daily quotations sheet (the "**HKSE Price**") on the date of grant, which must be a Business Day; and (b) the average closing price of the securities as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant.

*Reasons for applying for the waiver*

Under the terms of the 2022 Plan, the exercise price of each of the options (the “**Option(s)**”) or the stock appreciation rights (the “**SAR(s)**”) granted shall be established by a board committee of the Company (which generally means the Compensation Committee) or shall be determined by a method established by the Compensation Committee at the time the Option or SAR is granted, provided that the exercise price shall not be less than the higher of (a) the fair market value (the “**Fair Market Value**”) of a Share on the date of grant (which must be a NYSE trading day) and (b) the average Fair Market Value of a Share for the five NYSE trading days immediately preceding the date of grant (or, if greater, the par value of a Share on such date(s)).

The 2022 Plan further provides that the Fair Market Value shall be the closing price per Share on such date on the NYSE (the “**NYSE Price**”), if no such sale is reported on that date, on the last preceding date on which a sale was so reported.

It would be unduly burdensome for the Company and its employees if the exercise prices of the Options and SARs under the 2022 Plan were to be determined with reference to the HKSE Price. The waiver from Note (1) to Rule 17.03(9) of the Listing Rules can be justified on the following bases:

- (a) since the listing of the Company’s Shares on the NYSE in November 2016, it has been the Company’s practice to issue Options and SARs under the 2016 Plan which are exercisable into Shares denominated in U.S. dollars with reference to the NYSE Price;
- (b) it will likely cause confusion to the eligible individuals under the 2022 Plan, many of whom were also eligible individuals under the 2016 Plan, to change the reference price, for determining the exercise prices of the Options and SARs, into the HKSE Price, which is denominated in Hong Kong dollars. It will also likely lead to significant inconvenience for them to evaluate the amount of potential gains with respect to their Options and SARs, by comparing the latest NYSE Price against a Hong Kong dollar-denominated exercise price, and make personal investment decisions and financial planning accordingly;
- (c) in addition, subject to the waiver from strict compliance with Rule 19.25A of, and Note 2.1 to Paragraph 2 of Appendix 16 to, the Listing Rules in respect of financial statements of the Company, the Company will continue to prepare its accounts based on U.S. GAAP after the Effective Date. The Company is incorporated in the United States, the functional currency of the Company is U.S. dollars, and the Shares are denominated in U.S. dollars. Granting Options and SARs denominated in Hong Kong dollars would impose a considerable amount of work on accounting and financial reporting on the Company, and the benefits of such work may not justify the additional work and expenses involved;

- (d) the vast majority of the trading volume for the Company's shares has been on NYSE since the Company's listing in November 2016;
- (e) the Company has been issuing Shares registered on the principal segment of its register of stockholders in the United States in settling Options and SARs under the 2016 Plan and will continue to do so under the 2022 Plan. It will likely cause confusion for the administrator of the 2022 Plan if the exercise price of the Options and SARs is denominated in Hong Kong dollars; and
- (f) the method for determining the exercise price of Options and SARs based on the NYSE Price substantially replicates the requirement in Note (1) to Rule 17.03(9) of the Listing Rules.

*Waiver sought*

The Company has applied for a waiver from strict compliance with Note (1) to Rule 17.03(9) of the Listing Rules in respect of the exercise price of the Options and SARs under the 2022 Plan, subject to the Stock Exchange's approval and on the condition that the Company shall not issue any Options and SARs with an exercise price denominated in Hong Kong dollars unless such exercise price complies with Note (1) to Rule 17.03(9) of the Listing Rules.

The above applications for Waivers in connection with the Primary Conversion are currently subject to review by the Stock Exchange and that the Stock Exchange may or may not grant such Waivers to the Company.

In the event of withdrawal of any of the aforementioned Waivers upon the Effective Date, the Company would have to fully comply with such Listing Rules.

## **2. PROPOSED GRANT OF ISSUANCE MANDATE AND REPURCHASE MANDATE**

In order to give the Company the flexibility to issue and repurchase Shares if and when appropriate, ordinary resolutions will be proposed at the Special Meeting prior to the Effective Date to approve the grant of (i) an issuance mandate to the Directors to issue Shares or securities convertible into Shares not exceeding 20% of the total number of issued Shares as of the date of the Special Meeting (the "**Issuance Mandate**") and (ii) a repurchase mandate to the Directors to repurchase the Shares not exceeding 10% of the total number of issued Shares as of the date of the Special Meeting (the "**Repurchase Mandate**"), effective from the Effective Date and until the earlier of the date the next annual meeting is held or June 26, 2023. The approval of the Issuance Mandate and the Repurchase Mandate is a condition for the Primary Conversion to become effective. Please refer to the definitive proxy statement to be published by the Company for details of the Issuance Mandate and the Repurchase Mandate.

### **3. PROPOSED TERMINATION OF THE 2016 PLAN AND PROPOSED ADOPTION OF THE 2022 PLAN**

#### **3.1 Proposed Termination of the 2016 Plan**

As of the date of this announcement, the Company has one equity incentive plan in effect, being the 2016 Plan, under which different types of awards such as options, stock appreciation rights, “Full Value Awards” (including restricted stock, restricted stock units, performance shares and performance units) and cash incentive awards are available to be granted.

The 2016 Plan is not subject to Chapter 17 of the Listing Rules. Subject to Shareholders’ approval on the adoption of the 2022 Plan and conditioned on the Primary Conversion becoming effective, the 2016 Plan will terminate and be replaced by the 2022 Plan with effect from the Effective Date, and the Company will not grant any options or awards under the 2016 Plan on or after the Effective Date.

As of December 31, 2021, the number of Shares subject to outstanding awards under the 2016 Plan was 12,811,477, representing 3% of the total Shares outstanding as of the same date. Such outstanding awards under the 2016 Plan will remain in full force and effect pursuant to the terms and conditions of the 2016 Plan.

The Company will comply with Rules 17.07 and 17.09 of the Listing Rules in relation to the annual report disclosure requirements for the 2016 Plan.

#### **3.2 Proposed Adoption of the 2022 Plan**

The Company intends to seek Shareholders’ approval at the Special Meeting to adopt the 2022 Plan with effect from the Effective Date and conditioned on the Primary Conversion becoming effective. The 2022 Plan will comply with the New Chapter 17 of the Listing Rules (except to the extent otherwise waived, approved or confirmed by the Stock Exchange). Under the 2022 Plan, different types of awards (the “**Award(s)**”) such as Options, SARs, “Full Value Awards” (including restricted stock, restricted stock units, performance shares and performance units) and cash incentive awards are available to be granted to the eligible individuals as defined in the 2022 Plan. A summary of the key terms of the 2022 Plan as approved by the Board will be included by the Company in the definitive proxy statement to be published prior to the Special Meeting.

As of the date of this announcement, there was no equity incentive plan of Principal Subsidiaries (as defined in the New Chapter 17). Upon the Effective Date, the Company will ensure the grant of options or awards pursuant to the equity incentive plans adopted by non-Principal Subsidiaries complies with the requirements under Chapter 14 and Chapter 14A of the Listing Rules, if and when applicable.

#### **4. APPOINTMENT OF AUTHORISED REPRESENTATIVES OF THE COMPANY UNDER RULE 3.05 OF THE LISTING RULES**

The Company will appoint, with effect from the Effective Date, Ms. Joey Wat, a Director and the Chief Executive Officer, and Ms. Tang King Yin, the Joint Company Secretary, as the authorised representatives of the Company under Rule 3.05 of the Listing Rules.

#### **5. GENERAL**

The grant of the Issuance Mandate, the Repurchase Mandate and the adoption of the 2022 Plan are subject to Shareholders' approval and the Company will be seeking such approval from the Shareholders at the Special Meeting prior to the Effective Date. A proxy statement/circular and a notice convening the Special Meeting will be published on our website and the website of the Stock Exchange in due course.

**The completion of the Primary Conversion has not materialized and is conditional upon and subject to receiving Shareholders' approval on all proposed items at the Special Meeting, obtaining necessary approval from the Stock Exchange and satisfaction of the relevant requirements of the Stock Exchange. We will make further announcement(s) with respect to the Primary Conversion as and when appropriate.**

**This announcement is for information purposes only and does not constitute, or form part of, any invitation or offer to acquire, purchase or subscribe for any of our securities. Shareholders and potential investors should exercise caution when dealing in our securities.**

#### **6. DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2016 Plan”	the Company's Long Term Incentive Plan effective on October 31, 2016, which will terminate with effect from the Effective Date, subject to and conditioned on the Primary Conversion becoming effective and the obtaining of Shareholders' approval on the adoption of the 2022 Plan
“2022 Plan”	the Company's Long Term Incentive Plan to be effective from the Effective Date, subject to the approval from the Shareholders at the Special Meeting and the Primary Conversion becoming effective
“Board”	the board of Directors



“Business Day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“Bylaws”	the bylaws of the Company, as amended from time to time
“China” or “PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires otherwise, references in this announcement to “China” and the “PRC” exclude Taiwan and the special administrative regions of Hong Kong and Macau
“Company”	Yum China Holdings, Inc., a company incorporated under the laws of the State of Delaware of the United States on April 1, 2016
“Compensation Committee”	the compensation committee of the Board
“Director(s)”	the director(s) of the Company
“Effective Date”	the date, expected to be October 24, 2022, on which the Primary Conversion will become effective
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“independent third party(ies)”	party or parties that is or are not a connected party within the meaning of the Hong Kong Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Macau”	the Macau Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“NYSE”	the New York Stock Exchange

“Primary Conversion”	the Company’s proposed voluntary conversion of its secondary listing status in Hong Kong to primary listing on the Stock Exchange
“Prospectus”	the Company’s prospectus published on September 1, 2020 in connection to its offering of shares for subscription by the public in Hong Kong
“SEC”	the United States Securities and Exchange Commission
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	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)” or “Share(s) of common stock”	common stock of the Company with par value US\$0.01 per Share
“Shareholder(s)” or “Stockholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. GAAP”	Generally Accepted Accounting Principles in the U.S.

By order of the Board  
**Yum China Holdings, Inc.**  
**Joey WAT**  
*Director and Chief Executive Officer*

Hong Kong, August 15, 2022

*As of the date of this announcement, the Board comprises Dr. Fred HU as the chairman and an independent director, Ms. Joey WAT as a director, and Mr. Peter A. BASSI, Mr. Edouard ETTEDEGUI, Mr. Cyril HAN, Mr. Louis T. HSIEH, Ms. Ruby LU, Mr. Zili SHAO, Mr. William WANG and Ms. Min (Jenny) ZHANG as independent directors.*